

Compensation for Land Expropriation in Rwanda: The Need for Conventional Approaches to Valuation

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Abstract— *In various countries around the world, land expropriation is considered as a major tool used by governments to assemble tracts of land for various activities aiming at public interest. However, determination of compensation which is regarded as a pre-requisite for land expropriation has been a source of controversy in this process. This paper attempts to find out how land valuation for compensation during expropriation is carried out in Rwanda, considering two expropriation projects in Kigali city. It is revealed that the valuation methodology used in practice is not consistent with the provisions of the Expropriation law. Whereas the Expropriation law requires that valuation be carried out based on the “market value”, predetermined land values are being used in valuation practice. This practice not only contradicts the law and best practices but also evokes complaints against the amount of compensation payable. There is a substantial need to adopt conventional approaches to valuation based on prevailing land market values. Taking advantage of the current modern land information management system in Rwanda, creation of land sales databank would serve as a basic source of comparable sales for comparison approach to valuation.*

Keywords: *land expropriation, compensation, land valuation, valuation approaches*

INTRODUCTION

Land in Rwanda is becoming scarcer subsequent to the increase of the already high population. Being a landlocked country, Rwanda with the surface area of 26,338 km² and national population density of 415 people per km² (National Institute of Statistics of Rwanda 2012) is one of the most densely populated countries in the world. The high density stresses the need for, and the faster increasing value of, land in Rwanda for various economic and social development activities. Despite this scarcity of land in Rwanda, some projects, in the public interest, require acquisition of land from landowners for their implementation.

Implementation of new land use plans in Rwanda has been, since the enactment of the Expropriation law of 2007, the most activity that has prompted compulsory land acquisition in Rwanda especially in urban and suburban areas. For instance, the implementation of Kigali City Master Plan (KCMP), the planned construction of new International airport in Bugesera, and development of other socio-economic infrastructure in various parts of the country have led to acquisition of land and relocation of dispossessed families by the government. This process is expected to continue in the

future as the government and municipalities strive to provide new infrastructure coupled with (re)development activities.

Those expropriated however have objected to the amounts of money that is assessed as fair compensation for the land and development thereon taken from them. Payne (2011) noted that, in many cases, there are accusations that land acquisition in Rwanda through expropriation has been undertaken in ways not consistent with the legal provision. The objective of this study is to find out how land valuation is carried out in determining compensation for expropriated property in Rwanda, and identify areas in the practice that need improvement. The study is based on two distinct expropriation programs that were implemented in the areas of Ubumwe and Kimicanga in 2008 and 2012 respectively in the city of Kigali. The rationale for choosing these two areas in Kigali city is the fact that they were large projects that affected a big number of families in the inner city of Kigali. Again, the fact that the two projects were implemented in different periods, gives a ‘fertile ground’ to assess the processes and procedures that were involved in each project. This is important by taking account the fact that the Ubumwe project was implemented one year after the enactment of

the Expropriation law, while the Kimicanga project is one of the most recent acquisitions. The temporal difference might imply some changes/improvements in the processes and procedures that would need consideration.

Theoretical Context of the Study

Expropriation of Private Property

Expropriation of private property for public purposes or compulsory purchase, eminent domain, resumption, compulsory acquisition, as it is termed in various jurisdictions, can be of great importance to affected parties and, depending on the nature and extent of its use, may promote or frustrate gains in community welfare (Kombe 2010).

Expropriation has been defined as the power of government to acquire private rights in land without the willing consent of its owner or occupant in order to benefit society (Keith, et al. 2008). States have a sovereign right under the International law to take property held by nationals or aliens through nationalization or expropriation for economic, political, social, or other reasons. In order to be lawful, the exercise of this sovereign right requires under the International law, that the following conditions be met:

- a. Property has to be taken for a public purpose,
- b. Should take place on a non-discriminatory basis,
- c. Should take place in accordance with due process of law, and
- d. Be accompanied by compensation (UNCTAD 2012)

Considering the above conditions for a lawful expropriation, the expropriation law is inevitably the guiding tool for proper valuation and subsequently fair compensation. The expropriation law provides conditions under which land can be compulsorily acquired and what the landowner should be given as compensation. The determination of the amount of compensation, the basis and the methods of valuation should further be explicitly provided in the law that relates to real property valuation.

Compensation for Expropriation

Most national constitutions provide for adequate, fair or just compensation for expropriated properties in the public interest (Ndjovu 2003). In many jurisdictions, expropriation is principally guided by the objectives of “equity” and “equivalence”. That is, the adequacy of compensation should be measured against the goal of ensuring that people are neither impoverished nor enriched. In this principle, the compensation value to the owner is made up of market value together with other losses suffered by the claimant (Denyer-Green 1994); (Otubu, 2012). Ideally, according to the principle of “equity” and “equivalence”, compensation should be paid not only for the actual loss of the land but also for other socio-economic losses which include the development on land, severance, injurious affection, disturbance, special value and damages (Otubu, 2012). This theory is referred to as indemnity theory or owner’s loss theory.

Another theory that explains compensation for expropriation is called *taker’s gain theory*. This theory states that

“...the government should pay only what it gets...” (Kratovil & Harrison, 1954); (Ambaye, 2009).

This argument originates from the fear that to allow compensation for such items, as disturbance of a business on the land or other similar remote damages would drain the treasury of the government or other beneficiaries for that matter. In accordance with this theory, although it may make the owner whole, if paid, compensation for consequential damages, such as the future loss of profits, expenses of moving fixtures and personal property, the loss of good will that inheres in the location, should not be paid (Ambaye, 2009).

Arguments on both principles try to describe the modality of compensation and elements that should be included in valuation for compensation. However, as noted by Ambaye (2009), the indemnity principle prevails in most legislation around the world due to the emphasis given to property ownership in many countries.

However, determination and payment of adequate compensation provided for in most statutes remain an issue of controversy when it comes to practice. Market value is considered as a valuation basis for adequate compensation in most legislation that adheres to the principle of equivalence. In addition to the difficulties of

determining market value where land markets are poor or non-existent, there are also problems when it comes to implementation of legal provisions in practice particularly in developing countries. Viitanen, et al., (2010) identified two key challenges that developing countries face in payment of compensation for expropriation based on market value:

- i. Local government leaders prefer economic development as a way to bring their areas out of poverty and therefore offer more favourable terms to investors and their investment projects, and as a result are less concerned about owners and occupiers whose land is taken by the government or acquired by the developer with State approval, and
- ii. Legal provisions are not implemented at local levels or are implemented in ways that ensure more favours for investors.

Property Valuation for Compensation

The main rule for the determination of the amount of compensation for property to be acquired is the market value (Asian Development Bank, 1998), (Karlbro, 2001), (Viitanen, 2005). The basic valuation method is the *sales comparison method*, although the *income method* and in certain situations with no market activities the *cost method* may also be used (Viitanen, 2005).

Determining “fair market value” or simply “market value” as the valuation basis for lost assets in expropriation requires clear and transparent valuation standards and methodology. Various methods can be employed to determine market value depending on the nature of the asset i.e. land, structures on land, crops, and common property resources (Asian Development Bank, 1998). The following are typical valuation methods that are conventionally used to determine market value in compensating for the landed assets acquired through compulsory acquisition.

i. Valuation of land

Comparable sales approach, and/or capitalization or income approach are typically two basic approaches used for land valuation. *Comparable sales approach* is the most common method and it relies on market information to value the land. The underlying concept is that a recent sale from a willing seller to a willing buyer of a property (the comparable property) can best reflect the value of a similar property (the subject property) in

the vicinity. This method models the behaviour of the market by comparing the subject property under valuation with similar property or properties that have recently sold or for which offers to purchase have been made. It assumes that a rational and prudent buyer will not pay more for the comparable property, while a seller in the same situation will not accept less for the same property. The sales price finally reached reflects the equilibrium of supply and demand for land in a given market. Therefore, if the subject property under valuation were offered for sale in the same market about the same time, the transaction would be completed at approximately the same price.

The comparable approach requires the following steps: data collection; analysis of market data to develop a group of properties for comparison; selection of attributes for adjustment; application of the approach to adjust the sales prices of comparable properties to the subject property; and analysis of the adjusted sales prices to estimate the value of the subject property.

Given the preference of comparable sales approach in land valuation, it has at least two inherent limitations. First, the approach depends on some amount of land sale activity. If the land sales market is undeveloped in the area where the subject property is located, it will be difficult, if not impossible, to find appropriate comparable properties. Second, the comparable sales approach requires the availability of accurate market information. If information about land sales and prices is not routinely recorded or registered, or if any of the concerned parties have significant incentive to understate or overstate the sales price or otherwise distort the information, it may be difficult to use the comparable sales approach.

The second method is *Income capitalization approach* which is used in situations where markets are relatively inactive. It is most applicable to agricultural land and investment properties. The income approach is based on the principle that the value of an investment property reflects the quality and quantity of the income it is expected to generate over the life of the property at issue. In other words, the value of the land derived from this approach is the estimated present value of future benefits, including streams of incomes during the lifetime of the property and proceeds from the sale of the property. The income approach assumes that the owner

intends to generate income from the land. This valuation approach derives land value by annual net income from the land divided by an estimated capitalization rate.

Under income approach, valuation of land is accomplished through capitalization. Capitalization is the division of a present income by an appropriate capitalization rate to derive the value of the income stream. This method can be expressed in the following formula:

$$\text{Land Value} = \text{Net Income} / \text{Capitalization Rate}$$

$$\text{Or } V = I/R$$

Using the income approach involves three steps. First, one must collect accurate and detailed information on the annual gross income that the farmer has received from the land and on the total costs incurred by the farmer to generate such income. Second, one must subtract total annual costs from the gross annual income to derive the net annual income. The third step – as well as the most important and complicated step – is to identify an appropriate capitalization rate and divide the net income by such a rate to get the value of the land under valuation.

ii. Valuation of structures

Expropriation often involves the loss of structures on land in addition to the land itself. If the structures are primarily for investment or income producing purposes, the income approach is sometimes used. However, for a variety of reasons, the preferred valuation method of structures is usually the replacement cost method (Asian Development Bank, 1998).

The replacement cost approach for structures in a typical developed country setting of active markets is based on the theory that the market value of an improved parcel can be estimated as the sum of the land value and the depreciated value of the improvements. In other words, subtracting the land value from the overall value of the house and land will get the value of the house i.e. Value of house = value of land and house – value of land. Its underlying is that an informed buyer will pay no more from an improved property than the price of acquiring a vacant site and constructing a substitute building of equal utility.

The replacement cost approach requires estimates of land value, accrued depreciation, and the current cost of constructing improvements such as a house. Depreciation is subtracted from current construction

costs to obtain an estimate of improvement value. A land value that reflects the value of the site, as if vacant and available for development to its highest and best use, is added to the value of the improvement. Applying this method involves several steps. The first is data collection – the replacement cost approach requires descriptive data on the improvements being valued. The second step is to determine an accurate cost estimate. Costs consist of all expenditures necessary to complete construction of a house or other building. They are either direct or indirect costs. Direct costs include materials and labour, while indirect costs include labour and monetary cost of obtaining a building permit, registering the house with relevant government agency, and designing fees if hiring an architect to design the house.

The fact that the structure subject to valuation may have been built many years ago, it is often difficult to determine the costs incurred when the structure was built. Thus, estimation of costs is often based on “reproduction cost” or “replacement cost”. Reproduction cost is the cost of constructing an identical structure by using the same materials and design at the time of appraisal. Replacement cost, in this context, is the cost of constructing a substitute structure of equal utility using current materials, design, and standards. A common practice in developed countries is to use the replacement cost method, except for buildings with special significance to the owner, because this method requires detail and fewer adjustments.

The third step for valuing structures in most developed countries settings is to estimate accrued depreciation. Accrued depreciation is the loss in value from “replacement cost new”, which is defined as the replacement cost as if the similar structure were built as of the date of appraisal. The underlying reason for accrued depreciation is that cost and value are most similar when the structure is new; with time, the structure will suffer physical deterioration until the day it is completely out of use. In a setting with active markets, accrued depreciation will affect the market price of a structure, and compensation reflecting the accrued depreciation will enable the asset owner to purchase a “similar” structure in the vicinity.

iii. Valuation of crops

Valuation of crops is considered less complicated than land or structures. Typically, compensation for crops is

decided according to the gross market value of the lost crops. Gross market value makes full provisions for owner or user input already expended (labour, seed, fertilizer, etc.) in the event that there is a crop in-ground at the time of acquisition or expropriation.

There are two determinants of gross or full market value: market rate for the crop and the average annual yield of the crop. The price used to calculate the compensation is the highest market price of the locality of the year, which will give the benefit to farmers who are normally assumed to transport the harvest to get the most attractive prices.

The average annual yield of a crop involves some degree of data collecting and analysis. Local governments typically collect data on average yield per hectare for each type of crop, and establish a schedule or table on average yield for each locality. In most cases, the irrigated nature of the land and the frequency of harvests per year are considered. However, the government-established figure is typically rebuttable by actual production of a particular parcel of land. For instance, if the landowner or user can provide satisfactory evidence that the average of actual yield for the past five years is higher than the government-determined figure; the actual average yield is used as the basis of calculating gross market value.

Conceptual Framework

Land expropriation in public interest is a power that is unquestionably bestowed upon Governments across the world. However, the execution should be guided by the relevant legal framework and internationally recognized standards of real property valuation in case of compensation for compulsorily acquired real property. As the main objective of this study is to find out how land valuation is carried out in determining compensation for expropriated real property in Rwanda, and to identify areas in the practice that need improvement, three aspects are being considered:

- (i) The analysis of the legal framework for land expropriation and valuation in Rwanda;
- (ii) The assessment of the actual practice of land valuation for compensation in Rwanda;
- (iii) Identification of the gap between the legal framework on land valuation for compensation and the actual practice.

In the assessment of the actual practice, the indicators used were the valuation methods and sources of valuation data applied by the valuers. The information from valuers was validated by the interviews held with Kigali city and District officials.

Legal Framework for Land Expropriation in Rwanda

In Rwanda, land expropriation power is provided for by the Constitution of 2003 as amended to date. The constitution considers protection of private property, whether personal or owned in association with others, as one of the fundamental human rights (Art.29 (1)). However, paragraph 3 of the same article provides that the right to property may be interfered in public interest. The Constitution emphasises that expropriation can only be carried out in circumstances and procedures determined by law and subject to fair and prior compensation. The laws that ensue from this constitutional provision include:

- i. Law No.43/2013 of 16/06/2013 Governing Land in Rwanda
- ii. Law No.18/2007 of 19/04/2007 Relating to Expropriation in the Public interest; and
- iii. Law No.17/2010 of 12/05/2010 Establishing and Organizing the Real Property Valuation Profession in Rwanda

The Land Law in article 3 states that only the Government has the supreme power of management of all land. The Law gives the government power to accord rights of occupation and use of land, and has the right to order expropriation in the public interest.

According to Expropriation Law, public interest is defined as an act of government, public institution, NGO, legally accepted associations operating in the country, or of an individual, with an aim of benefiting the public. Although it uses the adjective “just” instead of “fair” as used in the constitution, the Expropriation law defines fair compensation as an indemnity to the value of land and the activities performed thereon given to the expropriated person and estimated considering market prices (Art. 2(2^o)).

In the above definition of “fair compensation”, there are two major key concepts that need particular consideration for purpose of this study. Indemnity refers to protection against possible damage or loss, especially a

promise of payment, or the money paid if there is such damage or loss. Market price is not defined in the expropriation law. The Valuation law however uses the concept “market value” and defines it as the estimated amount for which a property should exchange on the date of valuation (Art. 2(3^o)). Therefore, if the government is to appropriately indemnify the dispossessed persons it has to consider losses incurred by the dispossessed persons and compensate them at prevailing market values of their lost property.

Field Data Collection Techniques

In order to effectively investigate the valuation methodology for compensation for land expropriation in Rwanda, two case studies were purposively chosen. The case studies are Ubumwe Cell and Kamukina Cell in an area that was commonly known as Kimicanga, both in inner Kigali city. Expropriation in these two areas was carried out in a process of implementing Kigali city master plan. Despite being informally developed, the two settlements were occupying prime land that was planned for both office and commercial multi-storey buildings in the 2007 master plan.

Secondary data was collected from published documents from Kigali city office and the internet. Primary data was collected from valuers (hired to carry out valuation in the two areas), Kigali city and District land bureau officials. The data was collected through interviews using a structured interview schedule. The structured interview schedule was preferred because the respondents were few and the researcher took this advantage of meeting respondents to request relevant secondary data available at the respective offices.

Results from Case Studies

Procedures and Eligibility for Compensation

There are no step-by-step procedures documented in any regulations for land expropriation in Rwanda apart from the less detailed provisions in the Expropriation law No.18/2007. However, in the interviews with heads of households that owned land in case study areas during 2014, it was found that there were about three meetings held by Kigali city officials in collaboration with grass root leaders with the affected persons. The meetings were merely informative aimed at making clarification of the process and the provisions of the law to the

would-be affected landowners. The case of Ubumwe however was to some extent unique as the affected persons elected representatives to negotiate with Kigali City Council (KCC) modalities for resettlement.

When affected persons were informed about the plan to expropriate their land for the purpose of implementing the master plan, the next step was to explain to them who should get what and how. Persons who were eligible for compensation were those who legally obtained the land. Landownership could be proved by the following documents:

- i. Written evidence indicating that the claimant purchased the land, received it as a donation or as a legacy or a successor;
- ii. A document or a statement of local administrative entities indicating rights of the expropriated person on the land;
- iii. A document or testimony of the neighbours confirming the ownership of the land; or
- iv. A Court certificate.

In addition, spouses legally married were asked to produce certificate of marriage so that the compensation is paid to a Bank account agreed upon by the two spouses. The above documents proving ownership were not demanded in the case of Kimicanga. This was due to the fact that all affected persons that owned land in the area had got leasehold certificates issued by the Government in the systematic formalization program through land registration that covered the whole country. This process of land registration began in 2009 till 2013. Therefore, people who were given leasehold certificates had presented two or more of the above documents as evidence to prove their ownership in the adjudication process of land registration. This meant that a leasehold certificate was enough to prove ownership in Kimicanga.

Rights in Land that were Compensation

How much a person affected by expropriation gets as compensation fundamentally depends on which rights or losses are compensated. Principally, when a person is involuntarily resettled or dispossessed of land, the livelihood is affected. The aim of paying compensation in expropriation is to assist the affected person to reinstate his or her livelihood.

The losses that a dispossessed person suffers include both tangible and intangible assets such as land; developments on land (buildings, crops or other structures put up by the landowner); loss of accommodation or profits in case of land used for a particular business; cost of acquiring the subject land which might be equivalent to the cost of acquiring a similar land for resettlement; transportation expenses while moving to another area for resettlement; disturbance that results from the actual process of acquiring land; and interruption of social networks.

It was found in both projects that the Government pays compensation for land and exhausted improvements only. This was not a surprise since it is legally provided for in the Expropriation law No.18/2007, Article 21. This article states that

“the properties to be valued for just compensation due to expropriation are: 1^o land; and 2^o activities that were carried out on the land including different crops, forests, any buildings or any other activity aimed at efficient use of land or its productivity.”

Losses such as loss of profit for a business, loss of accommodation, disturbance or expenses incurred in transporting luggage are not catered for by the law and are not considered in determining compensation payable.

Land Valuation in Ubumwe

According to the Law No.17/2010 establishing and organizing the real property valuation profession in Rwanda, there are four methods that are acceptable in real property valuation in Rwanda. In order to find out which of the four methods were used in land valuation in Ubumwe, the researcher held an interview with the official in Kigali City One Stop Centre in charge of expropriation. Through the interview, the researcher was informed that prior to valuation of land in Ubumwe, the Kigali City Land Commission had established compensation rates for all areas in the boundaries of the city of Kigali (Table 5.1). This implies that the compensation rates were meant for use not only for the

purpose of valuation in Ubumwe but also in other subsequent valuations for compensation.

Table 5.1 is an extract from a bigger data of ‘expropriation prices’ that were approved by Kigali city Land Commission in 2008 for use in land valuation for expropriation. From the table above, it is evident that the value of land per m² was established by considering location (Cell) and proximity to road. In analyzing these rates in relation to market value basis of valuation provided for by the Expropriation law, the following issues are raised:

- i. How was the ‘land price’ in a particular Cell estimated? Which factors were considered?
- ii. It is not clear how the coefficients 1.25 and 1.5 for land located along stone-made roads and tarmac roads respectively were established. Why did they consider the road to be the only factor that determines the value of land in a given Cell?
- iii. Why does land value per m² in the two Cells of Amahoro and Nyabugogo (Table 1) is the same?

This situation shows that the method of land valuation applied in Ubumwe does not match with any of the methods provided for by the Valuation law No.17/2010. Although one can relate it to one of the methods in the Valuation law labelled *comparison of land values countrywide as an alternative land valuation method*, the application of this method and its justification still remain equivocal and therefore not transparent. First, the ‘land prices’ indicated in the table from which Table 1 was extracted cover all Cells in the boundaries of Kigali city. Then, if the above method was applied, it would either mean that the comparable sales were obtained outside Kigali city or were obtained in a particular area in Kigali. This would be not fair because one would not expect the use of rural land prices as adequate comparable sales for urban land; neither does the rural land market perform better than the urban land market. Second, it is not explained anywhere else as far as the public or professional body can access, where the comparable prices were obtained and how they were adjusted to each Cell.

Table 1: Approved Expropriation Prices Kigali City Land Commission in July 2008

Sector	Cell	Price/m ² (Rwf)	Land located along stone-made road	Price of land per m ² located along stone-made road	Land located along tarmac road	Price of land per m ² located along tarmac road
Nyarugenge	Kiyovu	2,375	1.25	2,969	1.5	3,563
Muhima	Rugenge	1,950	1.25	2,438	1.5	2,925
Muhima	Kabeza	1,800	1.25	2,250	1.5	2,700
Muhima	Tetero	1,775	1.25	2,219	1.5	2,663
Muhima	Kabasengerezi	1,675	1.25	2,094	1.5	2,513
Muhima	Ubumwe	1,650	1.25	2,063	1.5	2,475
Muhima	Amahoro	1,575	1.25	1,969	1.5	2,363
Muhima	Nyabugogo	1,575	1.25	1,969	1.5	2,363
Kimihurura	Kamukina	1,075	1.25	1,344	1.5	1,613

Source: SEPRO Ltd (February, 2014)

Land Valuation in Kimicanga

The expropriation project in Kimicanga started late 2011 and ended early 2013 when the last families were relocated. The valuation activities started with properties that were in the wetland which were prone to risks of flooding. Other phases of valuation and payment of compensation followed to the entire land that was covered by the project.

The land valuation procedures in Kimicanga were somewhat different from those used in Ubumwe. The expropriation in Ubumwe left criticism and complaints about the amount of compensation paid to dispossessed persons and by extension, the entire expropriation process. In reaction to these criticisms and complaints, the members of Parliament investigated on the situation and recommended revision of land compensation rates¹. The Ministry of Natural Resources (MINIRENA) released new land prices that were to replace the ones approved by Kigali City Land Commission. These prices (Table 2) were by far higher than those that were used in expropriation of Ubumwe. However, these prices did not work for long as the MINIRENA, through a ministerial

order, released other reference prices for use in expropriation in Kigali city (Table 3).

The land prices in a ministerial order determining the reference land prices in the City of Kigali and published in the Government Official Gazette, are the ones that are used in land valuation for compensation since November 2009. These are the same rates that were used in land valuation for compensation in Kimicanga (Kamukina Cell).

Tables 2 and 3 are extracts of land prices that were approved by MINIRENA in different periods of 2009. However, the author did not manage to know the exact date when prices in Table 2 were approved by the MINIRENA because the document that was provided by valuers in SEPRO Ltd did not bear the first page with a title and they could not recall the exact date. An attempt was made to ask for a copy of the same document from Kigali city One Stop centre but it could not be found. The decision was made by the researcher to consider the document genuine since it was provided by a certified firm that was contracted by the city of Kigali to carry out valuations for compensation, and the document itself bears the Seal of the Republic of Rwanda with the label "MINIRENA".

¹ Refer to the interview with valuers in SEPRO Ltd (valuation firm contracted for land valuation for compensation in Kigali city).

Unlike land prices in Table 1, land prices in Tables 2 and 3 considered proximity to other types of roads and tourist attraction sites to be factors affecting land value. However, the basic land value per m² changed drastically and unsystematically. For instance, the land value in Kamukina Cell (where Kimicanga is found) in 2008 (Table1) was estimated at 1,075 Rwf per m². Estimates of land value in the same Cell in early 2009 were 11, 520 Rwf per m² while in November 2009 the ministerial order reduced the land value to 658 Rwf per m² in the same Cell (Table 3). Generally land value appreciates with time especially in countries like Rwanda where land is becoming scarcer due to the rising demand of land caused by increasing population. Therefore, these changes do not reflect the real changes in the land market and hence hardly reflect the market value.

Valuation of Exhausted Improvements on Land Buildings

Valuation of buildings at both Ubumwe and Kimicanga was based on price rates that were set in 2008 and approved by Kigali City Council. The prices were estimated based on the types of building materials, quantitative measures of area, volume or piece, depending on the building material. Through an interview with one of the valuers from SEPRO Ltd, it was found that the rates did not reflect age of the building and/or building materials. In other words, the value of old building materials was estimated as if they were new, without considering depreciation.

The valuation of building materials without considering their age is an advantage for the dispossessed person since they can easily buy new building materials from the market to construct a new house/building. This method of valuation at replacement cost is the one advocated for by international development aid agencies such as the World Bank and ADB. Despite the advantages of this method adopted by the Government to value all building materials as if new, it can be a source of dissatisfaction and complaints from some of the affected persons (PAPs). For instance, let consider two persons with buildings of the same size and type of building materials but one house was constructed one year ago while the other was constructed 20 years ago and the latter shows signs of obsolescence. The person with a new house will feel not fairly compensated if his compensation is equal to their neighbour with an old house. Therefore, this person may raise a complaint on this ground. In addition, the costs of building materials have not been updated since 2008.

Crops

Likewise, both in Ubumwe and Kimicanga, crops, fruits, cash crops, trees for timber and flowers were valued using price estimates for every type in each category approved by KCC in 2008. The same value estimates are applicable in all valuations for compensation carried out by the city of Kigali. Like value estimates of building materials, value estimates of crops have not been updated since 2008.

Table 2: Approved Land Prices for Land Expropriation in Kigali city (MINIRENA, 2009)

Sector	Cell	Land Price per m ² (Rwf)	Coefficient Compacted Murram Road	Land Price-Compacted Murram Road	Coefficient Stone paved Road	Land Price- Stone paved Road	Coefficient Asphalt Road	Land Price- Asphalt Road	Coefficient Touristic attraction	Land Price- Touristic attraction
Muhima	Amahoro	13,440	1.1	14,780	1.25	16,800	1.5	20,160	1.025	13,776
Muhima	Kabasengerezi	12,640	1.1	13,904	1.25	15,800	1.5	18,960	1.025	12,956
Muhima	Kabeza	12,480	1.1	13,728	1.25	15,600	1.5	18,720	1.025	12,792
Muhima	Nyabugogo	11,360	1.1	12,496	1.25	14,200	1.5	17,040	1.025	11,644
Muhima	Rugenge	11,360	1.1	12,496	1.25	14,200	1.5	17,040	1.025	11,644
Muhim	Tetero	11,360	1.1	12,496	1.25	14,200	1.5	17,040	1.025	11,644
Muhima	Ubumwe	11,200	1.1	12,320	1.25	14,000	1.5	16,800	1.025	11,480
Kimihurura	Kamukina	11,520	1.1	12,672	1.25	14,400	1.5	17,280	1.025	11,808

Source: SEPRO Ltd (February, 2014)

Table 3: Land Prices in the City of Kigali (2009)

Sector	Cell	Location Weight Index	Land Price per m ² (Rwf)	Coefficient Compacted	Land Price Compacted	Coefficient Stone paved	Land Price Stone paved	Coefficient Asphalt Road	Land Price Asphalt Road	Coefficient-Touristic attraction	Land Price-Touristic attraction
Nyarugenge	Kiyovu	100	1,531	1.1	1,684	1.25	1,914	1.5	2,297	1.025	1,569
Muhima	Rugenge	84	1,286	1.1	1,415	1.25	1,608	1.5	1,929	1.025	1,318
Muhima	Kabeza	79	1,209	1.1	1,330	1.25	1,512	1.5	1,814	1.025	1,240
Muhima	Tetero	78	1,194	1.1	1,314	1.25	1,493	1.5	1,791	1.025	1,224
Muhima	Nyabugogo	71	1,087	1.1	1,196	1.25	1,359	1.5	1,631	1.025	1,114
Muhima	Ubumwe	71	1,087	1.1	1,196	1.25	1,359	1.5	1,631	1.025	1,114
Muhim	Kabasengerezi	71	1,087	1.1	1,196	1.25	1,359	1.5	1,631	1.025	1,114
Muhima	Amahoro	70	1,072	1.1	1,179	1.25	1,340	1.5	1,608	1.025	1,098
Kimihurura	Kamukina	43	658	1.1	724	1.25	823	1.5	987	1.025	675

Source: Extracted from **Ministerial Order N^o001/16.00 of 23/11/2009** Through Kigali City One Stop Center in February, 2014

Conclusion

Land expropriation in public interest is accepted as a tool for assembling land needed by the government for various activities in Rwanda. One of the most controversial areas however is the amount of compensation given to the dispossessed landowners. This paper has revealed that the valuation methodology applied in valuation practices for compensation in Rwanda is by far different from what is provided for by the Expropriation Law No. 18/2007 of 19/04/2007. Whereas the Expropriation law provides for land valuation based on the prevailing market values, predetermined land values are used in valuation practices for compensation. Nevertheless, the predetermined land values in use have not been updated since their establishment in November 2009.

If the current practice continues to prevail, more claims are likely to rise from the public about unfair compensation which would result into social discord. There is a need to adopt conventional approaches to valuation based on “market value” of the acquired land. With a growing professional body of valuers together with the recently adopted modern land administration system in Rwanda (land registration of the entire

country), it is possible to create a databank of land sales which would basically serve as the source of evidence for the comparison approach to valuation.

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