



# *Affordable Housing in Ghana*

SECTOR STUDY



**IBAN**

Inclusive Business  
Action Network



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**INCLUSIVE BUSINESS ACTION NETWORK (IBAN)**

*The Inclusive Business Action Network (IBAN) promotes inclusive business globally – by supporting the scale and replication of inclusive business models and engaging all different types of stakeholders. To trigger collective action IBAN ‘connects the dots’ between*

*the vast number of businesses, existing initiatives, networks and stakeholders around the world. On a global, regional and national level, it facilitates access to knowledge and information, enables peerlearning and exchange formats and fosters partnerships.*

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ABBREVIATIONS

<b>CAHF</b>	Centre for Affordable Housing Finance
<b>GAMA</b>	Greater Accra Metropolitan Area
<b>GHL</b>	Ghana Home Loans Ltd
<b>GHS</b>	Ghanaian Cedi
<b>GIZ</b>	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
<b>GLSS</b>	Ghana Living Standards Survey
<b>GREDA</b>	Ghana Real Estate Developers' Association
<b>GSS</b>	Ghana Statistical Service
<b>HC:Y</b>	Housing cost to income ratio
<b>IBAN</b>	Inclusive Business Action Network
<b>MWRWH</b>	Ministry of Water Resources, Works and Housing
<b>NBFI</b>	Non-bank financial institution
<b>PHC</b>	Population and Housing Census
<b>R&amp;D</b>	Research and development
<b>SADA</b>	Savannah Accelerated Development Authority
<b>SHC</b>	State Housing Corporation
<b>SSNIT</b>	Social Security and National Insurance Trust
<b>SUF</b>	Slum Upgrading Facility (UN-HABITAT)
<b>TAMSUF</b>	Tema Ashaiman Municipal Slum Upgrading Facility
<b>TCCU</b>	Tamale Cooperative Credit Union
<b>THC</b>	Tema Housing Cooperative
<b>UESP</b>	Urban Environmental Sanitation Project
<b>UN-HABITAT</b>	United Nations Human Settlements Programme
<b>USAID</b>	United States Agency for International Development

## EXECUTIVE SUMMARY

**Access to decent and adequate housing is often considered as a basic human right. However, low-income households face difficulties in accessing not only affordable housing solutions but also housing of good quality. In Ghana both the informal and formal sector supply of housing continues to be inadequate to meet the increasing demand. This has resulted in acute and persistent housing deficits — a situation that presents a complex mix of both challenges and opportunities. This report sets out the major issues affecting affordable housing provision and seeks to present a business case for formal private sector interventions in affordable housing in the country.**

### Housing conditions in Ghana

Housing supply is dominated by informal sector operations with over 90% of the country's housing stock built incrementally by homeowners and small-scale contractors which typically takes 5 to 15 years to complete. A significant proportion of the houses built in this way are of a typology known colloquially as compound houses. In urban areas one in two households dwell in this kind of communal housing type. Another significant typology is detached bungalow-type housing, which in 2010 constituted 28.7% of the country's total housing stock.

There are notable differences with respect to the building materials used across localities. In rural areas, the building envelope of 55% of houses are either mud or earth-based, whereas 85% of houses in urban areas are sandcrete. Sandcrete is often associated with modernity and there is a gradual transition in the use to sandcrete based materials as it is associated with modernity. As sandcrete becomes more popular, local building materials are being used less and less. This is problematic because using local earth and clay building materials reduces housebuilding costs and reduces post-construction costs on occupants given these materials' energy-saving properties.

In terms of house tenure, two in five households in Accra, occupy rented accommodation while some 27% of households live in rent-free arrangements. In rural areas, three out of five households own their dwellings. One-third of households in both rural and urban areas occupy more than two sleeping rooms while about 2.7 million urban households occupy single-rooms. This situation combined with the extent of rent-free occupancy and the national average of 4.4 persons per household is indicative of serious overcrowding.

### Affordable housing market and potentials

#### Housing affordability

Housing sold on the formal real estate market is beyond the financial means of most households, with only about 1% of households able to afford the cheapest houses offered by formal developers. For example, in 2015 the cheapest house cost USD 24,297. After paying the 20% deposit, the mortgagee is required to make a monthly payment of USD 245 over a 20-year period and must have a monthly income of USD 612 to qualify. Meanwhile, monthly income of households average USD 347.

Bank lending rates are standing at around 30% per annum and thus housing finance is out of reach of virtually all but those on high incomes households. For example, average household incomes reported in 2014 stood at GHS 16,644 (GSS 2014). Using the housing cost-to-income metric, households able to spend three times their annual incomes would be able to afford accommodation worth USD 14,000.

#### Customer and value proposition

For the report, a limited survey of selected stakeholders was carried out exploring what constitutes 'affordable' housing. For private developers, affordability is both a function of the quality of the building fabric and the price relative to the income of a target group. For financiers, it is linked to a certain, arbitrarily-set price point related to the cost of housing. For low-income households, it is determined by price, build quality and location. These different perspectives suggest that affordability means different things to different people. Affordability is thus seen differently by different stakeholders depending on their function along the housing value chain.

## 1 Introduction

**Ghana's real estate market is largely based on informal sector activities<sup>1</sup> — both for supplying and allocating housing units. The housing market currently appears to be experiencing significant investment and growth, arising from the country's economic growth, oil discovery and exploration, and remittances. The numerous construction cranes visible over major cities like Accra, Tema and Kumasi serve to reinforce this notion of a country on the up. Housing supply has undoubtedly enjoyed positive growth rates over the years. In 2008 supply was estimated at between 25,000 to 40,000 units per annum, representing a threefold increase on the previous decade.**

However, this level of production only addresses about 35% of the annual demand for new housing (UN-HABITAT 2008). Given that the recent boom in the real estate market distinctly favours high-income households, which constitute only 5% of the population, this deficit appears to mainly affect the larger part of the housing market that is persistently overlooked by market forces. Previous approaches of successive governments to directly provide housing have seldom achieved their objectives. With both formal and informal housing delivery inadequately meeting demand of all market segments, the market presents both challenges and opportunities particularly for low income housing which is not addressed by the market.

This report presents the essential issues affecting the provision of affordable housing in Ghana with the aim of making a business case for the participation of multiple private and non-state actors and interests in a more concerted fashion. Drawing on Ghana's 2015 National Housing Policy and on the perspectives of key stakeholders representing different interests in the housing sector, the report pro-

vides a contextualised understanding of affordable housing.

The report makes use of various estimations of the housing demand situation and identifies the types of affordable housing available on the market and the financing mechanisms employed to deliver lower-cost housing. Importantly, the report considers the segment of the housing sub-market that can catalyse changes in the delivery of and access to affordable housing. The report's contents also provided the background for dialogues at the three-day workshop Affordable Housing in Ghana, held on 28–30 June 2016 and organised in partnership with the World Bank. It is hoped that the contents of this report prompt further discussions on this subject, provide the ingredients to support sustainable interventions and introduce key players to the risks and opportunities associated with the affordable housing sub-market. Moreover, it is hoped that the combined impact of the report and workshops fosters partnerships that result in the development of sustainable and scalable business solutions to address the challenges of the affordable housing market.





## 2 Research approach

**Qualitative research methods are useful for understanding the state of the housing sector in Ghana. In qualitative inquiry, the aim is to explore a phenomenon in-depth, which aligns with the objectives of this report. To better understand the dynamics of affordable housing and propose practical recommendations, the authors purposefully selected units of inquiry and data sources that allowed them to learn from and critically review housing interventions in the country. This involved undertaking a desk study of secondary data – namely policies, programmes, projects, institutional frameworks, position papers and market reports on housing in Ghana. A list of key literature on affordable housing in the country is provided in Appendix 1.**

The authors of the report, which is largely based on the above-mentioned desk study, drew on relevant literature to establish its conceptual basis for affordable housing. This review was supplemented with limited primary data gathered from carefully selected stakeholders in interviews that sought to further contextualise and validate the conceptual basis established as well as to generate inputs for the affordable housing workshop. To develop understanding and thus establish the framework for the formulation of appropriate solutions, primary data respondents

were selected using parameters such as income and socio-economic status, and education levels. The profiles of these respondents are provided later in this report. Participants in the primary data collection exercise were sampled loosely<sup>2</sup> from housing developers, mortgage financiers, public policy experts and slum residents. In total, five slum residents (one from each of the major slums in Accra), one housing finance company representative, one formal private developer, one public officer and two housing experts were interviewed to augment the findings of the literature review.

## 3 Views on affordable housing

**There are several different understandings of what constitutes affordable housing, who is entitled to it and what role different stakeholders are required to play in order to deliver housing and allocate it to beneficiaries. Box 1 below contains the 2015 National Housing Policy's definition of affordable housing.**

Affordable housing is a concept that is heavily influenced by the local context and is therefore not easy to subject to global norms. For some, its definition is a function of household income and expenditure, benchmarked not to exceed a ceiling relative to the overall household income or expenditure, averaging 30% (O'Dell, W. O., Smith M. and White D. 2004). However, this varies between countries – for example, Canada until the 1980s used a 25% household income threshold (Hulchanski 2005). In India, a ceiling of 40% is applied (Jones Lang LaSalle 2012), with affordability measured according to the economic status of a household. A variation of this definition looks at how to make housing accessible to the poor, who are defined as those with a household income threshold of under USD 2 per day.<sup>3</sup> Others define affordable housing as housing with costs at or below a fixed price point, sometimes arbitrarily set, and deemed to be accessible to those on lower incomes (Angel 2001). A variation on this

definition uses public subsidies as a factor for determining what constitutes affordable housing (which is defined in certain quarters as low-cost housing that requires supply-side subsidies).

Elsewhere, affordable housing is broadly defined as housing that is adequate in quality and location and does not cost so much that it leaves its occupants unable to meet their other basic living costs or threatens their enjoyment of other basic human rights (McBride et al. 2011). Here, other elements of affordability come into play: quality, income, location, costs, and enjoyment of basic human rights. In this regard, affordable housing is defined in some cases to be housing of a specific size (determined either by number of rooms or space) or of minimum quality.

Box 2 below presents the differing views of what constitutes affordable housing expressed by a selection of interviewed stakeholders.

### NATIONAL POLICY PERSPECTIVE

*The ability of a household to spend up to thirty percent (30%) of its gross annual income on the rent or purchase price of housing where the rent or purchase price includes applicable taxes and insurances and utilities. When the*

*annual carrying cost of a home exceeds thirty percent (30%) of household income, then it is considered unaffordable for that household.*

MWRWH 2015, p. V

Box 1 • POLICY VIEW ON AFFORDABLE HOUSING

A PRIVATE DEVELOPER'S VIEW

*'Affordability is relative and hence affordable housing is decent accommodation, with at least wet areas, that meets the target group's needs. The housing must have as a minimum a decent toilet and bath and its cost must be relative to the financial capacity of the target group.'*

*Managing director of a private property developer*

A FINANCIER'S VIEW

*'An affordable house in Ghana is a house whose cost ranges from GHS 100,000 to GHS 200,000, taking into consideration people's incomes and the feasibility of the construction costs. A house is only affordable because people have the money to buy, or can access a mortgage to buy, the property.'*

*Technical officer of a mortgage provider*

Box 2 • STAKEHOLDER VIEWS ON AFFORDABLE HOUSING

In this report the definition of affordable housing as 'housing solutions which are priced or financed in a way that enables low-income households ... to also be able to afford other basic needs' (GlZ 2014, p. 9) is used. The low-income households referred to here are those that fall within the bottom two income quintiles. Though used more loosely in this report, the concept of affordability is linked specifically with households occupying the base of the economic pyramid — i.e. low-income earners.<sup>4</sup> In this case, housing solutions must be modelled in relation to the purchasing power of prospective owners or renters. This introduces flexibility into the definition, as incomes and wages are often location-specific. As such, a solution appropriate for one area might not necessarily work in another. Other locational issues; proximity to social and civic services, economic opportunities and social networks are critical in the decisions of low income earners in choosing to reside in a particular neighbourhood. The element of basic needs is equally important with regard to making housing accessible. Houses should not be priced in a way that compromises the resident households' ability to satisfy their other needs.

Research on affordable housing in Ghana is often framed in terms of the public provision of affordable housing and the mediatory role of state institutions, with researchers considering whether public policy would be able to alleviate the precarious housing situation of the urban poor. With the issues framed in these terms, the resulting studies have tended to focus on the state's attempts to

provide housing for low-income households, the existing public financing options (Bank of Ghana 2006) and the influence of state policy in achieving those aims. For instance, some scholars (Kona-du-Agyeman 2001 and Sarfoh 2010) have examined Ghana's housing policy experience from the pre-colonial era to contemporary Ghana, looking at adopted policies and programmes in the light of international discourse and the core-periphery argument versus neoliberal and communitarian approaches. Arku (2009) investigated the economic logic of housing policies from 1929 to 1966 and observed that colonial governments seldom acted to provide housing for indigenous peoples except occasionally for political and social motives. For Sarfoh (2010), the direction of housing policy over the years has been characterised by uncertainty owing to (a) shifts in the orientation of governance and the economic paradigms of global players and (b) the strategic positioning of local actors as global norms were reinterpreted. This uncertainty in housing policy direction is epitomised by the country's repeatedly unsuccessful efforts to develop a comprehensive housing policy prior to 2015, when a national housing policy was finally promulgated.

Others have considered the relationship between who is building and what is being built in urban Ghana (Tipple et al. 1998, and Korboe 1992). On the question of who is building, Tipple et al. assert that the motivation for house construction in urban Ghana is to guarantee security of tenure. Other studies, such as Karley and Akomea 2007 and Obeng-Oddom 2011, examine the prospects and

challenges in the real estate sector. A key consideration in most of the existing studies is affordability and the associated strategies for improving access to affordable housing, albeit without a clarification of the competing notions of this concept (Boamah 2010). Awanyo (2009) draws attention to the need to leverage already ubiquitous in-situ building strategies, as a way of meeting housing space demands among low-income earners. For Tipple (1996) it is house extension that offers the potential for affordable and sustainable housing. In this approach, as a minimum the wet areas (kitchen, bath and toilet) and at least one sleeping area are completed for use, and options for later expansion incorporated.<sup>5</sup> However, this kind of piecemeal approach tends to lock up capital over a considerable time.

Other studies mainly carried out by international organisations attempt to provide a panoramic view of the sector (e.g. CAHF, 2013; UN-Habitat, 2010; UN-Habitat, 2011; World Bank, 2009; and UN-HAB-

ITAT, 2004). These present overviews of the housing sector that examine the issues in aggregate (covering land issues, finance, policy, institutional aspects, housing needs and interventions, among others) rather than focus on a particular sub-sector.

These studies do not look at the housing value chain or the socially stratified lower-scale issues of affordable housing in Ghana that are specific to the poor. Neither do they explore the role of the private sector in tackling these issues. Yet, given the private sector's understanding of the dynamics of affordable housing provision, the housing market and the mediatory roles of institutions, it has a particularly crucial role to play in policy-making and harmonious local economic development. It is this gap that this report attempts to address by providing a better understanding of the affordable housing market.



Box 3 • KEY FIGURES FOR GHANA

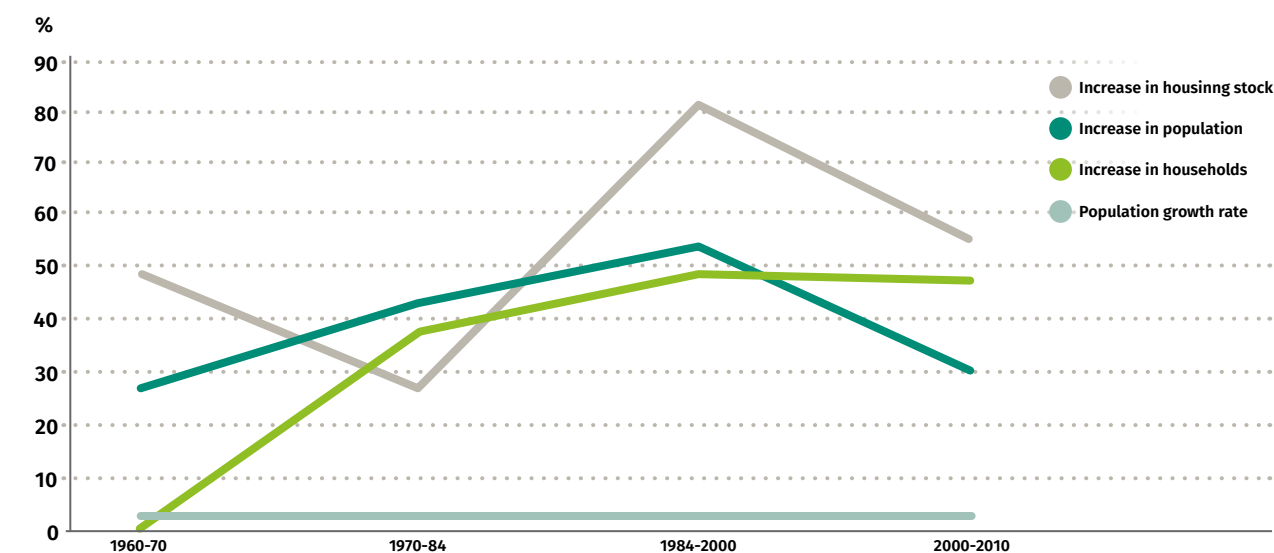




## 4 Understanding Ghana's housing and demand

**Ghana's 2010 Population and Housing Census (PHC) recorded the country's population as 24.6 million, of whom approximately half live in urban areas.<sup>6</sup> The concentration is such that the primary cities of Kumasi, Sekondi-Takoradi and Accra, all of which are in the south of the country, hold more than 28% of the country's population.<sup>7</sup> Furthermore, housing stock, the number of households and the number of households per house all reflect this trend towards urbanisation.**

**Figure 1 • PERCENTAGE CHANGES IN DEMOGRAPHICS AND HOUSING STOCK**



GSS 2014.<sup>8</sup>

Photo: VanWyckExpress/istockphoto.com

Figure 1 shows that both the population and the number of households increased between 1960 to 2000. After the turn of the millennium, the rate of population growth witnessed a decline while the number of households continued to increase – albeit at a slower pace, which therefore suggests the beginnings of a decline by 2010. The increasing formation of new households conforms with the shrinking household sizes observed over the censal years. Household sizes peaked in 2000 at 5.1 persons per household and subsequently declined to 4.4 persons per household in 2010. If this reduction in household size continues without a corresponding significant slowdown in population growth, and unless the current pace

of housebuilding is ramped up, the demand for housing will remain high.

The housing situation differs greatly between the regions in the north of the country and those in the south, which perhaps reflects the development gap existing between these two zones. Northern regions have higher household sizes and less housing stock compared to southern regions. Similarly, there are more multifamily living arrangements in the south than in the north of the country (with the exception of the Upper East region), the south having about 50% more households per house (see Table 1 below).

**Table 1 • EXISTING HOUSING STOCK AND HOUSEHOLDS IN 2010**

REGION	NUMBER OF HOUSES	NUMBER OF HOUSEHOLDS	RURAL SHARE OF HOUSING STOCK	HOUSEHOLDS PER HOUSE	AVERAGE HOUSEHOLD SIZE
ALL REGIONS	3,392,745	5,467,136	57.7	1.6	4.4
ASHANTI	574,066	1,126,216	53.0	2.0	4.1
GREATER ACCRA	474,621	1,036,426	13.0	2.2	3.8
EASTERN	431,697	632,048	64.1	1.5	4.1
VOLTA	399,953	495,603	72.2	1.2	4.2
WESTERN	380,104	553,635	67.5	1.5	4.2
CENTRAL	346,699	526,764	61.8	1.5	4.0
BRONG-AHAFO	331,967	490,519	63.4	1.5	4.6
NORTHERN	257,311	318,119	71.3	1.2	7.7
UPPER EAST	114,034	177,631	79.2	1.6	5.8
UPPER WEST	82,293	110,175	85.4	1.3	6.2

## TRENDS IN TYPES OF HOUSING (2000 TO 2014)

The most common housing typology found throughout Ghana is the compound house, which accommodates multiple households in a shared building. The data from the population and housing censuses (2000 and 2010) and the Ghana Living Standards Surveys (GLSS) (2008 and 2014)<sup>9</sup> show that, compared to the other housing typologies, the share of compound housing increased from 50% to nearly 70% between 2000 and

2010 (see Table 2 in which compound housing is highlighted). This finding calls into question the generally held notion that households, and particularly those in urban locations, prefer detached bungalows. On the contrary, it would seem that people's housing preferences are flexible when it comes to the country's housing stock. This trend in sharing housing arrangements applies to both urban and rural areas.

Table 2 • TRENDS IN HOUSING TYPOLOGY IN GHANA

TYPE OF DWELLING	ACCRA (GAMA)		OTHER URBAN		ALL URBAN				ALL RURAL		
	GLSS 5 2008	GLSS 6 2014	GLSS 5 2008	GLSS 6 2014	PHC 2000	GLSS 5 2008	PHC 2010	GLSS 6 2014	GLSS 5 2008	PHC 2010	GLSS 6 2014
SEPARATE HOUSE	8,5	14,9	4,8	14,1	16,0	6,0	19,3	14,3	2,4	40,1	16,4
SEMI-DETACHED HOUSE	6,8	6,4	3,4	5,9	14,9	4,5	7,8	6,1	2,7	6,3	8,2
FLAT/APARTMENT	8,9	7,4	4,5	4,6	7,2	5,9	7,0	5,5	0,8	1,9	1,3
COMPOUND HOUSE (ROOMS)	53,9	63,9	55,5	70,0	51,6	55,0	58,7	68,1	35,1	42,9	51,3
SEVERAL HUTS/ BUILDINGS	2,6	0,7	2,9	4,0	2,5	2,7	1,0	3,0	9,5	5,7	21,7
TENTS/IMPROVED HOME (KIOSK, CONTAINER, ETC.)	2,3	3,7	0,1	0,4	0,1	0,8	0,3	1,5	0,2	0,2	0,1
LIVING QUARTERS ATTACHED TO OFFICE/SHOP	—	0,6	—	0,2	0,6	—	—	0,3	—	—	0,2
UNCOMPLETED BUILDING	—	2,4	—	0,6	4,3	—	2,1	1,2	—	1,0	0,2
OTHERS	1,4	0,1	0,1	0,2	4,3	0,5	—	0,2	0,2	—	0,7

Source: compiled using data from GSS (2000, 2008, 2010 and 2014).

## HOUSING MATERIALS (EXTERNAL WALLING)

In general, the types of materials used to build houses can help in determining whether the properties potentially fall into the affordable housing category. This category applies to housing built with materials that fall below the minimum standards stipulated in the national building regulations (LI 1630) and are thus unable to protect inhabitants from a range of hazards such as harsh weather conditions. The building regulations deem housing walls constructed with 'temporary materials' such as metal sheets, wood, thatch and palm leaves to be sub-standard. Often, this kind of housing is occupied by people on low incomes. Table 3 below provides an overview of housing in Ghana based on the types of building materials used. However, this is not a strong measure as it does not give any idea of the present condition of the properties.

In rural areas, where 73% of rural households live in dwellings built mainly with mud, housing issues

centre more on questions of quality rather than quantity (GSS 2008). In contrast, the use of sandcrete is more common in urban areas (see table 3 in which this is highlighted in yellow). Even though this is a singular proxy indication of housing quality, it reflects expenditure patterns on housing, as urban dwellers spend on average 118% more on housing than their rural counterparts. However, this is not to insinuate that issues of housing quality are specific to rural areas. On the contrary, 42.8% of urban dwellers live in slums (UN-HABITAT, 2014).

Although landcrete, burnt bricks and bamboo are proven building materials and their source materials are readily available locally, their use is mainly confined to wall building in both rural and urban zones. Sandcrete and concrete walling dominates the urban landscape whereas earthen material walling is commonest in rural areas. A transition away from earthen materials towards concrete and sandcrete use has, however, been observed in rural areas.

Table 3 • SUMMARY OF THE MAIN MATERIALS USED FOR EXTERNAL WALLING

MAIN MATERIALS USED FOR EXTERNAL WALLING <sup>10</sup>	ACCRA (GAMA)		OTHER URBAN		ALL URBAN				ALL RURAL			
	GLSS 5 2008	GLSS 6 2014	GLSS 5 2008	GLSS 6 2014	PHC 2000	GLSS 5 2008	PHC 2010	GLSS 6 2014	PHC 2000	GLSS 5 2008	PHC 2010	GLSS 6 2014
MUD/MUD BRICKS/EARTH	2,3	0,6	26,5	15,0	21,5	18,5	12,4	10,4	74,5	72,9	60,5	56,9
WOOD	7,5	6,5	0,5	0,6	5,4	2,8	4,8	2,5	2,7	1,0	1,8	0,7
METAL/SHEET/SLATE/ASBESTOS	0,5	1,0	0,1	1,0	0,9	0,2	1,0	1,0	0,3	0,1	0,5	0,5
STONE	0,2	0,2	0,5	—	0,3	0,4	0,2	0,1	0,2	0,3	0,2	0,1
BURNT BRICKS	0,3	0,1	0,8	0,4	2,0	0,6	0,7	0,3	1,1	0,6	0,6	1,3
CEMENT BLOCKS/CONCRETE	88,4	91,5	69,4	82,5	65,3	75,7	78,5	85,3	16,6	21,8	32,1	39,7
LANDCRETE	—	—	—	0,4	2,9	—	1,2	0,3	2,6	3,1	2,5	0,3
BAMBOO/PALM LEAVES/THATCH (GRASS/RAFFIA/OTHERS)	—	0,1	—	0,1	1,6	—	1,3	0,1	2,0	0,1	1,7	0,5

Source: compiled using data from GSS (2000, 2008, 2010 and 2014).





# HOUSING TYPES BY OCCUPANCY

The level of overcrowding in Ghana’s housing, both in urban and rural areas, is increasingly becoming a concern. Half of the country’s total number of households dwell in single rooms, making single-room occupancy the commonest occupancy type, and over 75% of households occupy either one or two rooms (see the green-shaded rows in Tables 4 and 5). Given the average household size in Ghana stands at 4.4 persons, it can be inferred that single- and double-room dwellings suffer moderate to significant levels of overcrowding.

The situation is more acute when one considers occupancy in terms of sleeping rooms. The 2010 PHC acknowledges differences between room occupancy per household and sleeping-room occupancy per household, with the latter recording much higher figures. Some households have two or more rooms but only use one for sleeping. The second room usually serves as the living room and/or kitchen.

The analysis of the number of rooms occupied compared to the size of the household reflects the increasing pressure on the existing housing stock.

Table 4 • ROOM OCCUPANCY IN DIFFERENT LOCALITIES

PROPORTION OF ROOMS OCCUPIED PER HOUSEHOLD	ACCRA (GAMA)			OTHER URBAN		ALL URBAN				ALL RURAL			
	PHC 2000	GLSS 5 2008	GLSS 6 2014	GLSS 5 2008	GLSS 6 2014	PHC 2000	GLSS 5 2008	PHC 2010	GLSS 6 2014	PHC 2000	GLSS 5 2008	PHC 2010	GLSS 6 2014
ONE ROOM	45,2	53,6	42,7	60,6	58,5	47,5	58,3	51,4	53,5	29,5	51,9	35,9	49,9
TWO ROOMS	33,2	30,8	35,4	22,8	22,4	24,0	25,5	24,6	26,5	23,7	26,2	25,1	26,7
THREE ROOMS	6,7	8,3	9,0	8,7	9,1	8,9	8,6	9,1	9,1	15,4	12,5	14,7	10,7
FOUR ROOMS	5,5	3,0	6,4	4,3	5,0	6,0	3,8	5,6	5,5	9,9	4,7	9,0	6,1
FIVE ROOMS	4,0	4,3	6,5	3,6	5,0	4,3	3,8	3,3	5,5	6,7	4,7	5,6	6,6
SIX ROOMS	1,9	4,3	6,5	3,6	5,0	2,7	3,8	2,2	5,5	4,6	4,7	3,3	6,6
SEVEN ROOMS	1,1	4,3	6,5	3,6	5,0	1,7	3,8	1,4	5,5	3,0	4,7	2,2	6,6
EIGHT ROOMS	0,8	4,3	6,5	3,6	5,0	1,3	3,8	0,8	5,5	2,2	4,7	1,6	6,6
NINE OR MORE ROOMS	1,6	4,3	6,5	3,6	5,0	3,6	3,8	1,4	5,5	5,0	4,7	0,9	6,6

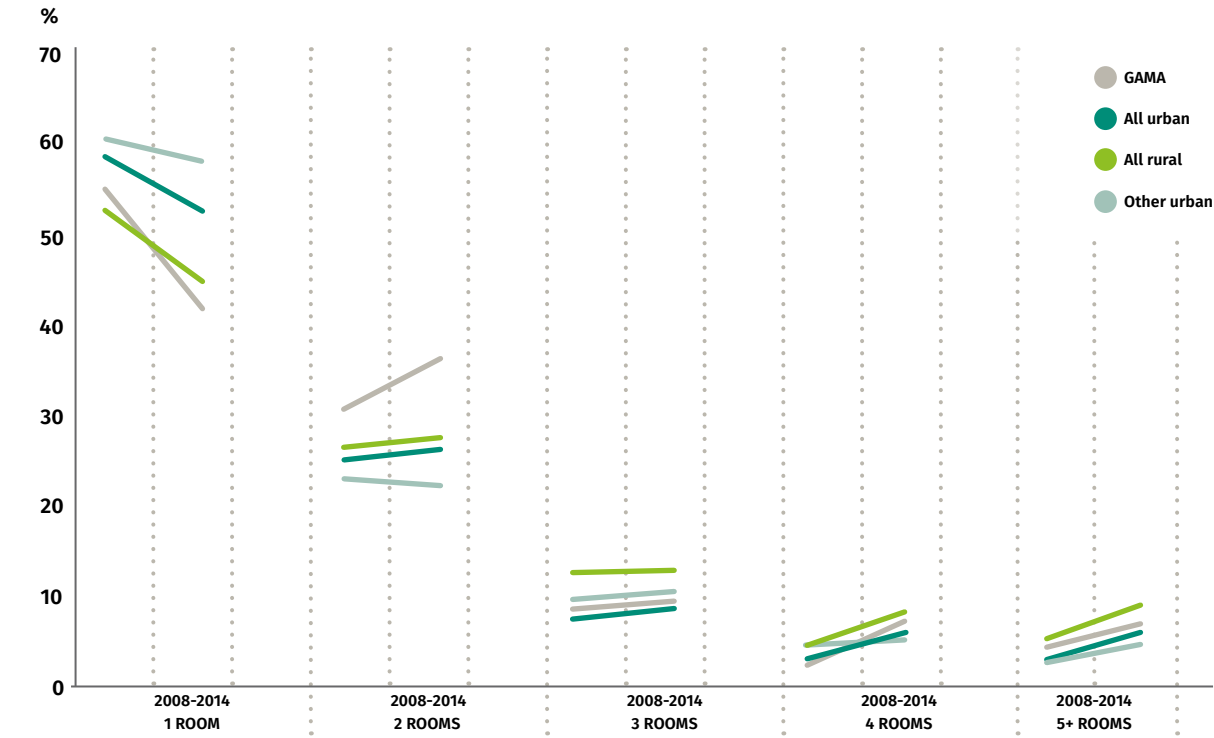
Source: compiled using data from GSS (2000, 2008, 2010 and 2014).

Table 5 • SLEEPING ROOMS PER HOUSEHOLD IN VARIOUS LOCALITIES

PROPORTION OF SLEEPING ROOMS OCCUPIED PER HOUSEHOLD <sup>11</sup>	URBAN		RURAL	
	PHC 2000	PHC 2010	PHC 2000	PHC 2010
ONE ROOM	61,9	61,4	39,1	45,5
TWO ROOMS	17,5	22,2	25	26,9
THREE ROOMS	7,6	7,8	14,5	13,1
FOUR ROOMS	4,6	4,2	8,3	6,8
FIVE ROOMS	2,6	2	4,6	3,2
SIX ROOMS	1,7	1,1	3,1	1,9
SEVEN ROOMS	1	0,5	1,8	0,9
EIGHT ROOMS	0,8	0,6	1,2	0,6
NINE OR MORE ROOMS	2,3	0	2,4	1

Source: compiled using data from GSS (2000 and 2010).

Figure 2 • ROOMS OCCUPIED BY HOUSEHOLDS IN URBAN AND RURAL AREAS (2008 TO 2014)



Source: produced by the authors using data from GSS (2008 and 2014).

# HOUSING TENURE

The overview of housing tenure in Ghana is quite revealing, with urban and rural areas displaying marked differences. Whereas two-thirds of households own their homes in rural areas, only a third do in urban areas. Urban areas have more renters (one-third) than rural areas (one-tenth). A third tenure type, not uncommon in Ghanaian society, is rent-free status, which constitutes around a quarter of households' tenure in both urban and rural areas. The share of housing owned by relatives (33%) relates strongly with the proportion of households with rent-free tenure (27%). The higher ratio of rural households living in

dwellings owed by relatives (60%) reflects the 'family housing' context whereby the extended family is able to secure a cohabitation arrangement on the basis of filial relationships and family patriarchal ties.

It is reasonable to assume that a large segment of the households in need of affordable housing interventions are those that are presently in rent-free accommodation or are perching or squatting. On the basis of this assumption, it is possible to deduce that in 2010, 27% of households required affordable housing solutions.

Table 6 • HOUSING TENURE

HOUSING UNITS BY TENURE TYPE AND LOCALITY	ACCRA (GAMA)			OTHER URBAN			ALL URBAN				ALL RURAL			
	PHC 2000	GLSS 5 2008	GLSS 6 2014	PHC 2000	GLSS 5 2008	GLSS 6 2014	PHC 2000	GLSS 5 2008	PHC 2010	GLSS 6 2014	PHC 2000	GLSS 5 2008	PHC 2010	GLSS 6 2014
OWNING	38.2	26.6	35.2	41.4	25.8	31.7	41.4	26.1	32.7	32.8	71.7	58.7	65.5	62.1
RENTING	40.7	45.9	41.0	35.8	38.5	39.3	35.8	40.9	45.0	39.9	9.9	9.1	13.5	10.7
RENT-FREE	19.9	24.8	23.1	21.6	35.1	28.6	21.6	31.7	21.2	26.8	17.6	32.0	20.3	27.0
PERCHING <sup>12</sup>	1.2	2.7	0.5	1.2	0.6	0.2	1.2	1.3	0.5	0.3	0.8	0.3	0.4	0.2
SQUATTING	—	—	0.3	—	—	0.2	—	—	0.4	0.2	—	—	0.1	0.1

Source: compiled using data from GSS (2008 and 2014).

# ESTIMATED MARKET VOLUME FOR AFFORDABLE HOUSING IN GHANA

Estimates of the housing deficit in Ghana vary widely, due in part to confusion arising from what defines and how to distinguish between a house and a dwelling unit. Another factor is the difficulty in determining the quantity of housing

supplied through informally self-managed processes. The data in Table 7 below exemplifies this uncertainty regarding overall housing needs and unmet demand.

Table 7 • ESTIMATED HOUSING NEED

SOURCE	TOTAL HOUSING STOCK	ANNUAL SUPPLY	DEFICIT/NEED	ANNUAL NEED
GOVERNMENT OF GHANA (1987)	—	—	—	101,800 <sup>13</sup>
AMOA-MENSAH (2003)	—	37,000	—	90,000
UN-HABITAT (2004)	2,181,975	—	—	1,010,000 by 2010
GHANA STATISTICAL SERVICE (2005)	2,181,797	—	—	138,085 units per annum; 3,500,000 by 2025
MAHAMA AND ANTWI (2006)	—	25,000	300,000, 1,200,000 by 2005	130,000
ASIAMAH (2006)	—	—	800,000	—
BANK OF GHANA (2007)	2,181,975	—	1,500,000 in 2000 with an additional 665,000 by 2010	—
KARLEY (2008)	2,200,000	25,000–40,000	500,000	70,000
UN-HABITAT (2010)	—	250,000	—	133,000
GOVERNMENT OF GHANA (2015)	3,392,745	—	4,000,000 rooms between 2000 and 2010; 5,700,000 rooms by 2020.	—

Source: compiled using data from the UN-HABITAT (2011), the Ministry of Water Resources, Works and Housing (2015) and GSS (2005).



**Table 8 • ANALYSIS OF HOUSING NEED (2000 TO 2025)**

PROJECTED INDICATORS	2000	2005	2010	2015	2020	2025	INCREASE
<b>TOTAL POPULATION</b>	18,912,079	21,134,500	23,458,808 (24,658,823)	25,950,150	28,511,828	31,311,432	—
<b>HOUSEHOLD POPULATION (98.7% OF TOTAL POPULATION)</b>	18,666,222	20,859,752	23,153,843	25,612,798	28,141,174	30,904,383	—
<b>ASSUMED HOUSEHOLD SIZE</b>	5.1	5.2	5.2 (4.4)	5.2	5.2	5.2	—
<b>PROJECTED HOUSING NEED</b>	3,660,044	4,011,491	4,452,662	4,925,538	5,411,764	5,943,151	—
<b>ACTUAL HOUSES NEEDED (1.7 HOUSEHOLDS/ HOUSE)</b>	2,152,967	2,359,700	2,619,213	2,897,375	3,183,390	3,459,971	—
<b>INCREASED NEW HOUSING NEED</b>	—	206,733	259,513	278,162	286,015	312,581	1,343,004
<b>DILAPIDATED HOUSES</b>	—	327,296	353,955	392,882	492,554	541,176	2,107,863
<b>TOTAL ADDITIONAL HOUSING NEEDED</b>	—	534,029	613,468	671,044	778,569	853,757	3,450,867
<b>PERCENT INCREASE</b>	—	<b>24.8</b>	<b>26.0</b>	<b>25.6</b>	<b>26.9</b>	<b>26.8</b>	<b>60.3</b>

Source: GSS (2005), and Population Data Analysis Reports, Vol. 2, p. 58, Table 1.57.

What is clear is that housing supply has fallen far behind housing needs over the years. The estimated current annual deficit ranges from 106,806 to 170,751 units.<sup>14</sup> Assuming the upper estimates hold true, the country will have an aggregate deficit of 7.2 million rooms by 2020 (MWRWH 2015). A substantial proportion of this deficit will be in affordable housing, which is needed in some cases to reduce crowding – due to rent-free status or less than adequate dwellings – and in others to replace dilapidated buildings.

Another way of estimating the affordable housing market is to extrapolate from expenditure on housing<sup>15</sup>, assuming that those in the lowest two income quintiles are in need of affordable housing. Table 9 shows that there has been substantial growth in housing expenditure, although a large gap exists between urban and rural households:

of the total of GHS 814 million spent on housing in 2008, GHS 575 million was spent in urban areas and about half of that was spent in rural areas. By 2014 the total spend on housing had grown to GHS 5.997 billion, of which GHS 4.6 billion was spent in urban areas. As such, spending on housing in rural areas was only one third of that in urban areas. Housing expenditure as a share of total household expenditure grew threefold between 2008 and 2014, with housing now constituting 11% of household expenditure for the lowest two quintiles and rising marginally to 13% for the highest income quintile.

Using the proportion of expenditure spent on housing to calculate how much potential income is available to those investing in affordable housing provides a total figure of GHS 1.2 billion, an equivalent of USD 536 million (as at 31 December 2013).

The estimate includes spending on housing construction, the extension of existing buildings, and rent, maintenance and utility payments. It excludes outgoings for furnishings, fixtures and fittings, and other consumables associated with the occupation of the housing. Considered together, the estimated existing housing deficit and level of expenditure on housing serve to highlight the huge and untapped opportunities awaiting the private sector.

Even though there has been a boom in housing construction, investments have mainly targeted high-income, low-risk borrowers. The amount of investment is significant, with mortgages worth a total of USD 180 million taken out as at 2013 (Adu 2014). However, the impact of these new-builds on the overall housing stock has not been as signifi-

cant as the combined output of individual middle- to low-income households whose incremental approaches to building have dominated total housing supply (Boamah 2014).

Based on the average household incomes reported in the GLSS 6 (indexed to 2016), households can afford USD 14,000 at house cost: income(HC:Y) ratio of 3. If they can manage to spend more on housing, at an HC:Y of 5, they could reach up to USD 23,000. Table 12 shows that, in rural areas, households can afford to spend USD 9,000 at an HC:Y of 3 on either renting or purchasing housing. Rising inflation and the persistently falling value of the Ghanaian Cedi (GHS) reduce how much households are able to spend on housing.

**Table 9 • VALUE OF THE AFFORDABLE HOUSING MARKET**

Item	Figures
<b>Total number of households</b>	<b>6,601,500</b>
<b>Households forming quintiles 1 and 2</b>	<b>2,640,600</b>
<b>Annual household expenditure by those in quintile 1</b>	<b>GHS 347.7</b>
<b>Annual household expenditure by those in quintile 2</b>	<b>GHS530</b>
<b>Proportion of housing expenditure for quintiles 1 and 2 in 2014</b>	<b>19.5%</b>
<b>Total amount spent by quintiles 1 and 2 on housing</b>	<b>GHS 1,158,827,310</b>

Source: compiled using data from the GSS (2014).



Table 10 • HOUSING EXPENDITURE BY QUINTILE GROUP AND TYPE OF LOCALITY

Quintile/ locality	Mean annual household expenditure (GHS)		Mean annual per-capita expenditure (GHS)		Percentage shares		Percentage of expen- diture on housing (%)		Mean annual household cash ex- penditure on housing, water, electri- city and gas (GHS)		Mean annual per-capita cash expen- diture on housing, water, elec- tricity and gas (GHS)		Total an- nual cash expenditure on housing, water, elec- tricity and gas (million GHS)		Mean household size	
Year	2008	2014	2008	2014	2008	2014	2008	2014	2008	2014	2008	2014	2008	2014	2008	2014
Lowest	821	3,924	132	664	7.1	5.6	3.4	10.9	12	—	—	57	—	—	6.4	6.1
Second	1,242	5,833	247	1,194	10.8	10.0	2.6	10.9	23	—	—	106	—	—	5.1	5.0
Third	1,500	7,444	367	1,761	14.7	14.6	2.5	11.5	36	—	—	178	—	—	4.4	4.4
Fourth	1,942	9,238	548	2,656	21.0	21.9	2.5	12.0	60	—	—	276	—	—	3.7	3.6
Highest	2,864	14,665	1,261	6,337	46.3	47.9	2.2	13.3	136	—	—	709	—	—	2.5	2.6
Accra	3,009	13,677	—	5,039	—	25.8	4.5	16.7	—	—	—	—	—	—	3.3	3.4
Other urban	2,170	9,841	—	3,407	—	39.9	2.2	12.6	—	—	—	—	—	—	3.6	3.7
Urban	2,449	11,061	—	3,926	—	65.8	3.2	14.2	325	1,288	115	463	575	4,638	3.5	3.6
Rural	1,514	7,152	—	2,112	—	34.2	1.5	9.0	128	589	38	184	239	1,359	4.4	4.5
Ghana	1,918	9,317	644	3,117	100.0	100.0	—	12.4	212	1,015	71	354	814	5,997	4.0	4.0

Source: compiled using data from GSS (2008 and 2014)<sup>16</sup>

Table 11 • ANNUAL INCOME AND EXPENDITURE ON RENT

Quintile	Average annual household income (GHS)		Average annual household expenditure on rent (GHS)		Average an- nual per-capi- ta expenditure on rent (GHS)		Total annual cash expen- diture on rent (million GHS)		Average annual house- hold expen- diture on maintenance (GHS)		Average annual per-capita expenditure on maintenance (GHS)		Total annual cash expenditure on maintenance (million GHS)	
Year	2008	2014	2008	2014	2008	2014	2008	2014	2008	2014	2008	2014	2008	2014
Lowest	728	6,571.8	—	—	—	—	—	—	—	—	—	—	—	—
Second	1,020	10,698.0	—	—	—	—	—	—	—	—	—	—	—	—
Third	1,098	14,823.5	—	—	—	—	—	—	—	—	—	—	—	—
Fourth	1,263	16,909.7	—	—	—	—	—	—	—	—	—	—	—	—
Highest	1,544	25,200.9	—	—	—	—	—	—	—	—	—	—	—	—
Accra	—	17,023.7	—	—	—	—	—	—	—	—	—	—	—	—
Other Urban	—	22,726.8	—	—	—	—	—	—	—	—	—	—	—	—
Urban	—	20,930.1	—	—	—	—	—	—	—	—	—	—	—	—
Rural	—	11,408.0	—	—	—	—	—	—	—	—	—	—	—	—
Ghana	—	16,644.6	18	423.94	8	192.26	90	749.21	86	568.18	25	178.99	151	1,054.77

Source: compiled using data from GSS (2008 and 2014)<sup>17</sup>

Table 12 • AFFORDABILITY DETERMINED USING MEAN HOUSEHOLD INCOME IDENTIFIED IN GLSS 6, INDEXED TO 2016

AFFORDABILITY IN USD <sup>18</sup>	GAMA	OTHER URBAN	ALL URBAN	ALL RURAL
AT HC:Y RATIO OF 3	13,672.23	18,252.52	16,809.52	9,162.10
AT HC:Y RATIO OF 4	18,229.64	24,336.69	22,412.70	12,216.13
AT HC:Y RATIO OF 5	22,787.05	30,420.86	28,015.87	15,270.17

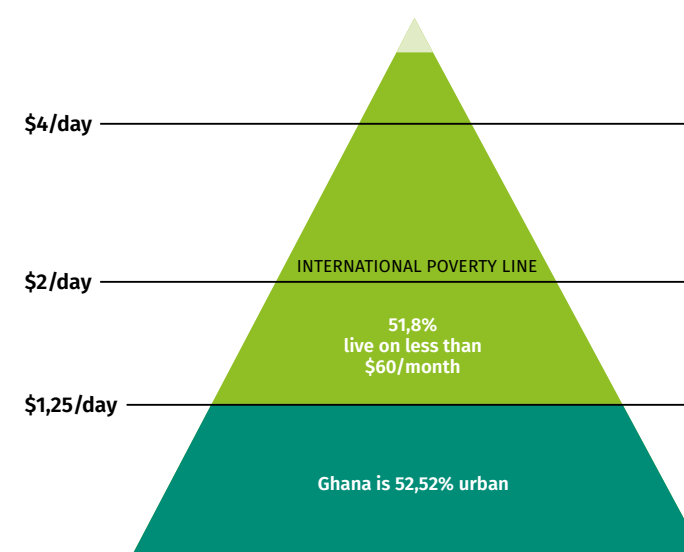
Source: compiled using data from UN-HABITAT (2011).

Figure 3 • HOUSING AFFORDABILITY PYRAMID

Income Range	Income GHC/month	Percentage of all Households	Maximum affordability (in GHC) assu- ming 3 times annual income	Housing cost (GHC) aimed at the thresholds	Monthly maximum rent levels (GHC) affordable at R:Y of 10%
Very High	>4,000	5%	180,000	476,000 & 204,000	500 +
High	3,001–4,000	10%	144,000	163,200	400
Mid-high	2,001–3,000	50%	108,000	95,200	300
Middle	1001–2,000	of households can afford housing costing between GHC12,001 and GHC72,000	72,000	Up to 54,000	200
Moderate	501–1,000		36,000		100
Low income	101–500		18,000		50
	51–100	35%	12,000		10
No wage income	0–50	of households can afford housing costing GHC12,000 or less			

Source: UN-HABITAT, 2011<sup>19</sup>.

Figure 4 • HOUSING AFFORDABILITY IN GHANA



Source: CAHF 2013.

The cheapest newly built house for sale is \$25 000. A buyer would have to put down a \$2500 deposit and earn \$970/month to afford a 20 year mortgage (US dollar denominated) at 13.5%.

About 90% of Ghana's housing stock has been produced through self-build. A sizeable middle class suggests opportunities for microfinance. These are being explored by Habitat for Humanity International with its MicroBuild Fund.

## INTERESTING AREAS FOR AFFORDABLE HOUSING

Due to market inelasticity, emerging anecdotal evidence suggests that the formal housing supply targeted at the high-income bracket is practically at saturation point in Accra. Indeed, it is not uncommon for luxury apartments to remain vacant for up to two years in the capital. Furthermore, the rents for such properties appear to be falling from the peak levels recorded in 2007–2009. The case has never been clearer or more urgent for the market to refocus, moving away from current practices that price out middle- and low-income earners and towards delivering housing that meets the needs of lower-income customers.

There are several ways to identify which elements of affordable housing offer the most exciting prospects for those interested in affordable housing initiatives – be they opportunities for improving quality, tenure, occupancy or location. As discussed previously with regard to Table 4, it is not possible to determine housing quality merely by considering the materials used to build it. The actual condition of the part of the building being surveyed (e.g. external walling) must also be considered. For instance, the 2000 and 2010 PHC surveys do not indicate the condition of the sandcrete walling, which makes it difficult to determine the scale of the business opportunity for those interested in providing home improvement services. The obvious exception to this is, of course, housing built using materials that are patently of insufficient quality, such as tents and improvised homes (kiosks, containers, etc.). What is required, then, are further studies to determine the condition of the materials used for the elements of housing in question.

A substantial proportion of households living in rent-free situations as well as those perching or squatting are likely to reside in relatively poor conditions. In GAMA 23% of the metropolitan region's housing stock is occupied in these ways, in other cities and towns this figure rises to 29%, and in rural areas it is 27% (GSS 2014). De-crowding the smaller dwellings, particularly the one-room and two-room types, by adding another room would, for the most part, substantially reduce the level of crowding occurring within them. As these types of accommodation are often associated with low-income households and are typically found in compound housing, a building extension programme for small dwellings would have a significant impact on affordable housing stock.

Housing demand and ability to pay differs from one city region to the next. Of the several geographical areas identified as key locations for initiating the proposed affordable housing business models, GAMA is the most important. Here, residents have the highest per-capita income and they spend proportionately higher amounts on housing (16.7%). The metro region's socio-economic, administrative and political character acts as a magnet, drawing large numbers of migrants into the city region each year. These migrants, who come seeking better livelihoods, have diverse economic profiles and come from within and outside of Ghana. The Greater Accra Metropolitan Area (GAMA) is currently home to 16% of Ghana's population, making the scale of the market for affordable housing in Accra vastly bigger than in other locations. As the GAMA has a varied population, its housing need has both quality and quantity dimensions.

The next tier of cities that could benefit from affordable housing initiatives comprises Kumasi and Sekondi-Takoradi. Kumasi, the capital of Ashanti Region, is a very strong commercial centre in the West African sub-region and is also a renowned cultural centre. As such, it has a large population (2.1 million in 2010), making it the second largest city in the country. About 4% of households in Ashanti Region live in houses unfit for human habitation (GSS 2013). The region contains 16.9% of the country's housing stock but has the second highest number of households per house (GSS 2013). Demand for housing in Kumasi is second only to that of Accra. The coastal city of Sekondi-Takoradi has, since the local discovery of oil in 2007, also been growing increasingly rapidly, as substantial numbers of newcomers including lower-income households, move into the city region.

The third geographical area of interest is the Savannah Accelerated Development Authority (SADA) region, which comprises the Upper West, Upper East and Northern regions and northern portions of the Brong-Ahafo and Volta regions. The SADA region consists of small towns and cities including, among others, Tamale (the largest), Wa, Bolgatanga and Kintampo. The region is inhabited by more than 4.4 million people with large household sizes and the lowest level of expenditure on housing. The Northern Region, for example, has consistently recorded the highest household membership in each censal year, with 7.7 members per household recorded in the 2010 census. In the last four censuses conducted in Ghana, average urban households' sizes in the Brong-Ahafo, Upper West and Upper East regions were shown to be higher than

the national average (GSS 2014). Meanwhile, 1.2 households occupy one dwelling in the Northern Region while over 35% of households in the three northern most regions have one or two sleeping rooms. In terms of housing quality, over 30% of the housing stock of the three northern regions is built with mud/earth. This area has the highest proportion of such housing nationally, which means that the quality of housing in these regions, often regarded as the poorest in the country, needs to be improved. Households in the rural savannah, for example, have Ghana's lowest mean annual income at GHS 10,094.73 (GSS 2014).

What the above tells us is that Ghana's affordable housing market requires tailor-made and carefully designed interventions that target specific market segments. The market exhibits mixed characteristics that appeal to all income groups, especially households in the low-income category. The availability of local building materials, land and labour could be explored further to support customised solutions that are low cost.



5

## Affordable housing interventions in Ghana

**Over the years, a number of property market actors – be they state, quasi-state, private sector, NGO, housing cooperative, and credit union – have designed and implemented programmes aimed at delivering affordable housing. In many instances, the cost of the end-product differs substantially from the anticipated end-price. This section attempts to catalogue major housing interventions in Ghana from the post-independence era to date as well as ‘successful’ interventions from non-state actors.**

### STATE AND QUASI-STATE INTERVENTIONS

Several governments, especially from the immediate post-independence era, recognised housing as both a basic right and a catalyst for sustained economic development. Over time different governments have adopted slightly different approaches to housing, depending on the level of priority attached to it and on the macro-economic conditions of the period. As such, the sector has witnessed interventions ranging from policy and direct financing, to housing provision and home improvement schemes, among others. A

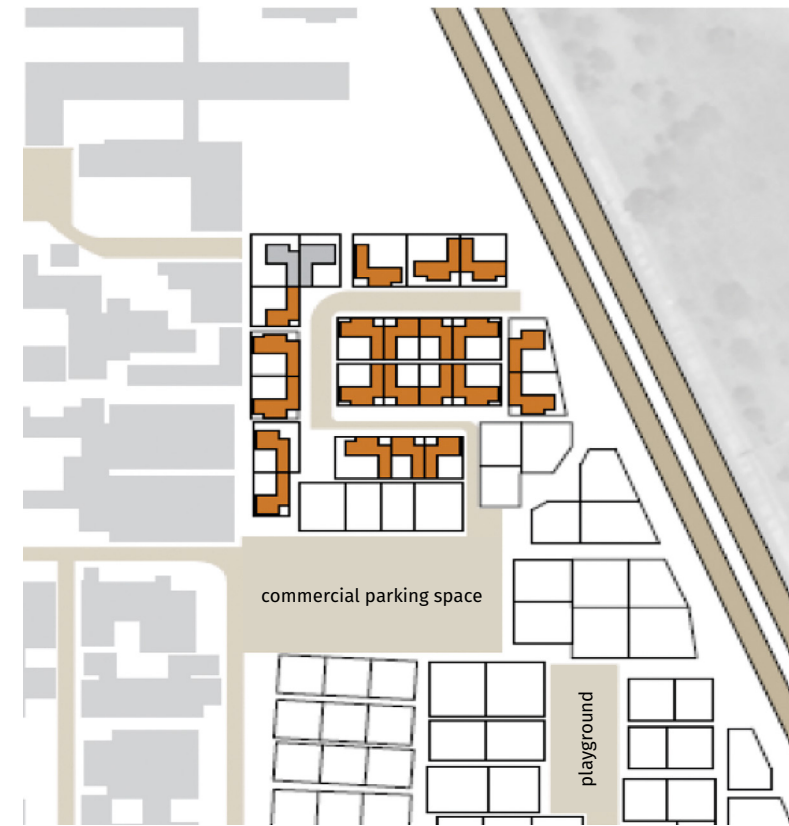
significant proportion of these interventions were concentrated on Ghana’s major cities. The 1986 National Shelter Strategy sought to refocus policy towards minimal state intervention in the housing market and on creating an enabling environment (Bank of Ghana 2007). Since then, state interventions have been diverse, covering areas including research on and the promotion of local building material use, land reform and the establishment of land banks (either directly or through quasi-state organisations).

### NON-STATE HOUSING INTERVENTIONS – HOUSING COOPERATIVES

#### Tema Housing Cooperative

The 103 founding members of Tema Housing Cooperative (THC) were low-income people living in the Tema area, earning monthly incomes of around USD 50–80. Established in 1972, the THC’s central aim was to provide its members with affordable housing (that could be subsequently extended). The Tema Development Cooperation (TDC) granted the THC land sufficient to build 105 housing units. In its first phase the THC housing units each cost GHS 2,812 (equal to approximately USD 2,400) and comprised a single bedroom, a lounge, kitchen, washing and toilet facilities plus extra foundations installed for the optional addition of up to three bedrooms at a later date. The project was carried out in three phases, with phases one and two supported with a total of GHS 168,000 in loans from the government’s Low-Cost Housing Scheme. By 1987 a total of 52 units, comprising a mixture of one- and two-bedroom houses, had been completed, all of which offered varying options for extension. At this time, members were also in the process of building another 48 units.

By the end of phase two, the THC had repaid the government loan and its associated interest charges, and had trained a number of its members to carry out the planning and design of phase three, which was subsequently approved by the TDC. However, inflationary pressure in this period devalued the THC’s savings, which prevented the Cooperative from moving forward with the next phase of housing. It did, however, lay the foundations for the remaining 53 units and the owners used private means to complete them. Infrastructure including road surfacing (unsealed), drains, water and electricity connections (both off- and on-site) and the central sewer were progressively and wholly financed by THC members.



Owners of all the houses built in phases one and two have since expanded their homes, adding further rooms either for residential or commercial purposes. This can be seen as a mark of the model’s success. Although the THC still exists and plans to develop another phase, there is no space for any further developments at its current site. In addition, members also decreased their contributions to the Cooperative once their houses were complete.

Photos: RegencyFoundation, Turelinckx, Puyvelde and Vandenbempt (2011)



# PRIVATE SECTOR INTERVENTIONS

## Blue Rose Ltd

Blue Rose Ltd was originally founded in 1987 as a floristry business but, in 2005, the company decided to venture into property development. It has since built over 900 housing units consisting of two-bedroom terrace houses, two- and three-bedroom semi-detached houses, two- and three-bedroom detached houses, and two-bedroom terraced houses, usually set within gated communities. The housing provided targets different segments of the market – from the working middle classes to the top end of the upper classes. The residents of Blue Rose estates are employed across a wide spectrum of occupations including teaching, nursing, law, the civil service, etc.

The cheapest unit, a one-bedroom expandable unit, costs GHS 80,000. The most expensive unit, a four-bedroom detached house, costs GHS 292,000

or its equivalent in another currency. The finance to build the housing comes from commercial loans from lenders including the HFC Bank. Prospective buyers are required to make a 100% cash payment or take on a mortgage with a compulsory 20% down-payment. Mortgages are usually arranged with the HFC Bank or Ghana Home Loans. Additionally, a charge of GHS 3,000 is paid to cover the documentation and utilities.

Another 1,000 two- to four-bedroom homes are planned to be built at Kasoa near Budumburam in 2016. In 2014, at the BID International Quality Summit in New York, Blue Rose was awarded the title of the ‘Most affordable real estate developer in Africa committed to building houses to the highest quality standards’.

## Tamale Affordable Housing Project

In 2013 the Affordable Housing Project in Tamale, with funding from REAL UK (a peer-to-peer lending platform for small and medium-sized property developers), began developing a total of 200 two-bedroom detached houses at two locations within the Tamale Metropolitan Area.

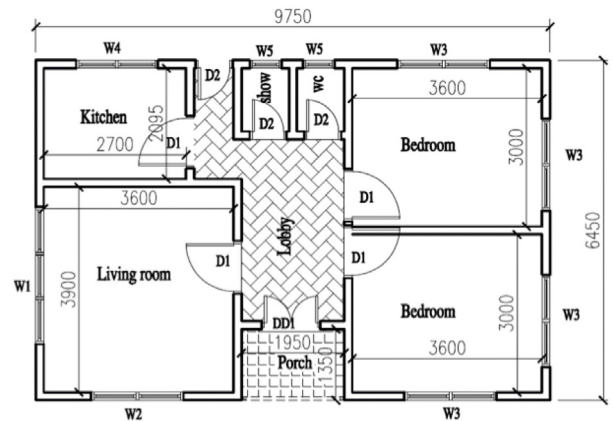
One site belongs to the Tamale Cooperative Credit Union (TCCU), which undertook to develop the properties for its members, while the other was made available by the Tamale Metropolitan Assembly in order to provide housing for interested staff working in its decentralised departments. The Assem-

bly is also installing the required infrastructure at both sites. Potential buyers were required to pay 20% of the unit cost<sup>21</sup> upfront, with the remainder to be paid over five years at an interest rate of 18% per annum. In 2015 the project stalled due to funding issues and the irregular reporting of progress on project implementation. This has since been resolved and, at the time of writing, work was scheduled to resume in June 2016. By the end of April 2016, 100 units were about 65% complete at the TCCU site, a total of 23 units were fully complete at both sites, and the remaining properties were at various stages of completion.

Figure 5 • A TWO-BEDROOM TERRACE HOUSE



PROJECT DATA	
LOCATION	Lahagu
TARGET GROUP	Active poor
TOTAL NUMBER OF UNITS	200 units (100 at each site)
SPECIAL FEATURE	Focus on homeownership support services





### TAMSUF Affordable Housing Project in Ashaiman Municipality

The TAMSUF project, implemented with support from the UN-HABITAT Slum Upgrading Facility (SUF), promoted the development of affordable housing units for the Amui Djor slum community. The primary objective was to develop, test and apply new and innovative means for financing pro-poor urban development projects, with an emphasis on domestic capital mobilisation. UN-Habitat support involved the provision of grants including an initial USD 400,000 for capital enhancement and another USD 100,000 for administration and development (Tweneboa 2011). The project also benefited from a total of GHS 79,714 in subsidies accruing from government's contribution (37%), contributions received from Peoples Dialogue Ghana (43%), and the value of the land (20%).

The project built a total of 31 apartments comprising a mixture of single-room self-contained and two-bedroom apartments. The project determined the costing for building a single-room apartment to total GHS 6,500 but, upon completion of the units, this cost had almost doubled (UN-HABITAT, 2011).

To make the units affordable, they were cross-subsidised through the installation of 15 shop units as well as public toilets and bathing facilities to be rented as business ventures. This reduced the cost of a single self-contained room and two-bedroom apartment to GHS 6,576.68 and GHS 13,157.36 respectively (Tweneboa 2011). Beneficiary households, made an upfront payment of GHS 1,000. To enable them receive loans, they formed a cooperative group and then received loans guaranteed by UN-HABITAT of GHS 1,500 from People's Dialogue<sup>22</sup> and approximately GHS 4,000 from AmalBank, each to be repaid within 10 years. Beneficiaries pay a total of GHS 75 a month to service their loans. Project managers acknowledge key challenges including: access to the land, ability of beneficiaries to service loans, securing credit arrangements for beneficiaries and some members withdrawing membership from the cooperative (Tweneboa 2011). Presently, members of the cooperative are meeting their repayment obligations. Also, importantly, the cooperative has entered into negotiations to purchase land adjoining its current site for the next phase of its housing development.



PROJECT DATA	
LOCATION	Amui Djor
TARGET GROUP	Slum dwellers
TOTAL NUMBER OF UNITS	31 apartments
SPECIAL FEATURE	GHS 79,714 in subsidies
COST	Monthly rent of GHS 75 for a one-bedroom unit and GHS 140 for a two-bedroom unit
MAIN CHALLENGE	Tenure security

## 6 Addressing the challenges of affordable housing



### SIZE OF THE AFFORDABLE HOUSING MARKET

Approximately 85% of households (Figure 3) can afford housing but are currently not considered by formal property developers. The size of the market for affordable housing and the dearth of affordable housing solutions on the market presents a wide range of opportunities – e.g. in financing, direct provision, maintenance and servicing, etc. To benefit from these opportunities, different schemes can be modelled to target specific pro-poor objectives and financing schemes. Market dynamics coupled with population growth and urbanisation provide a significant basis for affordable housing provision in the country in the medium to long term.

When it comes to investing in real estate, the supply gap is now in affordable housing. The density of market demand is, however, unevenly distributed across the country. The major cities present a cross-section of all affordable housing needs and have the highest demand for affordable housing. Similarly, a significant proportion of the estimated GHS 1.2 billion affordable housing market is based in urban areas; in rural areas, the need for affordable housing is more tied to improving housing quality. Affordable housing solutions must therefore be designed to target the specific needs of households in all these different contexts.

### THE HOUSING VALUE CHAIN

Those providing affordable housing need to consider the whole value chain of housing provision, which involves four main stages (Figure 6). The first stage involves land acquisition, planning, design and the acquisition of permits for the proposed housing. The cost of land, administrative processes to acquire titles and permits, and on-site infrastructure constitute the first hurdles to delivering affordable housing. For instance, it takes around three months to secure the land titles for a

plot of land rented under customary tenure, which is not only slow, but also incurs high transaction costs. Cutting the bureaucracy and transaction costs involved would help to accelerate the pace of housing delivery.

The second stage, production and construction, involves three main overarching approaches: home extensions, maintenance and retrofitting, and new home construction.

Figure 6 • THE HOUSING VALUE CHAIN



Home extension, improvement and completion schemes

Households currently living in units above the two-persons-per-room threshold laid down in the new planning and zoning standards are considered to be in need of additional and affordable housing. The understanding underpinning this determinant is that households living as such would rent the additional rooms required to ensure the comfort of household members if they could afford to do so. In urban areas, in particular, a common practice is for relatives to put up with family members until the latter are in a position to rent their own apartments (see Tables 5 and 6). In such cases, it is often children who are most affected by the resulting overcrowding, as it is they who usually have to share their rooms with the new occupants. In worse cases, even the parents also end up having to share their rooms with extended family members. The provision of additional rooms for such households would therefore radically ease congestion.

Overcrowding appears to be more of an urban problem, with the largest proportion of overcrowded

dwelling occurring in the country’s major cities of Accra, Kumasi and Sekondi-Takoradi. Since these cities are hotspots for commercial, administrative and social capital, they attract different kinds of migrants. Those who cannot afford decent housing end up in slums and/or crowded housing conditions. Disposable incomes are, however, higher in urban areas, with more people in a better position on the affordability scale.

As table 15 shows, financing schemes for home improvements and/or extension are an essential component in the suite of solutions that are particularly targeted at low- to middle-income earners. The uptake of the HFC Bofo and Sinapi Aba Trust home financing schemes demonstrates that landlords are willing to take on loans for home improvements and that renters are willing to pay a little more for additional or improved housing facilities. However, the interest rates on these loans limit their accessibility and make the loans more difficult to repay.

Maintenance and Retrofitting

A second line of intervention involves schemes that help households to repair their respective homes and improve the quality of services available to the home. A significant proportion of homes are in an extremely poor condition, requiring major improvement and maintenance works. Such improvements could also include de-crowding measures to ensure that properties meet the two-persons-per-room standard, especially in the country’s northern regions and its slum areas.<sup>24</sup> Clearly, this approach represents a huge opportunity for the market, with microfinance organisations particularly well placed to promote their lending options for home upgrading.<sup>25</sup>

The TAMSUF project’s experience described above suggests that providing rooms in storeyed built-

ings instead of in separate units is viable and is an affordable option for poor households. However, the success of such projects is contingent on huge subsidies and/or cross-subsidies. The SUF’s Kojokrom Market project in Sekondi-Takoradi potentially offers a more sustainable approach to delivering affordable housing for low-income households. The project involved the construction and sale of market stalls to 60 women market vendors and is expected to at least double the incomes of these beneficiaries. As a result, it is not unlikely that these women will now consider upgrading their homes with their extra earnings. This assumption reflects the approach taken by most Ghanaians who tend to access loans for profit-making ventures and then use the returns on these ventures to build or improve their homes.

Construction of new units

Over 100,000 new dwelling units are required annually to house the additional households in Ghana, and a total of 5.7 million additional rooms are needed by 2020. Property investors may wish to build dwelling units themselves or instead, finance the building or purchase of properties.

The new housing could be greenfield developments and come in the form of incremental housing, expandable housing, non-expandable

units or complete units. Delivery options for expandable housing units could include wet core areas or shell and core structures. Based on the housing needs assessment, investors may choose to engage in the provision of expandable housing units, particularly for people in slum areas and for single households who may require additional space. Horizontal incremental housing does, however, conflict with Ghana’s spatial vision of densified cities and the associated preference for vertical home construction.

Standardisation of Labour and Local Building Materials

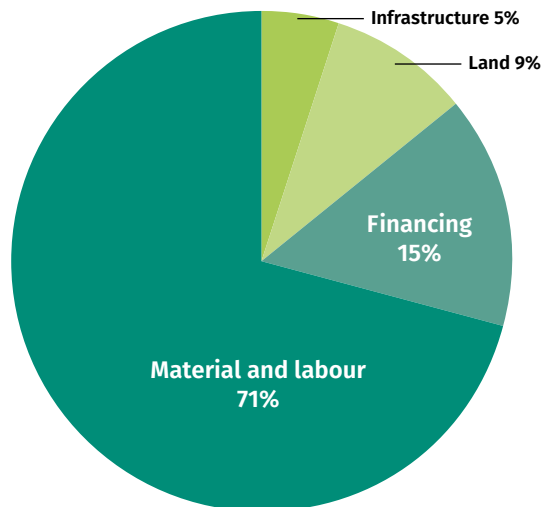
A fourth business model involves the standardisation of construction processes and skills and the development of alternative building materials. The use of locally available building materials, including pozzolana, bamboo, laterite, timber and clay, among others, has the potential to drive down housebuilding costs (Figure 7). Materials and labour constitute over 70% of the cost of housebuilding (UN-HABITAT 2011). The tendency in Ghana is to use sandcrete blocks and cement; a conventional technology that is not only expensive, but also requires longer building construction durations especially for on-site developments. If Ghana is to build the affordable housing it needs, it must therefore find alternative materials and seek ways to reduce built delivery times and labour costs.

The Kumasi-based Buildings and Roads Research Institute has carried out several studies on the use of local building materials. Although several alternatives have been identified and developed, their deployment has yet to be scaled up. And thus, at present, 90% of the building materials used in Ghana are imported (UN-HABITAT, 2011).

The mass utilisation of local building materials could also engender new employment opportunities along the housing value chain (with the caveat

that the standardisation of these materials needs to incorporate sustainability principles). The use of certain locally manufactured building materials such as hydrofoam involves simple step-by-step processes that could easily be assimilated and used by local artisans, unskilled builders and even prospective homeowners themselves. Indeed, certain materials are so easy to use that it would be possible for households to build their own homes. Transferring the knowledge and skills associated with these techniques generates opportunities for micro-entrepreneurship. Skills training programmes would also ensure that the quality and standards required for large construction projects can readily be sourced locally.

Figure 7 • COST COMPONENTS OF A TYPICAL HOUSE BUILT BY FORMAL PRIVATE SECTOR



Source: UN-Habitat (2011)



Table 13 • MATRIX OF BUSINESS OPPORTUNITIES

INTERNATIONAL FIRMS	LOCAL MICRO, SMALL AND MEDIUM-SIZED COMPANIES	PUBLIC INSTITUTIONS	FINANCIAL INSTITUTIONS (BANKS, MFIS, ETC.)
Leading bids for new housing development projects (e.g. workforce accommodation schemes for security services)	Providing local building material inputs	Promoting land banks and mixed building schemes for both low-income and luxury apartments that allow for cross-subsidy	Providing financing schemes and mortgages for housing construction
Providing advanced technical know-how, machinery or building materials to local partners	Sub-contracting works or building-related services out from larger firms	Setting up joint ventures with international and local companies to build low- and middle-income housing developments	Offering MFIs schemes for home maintenance, upgrading and extension, and the purchase of home accessories including renewable energy technologies
Transferring successful business models for low- and middle-income housing to the local market	Participating in building maintenance	Research and training programmes on the use of local building materials and technologies	—
Building large-scale market-specific affordable housing developments	Providing insights on local market conditions to international firms	—	—
Working with building material wholesalers to market innovative construction materials and inputs	Directly supplying building material inputs, photovoltaics, etc. to households via local distribution agents	—	—
—	Providing building materials and services to local developers	—	—
—	Working with building material wholesalers to market innovative construction materials and inputs	—	—
—	Providing retrofitting services for existing buildings	—	—

STRATEGIES FOR AFFORDABLE HOUSING DELIVERY

Labour and materials

Figure 7 on the cost of housing suggests alternative yet complementary ways of dealing with housing affordability. At first glance, labour and materials together constitute the largest cost. However, a significant proportion (90%) of the building materials used in Ghana are imported and are thus affected by the weakening currency and inflationary pressures, which substantially increase the costs of housebuilding. For housing to be affordable to prospective low-income households, import substitution – where imported building materials are substituted with locally available and/or produced ones – is essential. In the absence of an explicit policy imperative, a public discussion is needed on building materials, the results of which can be used to guide policy directions, including fiscal measures to direct and stimulate import substitution.

Similar to building materials and labour, construction methods also have a role to play in reducing build costs. In Ghana, building technologies have remained practically unchanged for several decades now and this stasis is preventing the housebuilding sector from profiting from economies of scale. By standardising their construction methods and design elements, such as heights and fixtures, housebuilders could minimise costs and also increase productivity as workers gain experience from repeating work processes. Further savings are possible through the mass production of building components off-site (pre-fabrication). Today’s fragmented building materials supply chain also needs to be made more efficient so it can complement improvements in materials.

Land supply and location

Access to land in good locations is essential for reducing the cost of housing. Since it is usually the largest single item of real-estate expenditure, the cost of securing serviced land will directly affect the cost of the housing built on it. Land values in the major cities are extremely high, driving all new housing developments to these cities’ peripheries where land is relatively cheaper. Yet, within the cities a number of suitable sites are presently underutilised or in some cases vacant. Underutilised and vacant lands belonging to the state could be leased to private develo-

pers with contractual conditions that require a percentage of the development to be given over to affordable housing.

Land administration and registration often involves long and difficult bureaucratic processes and often results in high transaction costs. Consequently, most houses are constructed without building permits or on lands without titles. This, in turn, limits the ability of those owning homes on such sites to access the housing finance that would normally be available to them.

Financing

The average interest on mortgages available to prospective homeowners ranges from 30% to 42% per annum. This is unaffordable for the majority of the population and especially for low-income households. This situation is not exclusive to the housing sector per se, but reflects the general cost of borrowing in Ghana. Efforts to tackle this issue therefore largely involve public policy. Improvements in underwriting would help

banks to safely make more housing loans available to lower-income borrowers. Additionally, the state could help to minimise developers’ financing costs by making affordable housing projects less risky – e.g. by guaranteeing a certain percentage of the housing cost to protect developers against losses incurred by buyers or tenants defaulting on their payments for finished units.

Urban infrastructure and municipal services

In Ghana, a critical question for developers is exactly who will bear the cost of both on and off-site infrastructure (i.e. roads, waste management, water and electricity). The current ambiguity to this regard compels private developers to pay the installation costs and then pass them on to homebuyers. As such, the prices of

properties developed by the formal private sector in areas with no existing trunk infrastructure are pushed even higher. A cost sharing and/or cost recovery arrangement between the public sector and private developers would incentivise private sector participation to install these kinds of facilities.

MAKING HOUSING AFFORDABLE

Senegal has rolled out a number of initiatives to make housing affordable as part of its One Family, One Roof programme. These involve providing potential homebuilders with incentives – namely, free land and tax holidays for imported construction equipment – as well as a 3.3% subsidy for target homebuyers purchasing the properties. However, to enjoy these benefits, individual units must not cost more than USD 15,500 (CAHF 2012).

Box 4 • MAKING HOUSING AFFORDABLE

## Customer and value proposition



***This section of the report presents sampled views of experts and slum dwellers on affordable housing.***

### **Views on affordable housing: Ellen Oteng Nsiah, Executive Director, Housing the Masses**

In my view, the term affordable housing in Ghana has been misused. Housing affordability is commonly measured as housing costs that equate to up to 30% of one's income. However, what may be affordable for a middle-income earner, may not be for a low-income earner. It is therefore preferable to use the term low-income housing, in order to specifically describe the target group under discussion. As such, the term affordable housing should be used for general purposes to describe decent and adequate housing that consumes one third or less of your income, no matter what income group you fall in. The term should not, however, be used to describe the housing of a particular socio-economic group: affordable housing does not equate to low-income housing.

### **Affordable housing solutions**

With the active support and participation of government, relevant stakeholders must make a conscious effort to initiate, coordinate and collaborate on both the demand and supply sides of housing provision, especially that for low-income groups. Secondly, comprehensive and diverse solutions need to be developed, including incremental provisions, that are tailored to the housing needs of the various income and socio-cultural groups. Sustainable financing must also be put in place for both the demand and supply sides of housing.

To enable sustainable housing provision for all income groups, but particularly for low-income groups, the country's land regulators and authorities need to develop a short, transparent, cheaper and better-supervised land acquisition process. Financing and subsidies should be made available to both the demand and supply sides, and the capacities of stakeholders need to be developed in a sustainable way that, enables those in the formal and informal sectors to work together effectively. Sector professionals also need to be made aware of how to make housebuilding profitable, which will encourage them to build more. Where necessary, this would involve training and informing stakeholders on how to deliver and acquire affordable housing and especially low-income housing. The government should also take a lead role in promoting stakeholder collaboration and instilling the confidence required to make housing truly affordable to all and especially to people on low-incomes.

### **Challenges to private sector provision of affordable housing**

One of the several factors that have made the private sector reluctant to invest in affordable housing is the lack of adequate financing for affordable housing, especially low-income housing, on both the demand and supply sides. Another is that not all stakeholders are prepared to work in the low-income housing sector, as they consider

the low-income market, rooted generally in the informal economy, to be a high-risk area. There is also a lack of adequate experience among formal and professional actors in Ghana's wider housing sector of working effectively, sustainably and successfully with low-income earners. Low-income earners and informal sector workers also often have no experience of formal sector business transactions and processes, which can deter them from engaging with the formal housing sector for their housing needs, even when they have the resources to do so. As a result, the market remains too small to attract the attention of private sector investors.

### **Key barriers to affordable housing projects**

Key barriers include cumbersome land acquisition processes that make land and thus housing more expensive, insufficient financing for both the demand and supply sides of housing that is also difficult to access, and the inappropriate options, designs and materials offered for low-income housing.

### **Views on affordable housing: Tony Asare, Principal Architect at Tekton Consult**

Asare asserts that the definition of affordable housing is not static and should be better described as low-income housing rather than affordable housing. The inference is that it is easier to determine what constitutes low income and thus a low-income household, and hence to target interventions at this market segment. When it comes to the concept of affordability, he states that what is affordable to him will not be affordable to many other people. Asare explains that he has designed buildings worth USD 1.6 million for clients who view them as affordable. Meanwhile, less expensive schemes costing in the region of USD 100,000 are deemed unaffordable by other clients.

Asare believes that we are behaving like ostriches. When one considers the current daily minimum wage in Ghana and compares that against the cost of housing, it means some people will never be able to afford their own housing in their life time. Government must therefore step in to build homes for low-income people, especially those in urban areas.

### **Challenges to affordable housing and alternative propositions**

- **Land:** Without considerable financial engineering, the cost of urban land in Ghana will prohibit the construction of affordable housing, and securing vacant plots in the cities is also difficult. Furthermore, obtaining the appropriate land titles and documentation can also be a challenge. As Asare states 'every poor man wants to build a mansion so they build little by little'. To do this, they build far away from the city where infrastructure is lacking but land is cheap.
- **Building materials:** A key concern regarding the use of improved local building materials is their acceptability to potential homebuyers. The type and use of alternative materials is influenced by people's preferences, culture and perceptions of quality. For instance, in urban areas people generally prefer sandcrete blocks. Glass has also become a mark of modernity in the cities. If alternative building materials are to be taken up on a large scale, public acceptability issues – a key constraint on the scaling up of local building material deployment – must be comprehensively managed.

There are other factors that limit the use of say compressed earth blocks. Given the lack of open land in the cities, there are questions about where the earth will be extracted from. If it is brought in from rural areas, the cost of transporting raw materials may outweigh the cost savings normally achieved by the technology.

Another way of reducing the cost of building materials is through targeted fiscal policy measures that would cut taxes on materials being imported specifically to build cheap affordable housing.

- **Design:** The way housing is designed can make it affordable. Building layouts and configurations, and designing and arranging regular geometric and functional spaces all contribute to making housing affordable. A building's economics must therefore be factored into its design.



• **Infrastructure:** Many sites and newly emerging settlements lack infrastructure and municipal services. When a settlement lacks adequate infrastructure, it easily becomes depressed. In settlements or estates built by the private sector, the cost of providing the required infrastructure, including roads and electricity, is transferred to the end-customer, which drastically increases house prices and rents. Further discussion is therefore required on who should pay to install infrastructure in unserved and underserved areas. Under the current system, any privately purchased electricity poles and wiring that are installed to connect a house or settlement to the main electrical supply, automatically revert to public ownership within 24 hours of installation. Any national discussion to this regard should focus on expanding access to public infrastructure and on how this will be financed. A policy change that requires government to provide on-site infrastructure will mean that housing developments can be built on serviced plots. An arrangement for pre-financing public infrastructure installation costs might also be put in place to stimulate private sector interest in providing serviced plots for sale.

• **Financing:** Interest rates on mortgages are very high, commonly ranging from 32% to 45% per annum. By contrast, in Senegal, where the inflation rate stands at less than 7%, average mortgage interest rates vary from 8% to 12% per annum. The macro-economic climate means that investors can invest in housing with relatively more certainty. Asare states, for example, that he has had clients seeking to buy properties in Ghana but, when it comes to taking out the required mortgage, they decided not to proceed due to the exorbitant cost of borrowing.

**Reluctance of the private sector to provide affordable housing?**

The primary motivation for private sector actors to invest in housing is to make a profit. They therefore naturally seek to invest in the high end of the market where there is less risk and higher returns on investment. The private for profit actor will not sell a house with a market value of USD 100,000 for USD 60,000 just because of a desire to make it affordable. One way to encourage affordable development is to build planning conditions and obligations into contractual agreements that require developers to develop a specified proportion of the proposed overall scheme as affordable housing.

**HARUNA ABU**



**Background**

Haruna is 35 years old and lives in Old Fadama, one of the major slum settlements in the Greater Accra Metropolitan Region. He is the head of his household, comprising seven people, and owns the four-bedroom house in which they currently reside. Before moving to Old Fadama, Haruna lived at Lungbunga in the Tolon District of the Northern Region with his grandfather, parents and siblings – a household comprising 20 people.

**Physical infrastructure**

At his current residence, Haruna has easy access to water, electricity and sanitation services including a private household toilet facility and bathroom.

**Income and expenditure**

Haruna is employed as an administrator in the informal sector. With a monthly household income of GHS 1,000, his monthly household expenditure averages 40% (GHS 400), which is spent on, among others things; food, water, electricity, transport and health care.

**Housing and land**

Haruna owns his four-bedroom house, which comprises two structures: one built with sandcrete and the other with wood. However, the land on which these structures are built belongs to the Accra Metropolitan Assembly, which means that his house in Old Fadama is in effect a temporary structure.

The main factors that influenced the location of this house were its proximity to Haruna’s workplace, how protected the area is from flooding and, above all, the low cost of the housing unit.

**Perceptions of affordable housing**

Haruna pointed out that too many housing schemes have been built for the formal and higher-earning income groups and that informal and lower-income earning groups have been neglected. He emphasised that, although several affordable housing interventions are ongoing in Ghana, the costs and administrative/legal issues involved make it impossible for informal sector practitioners like himself to participate. For Haruna, affordable housing should have basic finishing and a moderate price that is affordable for the poor in society and that can feasibly be paid off within five years. He added that, over the years, government has developed a number of affordable housing schemes but, by the time they are completed, the cost of their housing units is no longer affordable, especially to the lower-income group to which he belongs. His opinion is that, unless mechanisms are put in place to enable the poor to overcome the cost and administrative/legal hurdles to accessing affordable housing units, the poor will continue to be marginalised in this area. ‘The government pretends to be providing affordable housing units; we will also pretend to be receiving them while we sleep on the streets’, he concluded.

**Household members**

NO	NAME	AGE	OCCUPATION	MONTHLY INCOME (GHS)
1	Majeed Yakubu	36	Computer engineer	500
2	Sulemana William	45	Unemployed	—
3	Abigail Frimpong	23	Student	—
4	Zakaria Adam	20	Student	—
5	Sadeek Yakubu	15	Student	—
6	Alhassan Abukari	12	Unemployed	—
7	Haruna Abu (head of household)	35	Administrator	1000

Photo: Prime-Stat SVC Ltd.





## MARVIN SALIFU



### Background

Marvin is 24 years old, lives in Kokomlemle, around the Kwame Nkrumah Circle, and works for a security firm as a daytime security guard. He lives independently in a single room. Prior to moving to Accra, Marvin lived at Breman in Ashanti Region where he lived with his family in a household of six people.

### Physical infrastructure

At his current residence, Marvin has easy access to water, electricity and sanitation services such as a toilet facility and a bathroom, all contained within his house's compound.

### Income and expenditure

Marvin is employed by a formal sector private security company as a daytime security guard and earns an average monthly income of GHS 150. He spends on average GHS 120 per month on food, clothing, water and transportation.

### Housing and land

Marvin lives in a one-bedroom apartment built of sandcrete that is owned by his employer. There are six other rooms, one of which is occupied by another tenant and the rest unoccupied. His accommodation, which is provided by his employer, is included as part of his employment contract, so he does not pay rent.

A block of offices belonging to his employer is located on the same site as his dwelling. Key factors that influenced his choice of accommodation were the cost of the housing unit, its proximity to his place of work and the easy access it affords to basic facilities and services such as electricity, water and sanitation services.

### Perceptions of affordable housing

Marvin indicated that housing in Ghana is very expensive and tailor-made for the higher-income group. He added that government interventions to address the great disparity in access have, so far, not delivered the desired results and that, 'All the so-called affordable houses are not in any case affordable'. He expressed the need for government to build mass housing schemes that offer units to low-income groups at a cost they can afford. In conclusion, he indicated that 'while the cost of housing in Ghana keeps rising, the government will never manage to get everybody off the streets'.

Photos: Prime-Stat SVC Ltd.

## RASHIDA MAHAMUD



### Background

Rashida is 34 years old and was born and still resides in Ashaiman, a well-known shanty town in Ghana made up of lower-income households. She belongs to a male-headed household comprising 10 people who live together in a wooden structure owned by her father.

### Physical infrastructure

Rashida's home is supplied with electricity, which costs her household GHS 40 per month. The main source of water for Rashida's household is a community pipe where one bucket of water costs GHS 0.50. On average, her household spends GHS 90 a month on water, which they use for bathing, cooking and washing. Rashida's home has a bathroom but no toilet facility. Her household therefore uses a public facility that is distant from the house and costs GHS 0.50 per visit. On average, her household spends about GHS 150 on accessing the toilet facility monthly.

### Income and expenditure

The average monthly income for Rashida's household is GHS 2,800. On average, GHS 900 of this is spent each month on food, clothing, water, transport, and in accessing sanitation services.

### Housing and land

Rashida's dwelling has five rooms and the land it sits on belongs to the Tema Traditional Council. As such, she considers her dwelling to be a temporary structure and fears that her household could be evicted at any time by the Council. The key factors influencing her choice of a housing unit are, most importantly, how much it costs and then how close it is to her place of work, how well protected it is from flooding, and how easy it is to access basic facilities such as electricity, water and sanitation.

### Perceptions of affordable housing

Rashida indicated that housing in Ghana is not easily accessible and, even when it is, it is very expensive. She added that affordable housing in Ghana is not 'affordable' for poor and low-income earners. She expressed the need for government to subsidise up to 20% of the cost of housing units and to provide occupants with a rent-to-own financing model that enables them to pay for their affordable housing units. In conclusion, she indicated that, when the term 'affordable' is applied to housing, the poor should be able to afford it. The system should be so inclusive that even a sachet water seller would be able secure a place to live and pay for over time.

### Household members

NO	NAME	AGE	OCCUPATION	MONTHLY INCOME (GHS)
1	Mohammed Mahamud (head of household)	71	Trader	1,000.00
2	Rukayatu Mahamud	55	Trader	200.00
3	Ibrahim Mahamud	38	Carpenter	500.00
4	Yussif Mahamud	36	Port assistant	300.00
5	Rashida Mahamud	34	Seamstress	500.00
6	Fatau Mahamud	27	Student (tertiary)	-
7	Selasi Mahamud	23	Office assistant	300.00
8	Ayuba Mahamud	20	Unemployed	-
9	Barikisu Mahamud	19	Student (Senior High School)	-
10	Fauzan Mahamud	13	Student (Junior High School)	-



8

## Financing mechanisms available for affordable housing

***There is a two-way relationship between the structure of the housing market and land administration on the one hand and the financing mechanisms available to developers and prospective homeowners on the other. A well-structured land and housing market enables the provision of formal financing mechanisms for housing; but when the market functions poorly, informal mechanisms prevail. Sources of funding in the Ghanaian property sector and particularly in the informal sector are derived largely from personal savings and income. Formal financing schemes largely price out low-income earners.***

### SELF-FINANCING

A large proportion of housing in Ghana is supplied informally by households for themselves and their families, for extended family members and also for rent. In rural areas 62.1% of households own their places of abode, compared with 32.8% in urban Ghana (GSS 2014), with dwellings construction largely financed using personal savings (UN-HABITAT, 2011). About a third of households have savings accounts or contribute to a savings scheme, with 46.4% of urban households compared to 21.5% of rural households operating a savings account. PricewaterhouseCoopers (Ghana) Ltd. reported that, in 2011, 80% of Ghanaians were non-banked, which underlines the challenge housing finance agencies face in rolling out financing programmes in the country.

Given the national average household income of GHS 16,644.60 per annum (GSS 2014), households need to save consistently for quite a number of years to be in the position to build their own housing, meaning people do not become homeowners until well into their middle age. In 1993, UN-HABITAT (2011) identified the mean age group for becoming a homeowner in Accra, Kumasi and Berekum to be the 45- to 49-year-olds group.

Incremental housing is a piecemeal building approach, which makes it possible for low-income earners to build their homes either horizontally or vertically one stage at a time. To understand the timescales involved, a civil servant on an average wage who adopts this approach will usually have fully completed their building towards the end of his or her career.

## LOANS FROM INFORMAL BORROWING, NON-FINANCIAL INSTITUTIONS AND BANKS

In general, few Ghanaians take out loans for housing and in rural households in particular uptake is markedly low (Table 15). Instead people prefer to engage in business, either as a start-up or by expanding/improving existing activities. Proceeds from these ventures are then invested in housing development. Arguably, improving the quality of one's housing does not provide direct short-term returns on investment, whereas in-

vesting loans in commercial activities certainly does offer opportunities for a quick return on investment as well as a steady stream of income. Informal sector workers therefore seek loans for business rather than for housing (Shumann and Miamidian 2009). For slum dwellers, there is less motivation to carry out home improvements because of the insecurity of their tenure.

Table 14 • TOP FIVE SOURCES OF HOUSEHOLD LOANS IN 2008 AND 2014

2008		2014	
SOURCE	PERCENTAGE	SOURCE	PERCENTAGE
Relative/friend/neighbour	53.35	Relative/friend/neighbour	22.0
Trader	15.3	Savings and loans scheme	19.6
State bank	8.3	Private bank	18.6
Private bank	6.45	Public bank	12.2
Cooperative	4	Susu scheme	7.9

Source: compiled using data from the GLSS 5 and GLSS 6 reports.

Table 15 • PURPOSES FOR WHICH LOANS WERE TAKEN OUT

	2008			2014		
	GAMA	ALL URBAN	ALL RURAL	GAMA	ALL URBAN	ALL RURAL
LAND <sup>26</sup>	—	—	—	26.3	81.9	18.1
AGRICULTURAL INPUTS	1.2	2.5	12.3	0	19.3	80.7
BUSINESS	35.7	35.1	27.1	9.2	62.0	38.0
HOUSING	10.8	17.7	3.9	7.7	72.6	27.4
EDUCATION AND TRAINING	16.7	13.5	6.5	6.3	51.8	48.2
VEHICULAR	1.9	1.5	0.8	24.3	64.5	35.5

Source: GSS (2008 and 2014).

As Table 14 shows, micro-loans provided by non-bank financial institutions (NBFIs) are an essential component of the loan mix reported in 2014. The efforts of such institutions (namely credit unions and savings and loan companies) to establish financing portfolios are usually targeted at low-income households. Loan products usually support land purchase or home completion, improvements or extension. HFC Bofo Susu Savings, an informal-sector-focused subsidiary of HFC Bank, was established expressly in order to provide housing loans to informal workers. It is currently attempting to diversify its loan portfolio by extending its services to landlords, increasing its marketing targeted at informal urban dwellers and widening its geographical area of operations (UN-HABITAT 2011).

In a similar vein, Sinapi Aba Savings and Loans Ltd received USD 1 million of USAID funding, disbursed via Opportunity International USA, as part of the Agency's 2010 housing microfinance pilot initiative involving Sinapi Aba and International Land Systems. Under the two-year scheme, Sinapi Aba provided housing microloans while International Land Systems provided site plans to beneficiaries in the Ashanti and Brong-Ahafo regions. Following the success of the pilot, Sinapi Aba has sought alternative sources of funding to continue the programme.

In 2012 a second initiative got underway aimed at promoting the growth of housing microfinance and incremental housebuilding. Funded by MasterCard and Habitat for Humanity International Ghana, this USD 2.2 million five-year pilot project engaged three microfinance companies – Sinapi Aba Savings and Loans Ltd, uniCredit Ghana Ltd and Opportunity International Savings and Loans Ltd – in providing technical support for the development of housing microloan products (CAHF 2015).

However, after the pilot project closed, only Sinapi Aba Savings and Loans was able to sustain its activities, with the other two MFIs withdrawing, citing a lack of funds to progress the initiative. As such, some 20,000 housing microloans for low-income earners in mainly rural areas failed to be issued as planned (CAHF, 2015).

Kumasi-based Global Access Savings and Loans Ltd offers housing microfinance loans to low-income earners in both urban and rural areas of the Ashanti Region, while Opportunity International Savings and Loans Ltd offers loans for home improvement and incremental building. These two institutions are among the top ten microfinance institutions in the country.

Interest rates on housing loans in 2015 range from 36% to 42% per annum at HFC Bofo Susu Savings and Loans, Global Access and Sinapi Aba, with loan ceilings set at USD 26,155, USD 13,077 and USD 5,230 respectively (Bezant and Laufer, 2016).

Other NBFIs are doing things differently. Several credit unions are venturing into housing financing, providing loans to members for the acquisition of land, which is usually located in peri-urban areas. The credit unions adopting this approach are mainly those operated by churches or professional unions. Besides issuing loans for home completion or improvement, loans may also be granted in the form of land. For example, the University for Development Studies and Tamale Cooperative Credit Union have acquired large tracts of land in Tamale, plots of which could be allocated directly to members. However, at present, it is not possible to determine the sum total of loans issued by credit unions specifically for housing. However, the Ghana Cooperative Credit Unions Association currently reports a membership of over 429 registered unions.

Table 16 • LOAN PORTFOLIO OF THE TOP FOUR NBFIS IN 2013

INSTITUTION	GROSS LOAN PORTFOLIO (GHS)
SINAPI ABA SAVINGS AND LOANS LTD	57,838,603
ASA SAVINGS AND LOANS LTD	36,218,600
OPPORTUNITY INTERNATIONAL SAVINGS AND LOANS LTD	56,590,868
FIRST ALLIED SAVINGS AND LOANS LTD	27,673,205

Source: compiled from <http://www.mftransparency.org/>

Table 17 • THE GHANAIAN MORTGAGE MARKET IN 2013

	PORTFOLIO IN USD MILLIONS	MARKET SHARE (%)
GHANA HOME LOANS	84	47
HFC BANK	47	27
FIDELITY BANK	24	14
CAL BANK	6	3
GHANA COMMERCIAL BANK	4	2
BARCLAYS BANK	12	7
TOTAL	177	100

Source: GHL 2013.<sup>30</sup>

Table 18 • INTEREST ON MORTGAGES FROM SELECTED BANKS (SEPTEMBER, 2016)

NO	BANK	ANNUAL INTEREST RATE
1	Bank of Baroda	24.5-28.8%
2	CAL Bank	35.3%
3	EcoBank	19.0-29.3%
4	GN Bank <sup>27</sup>	0%
5	HFC Bank	29.7 – 30.3%
6	Stanbic Bank	23.0-32.0%
7	Zenith Bank	29%

Source: Bank of Ghana 2016.

## MORTGAGES FROM BANKS AND NON-BANK INSTITUTIONS

Of the 31 banks operating in Ghana, nine have official status as providers of mortgage facilities to customers – namely Access Bank Ghana, Bank of Baroda, Ecobank Ghana, HFC Bank Ghana, Fidelity Bank, CAL Bank, Stanbic Bank Ghana, First National Bank Ghana and United Bank for Africa Ghana. Each of these banks offers products across four main categories. The most popular product is the home purchase mortgage, which is used for buying new houses and requires the borrower to make a 20% down payment, with the bank providing a loan to cover the remaining 80%. The repayment period is usually 20 years. The next two products, home improvement and home completion mortgages, have a shorter repayment period of five years and are used to either renovate an existing property or complete a house under construction. The fourth product, the home equity mortgage, is, as the name suggests, used to release equity locked up in a property.

HFC Bank, Ghana's largest mortgage provider, has always asserted that it provides housing finance for workers. However, the cost of its mortgages price out most of its intended customer base, making their mortgages the reserve of 'low-risk'

borrowers. As a result of this exclusion, mortgages have become unpopular among homebuyers. The total value of mortgages in the country as at 2010 averaged 0.25% of GDP, whereas South Africa with a more developed housing finance market stood at 22.5% of GDP in 2014 (CAHF 2015).

Ghana Home Loans (GHL), which is transitioning from the non-banking sector to the banking sector,<sup>28</sup> is the leading residential mortgage lender, with nearly half of the market share nationally. In 2014 GHL granted loans worth a total of USD 91,080,000 to 1,526 customers. This increased to USD 97,100,000 issued to a total of 1,651 beneficiaries in 2015 (GHL 2016, unpublished data).<sup>29</sup> Since it began its operations, GHL has provided home financing worth a total of USD 160,000,000. The company provides additional packages to customers including 100% mortgages and land purchase and homebuilding mortgages.



# REMITTANCES

In recent years' remittances from abroad, in particular from Europe and North America, have begun to play a role in housing finance. Sent to family members for diverse purposes, remittances are now Ghana's third largest single source of foreign exchange earnings after gold and cocoa. In 2011 total remittances<sup>31</sup> into the country amounted to USD 2.2 billion, a figure that dropped slightly to USD 1.97 billion in 2013. Although the proportion of these remittances that is spent on housing is

unknown, remittances are an increasingly important factor in homeownership in Ghana (UN-HABITAT, 2011). Yeboah (2003), for instance, asserts that Ghanaians living abroad now own half of the new housing stock in Accra. However, given that the proportion of remittances actually being spent on housing has yet to be accurately quantified, it is difficult to determine the real extent of self-financed housing in Ghana.

# PUBLIC BUDGETARY ALLOCATIONS, SUBSIDIES AND COLLABORATIVE EFFORTS

Central government makes budgetary allocations to the Ministry of Water Resources, Works and Housing (MWRWH) according to the proposed programmes in its medium-term expenditure framework. The MWRWH also uses this framework to determine how it allocates its annual budgetary resources to specific areas. Often the World Bank and UN-HABITAT contribute resources to augment these budgets; however, their funding is project specific.

Since 2010 the MWRWH has adopted a land-bank approach to affordable housing where it acquires and banks (i.e. sets aside for later development) large tracts of land. Private developers are permitted to build on these lands free of charge on condition that they provide a contractually specified volume of affordable housing on the site.

# 9 Key stakeholders in the affordable housing market



**To identify the various key stakeholders involved in affordable housing in Ghana, the authors of this report have examined the housing sector in general and the affordable housing in particular, focusing specifically on those involved in, among other things, affordable housing policy, regulation, financing, construction, and end-use.**

Regarding the functional relations existing among stakeholders, Ghana's 2015 National Housing Policy (p. 28) acknowledges that, 'institutional arrangements within the housing sector remain fragmented, inconsistent with existing regulations and inadequately funded.' As

Figure 8 shows, multiple actors are involved in the affordable housing sector – in construction, financing, regulation, infrastructure installation and service provision – and have varying roles and functions.

**Figure 8 • IDENTIFIED HOUSING SECTOR STAKEHOLDERS IN GHANA**

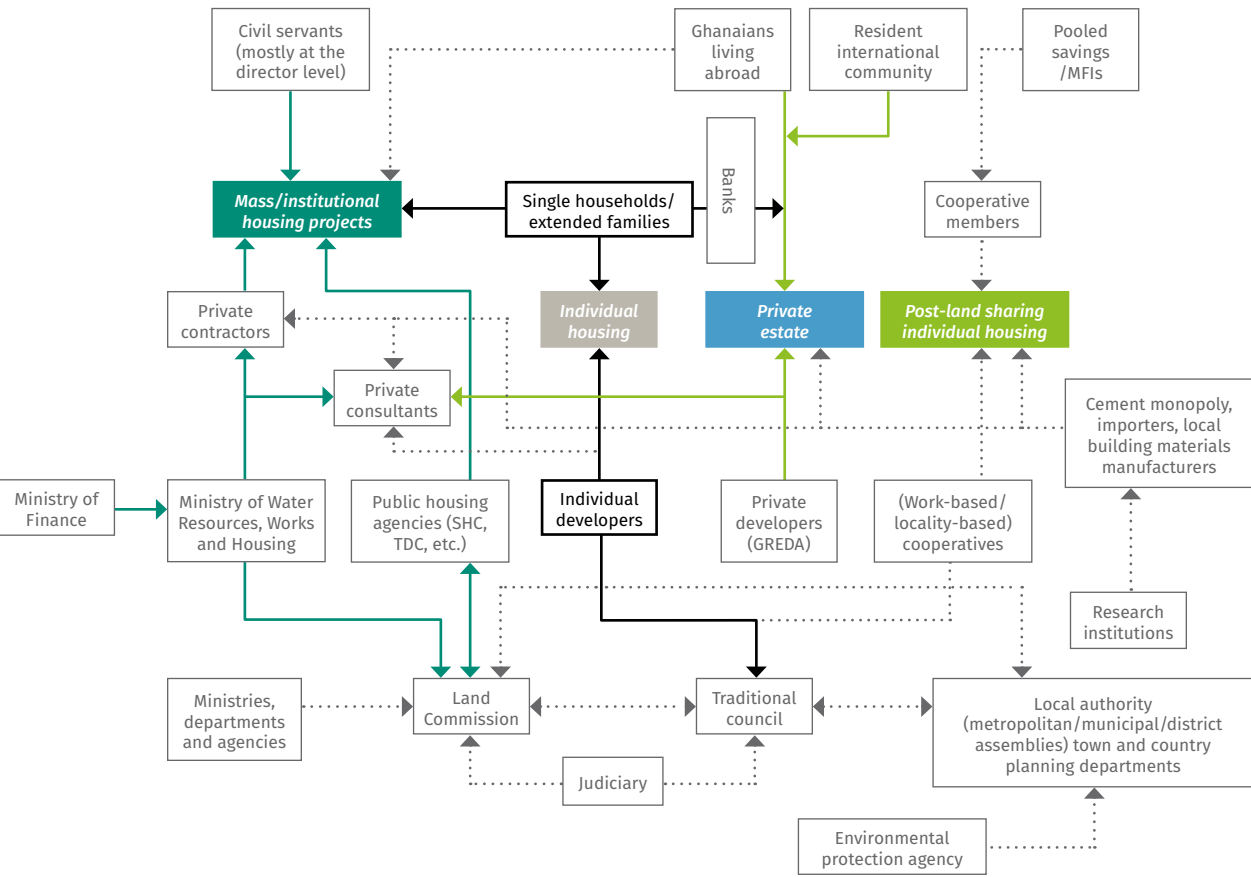


Table 19 • INSTITUTIONAL ARRANGEMENT OF THE AFFORDABLE HOUSING SECTOR

LEVEL ELEMENT	STATE	PRIVATE	COOPERATIVE/ COMMUNAL/INFORMAL
LAND MANAGEMENT	<ul style="list-style-type: none"><li>• Lands Commission</li><li>• judiciary system</li><li>• Land Administration Project (LAP) Internal Revenue Service (IRS)</li></ul>	<ul style="list-style-type: none"><li>• individual freehold (limited)</li></ul>	<ul style="list-style-type: none"><li>• Land Secretariat of Chiefs, Family and Clan Heads and Elders</li><li>• traditional councils</li></ul>
PLANNING	<ul style="list-style-type: none"><li>• Town and Country Planning Department</li><li>• Tema Development Corporation (TDC)</li><li>• State Housing Company (SHC)</li><li>• Land Use Planning and Management Project (LUPMP)</li></ul>	<ul style="list-style-type: none"><li>• private developers</li><li>• consultants</li><li>• Tema Housing Cooperative Society, (Amui Djour Cooperative, etc.)</li><li>• Employee groups: IRS, Ghana Standards Board Staff Association, Volta Aluminium Company Staff Housing Cooperative, Circle Neoplan Drivers' Association</li><li>• Professional groups: Ghana National Association of Teachers (GNAT), Ghana Medical Association, Ghana Registered Nurses</li><li>• Faith-based groups: Church of Pentecost (McKeown Investment Co. Ltd), Assemblies of God</li></ul>	<ul style="list-style-type: none"><li>• partnerships of chiefs/family heads and surveyors/planners</li></ul>
SERVICING	<ul style="list-style-type: none"><li>• Department of Urban Roads</li><li>• Ghana Water Company Ltd</li><li>• Electricity Company, Ghana</li><li>• TDC</li><li>• Ministry for Local Government and Rural Development's Urban Infrastructure Projects</li><li>• Metropolitan, Municipal and District Assemblies' (MMDA) annual infrastructure extension plans</li></ul>	<ul style="list-style-type: none"><li>• PS Global</li><li>• Elite Kingdom</li><li>• International Land Development Company</li></ul>	-
FINANCE	<ul style="list-style-type: none"><li>• Ministry of Finance and Economic Planning</li><li>• the World Bank</li><li>• UN-HABITAT</li><li>• French Development Agency (AFD)</li><li>• etc. (for loans and grants)</li></ul>	<ul style="list-style-type: none"><li>• Ghana Home Loans</li><li>• Fidelity Bank</li><li>• Ecobank</li><li>• Other commercial banks (for construction loans and mortgages)</li></ul>	<ul style="list-style-type: none"><li>• Savings groups</li></ul>
DEVELOPMENT CONTROL	<ul style="list-style-type: none"><li>• MMDAs' works departments</li><li>• police</li><li>• National Disaster Management Organisation</li><li>• judiciary</li></ul>	-	<ul style="list-style-type: none"><li>• Land guards</li></ul>
HOUSEBUILDING AND MAINTENANCE	<ul style="list-style-type: none"><li>• SHC</li><li>• TDC</li><li>• Public Works Department</li><li>• Social Security and National Insurance Trust (SSNIT)</li><li>• Architecture and Engineering Services Ltd</li></ul>	<ul style="list-style-type: none"><li>• GREDA</li><li>• international developers</li><li>• contractors</li><li>• consultants</li></ul>	<ul style="list-style-type: none"><li>• Individuals</li><li>• prospective tenants</li><li>• Water and Sanitation for Africa</li></ul>
HOUSING TENURE	<ul style="list-style-type: none"><li>• Rent control department</li><li>• courts</li></ul>	<ul style="list-style-type: none"><li>• Foreclosure</li></ul>	<ul style="list-style-type: none"><li>• Rent-free status (extended family support)</li></ul>
FINANCE (LOCAL)	<ul style="list-style-type: none"><li>• Bank of Ghana</li><li>• SSNIT</li><li>• Public Servants' Housing Loans Scheme Board</li></ul>	<ul style="list-style-type: none"><li>• Ghana Home Loans</li><li>• Fidelity Bank</li><li>• microfinance banks</li><li>• Ghana Microfinance Institutions Network</li><li>• Tier 3 Pension Scheme funds</li><li>• life insurance funds</li><li>• HFC Bank (reducing mortgage operations)</li></ul>	<ul style="list-style-type: none"><li>• Susu scheme</li><li>• credit unions</li><li>• Teachers Fund</li><li>• Nurses Housing Fund</li><li>• Ghana Federation of the Urban Poor's Housing and Land Savings Scheme</li><li>• the pooled funds of formal/informal vocation-based and other cooperatives</li></ul>
BUILDING MATERIALS	<ul style="list-style-type: none"><li>• Ghana Standards Board</li><li>• the Mining sub-sector of the Ministry of Lands and Natural Resources</li></ul>	<ul style="list-style-type: none"><li>• local steel tycoons (Kwasi Oppong, etc.)</li><li>• importers of tiles, glass and plumbing fittings</li><li>• Chinese warehousing/retailing</li><li>• paints, pipes and plastics (part import/ part local manufacturing)</li><li>• aluminium sector (local manufacturers)</li><li>• Cement:<ul style="list-style-type: none"><li>• Ghacem Ltd</li><li>• Dangote Cement (re-bagging)</li><li>• Imports from China, Turkey, etc.</li></ul></li><li>• Building and Road Research Institute's Pozzolana cement</li></ul>	<ul style="list-style-type: none"><li>• sandcrete and landcrete block production</li><li>• brick and roof tile production (small to medium-scale industry in Brong-Ahafo Region, Winneba city, etc.)</li><li>• sand and stone contractors</li><li>• mining (informal)</li></ul>



10 Conclusion

*This report has explored the dynamics of Ghana’s housing market and, in so doing, has sought to provide information and pointers for private sector actors that will enable them to better make the business case for developing affordable housing schemes in the country.*

Developing affordable housing solutions in Ghana is vital if the country is to successfully address not just its present acute housing shortage, but also its future needs. At present, formal private developers tend to focus their schemes towards those in the top income bracket. As such, they are failing to address large segments of the market, leaving low-income people to get by in low-quality and often overcrowded housing and others to survive in Ghana’s numerous slums or living on the streets. In quantitative terms, in 2010 over 27% of Ghana’s households were in need of affordable housing.

Major factors that make it difficult for households to access quality and adequate housing are, among others, land tenure issues, the high cost of housebuilding, high interest on mortgages, and low household incomes. These challenges vary from one location to another: in the southern part of the country, housing challenges are generally linked to inadequate supply; in the northern part, housing quality is the key issue. What is true throughout Ghana, however, is that whatever the housing solution devised, it must be flexible enough to embrace the largely informal character of income-generation and homebuilding in Ghanaian society.

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## HOUSING NEED BASED ON DWELLING UNIT PER HOUSEHOLD

A conventional method for estimating housing need is to assume a certain threshold per house as the basis for ascertaining the scale of the need. In Ghana's 1987 National Housing Policy, the objective was to reduce the threshold of ten persons per unit to seven per unit. Using

a similar system to calculate housing demand, the Bank of Ghana categorises houses with 8.7 or more persons to be overcrowded and promotes an ideal limit of one household per house.

## HOUSING NEED BASED ON ROOM OCCUPANCY THRESHOLDS

The basis of this approach is to set a desirable ceiling for the number of occupants per room. For low-income housing, the 2015 National Housing Policy suggests two persons per room, a ceiling that also forms the basis for the housing need assessment contained in the policy document. UN-HABITAT's 2014 Ghana Housing Sector Profile also uses this threshold approach for its housing need assessments.

To determine affordable housing demand in this report, this approach was adopted, because, in both urban and rural Ghana, houses are generally occupied by several households. The first approach, which assesses occupancy without taking into account family structure, fails to address the culturally embedded practice of nuclear and extended family members cohabiting.

Box 5 • METHODOLOGIES FOR ESTIMATING HOUSING STOCK

Table 20 • SUMMARY OF MAJOR GOVERNMENT HOUSING INITIATIVES SINCE GHANA'S INDEPENDENCE

NO	YEAR	GOVERNMENT	INITIATIVES AND MAJOR ACTIVITIES
1	1957-66	Convention People's Party	<ul style="list-style-type: none"> <li>Tema Development Corporation (TDC) and the State Housing Corporation (SHC) established</li> <li>Rent control legislation put in place</li> <li>Roof Loan Scheme and Wall Protection Scheme both launched</li> </ul>
2	1966-69	National Liberation Council	<ul style="list-style-type: none"> <li>Two-year development plan delivered through the TDC and SHC, with 1,000 units built</li> </ul>
3	1969-72	Progress Party	<ul style="list-style-type: none"> <li>2,000 housing units delivered by the SHC and TDC against a target of 8,000 units (the implementation plan did not indicate the typology of the housing units in question and their associated costs)</li> <li>Tema Housing Cooperative (THC) initiative established</li> </ul>
4	1972-79	National Redemption Council; Supreme Military Councils I and II	<ul style="list-style-type: none"> <li>National Low-Cost Housing Committee established</li> <li>Low-Cost Housing Scheme operational (from 1972 to 1974)</li> </ul>
5	1979	Armed forces	<ul style="list-style-type: none"> <li>Rent control laws reinforced</li> <li>State Houses Allocation Implementation Committee established</li> </ul>
6	1979--81	People's National Party	<ul style="list-style-type: none"> <li>1,990 rental units delivered by the SHC and TDC</li> </ul>

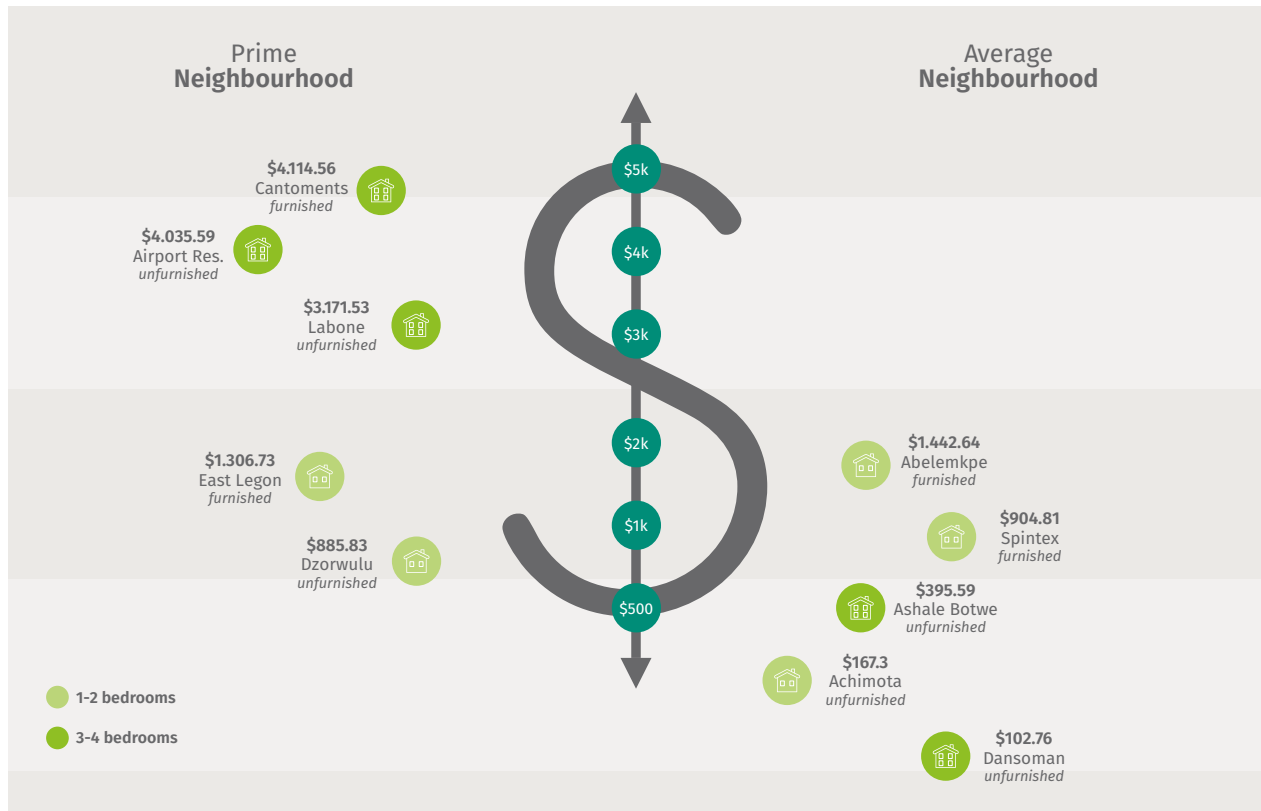
NO	YEAR	GOVERNMENT	INITIATIVES AND MAJOR ACTIVITIES
7	1981-93	Provisional National Defence Council	<ul style="list-style-type: none"> <li>World Bank Accra District Rehabilitation Project operational (1986-92)</li> <li>SSNIT Mass Housing Estates (1987-2000) built</li> <li>Draft of the National Housing Policy and Action Plan 1987-1990 (November 1986) prepared</li> <li>Draft of the National Shelter Strategy (1987-92) prepared</li> <li>GREDA and HFC formed in 1988 and 1990 respectively</li> </ul>
8	1993-2000	National Democratic Congress	<ul style="list-style-type: none"> <li>Draft National Shelter Strategy (1999-2000) reviewed</li> <li>World Bank Urban 2 to Urban Environmental Sanitation Project (UESP) 1 projects delivered with slum upgrading component</li> <li>HFC bank Ghana Ltd established</li> <li>SSNIT Workers' Housing Schemes built in regional capitals and secondary cities</li> </ul>
9	2001-2009	New Patriotic Party	<ul style="list-style-type: none"> <li>Overseas Private Investment Corporation/USAID support the setup of Ghana Home Loans (2006)</li> <li>UN-HABITAT Slum Upgrading Facility put in place (2005 to present)<sup>33</sup></li> <li>Review of the National Shelter Strategy initiated (2005 and completed in 2015)</li> <li>International Finance Corporation's Ghana Primary Mortgage Market Initiative established (2007)<sup>34</sup></li> <li>Affordable Housing Programme initiated in 2005 with an initial target of 4,500 units and an ultimate target of 20,000 units – the Programme failed to complete any units, so the project was subsequently handed over to the TDC and SSNIT for completion</li> </ul>
10	2012 to present	National Democratic Congress	<ul style="list-style-type: none"> <li>Construtora OAS Ghana Ltd awarded contract to build 5,000 units in Prampram – the first phase of 1,502 units is near completion</li> <li>Phase 1 of the Slum Upgrading Project completed</li> </ul>

Table 21 • CHANGES IN GHANA'S DEMOGRAPHICS AND HOUSING STOCK (1960-2010)

	YEAR					
	1960	1970	1984	2000	2010	
TOTAL NATIONAL POPULATION	6,726,815	8,559,313	12,205,574	18,912,079	24,658,823	
PERCENTAGE INCREASE	-	27.2	43.7	53.8	30.4	
GROWTH RATE	2.4	2.6	2.7	2.5	2.5	
NUMBER OF HOUSES	636,198	945,639	1,204,395	2,181,975	3,392,745	
PERCENTAGE INCREASE	-	48.6	27.4	81.2	55.5	
NUMBER OF HOUSEHOLDS	-	1,793,580	2,480,368	3,701,241	5,467,136	
PERCENTAGE INCREASE	-	-	38.3	49.2	47.7	
HOUSEHOLDS PER HOUSE	-	-	-	-	1.6	
PERSONS PER HOUSEHOLD (URBAN/RURAL)	-	4,7	4,9	5,1	4,4	
	-	4,1	5,0	4,3	5,2	4,7
						5,4
						4,1
						5,0
PERSONS PER HOUSE	10.6	9.1	10.0	8.7	-	

Source: compiled using data from the Ghana Statistical Service (2005 and 2012).

**RENTAL VALUES OF PROPERTIES DEVELOPED BY FORMAL PRIVATE DEVELOPERS IN ACCRA IN JANUARY 2016**



Source: meQasa Ltd 2016.<sup>35</sup>

**Table 22 • SUMMARY OF PRINCIPAL BARRIERS TO/ENABLERS FOR AFFORDABLE AND INCLUSIVE HOUSING PROJECTS**

KEY AREA	MAJOR CHALLENGES
LAND	<ul style="list-style-type: none"> <li>High land acquisition and transaction costs, representing 15% of the total development cost</li> <li>Insufficient availability of developable lands</li> <li>Multiple land ownership claims and litigations (thousands of land litigation cases presently being processed by the courts)</li> </ul>
SUPPORTING INFRASTRUCTURE	<ul style="list-style-type: none"> <li>Absence of on-site infrastructure at many sites (both new and under development), the installation of which comprises between 10% and 30% of the overall cost of the development</li> </ul>
BUILDING MATERIALS	<ul style="list-style-type: none"> <li>Ghana is highly dependent on imports, with around 80% of materials currently being imported</li> <li>Inadequate R&amp;D and local technology</li> <li>Barriers to local alternative materials and absence of standards for local alternatives</li> </ul>
FINANCE	<ul style="list-style-type: none"> <li>High cost of borrowing (30% to 37% APR)</li> </ul>
INSTITUTIONS AND GOVERNANCE	<ul style="list-style-type: none"> <li>Fragmented policy and regulatory environment</li> <li>Inadequate capacity – quality of craftsmanship, artisanal training</li> <li>Data-poor environment</li> </ul>

## FOOTNOTES

- Unregulated market-based production of goods and services, whether legal or illegal (Smith 1994).
- The rational was not to sample respondents in a strictly scientific way, but to form an impression of the affordable housing market from a cross-section of stakeholders. The terms of reference therefore set out an approach for obtaining a sense of the local context of affordable housing and not for producing a theoretically grounded body of research. Furthermore, the research was aligned to a similar approach used for an earlier workshop delivered in Nigeria by the same team.
- The measure of USD 2 per day was established by the World Bank as the median poverty line for middle-income countries, a category that Ghana now falls into (source: <http://www.worldbank.org/en/news/press-release/2008/09/16/new-data-show-14-billion-live-less-us125-day-progress-against-poverty-remains-strong>, accessed on 20 July 2016).
- There is no consensus as to what constitutes low income. The Ghana Housing Policy adopts a daily household income of USD 2.
- At present, it appears to be common practice among low-income households to build as and when the household can mobilise enough finance to complete a phase of home construction.
- Areas with more than 5,000 inhabitants.
- See the Ghana entry on PopulationData.net at <http://www.populationdata.net/?option=pays&pid=72&nom=ghana> (accessed on 15th June, 2016).
- On the graph the population growth rate appears not to show any growth or decline. This is due to the scale used and the very slight changes recorded.
- The surveys for the GLSS 5 and GLSS 6 reports were conducted between September 2005 to September 2006 and October 2012 to October 2013 respectively.
- The sharp contrast in the dominant building materials used in rural and urban areas is highlighted in yellow.
- The average household size reported in 2010 was 4.4 persons per household. Thus, households occupying one or two rooms is indicative of crowding levels and a deviation from the required 2 persons per room.
- Perching generally refers to an arrangement where a person/household moves in to join another household in their living quarters, usually for a short term duration (on temporary basis) while the former makes arrangements to relocate (source: <http://microdata.worldbank.org/index.php/catalog/502/datafile/F1/V52>, accessed on 28 September 2016).
- Annually in urban areas, 2006–2010.
- Depending on what metric is being measured: number of dwellings, number of houses or number of rooms.
- In the GLSS 6 report, housing expenditure is composite of expenditure on housing and housing services; water, electricity and gas. The same meaning is maintained in this section.
- Some cells are black because the data is not captured in the GSS reports
- Some cells are black because the data is not captured in the GSS reports
- Using an exchange rate of GHS 3.83 to USD 1.
- GHC refers to the Ghanaian Cedi (GHS) and R:Y refers to Rent to Income ratio
- Used as a proxy because the population and housing censuses do not capture housing quality.
- As at May, 2016 there were discussions to review the prices per unit upwards as delays in project completion resulted in cost increases.

- Financed by Shack Dwellers International. People's Dialogue also provided transitional accommodation for would be residents while the housing units were built.
- Housing brokerage is still embryonic and usually follow informal word-of-mouth. Housing deconstruction is often associated with unauthorised buildings/structures and recycling uncommon. As such the market potential of these stages can be assumed to be limited and thus not detailed in this report
- Overcrowding and the use of unconventional building materials are common features of Ghana's slums.
- Although it is acknowledged that households often prefer to access loans for business investments rather than home improvements, with the profits generated from the investment being subsequently invested in housing (UN-Habitat 2011).
- In 2008 the survey combined agricultural land with equipment while it is not immediately clear the purpose of land
- In May 2016, the bank reportedly offered 15.1% interest on mortgages. The currently reported rate is unclear.
- The country's central bank, the Bank of Ghana, has just issued an interim authorisation to Ghana Home Loans Ltd enabling it to operate as a universal bank (source: <http://www.ghanaweb.com/GhanaHomePage/business/Ghana-Home-Loans-gets-banking-license-453399>, accessed on 7 July 2016).
- These figures are based on the outstanding balances of loans rather than approved amounts.
- This data was sourced from <http://static1.1.sqspcdn.com/static/f/74284/25426256/1410346424887/C.E.O+Artice.pdf?to-ken=K77WZKeTR6jn76RaKNXu07VDuE4%3D> (accessed on 14th May, 2016).
- This refers to remittances sent via the banking system. The Bank of Ghana estimates that a certain amount is being sent through other 'illegal systems'.
- NB: this list combines the bibliographical references for the works cited herein with a catalogue of available literature on housing in Ghana.
- The programme has not been closed but no further investments have been made since the TAMSUF project.
- Programme funds were not disbursed as planned due to the global economic crisis. Subsequently in 2009, Ghana Home Loans was given 10 million USD to boost residential mortgage lending and provide better access to housing finance for Ghanaian
- The \$ is the infographic denotes US dollars (USD)

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