

## PROPERTY DEVELOPMENT SECTOR PROFILE

### INTRODUCTION

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With a proven reputation for economic and political stability in recent years, Ghana is progressively developing into the go-to investment destination for property development in Africa and a springboard for investors seeking a fast growing developing economy to put their investment dollars into.

According to UN Population's data, 300 million new homes will be needed by 2030, or roughly 21 million new homes per year, which will bring global demand to nearly 100,000 new housing units each day. By 2030, almost 60 percent of 8.3 billion people will live in cities, according to UN estimates. This means almost 1400 of the world's cities will have half a million or more inhabitants.

Rapid population growth and urbanization, especially in Africa and Asia, are putting pressure on housing delivery systems, which are often informal or rely on the state. By 2030, Africa will have more than 50 percent of its population living in cities and these numbers are especially relevant in rapidly growing countries such as Ghana, where the population is increasing at 2.3% annually, one of the fastest rates in the world.

The property development sector has consistently registered double-digit growth in the past 5 years, bolstered by investments in real estate and construction, improved public infrastructure, investment in the mining and the oil and gas sector. According to the Ghana Statistical Service, the construction sector contributed about GHS 19,683 Million to GDP in 2018 at current prices, which represented 6.3% of total GDP and 26.9 percent increase on its total contribution of 10.641 Million in 2013. (Ghana statistical service)

GDP From Construction in Ghana decreased to 2993.45 GHS Million in the second quarter of 2019 from 3044 GHS Million in the first quarter of 2019. GDP From Construction in Ghana averaged 2752.64 GHS Million from 2006 until 2019, reaching an all time high of 3587.37 GHS Million in the third quarter of 2018 and a record low of 1016.30 GHS Million in the fourth quarter of 2006. ([tradingeconomics.com/ghana/gdp-from-construction](http://tradingeconomics.com/ghana/gdp-from-construction))

With a vibrant middle-income economy, an increasing young population, a sophisticated and well-educated professional class, the rising demand for all types of property development largely outstrips local supply. By 2010, over half of Ghana's population lived in urban areas with its two major cities, Accra and Kumasi, accommodating a rapidly increasing population of 1.6million and 1.2 million respectively.

Ghana's property development industry is mainly dominated by three distinct stakeholders, namely public institutions, commercial developers, private entrepreneurs/ investors. The activities of these three groups are most facilitated by the private investment capital, loans from financial institutions and the primary mortgage market which has demonstrated enormous growth potential even in its early stages of development.

## SUB-SECTORS

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- *Residential Properties* – Since the shift in policy focus, by the government in the 1990s from direct state provision towards active private sector participation in housing production, financing and production of building materials, the development of residential property has boomed. Individuals continue to build dream homes and even further invest in building houses which they rent, lease or sell for supernormal profits.

However, the housing deficit of an ever-growing urban population has not abated, primarily in major cities such as Accra, Tema and Kumasi, due to high urban migration by the rural folk and the rising middle-class young population who seek to own their homes and possess high disposable income to acquire them. Ghana's current housing deficit is estimated at about 1.7 million units, with an annual demand of 100,000 units to meet a rapidly increasing population growth rate. Though major real-estate companies continue to produce and sell housing units to both individuals and families, there is still serious demand for more housing options, from affordable to high-end.

Residential property options across the country consists of huts, tents, kiosks, containers, compound houses, detached or semi-detached houses, and flats or apartments. Consistent with current housing deficits, most people in Ghana live in compound houses which accommodate between 4-7 different families. Culturally, the communal way of living highlights the predominant trend of several families, often belonging to one extended family, living in single rooms in the same compound. However, most houses built in the past decade are *self-contained houses or apartments*, typically designed for small nuclear families of 4-6 individuals.

- *Commercial Facilities* - The positive outlook of Ghana's economy and the increased participation of multinational companies and expatriate workers has boosted the property development and tourism sectors greatly. Demand for 4-5 star hotel facilities and services has led to the entrance of major hotel management brands in Ghana. Since then, construction of hotels, retail

centres and malls, business centres, office & mixed-use facilities has experienced rapid growth. Burgeoning Financial, Oil & Gas, Education and Technology sectors have been responsible for spikes in housing demand over the past five (5) years. There is also increasing demand for office space for entrepreneurs, start-up companies and investing multinational companies starting local operations in Ghana. Warehousing has become a hot commodity with more and bigger manufacturing set-ups establishing West African operations in Ghana.

- *Public/ Social infrastructure:* Property development and construction companies have, in recent years, broken into the large technical and infrastructural projects across major sectors, from public housing units to roads, bridges, tank farms, school facilities, industrial warehousing, telecommunication apparatus, energy and mining construction, among others. As most of these companies exhibit professionalism and competence in such projects, most government institutions and agencies, large multinationals and local development agencies have found it cost-effective and prudent to contract such companies to execute small-to-large projects with sizeable budgets.

## **KEY PERFORMANCE INDICATORS**

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Processing of Land documents: Since October 2015, the Lands Commission has been operating the newly established Client Service Access Units (CSAU), across five Regional capitals in Ghana namely Accra, Koforidua, Sekondi, Tamale and Bolgatanga, to serve as a one-stop-shop for all land administration services and to reduce delays in the turnaround time for land services delivery. In total, there are about 22 different services offered by the Commission at any of the designated CSAU centres.

For any successful land transaction, two of the services offered by the Lands Commission are critical to prospective land buyers;

- A general land search can be performed to ascertain the detail and validity of ownership, which costs about US\$13 (GHS55) per acre, and US\$2.5 (GHS10) for any additional acre.
- Land Registration for a 0.16 acre (or a 70 x 100 sq. feet plot of land) attracts a fee of approx. \$350 (GHS1500). However, this fee may vary depending on several factors such as location, type of interest, grantor, among others.

Construction Permits: Getting a construction permit from the Local Assembly (District, Municipal or Metropolitan) takes an average of 4-5 months to complete. The Permit cost is usually 3% of the total property cost, with commercial properties incurring some extra charges as opposed to residential properties. Cost for getting a fire certificate and environmental impact assessment report may or may not be inclusive. In total, an application for a construction permit will go through at least fourteen (14) procedures before approval. (See Appendix)

Infrastructure development (Electricity): Ghana's current national penetration stands at 76 per cent and represents the second highest electricity penetration in sub-Saharan Africa. Though significant parts of Ghana, mostly cities and periurban centres, have been well covered, penetration in new developments and most rural communities fall below the lower average level. This significantly inhibits the expansion and establishment of new communities. Most residents tend to gravitate towards city centres and areas with electricity. Therefore, the challenge posed for property developers is the access to electricity when they build residential units on the outskirts of major cities and towns.

Gross Rental Yield: This gives a gross rental yield of around 6% for low-end areas and 8% for high-end-properties. Prime office rents in Accra yield at least 8.5%.

Rent: The Rental market in Accra is relatively large with 37.5% of all households renting (only 22% for Ghana as a whole). Only about 40.4% of households in Accra claim ownership of their houses (57.4% for Ghana), while another 20.5% live rentfree (19.5% for Ghana). The remaining 1.6% of housing is employer-provided (4.5% for Ghana).

The Rent Act of Ghana (Act 220) was established in 1963, and was mandated by the Rent Control Division, as the body in charge of monitoring and establishing guidelines to manage the tenant-landlord relationship. Rents can be freely negotiated and rent increases are unrestricted. In practice, a landlord charges one to three years rent in advance, though according to the Rent Act, landlords can only charge six months' rent in advance, with succeeding rental payments due every six months.

Pre-termination of Contract: Every agreement related to tenancy should be in accordance with the laws of the nation. Like any other contract, the lease agreement should include the rules and rights, as well as the regulations of both the tenants and the landlords. The agreement should be signed by both parties, and a copy of the contract should be issued to all involved.

If the tenant wishes to pre-terminate a contract, he must inform the landlord three months in advance. In most cases, the tenant must look for someone to

take over the lease for the duration of the contract or wait for the repayment for months.

There is also rent control laws in Ghana to regulate the eviction of tenants by landlords. The Rent Act of Ghana (Act 220) procures the tenant a period of time to search for accommodation while he/she is being evicted; this is normally three months.

Although a Rent Act exists, a law court can order the immediate vacation of the tenant from a premise for reasons such as the immediate need of property for personal use by the landlord or the landlord's need to renovate the property.

Even in such situations, the tenant is given some time to search for accommodation.

## SECTOR COMPOSITION

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Until recently, this sector was considered a Greenfield, in terms of regulation and policy framework. However, with its growing significance and contribution to the country's economy, the government is taking keener interest in ensuring smoother operations and fair participation. Generally, several agencies cover parts of activities within the sector, with some Ministries, Departments and Agencies overseeing specific activities within the sector, as listed below;

- Ministry of Lands and Natural Resources & Land Administration Agencies: the sustainable management and utilization of the nation's lands falls under the mandate of the Ministry and is duly implemented by five public agencies which are the Lands Commission, Land Valuation Board, Survey Department, Land Title Registry, and the Office of the Administrator of Stool Lands.
- Ministry of Works & Housing: within the Property Development sector, the Ministry is mandated to provide quality leadership for the provision of safe and decent shelter as well as infrastructural facilities.
- The Rent Control Department: a unit under urban housing management exist primarily to regulate rent related issues among tenants, landlords and other interested parties to ensure peaceful co-existence.
- The Department of Rural Housing (DRH): focuses on improving on the housing environment in the rural and peri-urban areas to reflect on the level of development in the country.
- Metropolitan, Municipal and District Assemblies (MMDAs): oversee each district's development plan which guides the Assembly in its development initiatives. The Assembly supervises land management and use activities within its administrative boundaries.
- Town & Country Planning Department: under the Ministry of Environment, Science and Technology, the body responsible for planning, management

and control of the physical developments, growth of human settlements, and preparation of spatial and land use plans;

- Ghana Real Estate Developers Association (GREDA): is a non-profit making organization, registered as a Private Limited by guaranteed, which boasts of a membership of almost 70 percent of the major private real estate developers, construction and engineering companies in Ghana's property development industry.

## MAJOR MARKET PLAYERS

<i>Property Developers</i>	Manet Group	Regimanuel Gray Ltd	Devtraco Ltd	Clifton Homes	NTHC Properties Ltd
<i>Civil Engineering &amp; Construction</i>	Taysec Construction	Micheletti & Co. Ltd	De Simon Ltd.	Consar	Trasacco Group
<i>Design/ Architecture</i>	Key Architectural Company	Architectural Engineering Services Ltd	Ecobuild & Consult Ltd		
<i>Property Management Ent</i>	Broll Ghana Ltd	Sirius Properties	Stellar Properties	Cushman & Wakefield Excellerate	
<i>Mortgage/ Finance Companies</i>	Ghana Home Loans	HFC Bank	CAL Bank	Stanbic Bank	Fidelity Bank
<i>Property Rentals</i>	Isaac Anthony Homes	Gold Key Properties	Regus Ghana		
<i>Land Sale Agents</i>	Castle Gate Estate	KAS Estate Ghana			
<i>Online Sites</i>	Jumia House	MeQasa.com	GhanaFind.com	OLX.com	Tonaton.com

## DEMOGRAPHIC & GEOGRAPHIC PROFILE

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The capital city of Accra currently records the highest prices for land in Ghana, both residential and commercial. The current population in Accra is approximately 2.5 million and steadily growing, which justifies the need for the construction of new apartment complexes, residences and office space to accommodate the ever-growing urban population.

However, there are price variances of houses in local suburbs within Accra, which are often determined by factors such as market demand, infrastructure and amenities, perceived affluence and, most importantly, proximity to major business and commercial centres. The most expensive suburbs, for residential purposes, in Accra are Cantonments, Osu, Labone, Ridge, Airport Residential Area, East Legon, Airport Hills and Spintex. In these areas, an average asking price of US\$200,000 (GHS840,000) is demanded for a 3-4 bedroom house, on a standard plot.

Other premium areas in the capital include Dansoman, North Kaneshie, Dzorwulu, Adjiringanor, Westlands, Haatso, Sakumono and Tema. Demand for these developing residential areas are based on their proximity to key facilities which drive large traffic through daily. Houses in these areas could go for between US\$80,000 (GHS336,000) and US\$150,000 (GHS600,000).

The most economical category houses in Accra can be found on the outskirts of Central Accra, closer to the geographic boundaries on the city. Kasoa, Teshie, Abokobi, Pokuase and Ablekuma are popular boundary suburbs which lie between Greater Accra and its neighbouring regions. Residential prices within these areas are known to be the most objective and affordable, and at US\$50,000 (GHS210,000), houses in these areas are usually the best option for middle-income young professionals who seek to own properties.

In other capital cities of Ghana such as Kumasi, Sunyani, Takoradi and Koforidua, average prices of the majority of houses match Accra's lowest bracket. However, in most regional cities, there is recent occurrence of high-end residences, primarily due to the rise of the affluent few and the influx of expatriate workers in mining, energy, oil & gas, manufacturing and infrastructure projects across the country. The average price of a house in Kumasi and Sekondi-Takoradi, stand at US\$60,000 (GHS252,000) currently, while Cape Coast and Koforidua have relatively less expensive houses in Ghana, at an average of US\$40,000 (GHS168,000).

## KEY PRODUCT/ SERVICES

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Products and services in Ghana's property development industry largely fall under public and private housing, public and private infrastructure, commercial and industrial buildings and facilities, including construction, engineering & design, financing and consultancy services.

Land acquisition/ development: Lands in Ghana are generally sold or leased for residential or commercial purposes, having a bearing on the price at which it is sold and the leasehold terms agreed upon. Companies and individuals alike can purchase lands, barring foreigners who are mandated to lease lands only in partnership with a Ghanaian.

Lands are mostly leased for 99, 90, 75, 50 or 45 years, generally at the discretion of the lessor and based on the amount paid for the land. Standard land size in Ghana is 700 square feet (70x100 feet) for a plot; and four (4) plots make 1 acre of land or 0.4 hectare.

Foreigners can acquire land for various development activities, for leasehold of 49 years, at the following price ranges (depending on location).

- Residential ----- US\$ 5,000 to US\$ 150,000 (100' x 70')
- Industrial Land ----- US\$ 30,000 to US\$ 150,000 per acre
- Farm Land ----- US\$ 35.00 to US\$ 50.00 per month

Existing land tenure systems have historically posed significant challenges to land acquisition and development in Ghana, albeit in ascertaining legitimate holders or acquiring land in a safe and conducive manner. However, the improving operations of regulatory bodies and the law courts mean land disputes are declining.

Public Property Development Institutions:The government participation in the property market is minimal, compared to the private sector. The Tema Development Corporation (TDC), State Housing Corporation (SHC) and the Social Security and National Insurance Trust (SSNIT) are the only public sector-controlled agencies involved in the property market.

Realty & Property management companies:They mainly service the middle, upper income and expatriate demand for housing, especially in Accra and Tema. Regimanuel Gray, Parakuo Estates, NTHC Properties Ltd, ACP Estates Ltd and Manet Housing Company Ltd account for about 75% of the GREDA group's residential property development.

Other real estate companies include Trasacco Ghana Limited, Vanguard properties, Devtraco and Buena Vista Homes to mention but a few, provide homes for the upper class whiles Sethi properties, BlueRose, Lakeside Estates, GHS Properties are few companies that provide homes for the middle class population. The Ghana Real Estate Developers Association (GREDA), an organization of private real estate developers, has played an active role in property development in the country.

Mortgage & Finance companies: Few Ghanaians can afford to acquire their homes and most of them lack access to home loans facilities. Most banks neglect the home loans market and focus instead on short-term lending and investment such as risk-free government bonds and trade finance facilities that can offer higher returns while consuming less capital.

Property Rentals: Ghana's property market is dominated by residential and commercial development. The residential market is the most active, registering an estimated 90,000 and over transactions per annum over the past decade, with an estimated value of about US\$1.7 billion. Ghana has seen a strong demand for the upmarket residential development in Accra which is expected given the housing deficit of about 1.7million and the limited number of well built. Over the past decade, developers have focused mainly on high end consumers or buyers during to ensure return on their investments and to take advantage of the significant demand from expatriates working in Ghana. However, demand continues to grow at 100,000 units per annum.

Returns on commercial property are steady but real growth opportunity lies in the provision of affordable housing to the urbanized middle –income earners. In Ghana, rent for an affordable two bedroom apartment ranges between US\$150300 (GHS600-1200) per month, in most low-end suburbs in Accra or on the outskirts. However, in high-end suburbs such as Cantonments and Airport Residential, Twobedroom apartments rent for around \$3000. Rents for a four-bedroom executive house in a prime location average \$5000 a month.

Prime offices rents in Accra average \$37.50 per square meter per month. Typical commercial lease terms are normally between two and five years, with a preagreed rent escalation of typically 5-10% per year, with a normal notice period of three months. Rent is paid quarterly or biannually. Service charges tend to be 1015% of net rent, including water costs. Electricity costs are borne by the tenant, as is the 8% rent tax.

## **CURRENT TRENDS**

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## SWOT Analysis

<i>Strengths</i>	<i>Weaknesses</i>
Phenomenal increases in foreign direct investments (FDI) and foreign monetary transfers into the Ghanaian economy over the past 10 years.	Lack of coordination between state agencies and regulatory bodies in streamlining activities of land acquisition & ownership, development, rental, land owners, tenancy.
Strong sector growth over the past 5 years, which shows good return on investments and demand for all categories of property developments.	Existing framework and regulations guiding the development, zoning and construction of residential and nonresidential properties are poorly enforced or implemented
Various interventions by successive governments show recognition of the challenges and commitment/support to finding sustainable solutions.	Financing options for middle-to-low income individuals to own residential units are minimal. Local mortgage market is limited while cost of long-term financing development projects are high and unattractive.
Encouraging participation and growth in the size of investments committed into property development by private sector players.	Lack of detailed, precise and quality data or information on housing and the property market in Ghana.
<i>Opportunities</i>	<i>Threats</i>
Innovative building technologies could be introduced into slums and densely populated areas to reduce pressure on urban housing	Astronomical hikes in prime lands and housing prices in the cities could make accommodation costs high for families and businesses
Developing the mortgage market to accommodate low cost of building through affordable housing schemes and projects.	Consistently high inflation means high cost of land, raw materials and labour which will make future development projects less attractive.
Rapidly growing middle-class provides a ready market for the consumption of moderately priced residential options	Uncontrolled urban development in Accra and other major cities could lead to poorly planned spaces and unregulated use of land
Huge housing deficit, coupled with exponential population growth rate over the past few years.	Affordable, low-cost housing could become unprofitable and unattractive for private sector players due to high interest rates, inflation and risks involved in providing housing for low-end of the housing market.

*New business entry - Dangote and CIMAF Cements:* The entry of two of Africa's biggest cement producing companies has introduced keen competition into the local Ghanaian market which was previously shared between GHACEM and Diamond Cement. More importantly, these giants were attracted to an evergrowing local construction and property development market which shows no signs of slowing down. Though market challenges exist in the sector, number and value of construction projects continue to increase. This has necessitated some long-term business decisions which would see these two companies establish part of their production and distribution activities in Ghana.

Dangote Cement has operated in Ghana since 2011, importing and bagging bulk cement at its terminal in Tema and selling into the domestic market. The Tema terminal, which employs more than 700 local workers in manufacturing, logistics and administration, handles up to 3.0Mt of bulk cement per year.

Buoyed by the success of the Cement Terminal in Tema and increasing demand in the local market, Dangote Cement has acquired 41 acre land and laid out plans to set up a Clinker Grinding Plant at Takoradi, with a dedicated finger jetty and a bagging capacity of an additional 1.5Mta.

Similarly, Ciments de l'Afrique (CIMAF Ghana Ltd), a subsidiary of Morocco's Addoha Group, began work in Ghana to construct a 60 million Euro cement factory in Ghana, in the Tema Heavy Industrial Area in 2014. With 95 percent of its estimated workforce being Ghanaians, the 1 million tons/annum cement plant, is believed to have created 1000 jobs at the construction stage and an additional 200 at the operational stage. The plant consists of state-of-the-art equipment such as cement grinding, laboratory, packaging unit and others. The company is also expected to further invest into a local limestone quarry in the near future.

*Success stories - Retail Property Development:* The retail sector remains dominated by the informal segment and stand-alone retailers which are clustered in the local market spaces and street corners. By an act of inspiration and innovation, Ghanaians have embraced the concept of patronizing high-end shopping malls in city centres and most foreign brands have also taken advantage of this interest. Currently, there are 12 major shopping malls in Ghana, with the Accra Mall commencing business in 2007. Between 2013 and 2018, there have been at least 6 new malls opening across Accra namely Marina Mall, Oxford Street Mall, West Hills Mall, Junction Mall, and Achimota Mall. Other players such as Melcom, 'Shop n Save', Maxmart and Koala also target niche markets in local suburbs through investing in branches.

The Kumasi Mall completed and officially opened in 2017 which involved approximately US\$370 million in investments and 130,000 sqm retail space. This

project is the first of such investments into property development outside Greater Accra region. Takoradi is expected to have a new mall in the next three (3) years. Significantly, 69% of shopping in Ghana is done in street or local markets, especially Accra and Kumasi, with these retail malls covering 17% over the past 10 years. Therefore, more developments in the retail property sectors are likely to spring up in the coming years.

New innovations – The Construction Bank: The establishment of The Construction Bank is timely for the development of the sector and its players, with the Ghana Real Estate Developers Association (GREDA) consistently identifying the access to long-term, patient and low cost finance as the biggest challenge to their operations and growth over the years. Until this development, various commercial banks were able to offer bits and pieces of financial products and services to players in the construction, infrastructure and real estate business, however, cost of credit remained unfavorably high. The bank is therefore expected to bring relief to the construction and real estate sector, after years of calls for a specialized bank for the construction and property development sector.

The Construction Bank is a wholly Ghanaian-owned company that will provide banking services in project finance, commercial and consumer banking with specialization in construction, infrastructure and mortgage financing. It becomes the first dedicated bank to the sector since the Bank for Housing and Construction, a state-owned bank, liquidated in 2000 after protracted losses.

Trending topical issues - Affordable Housing: Historically, the domain of the provision of houses in Ghana has predominantly been left to state apparatus and semi-state-owned organizations to provide houses for the workers.

With the upsurge of rapid urbanization and increasing population, the housing sector has become a very important concern for public policy. The United Nation's Habitat estimated over 2 million houses will be needed to curb the Ghana's rapidly housing demand and in its report stated the pace at which Ghana would have to meet its required 5.7 million new homes by 2020. Currently, there is a list of affordable housing projects in Ghana. These are spread across Ghana. They include the:

- Affordable Housing project at Borteyman (1478 units), Kpone (1526 units), Asokore Mampong (1030units), Koforidua (342 units), Tamale (200 units) and Wa (144 units)
- The Saglemi Housing project has 5000 units with 1502 to be completed at the phase 1 of the project.
- Construction of 5000 housing units at NyameDua Estates at Kpone under the Private Partnership agreement.

## **ALLIED SERVICES/ RELATED SECTORS**

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The Energy Sector - Rooftop Solar Programme:The World Bank has indicated that electricity is the second most important constraint to business activities in the country and Ghana continues to lose revenue through existing power crises and lack of access to electricity in some rural areas. Clearly, with the Ghanaian economy growing, increasing urban populations will consume more electricity. The Energy Commission (EC) estimates that residential demand may reach anywhere between 7,000 and 13,000 GWh by 2020 depending on the rate of economic growth and urbanization, while commercial and industrial consumption will grow as well to 3,000 to 10,000 GWh by 2020. In order to meet this increasing demand for residential, warehousing and industrial facilities, new power generation as well as transmission and distribution facilities have to be developed to meet the anticipated demand of increased population, new settlements and development projects in the near future. Smaller scale and locally installed generation systems using solar panels, batteries provide more affordable solution and sustainable technologies to the power challenges.

In the light of this, the Energy Commission with its mandate to ensure the development and utilization of the renewable resources has initiated the rooftop solar programme in an effort to contribute to mitigating the current power crisis. The programme is targeted at homes, offices, hospitality industry and small businesses.

## **GOVERNMENT'S POLICY DIRECTION**

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The new government, under His Excellency Nana Addo Danquah Akufo-Addo, plans to embark on a sustainable and integrated infrastructural development programme across the country. The integrated programme will address infrastructure that supports a modern road network, housing, water systems, aviation, ICT, ports, harbours, and railways. It will also ensure the best value for money and meaningful local participation in ICT at all levels. The programme will focus on reducing the cost of transportation, while decreasing the time it takes to move goods, food items and people from one location to another. The Integrated Infrastructure Development Programme, when fully implemented, is expected to create jobs within the urban and rural communities across the country.

## **SECTORAL DEVELOPMENTS**

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Ministry of Inner Cities and Zongo Development: in developing the Zongos, is the idea of property rights in our Zongo communities. As stated earlier, improving the Zongos rather than relocating or resettling the residents is a much better approach. However, resources to build new housing units within the current spaces may not be readily available. A more realistic approach is needed for the government to partner with private investors to offer support in the form of home improvements and investments in infrastructures. But the main challenge with most Zongo dwellers is the fact that, most do not have the formal rights to remain on the land they occupy. This means that they will have no incentive to develop the land for future use.

Under the Zongo Development Authority, the government should as a matter of urgency, begin a nationwide program to assist Zongo dwellers to have formal title deeds to their properties. Possessing the formal title to their properties will go a long way to benefit the people of the Zongos. This will mean that title owners will have the means to raise finance to improve their dwellings as well as to raise finance to start a business. When people have legal proof that they own the land beneath their homes, it can help them attract investors for the development of their dwellings.

## **GLOBAL IDEAS/ TRENDS**

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The Sustainable Development Goal (SDG) Number 11 – Sustainable Cities and Communities: Extreme poverty is often concentrated in urban spaces, and national and city governments struggle to accommodate the rising population in these areas. Making cities safe and sustainable means ensuring access to safe and affordable housing, and upgrading slum settlements. It also involves investment in public transport, creating green public spaces, and improving urban planning and management in a way that is both participatory and inclusive. When families invest in a good home, their living conditions improve and they take a stake in their community. A house also becomes an asset for their old age and for their children's future. Investing in housing also increases shared prosperity, since construction generates jobs and economic growth.

Acknowledging the need to meet the SDGs, the Government of Ghana prioritizes the provision and access to decent and affordable housing through budgetary allocations, several policies introduced, especially fiscal provisions, and development programmes/ partnerships over the past few years.

## INVESTMENT INCENTIVES/GUARANTEES/EXEMPTIONS

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Legitimate benefits sector players enjoy by virtue of participation or registration with the GIPC or other sector agencies

**Incentives** to the sector may apply under the following provisions:

- There is customs duty exemption for plant, machinery and equipment imported for investment purposes
- Companies enjoy a corporate tax rate of 25%

Please consult our website, [www.gipcghana.com](http://www.gipcghana.com) for further information.

**Guarantee** against expropriation of private investments is provided under the investment law and buttressed by the Constitution of Ghana. Some of the guarantees are detailed below:

- 1) Free transferability of capital, profits, dividends and payment in respect of foreign loans contracted.
- 2) Insurance against non-commercial risks – Ghana is a signatory to the World Bank's Multilateral Investment Guarantee Agency (MIGA) Convention.
- 3) Double Taxation Agreements (DTAs) – to rationalize tax obligations of investors in order to prevent double taxation, DTAs have been signed and ratified with several countries.

## GHANA'S COMPETITIVE ADVANTAGE

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Key unique selling points Ghana possesses and an analysis of international ranking models on Ghana in a past year and their outlook of the business environments Ghana is a competitive investment destination:

- **Peace and Stability:** With over 25 years of uninterrupted democracy and seven successful general elections, Ghana guarantees personal security for its residents and foreigners alike. This represents predictability and the opportunity for businesses to clearly forecast for the future. It has strong and continuously improving democratic institutions that are vital parts of the business-friendly infrastructure.
- **Natural Resources:** Ghana is endowed with abundant natural resources which continue to attract the attention of global business magnates into all sectors of the Ghanaian economy; e.g. oil and gas, timber, cocoa, rich minerals such as gold, diamond, bauxite, aluminium and manganese.
- **Market size and growth prospects**

- Ghana has a population of about 30million (2019) with a growing youth, serving as readily available labor and market. The economy is expected to grow at a rate of 6.3% with an end-of-year inflation rate of 11.2% .
- Access to ECOWAS Market: Ghana is easily accessible to the markets of all the member states of the Economic Community of West Africa (ECOWAS) with its population of approximately 300 million people
- Access to International Markets: Ghana has easy access to the USA and European Union Markets. The flight time to almost all European Union countries is about 6 hours and 9 hours to the USA.

□ **Good Physical Infrastructure**

- Ghana possesses well developed seaports, airports and road networks capable of meeting the needs of business in the 21<sup>st</sup> century. Rail network is being developed to make it easy to get to the ports from the inlands.
- Excellent telecommunication facilities with more private service providers offering telephone, internet and other telecommunication services.
- Readily available basic utilities such as water and electricity at relatively cheap rates.
- **Available Fund Sources:** Ghana has a large number of developing financial institutions available to raise long-term capital at competitive rates. These institutions include banks, insurance and venture capital companies and a stock exchange market (Ghana Stock Exchange). There are 23 universal banks, 135 rural community banks and 70 non-financial institutions.
- **High Safety Standards:** There are high standards of health and safety measures in the country.
- **Available Land:** Ghana has a wide expanse of land around the country that can be acquired with little difficulty through appropriate agencies and owners.

**Rankings**

Rankings	Report
No. 4 destination in Sub-Saharan Africa, 2016	A.T. Kearney Global Services Location Index (GSLI), 2018
9 <sup>TH</sup> best place to invest in Africa City of Accra is the number 1 African Economic Growth hotspot	RMB, Global Markets Research 2018
8th out of 54 countries in Africa and 6th out of 54 countries for Safety and Rule of Law 11th out of 54 countries for Human Development	Ibrahim Index of African Governance (IIAG) 2018

## GHANA'S UNIQUE ATTRACTION

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Secondary benefits and general appeal Ghana has to offer every investor:

Investment Guarantees: Guarantees against expropriation of private investments provided under law are buttressed by the Ghanaian Constitution. These include:

- Free transferability of capital, profits and dividends
- Insurance against non-commercial risks – Ghana is a signatory to the World Bank's Multilateral Investment Guarantee Agency (MIGA) Convention
- Double Taxation Agreements (DTAs) with some countries to rationalize tax obligations of investors.

Excellent Labor Force: Ghana has some of the best teachers, lecturers and researchers in the African continent, who have excelled not only in Ghana but in the African continent and other parts of the world. Large human resource base of both skilled and unskilled labor which can be sourced at competitive rates

Openness to regional and international trade: Ghana has signed agreements with various countries and bodies that encourage free trade among the bodies such as AGOA, European Liberalization Agreement, and ECOWAS Trade Liberalization Agreement.

Key governmental policies & initiatives driving growth & transformation of the economy

- 'Planting for Food and Jobs' Campaign and 'One village, One dam' policy
- The 'One district, One factory' policy
- Creation of integrated, cost effective and seamless transportation systems
- Formalization of the economy and facilitation of efficient delivery of public and private services through the National Identification Scheme
- Improved tax system
  - Abolishing 1 percent Special Import Levy
  - Abolishing 17.5 percent VAT/NHIL on financial services
  - Abolishing 17.5 percent VAT/NHIL on selected imported medicines
  - Abolishing 5 percent VAT/NHIL on Real Estate sales
  - Abolishing Excise duty on petroleum
  - Reducing Special petroleum tax rate from 17.5 percent to 15 percent
  - Implement tax credits and other incentives for businesses that hire young graduates

## POTENTIAL SOURCES OF FUNDING

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As with all Sub-Saharan African Countries, Ghana has little formal sector financing for majority of prospective homeowners. Home financing is done through;

Self-financing: A significant number of housing in Ghana is supplied by individual households acting about of their own volition to supply a home for themselves and members of their family. This privately supplied housing is mostly financed from personal savings accumulated over many years.

Mortgages: it is estimated that 18 percent of developers use mortgage financing as funding. According to the Africa Housing finance Yearbook, the total value of outstanding mortgage loans at the end of 2010 was US\$200 million. A few banks that offer tailored services to individuals are

- The Ghana Home Loans(GHL)
- The Home Financing Company Bank
- Social Security and National Insurance Trust (SSNIT) which has constructed 7168 flats since 1974 as rental accommodation for civil and public sector workers.
- Foreign financial institutions also provide off-shore financing directly to companies in Ghana.

Generally, viable companies and projects can easily attract financing both on the local and international financial markets. The main sources of funding are:-

□ 23 Banks as at May 2019

- The Ghana Stock Exchange
- International development finance institutions based in Ghana, such as the International Finance Corporation (IFC), ECOWAS Bank for Investment and

Development (EBID) and the African Development Bank (AfDB)

## APPENDIX

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### 14 Procedures for Construction Permit

1. Conduct title search at the Land Commission

2. Obtain fire protection opinion report
3. Obtain an environmental impact approval certificate
4. Apply for building permit with the Town and Country Planning Department
5. Receive inspection after foundation has been laid
6. Receive inspection after floor level has been finished
7. Receive inspection after lintel has been finished
8. Receive inspection after roofing has been finished
9. Request and receive final inspection from Fire Services
10. Receive final inspection from Accra Metropolitan Assembly
11. Obtain certificate of habitation/occupancy
12. Request water connection
13. Obtain inspection from Ghana Water Company
14. Obtain water connection