Introduction

The construction industry in Ghana, as in other parts of the world, is huge and a crucial segment in economic development. No matter what one does, there is construction, as it cuts across all sectors. Being among the top drivers of the Ghanaian economy, including agriculture, manufacturing and mining, its importance cannot be overemphasised, especially as the country is one of the most active economically in West Africa.

It is well known that an active construction industry adds to growth as it employs skilled and unskilled labour, from engineers and consultants to artisans and labourers. Construction and maintenance of buildings, housing, roads, bridges and other physical infrastructure are crucial to generate employment, development and growth.

But the question remains whether the players in the industry, especially contractors, are playing the roles expected from them to drive it harder. In Ghana local contractors are ill-equipped, lack the necessary qualifications and finances and have been beaten by foreign contractors who have won the major construction works, be the roads, bridges, and other infrastructure.

Roads Infrastructure

The Ministry of Roads and Highways (MRH) is charged with the responsibility of providing and maintaining a safe, reliable and efficient road infrastructure to promote economic growth. In order to successfully and effectively carry out the programmes of the government, the Ministry implements its programmes and projects with the support of the Ghana Highway Authority (GHA), Department of Feeder Roads (DFR), Department of Urban Roads (DUR), Road Fund Secretariat and the Koforidua Training Centre.

The policy objectives for the road sector are outlined in the Sector’s Medium Term Development Plan (SMTDP). These objectives are in line with the thematic areas of the National Medium Term Development Plan (NMTDP),...
which, among others, seeks to create a sustainable, accessible, effective and efficient road network that meets user needs. It also seeks to create a vibrant investment and performance-based management environment that maximises benefits for public and private sector investors.

The Road sector observed an annual average growth rate of 8% from 2000 to 2008 in its network size. The total portfolio of roads stands at 67,291km at the end of 2008. 19% are trunk roads, 63% are feeder roads and 18% are urban roads. In the meantime, improvements in road condition have been gradual. 83% of trunk roads, 36% of urban roads and 72% of feeder roads are considered being in either good or fair condition.

The main sources of financing road development and maintenance are the Road Fund, the Consolidated Fund and development partners such as the World Bank, European Union, African Development Bank and other bilateral agencies. The Total expenditure on major rehabilitation and construction in 2008 was US$ 229 million while the government spend-

Key constituents of the Road Fund are the Fuel Levy sources, and the non-Fuel Levy sources such as vehicle registration fee, road user fee, road and bridge tolls and international transit fees that are collected by the Driver and Vehicle Licensing Authority (DVLA) and CEPS.

In order to increase revenue into the Road Fund the Government announced new road and bridge toll rates that came into effect on February 1 this year, after the legislative instrument was revised by parliament in December 2009. Also increased were road and vehicle user fees that had remained unchanged in the last eight years. Altogether, new tolls and vehicle user fees will result in additional annual increases of GH¢30 million and GH¢20 million respectively to the road fund. Expectedly these revenues will help government reduce arrears, clear maintenance backlog and stabilize the condition of road network.

New Projects

- Transport Sector Project (TSP)

This project has been prepared with support from the International Development Association (IDA) of the World Bank to improve mobility of goods and passengers through reduction in travel time, vehicle operating cost and to improve road safety standards. The total estimated project cost is US $225 million. The International Development Association (IDA) will provide all the funds for the civil works while the Government will bear the cost of compensation for the properties which will be affected by the construction of the project. The project is expected to last till the end of December 2014.
Some specific road projects under the TSP include the rehabilitation of Ayamfuri-Asowinso road (52.5km) in the Western region, Burma Camp road (9.0km), Giffard road (5.8km) in Accra and the improvement and rehabilitation of 374km of feeder roads throughout the country to support agriculture and growth.

- **European Union Projects**
  
  The European Union (EU) has provided a grant facility of €21 million for the rehabilitation of the 46km Dodo Pepesu - Nkwanta road in the Volta Region. The completion of this project will go a long way to improve road transportation on the eastern corridor. The EU has also provided €78 million for the rehabilitation of the Tarkwa-Bogosu-Ayamfuri road in the Western Region. Project preparation is almost complete and invitations for tenders are expected to be released by first quarter of 2010.

- **Japanese Grant**
  
  A grant of ¥8.7 million has been provided by the Japanese government to rehabilitate the Assin Praso to Bekwai road (60km). Tenders for the procurement of works were opened in November 2009. This road works also includes the construction of a new bridge on River Pra at Assin Fosu. This project forms part of the Yamoransa to Nkwanta road which links the northern part of the country through Kumasi to the Takoradi sea port.

- **Abidjan-Lagos Transport and Trade Facilitation Project (ALTTFP)**
  
  The project is designed to rehabilitate and expand the capacity of about 15km of roads in the Awoshie-Pokuase area in the western part of Accra. The project involves the upgrading of community services such as schools, markets and drains. The project is being supported by Agence Française de Développement (AFD), African Development Bank (AfDB) and the Government of Ghana. Physical works are expected to commence in the third quarter of 2010. The AFD and AfDB will provide €30 million and US$83 million respectively and the Government of Ghana GHS10 million.

- **Awoshie-Pokuase Road Project**
  
  The project is designed to rehabilitate and expand the capacity of about 15km of roads in the Awoshie-Pokuase area in the western part of Accra. The project involves the upgrading of community services such as schools, markets and drains. The project is being supported by Agence Française de Développement (AFD), African Development Bank (AfDB) and the Government of Ghana. Physical works are expected to commence in the third quarter of 2010. The AFD and AfDB will provide €30 million and US$83 million respectively and the Government of Ghana GHS10 million.

- **Housing**
  
  The Ministry of Water Resources, Works and Housing is the governmental body with responsibility for the sector. Its main functions are the formulation and co-ordination of policies and programmes for the systematic development of the country’s infrastructure requirements in respect of Works, Housing, Water Supply and Sanitation and Hydrology. The Ministry co-ordinates and supervises, by way of monitoring and evaluation of the performance of both public and private agencies responding to and participating in the realisation of the policy objectives established for the sector.

  The Ministry also has a Department of Rural Housing responsible for promotion of policies for rural estates devel-
resource centre that is responsible for the administration of World Bank funded programmes for the improvement of Urban Development.

The critical nature of the housing sector is summed up in the fact that housing demand continues to outstrip supply. Ghana’s housing deficit is currently hitting the one million mark and whereas the annual housing requirement is about 130,000 units, supply figures are about 45,000 units.

Given the low delivery of real estate developers, the majority of houses in Ghana are delivered by individuals who build at the rate at which their finances can allow them. Private real estate developers are faced with lack of unencumbered land, infrastructure, affordable financing, high cost materials and trained labour.

**GREDA**

According to the Ghana Real Estate Developers Association (GREDA), what is required to keep the housing deficit from worsening is the production of 130,000 housing units annually. It urges the government to diligently pursue its policy of creating land banks for development and then place these at the disposal of private real estate developers for housing development. This would insulate developers from incurring the cost of litigation over lands legitimately acquired. The government should support the expansion of home mortgage finance by encouraging the Bank of Ghana to develop policies and procedures to implement the Ghana Home Mortgage Finance and the Borrowers and Lenders act soonest. GREDA advocates for the government to encourage the Social Security and National Insurance Trust (SSNIT) to examine the possibility of devoting a portion of its investment to construction finance and home mortgage finance. Given the present high cost of houses, GREDA also recommends that government interventions be targeted directly at the lower income groups through such actions as direct subsidy or their down payment of a mortgage, as well as interest rate subsidy for the purchase of priced below a specific ceiling.

**Mortgage financing**

The first mortgage company, Home Finance Company, which started as a pilot scheme is continuing to march on. The Ghana Home Loans Company is also in the sector, but more such companies need to be set up to finance housing and also bring down cost of borrowing through competition. At the moment, only 8% of the population can afford to buy a property without mortgage while only 15% can access mortgages.

**Government’s delivery of houses**

Government itself has continued to deliver houses. Under the 2010 budget, it says it will continue exploring avenues for securing funding with the view of completing the 5,140 safe, decent and low income affordable units at Borteyman, Nungua, Kpone, Tema, Asokore-Mampong, Kumasi, Tamale, Koforidua and Wa. Construction of the third phase of the affordable units at Ho, Skondi/Takoradi, Sunyani, Cape Coast and Bolgatanga will also commence together with the construction of 10,000 units at Nsakina and Amasaman in the Ga East.

The Government will also facilitate the acquisition process of 50,000 acres of land in Accra and regional capitals to accelerate government’s affordable housing programme as well as support the private sector in housing delivery.

**Other developments**

STX Engineering and Construction Ghana Limited, a Ghanaian-Korean consortium subsidiary of STX Group, is to build 200,000 affordable estate units and 300 executive-type buildings over a five year period, starting April 2010. The project will help reduce by one-fifth the national housing deficit.

**Ghana’s Draft National Housing Policy**

The Ministry is in the process of finalising the National Housing Policy for cabinet approval. The policy will ensure efficient and equitable systems for management and maintenance of the existing housing stock. The policy will also seek to improve the environment of human settlements, to improve the quality of life through the provision of potable water, sanitation and other basic services. It will also ensure the development of efficient, effective and affordable housing delivery systems that would be accessible to the poor.

**Cement output**

Although Ghana has deposits of limestone used in the production of cement, production is yet to be on any appreciable scale. Three cement factories in Ghana have grinding mills that produce Portland cement.
Ghana Cement Limited (GHACEM), owned by Heidelberg Cement has two grinding plants, both located in the port cities of Tema in the east and Takoradi in the west. The two between them produce some 2.4 million tons of cement annually, with most of the raw materials imported from Norway, Germany and Estonia. The company has been preparing to increase production by one million tons in 2010 with anticipated demand from the construction of the Bui Dam.

The third cement factory, a US$15.3 million plant sited in Aflao has a grinding unit of 750,000 tons per annum also producing Portland cement using clinker from Togo. It produces under West African Cement Limited.

A fourth cement factory will soon start production at Buipe where vice president John Mahama has cut the sod for work on the structure to begin. It will use limestone deposits at Buipe for production.

However, demand by far outstrips production and individuals import cement to fill the void, as consumption of cement has been increasing by some 11% annually.

**Production of Pozzolana**

Pozzolana cement is widely used in Europe, America and India for massive structures such as dams, bridges, roads and high-rise residential buildings.

The Building and Road Research Institute (BRRI) of the Council for Scientific and Industrial Research (CSIR) has now concluded research and development activities on the evaluation and production of Pozzolana cement from local raw materials. Through laboratory trials, BRRI has successfully produced Pozzolana cement from bauxite waste and clay, which could be found almost in every district of the country.

The production of pozolana is to increase from the current 200 bags to 5,000 bags per day with the installation of pozolana plant at Gomoa in the Central region by April 2010. The capacity of the Kumasi plant would also be increased from 200 to 500 bags per day by January 2010. Additional plants will be established in other parts of the country to meet expected demands of the commodity.

The Pozzolana cement is selling at 2.50 Ghana cedis for the same 50kg bag of Portland cement selling at 5.5 Ghana cedis.

**Conclusion**

That the construction and housing industry plays a significant role in the national developmental agenda is an unarguable fact. What however appears to be debatable is whether the industry has the much expected driving force required to assert its vital contribution towards accelerated national growth in terms of infrastructural development.

The challenges facing the industry especially relating to private sector development, growth and sustainability of professionalism are still enormous.