

From: Joint Committee of the Ghana Institute of Architects, Ghana Institute of Planners, Ghana Institution of Engineers and Ghana Institution of Surveyors

To: Honourable Minister, Ministry of Water Resources, Works and Housing

Date: June 9, 2010

Subject: Government of Ghana - STX Korea Housing Project

1. We wish to express our total support for the proposed Housing project - a Ghana - South Korea collaboration. It should be placed on record that this project is the single largest investment dosage on the housing sector in Ghana. It thus has the potential of being a major catalyst or stimulus for a national economic turn-around. In spite of the huge economic potential of this investment, there is strong possibility that the real economic benefits of this investment could elude Ghana and rather stimulate the South Korean economy.
2. In economies such as South Korea, Singapore and Malaysia, a huge investment of this nature in the housing sector could not have been initiated without the key participation of the Institutes of Architects, Planners, Engineers and Surveyors:- the National accredited bodies responsible for professionals of the Built Environment. In the same manner, we deem it a National obligation to provide the requisite technical guidance in the development of our built environment, and in particular the development of housing in Ghana.

Against this background, we humbly wish to submit, as our input into the pending Agreement between the Government of Ghana and STX Korea, the following comments.

1. Strengthening Local Capacity

The project is so huge that if properly formulated, it could have the much desired impact on the local construction industry - by strengthening the indigenous capacity of the industry. The project has the potential of promoting local building materials production - it can become the pivot around which we promote viable small-scale brick and tile manufacturing nation-wide. Similar efforts can be made to promote stabilized soil blocks manufacture and even the use of secondary-species of timber for housing. The project can be used to strengthen the capacities of local contractors and artisans. It can also become a platform to rescue a

number of professionals and consulting firms in the private sector who are either redundant or operating far below their capabilities.

2. Appropriateness of Technology

It is not clear what construction technology and type of building materials will be deployed by STX Korea. The appropriateness or inappropriateness of choice of technology, has a significant bearing on the final cost of houses, the employment generation quotient and the sustainability or how transferable the technology becomes. Experiences with similar large-scale foreign initiatives have all been negative - only a few local jobs are created; the technology becomes heavily dependent on foreign inputs and expertise; the production process becomes over-centralized and therefore heavily dependent on haulage over long distances; the technology never gets transferred to the local industry.

3. Affordability of the Houses

At the heart of this project is the concept of affordability. If the houses to be built by the Koreans should be truly affordable, then we need to ensure that the cost is within the income profile of the target group. We should be guided by the fact that those in the lower-middle income group and lower income groups may fall within a bracket of GH¢150 to GH¢400 a month of net salary of which housing expenditure will most likely not exceed 40% of their disposable income. Within such estimates, an affordable house should not exceed US\$15,000 - US\$20,000.

4. Housing as an Integral part of a comprehensive Urban Development Strategy

All our towns and cities are in desperate need of redevelopment initiative. Housing of this magnitude has its greatest impact when developed within the broader framework of urban redevelopment. We appreciate the fact that the Ministry has already acquired tracts of land for a land bank which hopefully will be made available for this project. Regardless of this, it is still imperative that we review the project to ensure sufficient integration into the overall urban development framework.

5. Project Management

This project is uniquely huge and complex. I doubt if anyone appreciates the complexity of this project more than we the professionals of the Built Environment. A project designed as an EPC Agreement demands first and foremost the keenest supervision by Government. Otherwise, it becomes as good as giving the Koreans a blank cheque. The Ministry of Water Resources, Works and Housing does not as yet have adequate capacity to supervise such a complex project nation-wide. Best practice will suggest that the Ministry should appoint at least 3 or 4 competent consulting firms to act as their Employers Representatives (ER) to oversee the efficient implementation of the Project across the ten (10) Regions of Ghana.

The appointment of KNUST College of Architecture and Planning as Consultants to STX Korea is a matter of grave concern to us as professionals of the Built Environment.

The competence of our professional colleagues at the University has never been in doubt. However, it is important to appreciate that their core business is to teach and research. The current circumstances of capacity constraints at the University will mean that this project will only further jeopardize their capacity limitations. Besides, the University is not noted for a rich experience in implementation of such projects in Ghana. On the contrary, there are several private firms with the request experience, expertise operating far below capacity, with a large pool of young professionals waiting to be engaged by such firms.

6. Conclusion and Recommendation

In conclusion, we firmly support the objective of Government improving the housing stock by as wide a margin as 200,000 units. However, we find the draft proposal as it stands now, unsatisfactory and certainly not in the interest of the Ghanaian economy. We urge the Government to engage us, as leaders in the Construction Industry, to assist in reviewing the project proposal. The project must be demand-driven. In this way Government defines the project to suit a national development agenda with external assistance from South Korea or elsewhere in terms of concessionary funding. We need to remind ourselves that we do not need external assistance to build Affordable Homes. As far back as the 1960's, Ghanaians were in charge of large scale housing projects and even built the State House. Ghanaians fully managed and built Dansoman, Teshie-Nungua Estates etc. We may need technical assistance from South Korea when we need to build an Oil Refinery, Merchant or Navy Ships, Nuclear Plants etc but certainly NOT AFFORDABLE HOUSES!