

RWANDA HOUSING FINANCE PROJECT (RHFP)
TERMS OF REFERENCE
SENIOR HOUSING FINANCE ADVISOR

1. Background and Context

Rwanda is one of the most densely inhabited countries in Africa and one of its least urbanized, with just over 17 percent of its 12 million people living in urban areas.¹ The Government of Rwanda (GoR) views the relatively low rate of urbanization as an opportunity to create a more efficient urban system. Both urbanization and housing continue to be a high priority in Rwanda's development strategies, Vision 2050 and the National Strategy for Transformation I (NST) I for 2017–2024.² Most Rwandans rely on personal and family savings to build or purchase their homes, supplemented by a small but growing share of mortgage lending offered by financial institutions.³

The uptick in housing finance in Rwanda has also partly been a result of one of the most progressive enabling environments in Sub-Saharan Africa, including removing obstacles linked to obtaining clean title on land and being able to use titles as collateral in lending transactions. While the growth in housing finance has been substantive, it has not been able to satisfy the strong demand for housing finance for a growing and increasingly urban population. Rwandan lenders consider housing finance as a promising business opportunity, as evidenced in their growing mortgage portfolios, but are confronted with major funding constraints which limit their capacity to scale up mortgage lending. Mortgage lenders responded to the abovementioned long-term funding gaps with various strategies which helped them reduce risks, but at the expense of access. The lack of long-term funding and banks' response by rationing credit to a small segment of borrowers helps explain the outcome of a mortgage market which remains to be developed to meet a large and growing market demand. The financing capacity of Rwanda's financial system is also limited by institutional constraints, which increasingly limit the banking sector's ability to

meet the financing needs of a rapidly growing economy. In addition to financing, there are many constraints on both the supply and demand side of the housing market that contribute to the limited supply of affordable homes.⁴

¹ NISR (National Institute of Statistics of Rwanda), Projection for 2018.

² Sustainable urbanization is Priority Area 2 under the Economic Transformation Pillar of the NST I, with key strategic interventions, including the promotion of local construction materials to support the growth of the construction industry and the affordable and low-cost housing program. Housing also appears under the Social Transformation Pillar of the NST I, with plans to operationalize the affordable housing fund (AHF), the establishment of which was announced in July 2017.

³ Project Appraisal Document

⁴ Project Appraisal Document (PAD)

2. Rwanda Housing Finance Project

The GoR is aware of the remaining challenges to affordable housing and has adopted a series of initiatives aimed at increasing the availability and affordability of housing. Through the financing received from The World Bank, The Rwanda Housing Finance Project (RHFP), a 150 Million dollar project was established and is implemented by the Development Bank of Rwanda since 2019 with a project development objective of expanding access to housing finance to households and to support capital market development in Rwanda. To achieve the stipulated objective, the project is implemented within 3 components including 1- Provision of Long-Term Finance to Expand Housing Finance (\$117 Million equivalent), and Component 2- Technical Assistance and Implementation Support (\$3 Million equivalent) and component 3- Provision of Infrastructure Subsidy for Affordable Housing Development Projects (\$30 Million equivalent)

Component one includes a Line of Credit (LoC) to support the provision of housing loans by Rwandan financial institutions. BRD on-lends the funds to Participating Financial Institutions (PFIs) at an interest rate of 6% after the PFIs sign a Participation Agreement. The PFIs will on-lend the funds to eligible beneficiaries at an interest rate of 11% with a tenor of up to 20 years to acquire houses in the range of Rwf10 Million and Rwf35 Million. To sustain the provision of long-term finance to support the development of the mortgage market beyond the lifetime of the project, the GoR will facilitate the creation of a Rwanda Mortgage Refinancing Company (RMRC) as a strategic institutional vehicle which would eventually leverage long-term funds through capital markets. Part of the LoC proceeds under this component will be allocated to finance a potential GoR investment into the RMRC in the form of equity and/or debt alongside commitments from other institutional investors upon the GoR's request. The objective of the second component is to strengthen the enabling environment for affordable housing and financing through technical assistance (TA) and capacity building. This component will focus on analytical work and capacity building to support the housing demand-side capacity building and supply-side reform agenda—in close coordination with relevant Government departments and agencies—in view of fostering the enabling environment to support the supply of affordable housing while the third component recently added to the project will form the government subsidy towards the infrastructure provision (i.e. roads and storm water drainage, water supply and sanitation services, electricity and street lighting, communication, and social amenities) for eligible and approved affordable housing development projects in compliance with the Prime Minister's Instructions (PMI) and the Ministerial Instructions (MI).

3. Rationale for recruiting a Senior Housing Finance Advisor

The Senior Housing Finance Advisor will provide strategic guidance and support to the BRD/RMRC for successful implementation of the Rwanda Housing Finance Project (RHFP) and achievement of the project development objective. His/her role will be to act as an advisor on all housing finance issues relating to the RHFP.

4. Scope of Assignment for the Senior Housing Finance Advisor

4.1. Component 1:

4.1.1. Task 1: Strategic guidance to the Project Implementation Unit (within 12 months of the consultancy period)

The following shall constitute the scope of assignment for the Senior Housing Finance Advisor in strategic guidance to the project implementation unit.

- Preparation of Standardized Capacity Building and Monitoring and Evaluation Framework for PFI.
- Provide technical support in implementing all aspects of the Rwanda Housing Finance Project
- Review and analyze operational systems, guidelines and procedures relating to the Rwanda Housing Finance Project
- Provide guidance and advice to BRD management on all matters relating to housing finance.
- Oversee and contribute to the technical assistance component: provide a quality control function on the procurement of consultancy services under the project. This involves preparing terms of reference, participating in selection process of consultants by reviewing proposals and then by working with consultants in delivering final products.
- Provide thought leadership both internally and externally on issues related to housing finance. In particular, be a focal point for dissemination of activities related to the Rwanda Housing Finance Project and assist the Project Implementation Unit in preparing briefing notes, presentation, and reports on technical aspects of the project for internal and external stakeholders.

4.1.2. Task 2: Eligibility and on-going eligibility assessment of PFI's (within 12 months of the consultancy period)

The following shall constitute the scope of assignment for the Senior Housing Finance Advisor in terms of assessment of PFI's before joining the project and on-going eligibility criteria to ensure that PFI's demonstrate ongoing compliance with the set criteria and the following financial performance indicators throughout its participation in the project.

The advisor will lead the following scope of activities

- i. Interviews with senior management regarding the bank's organization, business strategy, ownership and governance structure;
- ii. Interviews with senior management on the bank's financial condition and profitability, including a review of related policy documents;
- iii. Review and discussion of externally audited financial statements for the last three years and unaudited financial statements from the last three months;
- iv. Interviews with senior management on lending policies, procedures and practices. Discussion on details of credit risk assessment and management, collateral appraisal, loan classification and provisioning, collection on collateral;

- v. Interviews with senior management on internal controls and internal audit function. Review of IT systems and management reporting capacity.

Key deliverable: Fulfillment of conditions to participate as a PFI.

Task 3: Understand RHFP objectives and design, particularly Window 1, and: Evaluate lending policies and procedures of PFIs and modifications required to align to the Project Implementation Manual of RHFP (within 12 months of the consultancy period).

4.2. Component 2: Capacity building of PFI staff, RHFP Staff and RMRC Staff involved in the RHFP. Timeline: within 12 months of consultancy serviced with BRD (excluding preparation time of final report of work done).

4.2.1. Task 1: Deliver training modules developed in Component 1 to all PFIs, BRD, and RMRC including monitoring and evaluation reporting, and support development of ToRs for various procurement activities under RHFP and monitoring of their execution. This shall also include any assignment related to the Implementation of the Project that may be assigned to the Senior Housing Finance Advisor by the immediate supervisor or the Management of the Bank.

4.2. Component 3: Capacity building of PFI staff, RHFP Staff and RMRC Staff involved in the RHFP. Timeline: within 12 months of consultancy serviced with BRD (excluding preparation time of final report of work done).

This shall also include any assignment related to the Implementation of the Project that may be assigned to the Senior Housing Finance Advisor by the immediate supervisor or the Management of the Bank.

5. Qualifications of Consultant and Key Staff

The assignment requires an experienced Consultant capable of communicating effectively with Government, BRD, the Central Bank of Rwanda (BNR), Financial Institutions, and upcoming Rwanda Mortgage Refinancing Company.

Interested Consultants should clearly demonstrate their relevant expertise in the following areas:

- Experience in housing finance in both developing and developed countries.
- Experience in designing and delivering large scale capacity building programs for Financial Institutions;
- Experience in designing ToRs for capacity building of housing finance projects; particularly similar projects financed by the World Bank in at least 5 different countries.
- Advanced analytical and synthesis skills in the affordable housing finance area, and its inter-relations with the financial sector, real estate markets, urban development and the poverty reduction agenda.
- On the ground experience of working in the Rwandan housing and housing finance markets

- Good knowledge of main institutions and stakeholders in the Rwandan housing finance market
- Familiarity with public/private affordable housing frameworks. Including policy aspects related to this, as well design and implementation.
- Knowledge of house building and construction techniques associated with affordable housing in emerging markets
- Experience in conducting field research including household survey-based work on housing conditions
- Operational experience, ideally in an international environment working with financial institutions and government agencies.
- Strong interpersonal, cross-cultural and team player skills, yet with a capacity to work effectively on an independent basis
- Excellent oral and written communication in English
- Familiarity with modern techniques of knowledge dissemination, capacity to organize and manage seminars, ability to supervise team of consultants.

The Consultant shall submit CV meeting the minimum requirements as indicated in the Request for Proposal.

The Consultant should possess the following as minimum:

- a. A Master's Degree in finance, business administration, economics, urban studies or equivalent project management, or other related field from a recognized University/Institution. Qualification in Housing Finance gives an added advantage.
- b. Demonstrated experience in managing housing finance projects in developing countries or developing strategic housing finance projects of a similar scale financed by the World Bank or other International Developing Partners.
- c. Minimum ten (10) years of relevant experience in project and program management in housing finance and at least a Significant experience (minimum of 5 years) demonstrated through the multiple dimensions related to affordable housing policy
- d. Experience of underwriting in financial sector.
- e. Demonstrated experience in carrying out multi-stakeholder consultations, engagement and management.
- f. Evidence of at least one successfully implemented new product roll out in housing finance area.
- g. Capability of demonstrating multidisciplinary approach of housing finance project management.

6. Duration

The technical assistance for RHFP is estimated to take approximately 12 months. The contract can be extended to increase the scope, level of effort and/or duration, as determined by the BRD. The Consultant's performance will be assessed regularly based based on progress made towards achieving

the project development objective (PDO) as measured by the project's indicators, number of PFIs signed on the project, amount of LoC disbursed (whether by BRD or RMRC), and improved performance of RHFP staff.

6.1. Timeline and Reporting

No	Activity	Delivery date from the date of Contract Effectiveness (in weeks)	Review by BRD (in weeks)	Content
1	Detailed Action Plan	2	1	The action plan to be prepared will give the Consultant's understanding of the objectives and scope of the assignment, present the methodological approach. The action plan will also serve as a strategy to identify the necessary steps and action points towards meeting the job requirements. The detailed action plan will serve as performance scorecard and will also guide the performance appraisal of the selected consultant. The preparation of the action report will require the consultants to understand the project and the intended project objectives through engagements with the project team at BRD and other relevant stakeholders.
2	ScoreCard/Detailed Action Plan approval	3	n/a	The approved action plan will include a methodical action plan and a balanced scorecard to serve as a strategic management performance metric that will be used to identify and improve the consultant's internal project implementations functions and their resulting external outcomes. The approved action plan/scorecard will serve as a performance appraisal and monitoring tool to give feedback to the consultant on the achievement of the performance indicators

3	capacity building activities/ Providing Strategic guidance and support to the PIU and Project stakeholders from time to time as organized by BRD	Monthly (ongoing)	1	The Senior Housing Finance Advisor will organize capacity building and capacity development activities to provide strategic guidance and support to the BRD/RMRC staff for successful implementation of the Rwanda Housing Finance Project (RHFP) and achievement of the project development objective, He or she will also provide strategic directions on issues affecting the project implementation, work with project stakeholders on matters and assignments requiring housing finance expertise such as contract management, project finance structuring, appraisal of corporate financial institutions, equity raising, assessment of housing institutional vehicles' business plan and operational manuals and any other assignment pertaining to the project that may require housing finance expertise.
	Monthly progress briefs	Monthly (ongoing)	n/a	Progress briefs, covering activities implemented and planned, challenges faced and proposed solutions, etc. Briefs are due within 5 working days after the end of each month. The Consultant will propose the format of briefs.
4	Quarterly progress reports	Quarterly (ongoing)	1	Quarterly progress reports, supplementing the monthly brief reporting with more detailed analysis covering activities implemented and planned, challenges and opportunities, number of Staff from RHA, BRD, RMRC, PFIs trained. The Consultant will propose the format of quarterly progress reports.
5	Annual Performance Report to compiled at the end of the contract period (year)	48 Weeks (performance report covering activity report constituting 48 weeks representing a year effective from contract signing)	1	This will provide a summary of the Consultant's activities, observations, achievements, and results achieved during the contract period. This report will be assessed vis a vis the performance indicators to justify the the renewal of the contract or the disapproval of the same.

For the inception-stage workshop, the Consultant will make Power Point presentations, provide concise background documents for discussion, and prepare stakeholder workshop reports to document the proceedings.

7. Counterpart and Responsibilities

The Consultant will report to the RHFP Manager at BRD. The Consultant will be responsible for his/her accommodation and transport. BRD will provide an office to work from and logistics needed for implementation of the assignment. BRD would provide facilities for stakeholder consultation workshops, introductions to national and sectoral agencies, access to data and reports, among others.