The Construction Industry contributes averagely between 8%-12% to the overall GDP.

The industry employs an average of 2%-3% of the population, with over 40,000 building and Civil Engineering Contractors registered under the Ministry of Works and Housing.

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GDP from the Construction industry decreased to ₴3044 million in the first quarter of 2019 from ₴3173.40 million in the fourth quarter of 2018.

It reached an all-time high of ₴3587.37 million in the third quarter of 2018 and a record low of ₴1016.30 million in the fourth quarter of 2006.

According to the Ghana Statistical Service, the industry was the largest subsector in 2015, with a growth rate of 30.6% and a 14.8% share of GDP.

It has grown consistently over the past five years, up more than 70% since 2010 and employing around 320,000 people.

The Construction Industry plays a very critical role in Ghana’s economy because it establishes the physical foundations and environment for the long-term development of the country. Despite its potential, the construction industry has over the years been left poorly regulated thereby giving grounds for the accreditation of unqualified individuals as contractors. This situation has resulted in the collapsing of buildings and the plethora of low integrity structures across the country. Apart from the unregulated nature of the industry, there are no uniformed construction standards that guide all contractors on their development process (building codes). Local Assemblies have not harmonized their regulatory standards. To help address this challenge, the Association of Building and Civil Engineering Contractors of Ghana with the support of the BUSAC Fund initiated an advocacy action in 2011 titled “Advocacy for a regulatory body to regulate the activities of the construction industry”.

Key Facts from the Industry!

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Figure 1: Contribution of the Construction Industry to Ghana’s GDP
Challenges Confronting the Industry

- The industry is faced with unqualified individuals who lack the skills and competencies parading to be contractors.
- No coordination among professionals including architects, engineers, contractors operating independently within the construction space often with no leadership and is negatively affecting the industry.
- Absence of a legal framework to monitor, supervise, regulate and ensure that standards are adhered to is making entry into the industry cheap, porous and weak.
- District and Municipal Assemblies granting development permits for unapproved sites and unqualified surveyors are aiding landowners to demarcate waterways and natural reserves for building works.
- Due to the lack of monitoring and control, wayside draughtsmen are readily available to prepare drawings which ironically are stamped and signed by Architects and Engineers without thorough checks.
- The absence of a regulatory authority to oversee the industry has resulted in the building of weak infrastructure that cannot stand the test of time.
- Such unchecked developments are having serious negative impacts on the environment and a drain on the economy.
- The Ministry is unable to control and monitor the errant industry and no one is playing the leadership role. Everyone does what they please with impunity.
- The challenges have cast a slur in the public domain on the competence of the construction community of professionals responsible for designing and monitoring construction works.
- Wide stakeholder engagement and consultation on the draft bill has been completed.
- The Attorney-General department is currently finalizing the draft bill and will present it to Cabinet for approval and subsequently to Parliament for deliberation and passage.

Impact of Challenges on the Business Community

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Why the Need for CIDA?

Among other benefits the Construction Industry Development Authority will:

- Regulate the activities of the contractors and collaborate with the Architectural Council, the Engineers Council and other relevant bodies to ensure high professional standards in the Construction Industry.
- Determine the registration requirements for the category of Contractors provided for under Section 12 of under the proposed Act.
- Prescribe and enforce professional standards, ethics and conduct of Contractors and construction staff.
- Monitor and evaluate the performance and efficiency of registered contractors.
- Ensure that existing and approved local standards for health and safety, environment, technical and other appropriate international standards are observed by contractors.
- Promote human resource development through the development and implementation of appropriate programs and measures to ensure efficient service delivery.
- Promote appropriate research to enhance growth and modernization and enhance performance in the construction industry.
- Establish and maintain a national register of Contractors.
- Put in place and enforce punitive measure and action to recalcitrant Contractors who break laid down regulations and laws.
- Administer and manage the Construction Industry Development Fund.
- Advise the Minister on matters relating to the construction industry.
- Intensify strict examination on the manufacturing and use of building materials to ensure that quality materials are used for the construction of various projects.
- The private sector should lead the agenda to modernize and regulate the industry in the absence of CIDA by providing the needed structures and framework that will ensure self-cleaning by the private sector players.
- Call on the recently established Ghana Chamber of Construction Industry comprising of Architects, Engineers, Surveyors, Planners to team up to address the various challenges confronting the industry and push for the establishment of the Construction Industry Development Authority (CIDA).
- Revise the list of supporting documents for accessing new classification certificates or renewal of same to ensure the quick and legal acquisition of permits/certificate that will help enhance ease of doing business.

Urgent Actions!

- We propose that the Attorney General Department should expedite the drafting of the bill and forward to Parliament for deliberation and onward passage.

Current State of the Construction Development Authority Bill

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Recommendations

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