

# International Property Markets Scorecard

Rwanda Market Conditions – Complete Survey July 2013



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## Scorecard Background & Information

The Scorecard reflects the status of the six Core Elements necessary for transparent and efficient property market development. Each Core Element includes three Lead Indicators that are further divided into Sub-Indicators. Colors signify the strength of institutions that support market development – very strong, strong and weak. No color indicates that institutions are very weak. Gray indicates more information is needed for an objective determination.

### Acknowledgement

The International Property Markets Scorecard Project is the latest development in the continued cooperative work between the Center for International Private Enterprise (CIPE) and the International Real Property Foundation (IRPF). The Scorecard derives from the work of an academic panel led by Richard Green, PhD., Director of the University of California's Lusk Center for Real Estate and the University of Denver, Burns School of Real Estate and Construction Management's Global Real Estate Project under the direction of Dr. Mark Lee Levine.

**Yuting He, a master student, majoring in Applied Economics, at Georgetown University, updated this Scorecard as a summer internship at CIPE.**

### For Education Purposes Only

While great care has been taken to provide accurate and current information, neither the Center for International Private Enterprise, the International Real Property Foundation nor its editors, staff or contractors assume responsibility for the accuracy of the data contained herein. Further, the general principles and conclusions presented in the text are subject to significant market fluctuations over time as well as local, state, and federal laws and regulations, court cases, and any revisions of the same. This publication is distributed for education purposes with the understanding that the publisher is not engaged in rendering legal, accounting, or other professional service.

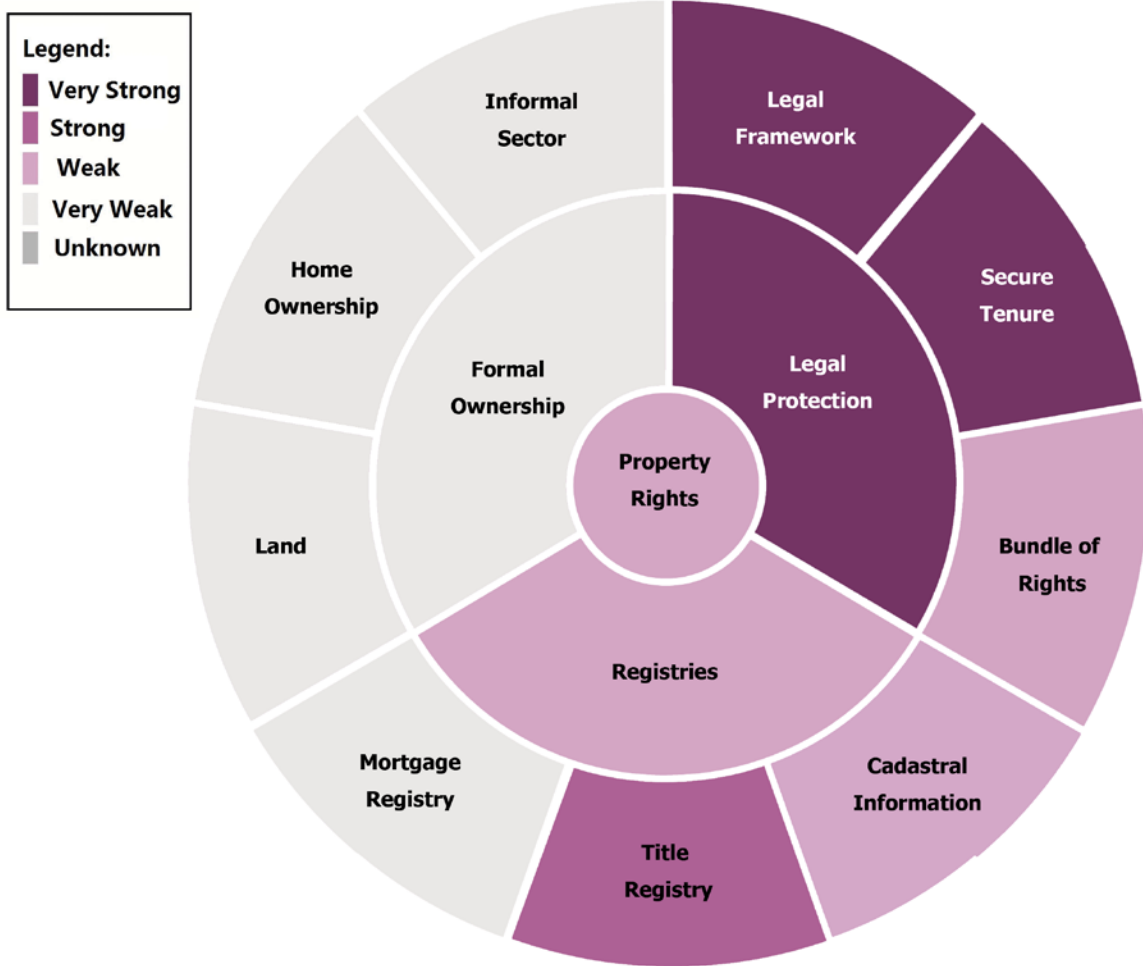
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# 1. Property Rights



**Goal – Property rights that are legally protected, secure, recorded in a single, accurate, widely accessible electronic registry and that lead to high levels of formal ownership for all citizens**

## 1.1 Legal Protection

Core Question: Does an effective and sufficient legal framework exist to protect property rights for all citizens? **Yes – Very Strong – In 2004, the Government of Rwanda had adopted a new land policy which was complemented by the 2005 Organic Land Law and a series of laws and regulations with regard to access to land, land management perspectives, and to the modalities of land rights transfer.**

### Legal Framework

1.1.1 Are property rights clearly defined and protected by law? **Yes – Very Strong – Ranking 34<sup>th</sup> out of 144; Score 5.2 out of 7.** [with a higher score indicating more institutional support](#)

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### Security of Tenure

1.1.2 Can citizens challenge the legality of government takings? **Yes – Very Strong – Ranking 17<sup>th</sup> out of 144; Score 4.8 out of 7.**

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Source: *Global Competitiveness Report 2012-2013* – World Economic Forum  
<http://www.weforum.org/issues/global-competitiveness>

### Bundle of Rights

#### Survey Question

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SQ1 What is the bundle of rights (group of rights such as occupancy, use and the right to sell or lease) associated with both residential and commercial property ownership? **. Weak – the government still owns all the land, but leasing rights based on Land may be transferred through different individuals or it may be guaranteed through succession; it may be guaranteed gratuitously, leased or sale; it may be mortgaged according to requirements and procedures provided for by ordinary civil law without prejudice to specific provisions of this organic law.**

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Source: *Land Policy Reform in Rwanda and Land Tenure Security for all Citizens: Provision and Recognition of Women's Rights over Land* -

[http://www.fig.net/pub/fig2011/papers/ts04g/ts04g\\_uwayezu\\_mugiraneza\\_4914.pdf](http://www.fig.net/pub/fig2011/papers/ts04g/ts04g_uwayezu_mugiraneza_4914.pdf)

Rwanda Natural Resource Authority <http://rnra.rw/index.php?id=17>

## 1.2 Registries

Core Question:	Does a reliable property registry exist including cadastral, title and mortgage lien information? <b>Yes – Weak reforms underway</b>
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### 1.2.1 Cadastral Information

**Status – Weak – Modernization program began in January 2008**

Survey Questions

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SQ 2 Is cadastral information (information about the dimensions and location of land parcels) accessible to the public? **No, but pilot projects underway**

SQ 3 Is zoning/permitted use information included are use regulations respected and enforced? **No, but pilot projects underway**

SQ 4 Are Geographic Information Systems (GIS) including Global Positioning Satellite (GPS) information used to create and update the registry? **Yes**

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Source: National Lands Centre – Office of the Registrar of Land Titles

[www.minirena.gov.rw/spip.php?rubrique228](http://www.minirena.gov.rw/spip.php?rubrique228)

Civil Society Resource: *International Federation of Surveyors* [www.fig.net/](http://www.fig.net/)

### 1.2.2 Title Registry

**Strong – Ranking – 63<sup>rd</sup> out of 185 Trend ↓**

1.2.2.1 What is the number of procedures required to register the transfer of a property from one owner to another? **5**

1.2.2.2 What is the duration of time in calendar days that it would take to complete the transfer? **25**

1.2.2.3 What is the total cost of the transfer including all fees, taxes, etc. expressed as a percentage of the value of the property? **5.6%**

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Source – *Doing Business 2013*– Registering Property, World Bank  
<http://www.doingbusiness.org/data/exploreeconomies/rwanda#registering-property>

### 1.2.3 Mortgage Registry

**Status – Very Weak**

Survey Questions

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SQ 5 The mandatory use of notaries or similar officials slows down and adds cost to the process. Does a notary need to be involved in the registration process? **Yes**

SQ 6 Is information in the registry available electronically? **No, Central registry to be completed by 2014.**

SQ 7 Title insurance is indemnity insurance against financial loss from defects in title and from the invalidity or unenforceability of mortgage liens. Is title insurance available to lenders? **No**

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Source – *Financing Homes 2008*, World Bank and International Housing Finance Corporation  
<http://www.cipe.org/sites/default/files/publication-docs/Financing%20Homes%202008.pdf>

### 1.3 Formal Ownership

Core Question:	Do citizens understand and trust property rights institutions and avoid the informal sector? <b>No – Very Weak – Reforms underway but the public needs to be much more informed regarding the changes especially regarding property rights for women.</b>
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Survey Questions

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#### Land

SQ 8 What is the status of land ownership? **Weak, reforms not yet fully implemented.**

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Source: *National Land Policy*, Ministry of Natural Resources  
[www.minirena.gov.rw/IMG/pdf/National\\_Land\\_Policy.pdf](http://www.minirena.gov.rw/IMG/pdf/National_Land_Policy.pdf)

#### Home Ownership

SQ 9 What is the percentage of formal home ownership? **28.4% Very Weak 2005**

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Source: UN Habitat Urban Indicators [www.unhabitat.org/stats/Default.aspx](http://www.unhabitat.org/stats/Default.aspx)

## Informal Sector

SQ 10 What percentage of firms report competition with informal firms? **Very Weak Formal Sector 56.7% (2011)**

Source: Private Sector Federation [www.psf.org.rw/](http://www.psf.org.rw/)

### In-Country Assessment Information (as of 2009)

#### Field Question (FO) 1. What is the actual status of property rights and ownership for citizens?

The National Land Centre/Office of the Registrar of Land Titles is a key Institution set up to implement the National Land Tenure Reform Program as provided for by the National Land Policy and the Organic Law determining the use and management of land in Rwanda. This program aimed at improving land tenure security by putting in place an efficient, transparent and equitable system of land administration.

Cadastral surveys, mapping and land registration are the core components of land administration. The new and modern land administration is embedded in a broader land information system, fully coordinated and automated, without separation of land registration, cadastral surveys and mapping, because they complement each other; more importantly, they belong together as a whole.

Source:

#### FO 2. What is the actual experience of transferring a property?

In the report of *Doing Business*, Rwanda experiences a significant improvement by 2013. Instead of taking 315 days in 2009, it takes 23 days for registering property with 5 procedures in 2013. If land is titled through the Land Title Registry, registration is quick, secure and efficient, usually taking no more than 3 days.

*Doing Business 2013* – Registering Property -

<http://www.doingbusiness.org/data/exploreeconomies/rwanda#registering-property>

#### FO 3. What are the actual housing conditions for all groups including the poor, minorities and other marginalized groups?



Access to land in Rwanda had been guided by traditional rules which had constituted the cause of exclusion for women and female descendants. In the quest for the tenure security for all Rwandans, the government of Rwanda has recently adopted a comprehensive land reform program that provides all land users with more certain rights on basis of the constitutional principle of equality for all citizens. In this context, different laws, decrees, policies, and directives regarding access to land, use, and land rights transfer have been issued and are being implemented by different leaders from district to village levels. Such implementation allows the current government to protect, and enforce land rights for widows and female orphans who had been deprived from the possession of land by previous system of land administration. This is proven in section five where the results of study show that the impact of land and inheritance laws is positive on land tenure security for widows and female orphans. Their land rights are recognized and enforced, and those laws have been used as instruments to return back lands which were grabbed from land owners.

For a fully enforcement of land rights and the promotion of tenure security for women, widows and female orphans, the study formulates the following remarks as drawn from findings: In line with the perspective of the current land laws, there is a need to empower women and female descendants for having more capability to defend themselves against the practices of land grabbing and/or land deprivation. The study revealed that most of them are not yet informed about their rights over land. From the local leaders' experience there are some cases where rights of illiterate widows and female orphans are still denied by their relatives, because those widows and female orphans are not aware about what is the status of the current laws in terms of their rights with regards to succession and inheritance. That is true since with regards to those laws and policy that protect widow and female orphans against land grabbing, the survey revealed that some of widow and female orphans they are not yet aware about their rights on land and don not know how they can claim if there is case of injustice that may tend to deprive them from enjoying their rights. The study found that 88 % of widow and female orphans are aware about the land law and policy and their rights over land. They have known their rights through media and meetings, and land registration publicity. However, 12% of them are not aware about laws and policy. They think that they can have rights over land if the relatives provide them such rights, and do not have any information about the way to claim and defend their interest in land. A sensitization for widow and female children about their rights over land is still recommended.

In line with the above, there is a category of local leaders who are commonly known as "*Abunzi*" (the mediators). The study found out that there are not knowledgeable about the current land law and inheritance law although there are among leaders who have been assigned the tasks of mediators at sector and cell level. They play a key role in solving social conflicts including conflicts over lands. Government officers in charge of land registration and land management at district and sector levels reported that the some of those mediators are not aware about the current land law and inheritance law. They hardly solve conflicts related to land rights. It is recommended that they should also be sensitized about those laws. If that is done, they

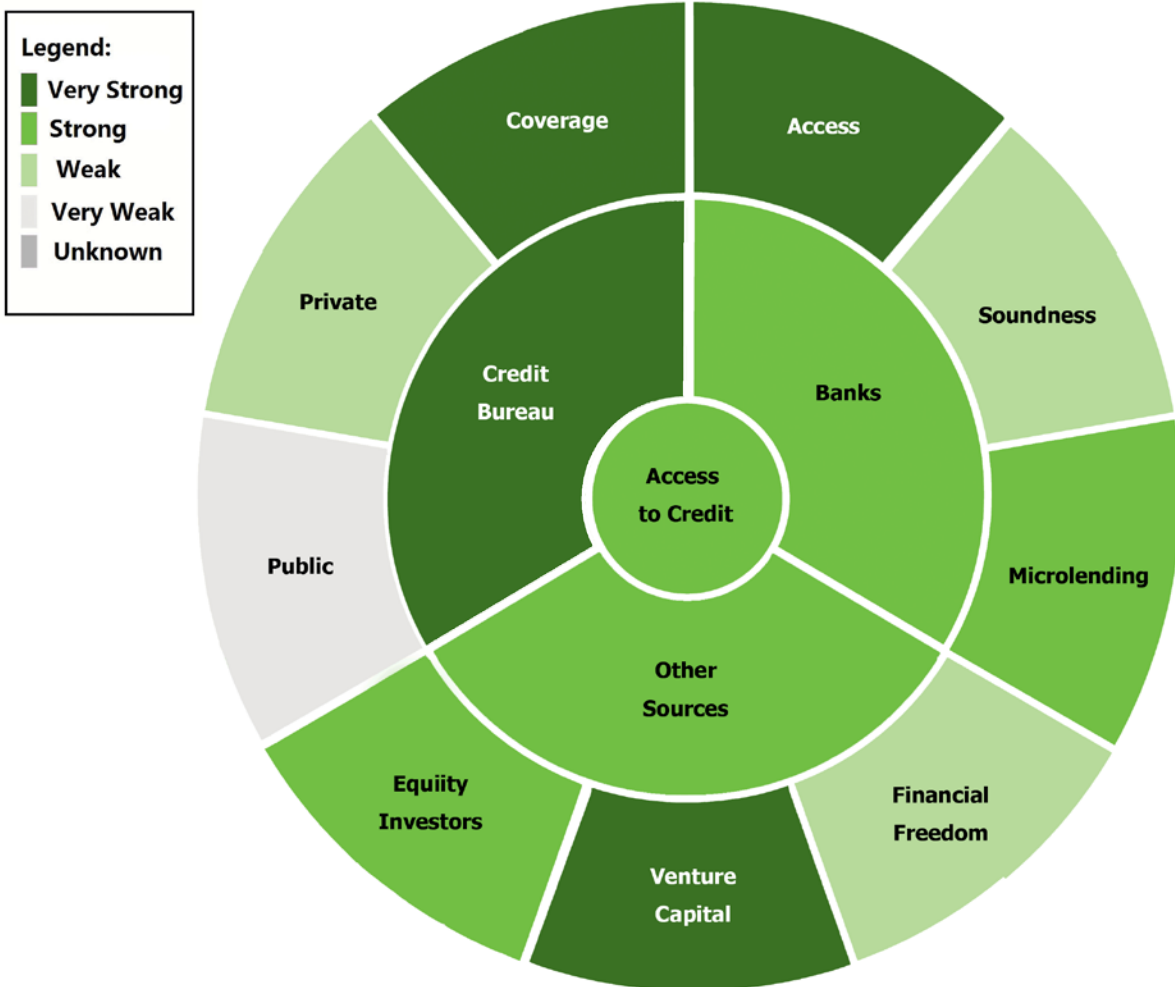
will contribute more in solving land conflicts and they will be positively involved in protecting and enhancing land rights for women and female who were traditionally victims of social injustices in land right transfer .

Current laws clearly protect and enforce the rights of widow and female orphans, but it is not the case for women illegally married, especially in the case of death of their husband . Laws do not provide any rights for the widow whose husband passes away without having given birth to children who should inherit the father property . This case remained unsolved and the government should state clearly the alternative way the widow without children should be protected against land deprivation.

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Source: *Land Tenure Security for all Citizens: Provision and Recognition of Women's Rights over Land* - [http://www.fig.net/pub/fig2011/papers/ts04g/ts04g\\_uwayezu\\_mugiraneza\\_4914.pdf](http://www.fig.net/pub/fig2011/papers/ts04g/ts04g_uwayezu_mugiraneza_4914.pdf)

## 2. Access to Credit



**Goal – An efficient, transparent financial sector that provides a broad range of citizens with access to multiple forms of competitive credit so that they can start businesses, build wealth, and purchase property**

## 2.1 Banks

Core Question:	Are traditional banking services robust and extensive enough to serve the needs of the population to help them build wealth and purchase property? <b>Yes- Strong</b> – However, the investment regime is still evolving and is not conducive to dynamic expansion of investment in new production..
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### Access

2.1.1 How easy is it to obtain a bank loan? **Very Strong – Ranking 32<sup>rd</sup> out of 144; Score 3.4 out of 7**

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### Soundness

2.1.2 How sound are the country's banks **Weak – Ranking 84<sup>th</sup> out of 144; Score 4.9 out of 7**

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Source: *The Global Competitiveness Report 2012-2013*, World Economic Forum

<http://www.weforum.org/issues/global-competitiveness>

## 2.1.3 Microlending

### Status – Strong

2.1.3.1 Microfinance allows citizens without traditional creditworthiness to build a credit history. How many microfinance institutions are operating in the country? **22**

**Amasezerano Community Banking**      [www.acb.rw](http://www.acb.rw)

**BPR**      [www.bpr.rw](http://www.bpr.rw)

**Leshego**      [www.microafricagroup.com](http://www.microafricagroup.com)

**Urwego Opportunity Bank**      [www.uomb.org](http://www.uomb.org)

**Vision Finance Company**      [www.visionfundinternational.org](http://www.visionfundinternational.org)

2.1.3.2 What is the number of active borrowers per institution?

<b>Amasezerano Community Banking</b>	<b><u>3,364</u></b>
<b>COOPEDU-Kigali</b>	<b>1,814</b>
<b>Duterimbere</b>	<b>17,102</b>
<b>Urwego Opportunity Bank</b>	<b><u>38,231</u></b>
<b>Vision Finance Company</b>	<b>15,425</b>

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Source: Microfinance Information Exchange <http://www.mixmarket.org/mfi/country/Rwanda>

## 2.2 Other Sources

Core Question:	Are entrepreneurs free to raise capital outside the banking system including venture capital and/or by issuing stock in a well-regulated stock exchange? <b>Yes – Strong – Much needed regulatory form have been undertaken, but access remains limited.</b>
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## Financial Freedom

2.2.1 How much control does the government exert over financial services? **Weak for entrepreneurs – Score 40 out of 100 – Strong government control**

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Source: *Index of Economic Freedom 2013*, Heritage Foundation  
[www.heritage.org/index/Country/Rwanda](http://www.heritage.org/index/Country/Rwanda)

## Venture Capital

2.2.2 How easy is it for entrepreneurs to find venture capital?  
**Very Strong – 27<sup>th</sup> out of 144; Score 3.4 out of 7**

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## Equity Investors

2.2.3 How easy is it to raise money by issuing shares on the stock market? **Strong – 56<sup>th</sup> out of 144; Score 3.7 out of 7**

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Source: *2012-2013 The Global Competitiveness Report*, World Economic Forum <http://www.weforum.org/issues/global-competitiveness>

## 2.3 Credit Bureau

Core Question:	Is comprehensive credit information available through public and private credit bureaus? <b>Yes – Very Strong</b>
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**Overall Ranking 23<sup>rd</sup> out of 185**

### Coverage

2.3.1 What is the depth of information available in credit bureaus? **Very Strong – Score – 6 out of 6**

### Public

2.3.2 What is the extent of public credit registry coverage? **Very Weak – 0.0%**

### Private

2.3.3 What is the extent of private credit registry coverage? **Weak – 7.1%**

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Source: *Doing Business 2013– Getting Credit*, World Bank  
<http://www.doingbusiness.org/data/exploreeconomies/rwanda#getting-credit>

### In-Country Assessment Information (as of 2007)

**FQ 4. How available are mortgage loans for purchasing property, who is the typical user and what are the prevailing trends?**

More banks are starting to offer real estate mortgages although the current portfolios outside of the Housing Bank are only 10-20% of their loans.

**FQ 5. What are the interest rates, term and loan-to-value ratios for available mortgages?**

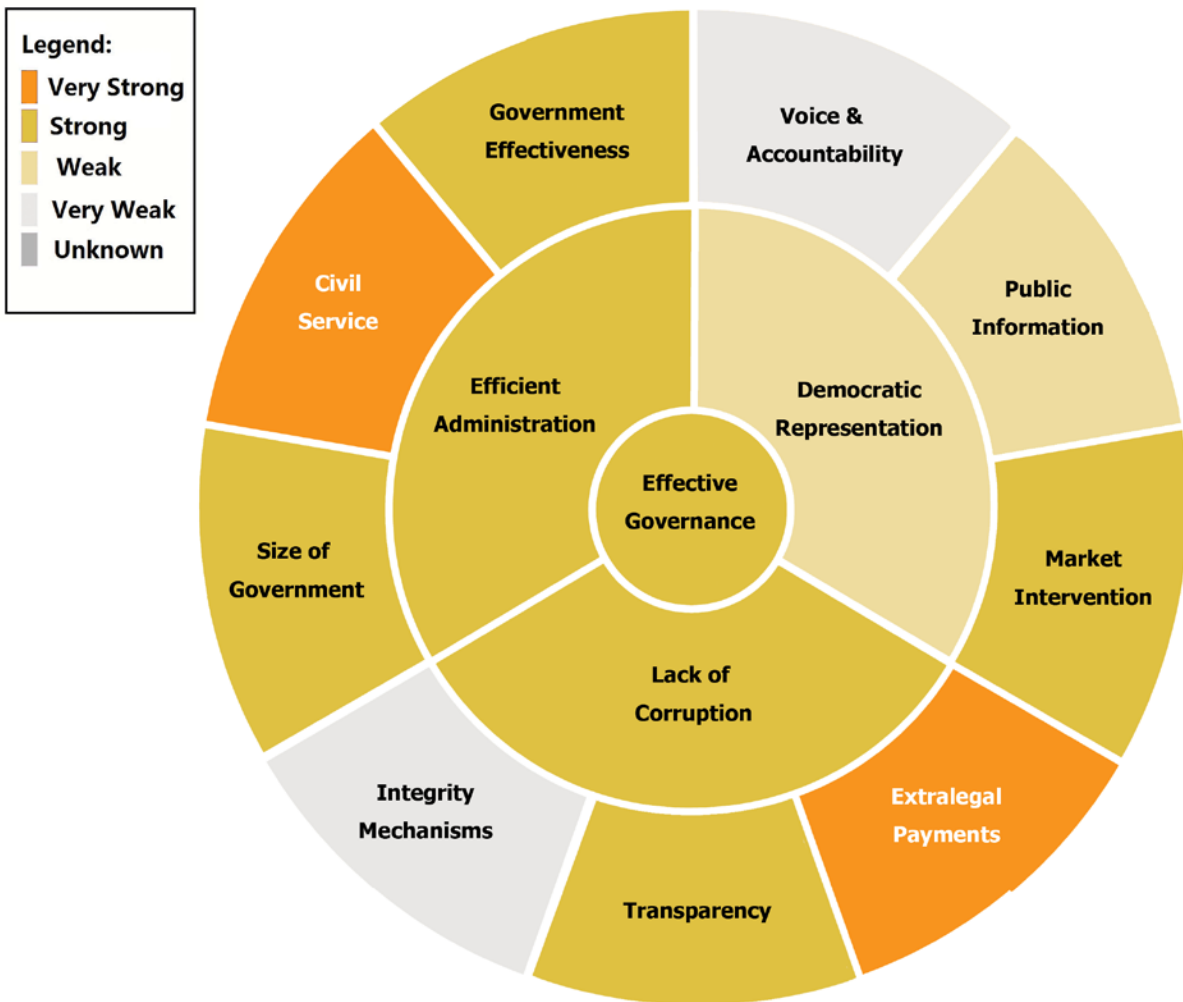
The financing available in the marketplace it is very expensive in the 15-16% range with an occasional 13% rate amortized over 7 years. The Housing Bank charges 14% for the average individual with 15 years to replay and a 30 down payment but just 7% for civil servants who are allowed up to 20 years to amortize the loan.

**FQ 6. Are there any informal barriers to borrowing such as for women or minorities?**

Due to the large numbers of men killed in the conflict and the new constitution, women hold a majority of the seats in parliament, a third of households are headed by women, 55% of the work forced is women and 40% of the businesses are owned by women.

Source: IRPF Assessment May 2007

### 3. Effective Governance



**Goal – A popularly elected government free of corruption and functioning efficiently and transparently enough to guarantee economic freedom to individuals and support equitable property markets**



### 3.1 Democratic Representation

Core Question:	Does the country have free and open elections for the leadership and can citizens engage in free enterprise? <b>No – Weak, stringent limits are still placed on political parties and the media.</b>
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#### 3.1.1 Voice & Accountability

3.1.1 Are citizens able to elect their government and do they enjoy freedom of expression, association and a free media? **No – Very Weak – Percentile Rank – 12.2 Trend ↓**

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Source: *Governance Matters 2011*, World Bank  
[http://info.worldbank.org/governance/wgi/sc\\_chart.asp](http://info.worldbank.org/governance/wgi/sc_chart.asp)

3.1.1.2 Are citizens free to form political and civic organizations free of state interference and surveillance? **No – Very Weak – Score 4.12 out of 10**

**Overall Ranking – 136<sup>th</sup> out of 167**

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Source: *The Economist* Intelligence Unit Democracy Index  
[www.eiu.com/public/topical\\_report.aspx?campaignid=DemocracyIndex2011](http://www.eiu.com/public/topical_report.aspx?campaignid=DemocracyIndex2011)

#### 3.1.2 Public Information

**Overall Ranking – Weak; Score 71 out of 100 (2009)**

3.1.2.1 Are there regulations governing conflicts of interest in the executive and legislative branches of government? **Very Weak - Score 39 out of 100.**

3.1.2.2 Can citizens access legislative processes and documents? **Very Weak – Score 33 out of 100.**

Source: *Global Integrity Report* - <http://report.globalintegrity.org/Rwanda/2009/scorecard>

#### 3.1.3 Market Intervention

**Overall Ranking – Strong 63<sup>rd</sup> out of 177 Trend ↑**

3.1.3.1 To what extent does the government intervene in the private sector including state owned industries? **Score 75.9 out of 100 with a higher score indicating less intervention**

3.1.3.2 To what extent does the government control prices? **Score 75.5 out of 100 with a higher score indicating less control**

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Source: *2013 Index of Economic Freedom* – Heritage Foundation  
[www.heritage.org/index/Country/Rwanda](http://www.heritage.org/index/Country/Rwanda)

### 3.2 Lack of Corruption

Core Question:	Is the public sector transparent and free of corruption? <b>Yes, Strong, the public sector got large improvement and now is more transparent.</b>
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#### Transparency

3.2.1 What is the perceived level of corruption in the country? **Strong– Ranking – 50<sup>th</sup> out of 180; Score 53 out of 100 Trend ↑**

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Source: Transparency International 2012 <http://cpi.transparency.org/cpi2012/results/>

#### Integrity Mechanisms

3.2.2 A National Integrity System is a framework where the principle institutions that contribute to integrity, transparency and accountability in a society can address corruption in a systematic way. Does a National Integrity System exist? **No – Very Weak**

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Source: Transparency International

[http://www.transparency.org/files/content/corruptionqas/279\\_Information\\_on\\_corruption\\_in\\_Rwanda.pdf](http://www.transparency.org/files/content/corruptionqas/279_Information_on_corruption_in_Rwanda.pdf)

[http://www.transparency.org/news/pressrelease/20110513\\_rwanda\\_bribery\\_index](http://www.transparency.org/news/pressrelease/20110513_rwanda_bribery_index)

#### Extralegal Payments

Survey Question

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SQ 11 How often do companies report that officials and/or companies expect additional payments to “expedite” services or gain business? **6.2% of firms say they are expected to make unofficial payments – Very Strong**

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Source: *Enterprise Surveys*, World Bank, 2011

<http://www.enterprisesurveys.org/Data/ExploreEconomies/2011/rwanda>

### 3.3 Efficient Administration

Core Question:	Are quality services and qualified civil servants available to the public through the efficient use of public money free of corruption? <b>Yes – Strong, impressive regulatory reforms since 2008 have improved the business environment.</b>
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#### Size of Government

3.3.1 What is the size of government relative to GDP? **28.3% - 25 to 30% considered optimum – Strong**

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Source: *2013 Index of Economic Freedom*, Heritage Foundation

<http://www.heritage.org/index/country/rwanda#limited-government>

#### Civil Service

3.3.2 What is the quality of the civil service? **Very Strong – Score 80 out of 100**

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Source:

*Index of Economic Freedom 2013*, Heritage Foundation

<http://report.globalintegrity.org/Rwanda/2009/scorecard>

#### Government Effectiveness

3.3.3 What is the overall effectiveness of the government? **Strong – Percentage Ranking – 58.3 Trend ↓**

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Source: *Governance Matters 2011*, World Bank

[http://info.worldbank.org/governance/wgi/sc\\_chart.asp](http://info.worldbank.org/governance/wgi/sc_chart.asp)

#### In-Country Assessment Information (as of 2007)

**FQ 6. What is the actual experience of practitioners in dealing with the government?**

The government of Rwanda is making concerted efforts to modernize and streamline land policy and is developing laws, rules and regulations for expropriated land as well as currently writing a law for real estate valuation and a human settlement law. There is no legislation pending that might provide both legitimacy to real estate brokerage but also establish a basic rule of

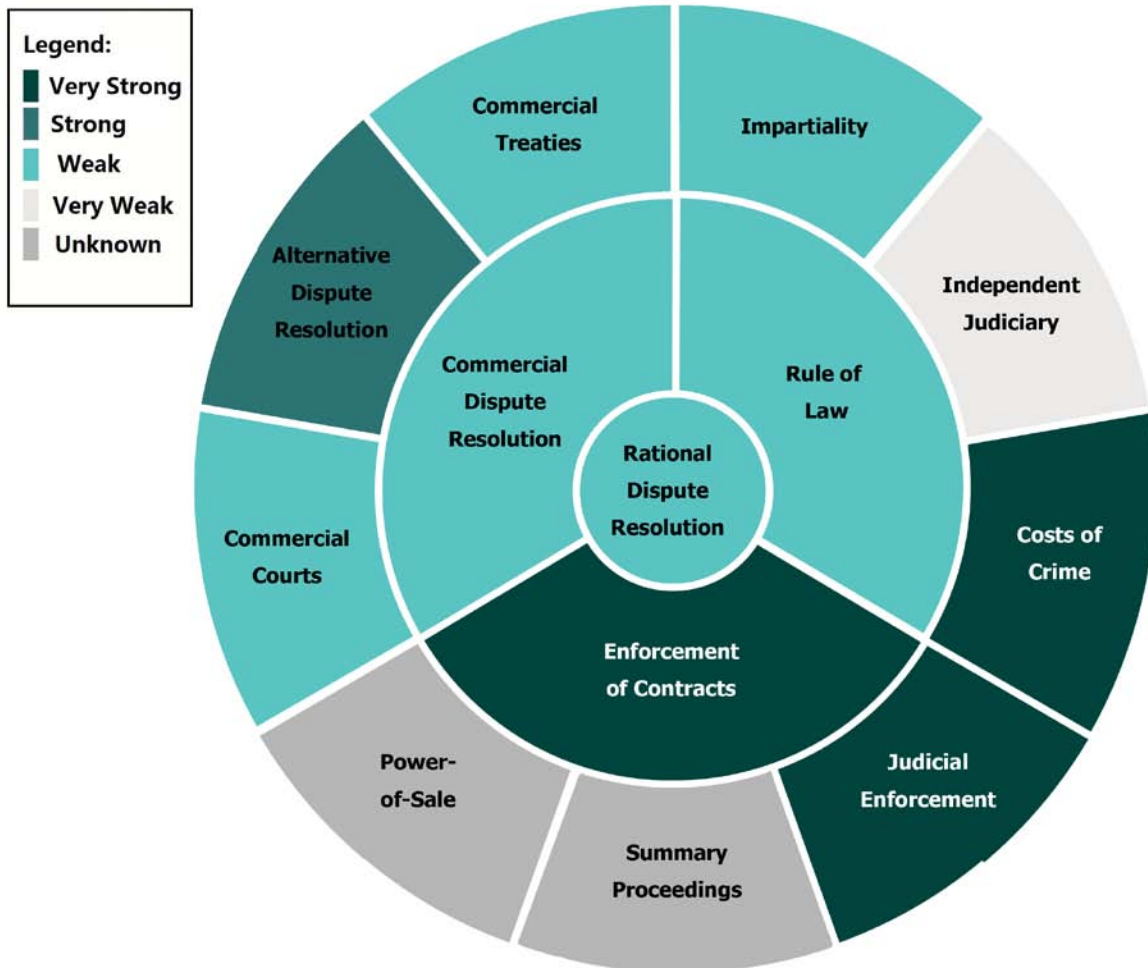
representation and setting forth of obligations of a broker to the consuming public. The drafting of a specific law governing rural human settlement or rural constructions in Rwanda suffered from long delays. Laws and regulations relating to human settlement are still in the process of being adopted.

Source: IRPF Assessment May 2007

*UPDATED VERSION OF THE NATIONAL HUMAN SETTLEMENT POLICY IN RWANDA (2009) -*

[http://www.rha.gov.rw/fileadmin/user\\_upload/Documents/NATIONAL\\_HUMAN\\_SETTLEMENT\\_POLICY\\_IN\\_RWANDA.pdf](http://www.rha.gov.rw/fileadmin/user_upload/Documents/NATIONAL_HUMAN_SETTLEMENT_POLICY_IN_RWANDA.pdf)

## 4. Rational Dispute Resolution



**Goal – An efficient institutional framework that balances the rights of the public, owners, lenders and borrowers in the event of a dispute or loan default**

## 4.1 Rule of Law

Core Question:	Do all market participants abide by the rule of law and have confidence in the courts and the ability of police to control crime? <b>No – Weak, judiciary is government-influenced and suffers from inefficiency, a lack of resources and corruption.</b>
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### Impartiality

4.1.1 What is the confidence level of the strength and impartiality of the police, courts and contract enforcement? **Weak – Percentile Ranking – 46.9 Trend ↑**

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Source: *Governance Matters 2011*, World Bank  
[http://info.worldbank.org/governance/wgi/sc\\_chart.asp](http://info.worldbank.org/governance/wgi/sc_chart.asp)

### Judiciary

4.1.2 Can members of the judiciary be held accountable for their actions? **No, Very Weak, Score 56 out of 100**

Source: *Global Integrity Report 2009* - <http://report.globalintegrity.org/Rwanda/2009/scorecard>

### Costs of Crime

4.1.3 What are the business costs of crime and violence? – **Very Strong – Score 5.6 out of 7; Ranking 30<sup>th</sup> out of 144**

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Source: *The Global Competitiveness Report 2012-2013*, World Economic Forum  
<http://www.weforum.org/issues/global-competitiveness>

## 4.2 Enforcement of Contracts

Core Question:	Are systems in place for timely and efficient enforcement of contracts? <b>Commercial – Yes – Very Strong</b> <b>Residential – Unknown</b>
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### 4.2.1 – Judicial Enforcement

**Commercial – Very Strong – Ranking 39<sup>th</sup> out of 183**

4.2.1.1 What is the number of procedures involved in resolving a commercial dispute?  
**23**

- 4.2.1.2 What is the time between the filing of a lawsuit and resolution in judicial enforcements? **230 days**
- 4.2.1.3 What is the cost of judicial enforcements as a percentage of debt value? **78.7%**

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Source: *Doing Business* 2013–

<http://www.doingbusiness.org/data/exploreeconomies/rwanda#enforcing-contracts>

## Residential – Unknown

### Survey Questions

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SQ 12 What is the time between notice of intent to foreclose and loan collection in judicial enforcements? **Unknown**

SQ 13 What is the cost of judicial enforcements as a percentage of property value? **Unknown**

### 4.2.2 – Summary Proceedings

SQ 14 Summary proceedings are alternative dispute resolution processes where creditors can apply for a direct court order in property disputes. What is the time between notice of intent to foreclose and loan collection in summary proceedings if available to lenders? **Unknown**

SQ 15 What is the cost of summary proceeding if available to lenders as a percentage of property value? **Unknown**

### 4.2.3 – Power-of-Sale

SQ 16 Power-of-sale agreements give creditors to power to sell properties after notice to the borrower without court intervention. What is the time between notice of intent to sell and loan collection for power-of-sale agreements if available to lenders? **Unknown**

SQ 17 What is the cost of power-of-sale agreements if available to lenders as a percentage of property value? **Unknown**

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Source – *Financing Homes 2008*, World Bank and International Housing Finance Corporation

<http://www.cipe.org/sites/default/files/publication-docs/Financing%20Homes%202008.pdf>

## 4.3 Commercial Dispute Resolution

Core Question:	Can commercial disputes be resolved efficiently and fairly without exorbitant expense and delay? <b>No – Weak, commercial courts not yet an effective means for enforcing contracts.</b>
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### Commercial Courts

SQ 18 Do specialized commercial courts exist for the handling of property disputes and foreclosures? **Yes – Weak, became operational May 15, 2008**

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Source: *Enforcing Contracts – Case Study: Rwanda*, World Bank  
[www.doingbusiness.org/documents/CaseStudies/Rwanda\\_CS2008.pdf](http://www.doingbusiness.org/documents/CaseStudies/Rwanda_CS2008.pdf)

### Alternative Dispute Resolution

SQ 19 Are alternative dispute resolution mechanisms in place including commercial arbitration, private mediation and community based processes? **Yes, Strong.**

### Commercial Treaties

SQ 20 What bilateral, regional and international commercial treaties exist concerning business between countries? **Weak Rwanda has not yet ratified WIPO internet treaties, but the Government has taken steps to implement and enforce the WTO TRIPS agreements.**

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Source: Rwanda Development Board, [www.rwandainvest.com/](http://www.rwandainvest.com/)

Source: U.S. State Department Investment Climate:  
<http://www.state.gov/e/eb/rls/othr/ics/2011/157349.htm>

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### In-Country Assessment (as of 2007)

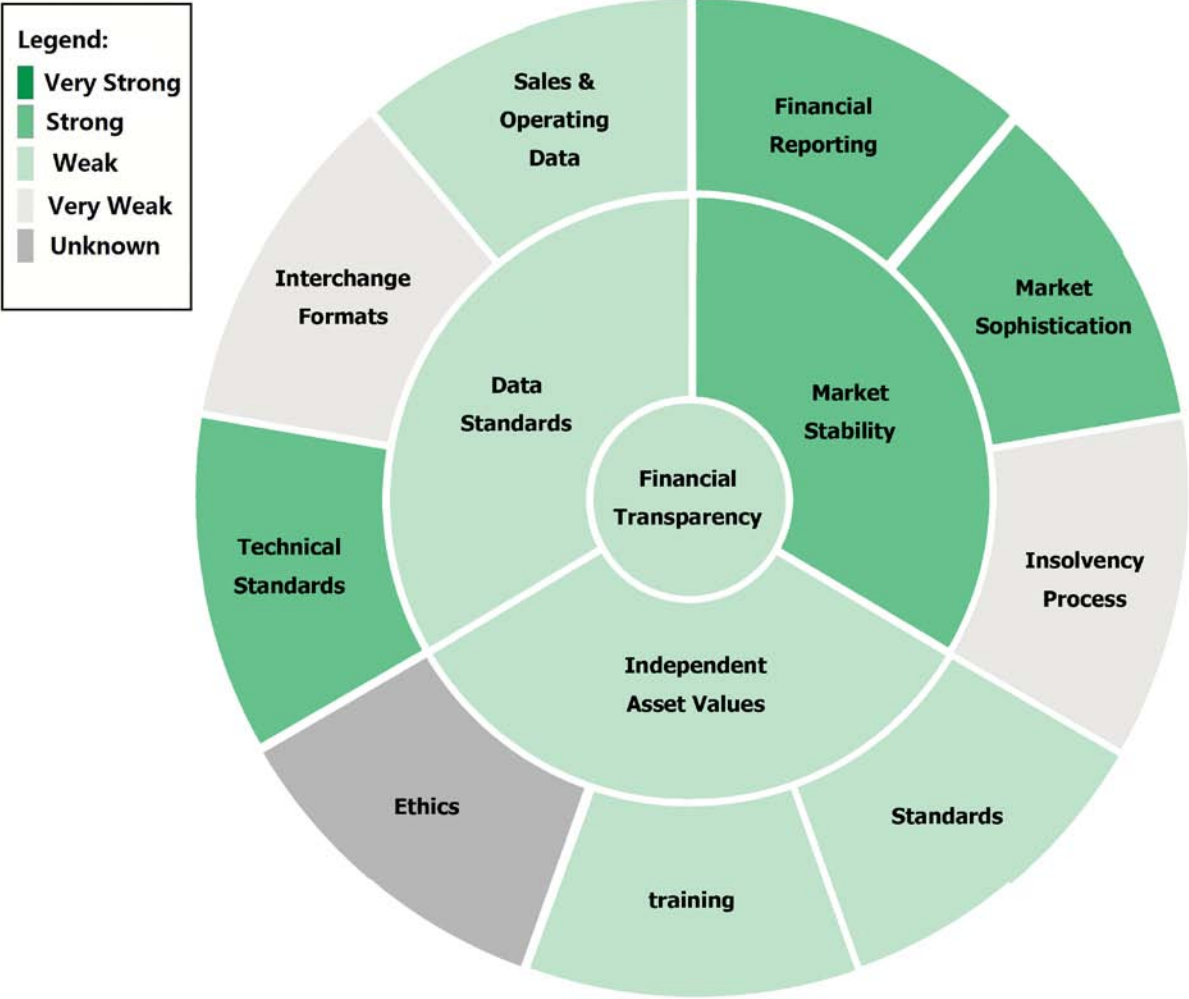
#### FQ 7. To what extent do practitioners report contracts as enforceable?

There is a notary public and legitimate brokers indicated a reasonable confidence in the court systems. When quizzed, brokers indicated that they believed that the courts would enforce their listing and sales agreement. There seemed to be no hesitancy to look to the courts for resolution.

Source: IRPF Assessment May 2007



# 5. Financial Transparency



**Goal – A well developed and transparent financial system that includes strong supporting institutions and highly trained and ethical professionals that contribute to effective financial intermediation and deep and broad access to capital and financial services**

## 5.1 Market Stability

Core Question:	Are market risks sufficiently transparent and diversified so that efficient capital allocation can occur? <b>Yes – Strong</b> , Rwanda’s economy has expanded at an average rate of over 10 percent during the past five years. Foreign direct investment has picked up over the same period.
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### Financial Reporting

5.1.1 What is the strength of the country’s auditing and reporting standards? **Strong – 69<sup>th</sup> out of 144; Score 4.6 out of 7**

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### Market Sophistication

5.1.2 Does the financial sector provide a wide variety of services to businesses? **Yes – Strong – 51<sup>st</sup> out of 144; Score 4.9 out of 7**

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Source: *The Global Competitiveness Report 2012-2013*, World Economic Forum <http://www.weforum.org/issues/global-competitiveness>

### Insolvency Process

**Very Weak – Ranking – 167<sup>th</sup> out of 185**

5.1.3 What is the average time to complete bankruptcy proceedings? **3.0 years**

5.1.4 What is the cost of bankruptcy proceedings as a percentage of the estate? **50% of estate**

5.1.5 What is the recovery rate of bankruptcy proceedings? **3.1 cents on the dollar**

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Source: *Doing Business 2013– Resolving Insolvency* <http://www.doingbusiness.org/data/exploreeconomies/rwanda#resolving-insolvency>

## 5.2 Independent Asset Valuers

Core Question:	Do trained, independent and ethical asset valuers exist for all types of assets? <b>No – Weak</b> , <a href="#"><u>Institute of Real Property Valuers in Rwanda (IRPV) was established in 2010.</u></a>
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## Standards

SQ 21 How easy is it to find a valuer who implements International Valuation Standards?  
**Weak – valuers do not yet meet International Standards**

Civil Society Resources: Institute of Real Property Valuers in Rwanda  
<http://www.irpv.rw/>

*International Valuation Standards Council* [www.ivsc.org](http://www.ivsc.org)

## Training

SQ 22 What is the level of training of valuers? **Weak – limited to cost approach by architects and engineers, but IRPV has set conditions for the training of new valuers.**

Civil Society Resource: *International Real Property Foundation* [www.irpf.org](http://www.irpf.org)

## Ethics

SQ 23 Are opinions offered by valuers free of influence from parties to the transaction?  
**Unknown**

Civil Society Resource: *International Valuation Standards Council* [www.ivsc.org](http://www.ivsc.org)

## 5.3 Data Standards

Core Question:	Is accurate property information available electronically in formats that are consistent with international standards? <b>NoWeak Internet listing sites have emerged but are not standardized.</b>
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## Sales & Operating Data

SQ 24 A multiple listing service is an electronic exchange system where brokers and agents can widely share contracted real estate listings of properties that are for sale. Do multiple listing type services exist? **No –Weak**

Civil Society Resource: *International Consortium of Real Estate Associations*  
[www.worldproperties.com](http://www.worldproperties.com)

SQ 25 Do resources exist for obtaining building income and expense estimates? **No – Very Weak**

Civil Society Resource: *Institute of Real Estate Management* [www.irem.org](http://www.irem.org)

## Interchange Formats

SQ 26 Do electronic data interchange formats conform to international standards (eXML – electronic business using extensive markup language)? **No – Very Weak**

Civil Society Resource: *Open Standards Consortium for Real Estate International*  
[www.oscre.org](http://www.oscre.org)

## Technical Standards

SQ 27 Do building codes and office building measurement standards (ANSI/BOMA Z65.1) conform to international standards? **Yes – Strong, codes based on British Standards.**

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Source: *Rwanda Building Control Regulation*, Ministry of Infrastructure

[http://mininfra.gov.rw/index.php?option=com\\_docman&task=cat\\_view&gid=98&Itemid=319](http://mininfra.gov.rw/index.php?option=com_docman&task=cat_view&gid=98&Itemid=319)

## In-Country Assessment

### Market Stability

**FQ 9. How stable has the property market been over the last several years?**

### Valuation Profession

**FQ 10. How many independent valuers exist in the market?**

80 Certified Valuers are listed by the Regulatory Council of Real Property Valuers Rwanda. **FQ 11. How many companies exist and what is the average size of valuation companies?**

**FQ 12. What are the valuation standards and do they conform to international and regional standards?**

IRPV has set a goal to move toward international standards.

**FQ 13. What valuation methods and techniques are used in the market?**

The primary methodology is replacement value analysis. As the bulk of the appraisers are either architects or civil engineers, they rely on analyzing the cost to replace the present facility and then depreciate it based on age, materials and general overall condition.

**FQ 14. Are there valuer associations in the market? What number and percentage of practitioners belong?** Yes, IRPV

**FQ 15. What training programs are available to upgrade the quality of valuers?** None outside the university engineering and construction curriculum

**FQ 16. Are peer review mechanisms in place to assist in enforcing ethical behavior?** No

**FQ 17. What is the quality of valuation reports?**

Valuation reports are limited to the cost approach and contain no information on the market or income approaches.

**Data Availability**

**FQ 18. What is the status of proprietary data bases that include property information?**

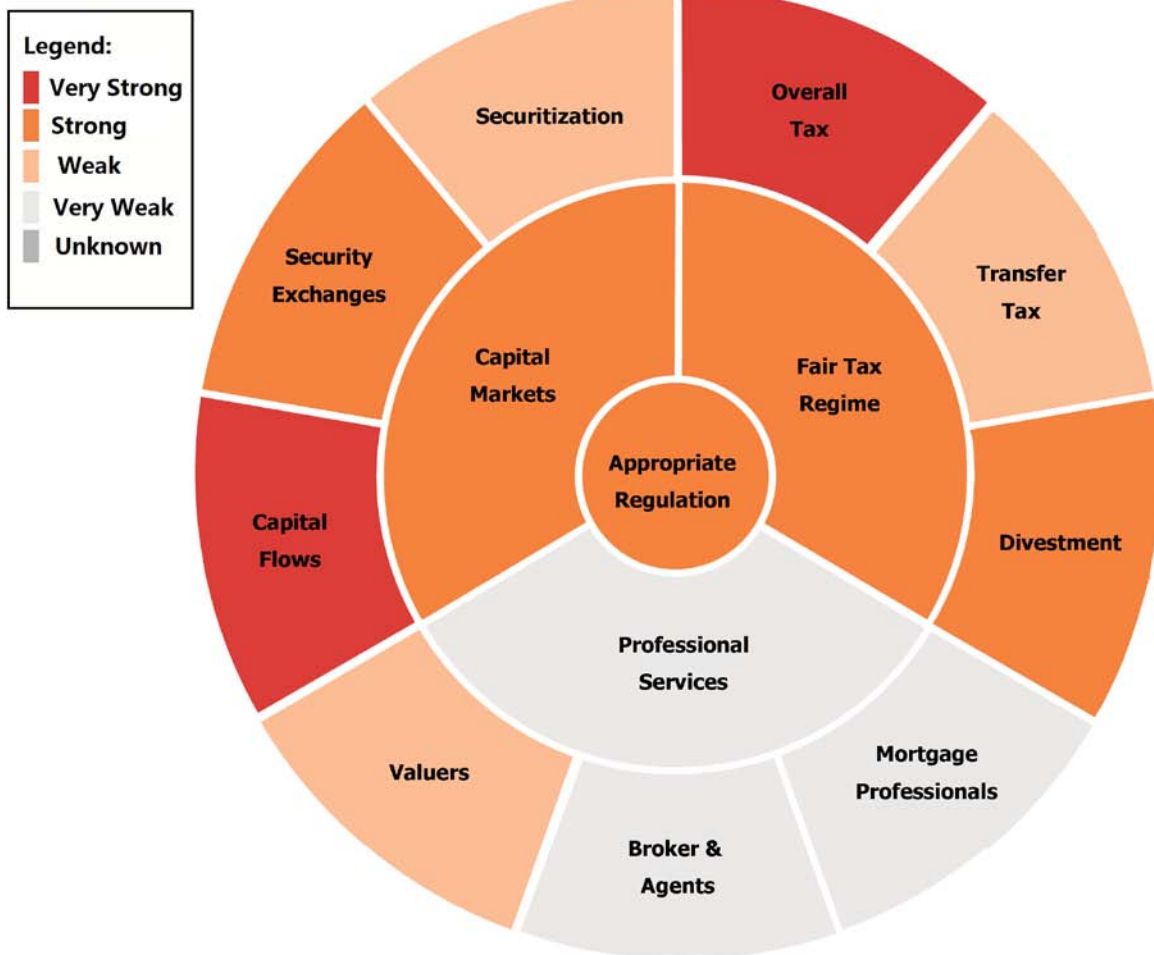
Limited to data from construction projects

**FQ 19. What is the status of existing data sharing mechanisms for properties that are for sale?** None

**FQ 20. Do valuers have an established data sharing mechanisms?** No

Source: IRPF Assessments May 2007

## 6. Appropriate Regulation



**Goal – A comprehensive regulatory regime that is transparent, efficient, simple in its implementation and that leads to accurate reporting of property values and prudent protection from market risks**

## 6.1 Fair Tax Regime

Core Question:	Do market participants feel the overall tax rate is fair and participate in formal transactions? <b>Yes – Strong, personal and corporate income taxes are moderate.</b>
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### Transfer Tax

6.1.1 What is the total property transfer tax including all duties and payments? **Weak – 5.6% of Property Value**

Source: *Doing Business 2013*– Registering Property, World Bank  
<http://www.doingbusiness.org/data/exploreeconomies/rwanda#registering-property>

### Overall Tax

6.1.2 What is the overall tax rate on entrepreneurs? **31.3% – Ranking – 25<sup>th</sup> out of 185 – Very Strong**

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Source: *Doing Business 2013* – Paying Taxes & Registering Property, World Bank  
<http://www.doingbusiness.org/data/exploreeconomies/rwanda#paying-taxes>

### Divestment

#### Survey Question

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SQ 28 What is the tax on profits for foreign investors when divesting property? **30% as corporate income tax - Strong**

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Source: *Doing Business 2013* – Paying Taxes & Registering Property, World Bank  
<http://www.doingbusiness.org/data/exploreeconomies/rwanda#paying-taxes>

## 6.2 Professional Services

Core Question:	Are the professional services necessary for efficient and transparent property markets available and appropriately regulated and supervised? <b>No – Very Weak, government committed to financial sector development.</b>
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### Asset Valuers

## Survey Questions

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SQ 29 Are property valuers licensed and/or certified by the government? **Yes – Weak - The Institute of Real Property Valuers in Rwanda (IRPV) was established by Law N 17/2012 of 12/05/2010.**

Source: Institute of Real Property Valuers in Rwanda <http://www.irpv.rw/>

SQ 30 How effective are mechanisms in place to discipline valuers who engage in misconduct? **None in place – Very Weak**

See pages 25-26 for in-country assessment information regarding valuers.

Civil Society Resource: *International Real Property Foundation* [www.irpf.org](http://www.irpf.org)

## Brokers & Agents

### Survey Questions

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SQ 31 Are real estate brokers and agents licensed and/or certified by the government? **No – Very Weak**

SQ 32 How effective are mechanisms in place to discipline brokers or agents who engage in misconduct? **None in place – Very Weak**

Civil Society Resource: *International Real Property Foundation* [www.irpf.org](http://www.irpf.org)

## Mortgage Professionals

### Survey Questions

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SQ 33 Are mortgage professionals licensed and/or certified by the government? **No – only 4 out of 8 commercial banks offer mortgages.**

SQ 34 How effective are mechanisms in place to discipline mortgage professionals who engage in misconduct? **None in place – Very Weak**

## 6.3 Capital Markets

Core Question:	Are capital markets well-regulated and diversified enough to provide financial resources to private-sector entrepreneurs and innovators? <b>Yes – Strong– Capital Markets Advisory Council established June 2007</b>
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## Capital Flows

6.3.1 How restricted is the flow of capital into and out of the country? **Very Strong – Ranking 18<sup>th</sup> out of 185; Score 5.3 out of 7**

## Security Exchanges

6.3.2 Is the regulation of securities exchanges transparent, effective and free of influence from government and industry? **Strong – Ranking 61<sup>st</sup> out of 185; Score 4.2 out of 7.**

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Source: *2012-2013 The Global Competitiveness Report*, World Economic Forum  
<http://www.weforum.org/issues/global-competitiveness>

## Securitization

6.3.3 What is the depth of asset-backed securities, mortgage-backed securities, high-yield bonds and highly leveraged loans? **Very Weak – primary market developing**

### In-Country Assessment (as of 2007)

#### Taxation

**FQ 21. What is the overall taxation system in regards to property?**

Property transfers are taxed at a flat rate.

#### Brokerage

**FQ 22. What is the number of practitioners in the country including full-time brokers/agents with formal training and part-time, informal brokers?**

Estimates go up to a maximum of 2,000 individuals practicing many as “scouts” or “hustlers” who will seek an apartment rental or a building for sale on the street. They have no offices but only have a cell phone and carry no business cards.

**FQ 23. What is the number and average size of brokerage companies?**

There are estimated to be 5 or 6 legitimate companies in Kigali. Most of these companies are relatively new and small with the most sophisticated company having 7 individuals and one company having 40 agents. They do not only brokerage but also small scale development and some rehabilitation. There doesn't seem to be a strong enough market as yet either in western level rentals (up to \$2,000 per month) or new sales to sustain the industry. The secondary market is very thin as few put their properties on the market and fewer agents act as a catalyst to create that market.

- FQ 24. Are there brokers associations active in the market? What number and what percentage of practitioners belong?** No
- FQ 25. What training programs are available to enhance productivity?** None
- FQ 26. Is there a Code of Ethics or standards that practitioners follow? Is the Code enforced?** No
- FQ 27. Do civil society organizations exist to support the development of mortgage professionals?** No – market not yet developed

Source: IRPF Assessment May 2007