

International Property Markets Scorecard

Ghana Market Conditions – Complete Survey January 2020



Contents

Scorecard Background & Information	3
1. Property Rights.....	5
1.1 Legal Protection.....	5
1.2 Registries.....	6
1.3 Formal Ownership.....	8
In-Country Assessment Information	10
2. Access to Credit	11
2.1 Banks.....	11
2.2 Other Sources	12
2.3 Credit Bureau.....	13
In-Country Assessment Information.....	13
3. Effective Governance	14
3.1 Democratic Representation	14
3.2 Lack of Corruption	15
3.3 Efficient Administration	16
In-Country Assessment Information.....	17
4. Rational Dispute Resolution	18
4.1 Rule of Law	18
4.2 Enforcement of Contracts.....	19
4.3 Commercial Dispute Resolution	20
In-Country Assessment.....	21
5. Financial Transparency	23
5.1 Market Stability	23
5.2 Independent Asset Valuers.....	24
5.3 Data Standards.....	25
In-Country Assessment.....	26
6. Appropriate Regulation	28
6.1 Fair Tax Regime	28
6.2 Professional Services	29
6.3 Capital Markets.....	30
In-Country Assessment.....	31

Scorecard Background & Information

The Scorecard reflects the status of the six Core Elements necessary for transparent and efficient property market development. Each Core Element includes three Lead Indicators that are further divided into Sub-Indicators. Colors signify the strength of institutions that support market development – very strong, strong and weak. No color indicates that institutions are very weak. Gray indicates more information is needed for an objective determination.

Acknowledgement

The International Property Markets Scorecard Project is the latest development in the continued cooperative work between the Center for International Private Enterprise (CIPE) and IHC Global. The Scorecard derives from the work of an academic panel led by Richard Green, PhD., Director of the University of California’s Lusk Center for Real Estate and the University of Denver, Burns School of Real Estate and Construction Management’s Global Real Estate Project under the direction of Dr. Mark Lee Levine.

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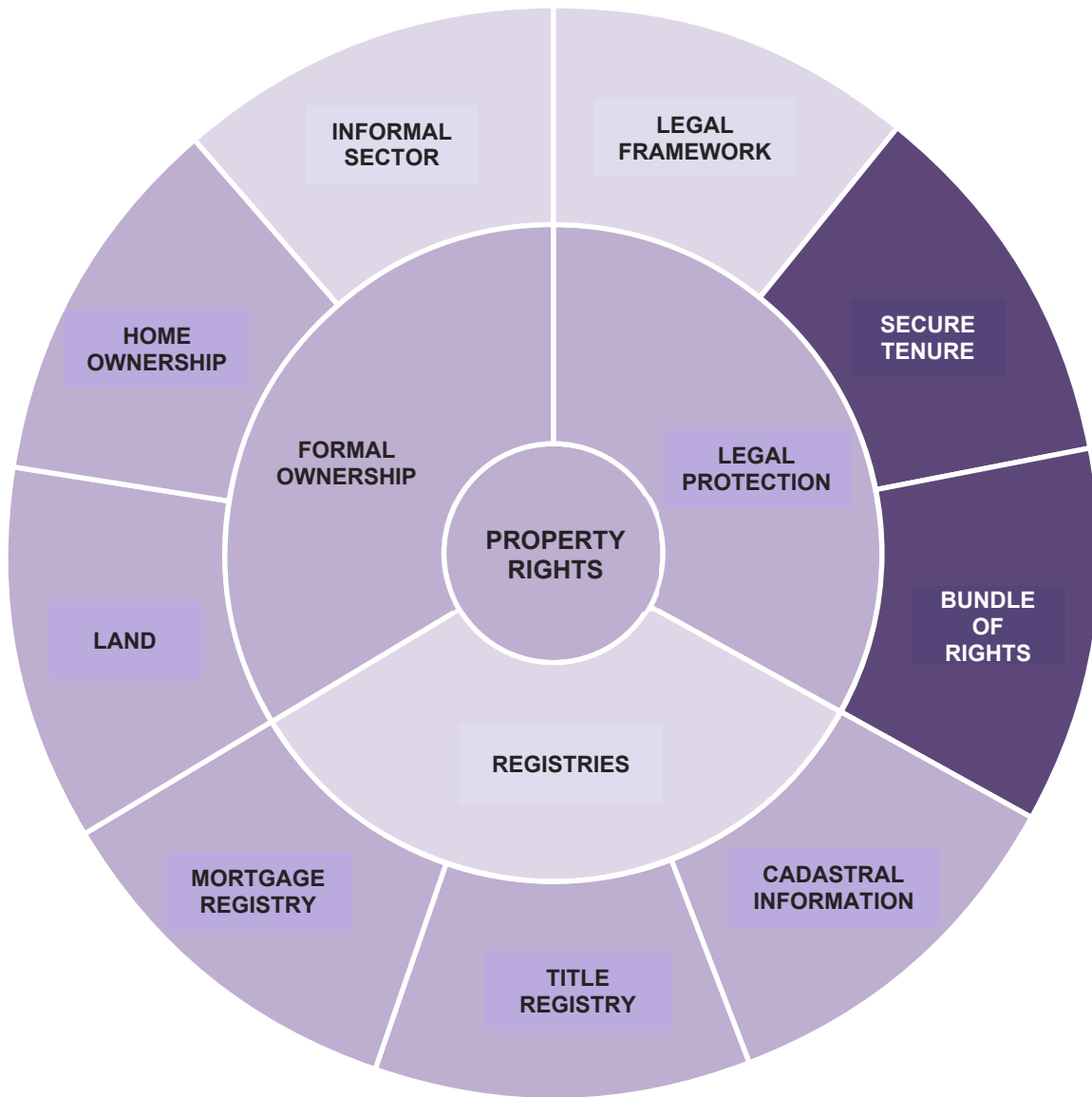
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1. Property Rights



Strong Weak

Goal – Property rights that are legally protected, secure, recorded in a single, accurate, widely accessible electronic registry and that lead to high levels of formal ownership for all citizens.

1.1 Legal Protection

Core Question: Does an effective and sufficient legal framework exist to protect property rights for all citizens? **No, Weak – property rights, although existent, are poorly administered and may not be effectively protected. Citizens have the opportunity to challenge the legality of government takings but cannot guarantee fair outcomes. Citizens are free to transfer interest acquired in land to others, but may require the consent of the government or the original stool owner depending on the terms of their own ownership.**

Legal Framework

1.1.1 In your country, how strong is the protection of property rights, including intellectual property and land administration?

Very Weak – Ranking 106th out of 141, Trend ↓; Score 42.5 out of 100

Security of Tenure

1.1.2 In your country, how easy is it for private businesses to challenge government actions and/or regulations through the legal system? Strong – Ranking 50th out of 141, Trend ↓; Score 45.3 out of 100

Source: World Economic Forum, *Global Competitiveness Report, 2019*
<http://reports.weforum.org/global-competitiveness-report-2019/>

Bundle of Rights

1.1.3 Survey Question

SQ1 What is the bundle of rights (group of rights such as occupancy, use and the right to sell or lease) associated with both residential and commercial property ownership? **Strong – While state lands are managed by the Government, Stool land (community land vested in the traditional chief or other community leaders on behalf of the tribe or ethnic group) are managed by the stools or skins. People may acquire interests from the state or stools or other individuals for both commercial and residential purposes and may dispose of such interests to other persons with minimal restrictions particularly those under the constitution. There are also the usual restrictions on the use of land depending on the zones and allocations by local authorities.**

Source: The 1992 Constitution of Ghana & the Local Governance Act, 2016 (Act 936)

1.2 Registries

Core Question: Does a reliable property registry exist including cadastral, title and mortgage lien information? **No – Very Weak, although the land registry and land title registry does a good job, there is still not enough cadastral information accessible to the public, and it takes a long time to get information to the mortgage registry. Further zoning information is usually only available during development and is only provided for by local authorities. There is no existing network linking the registries to the local authorities in respect of zoning.**

1.2.1 Cadastral Information

Status – Weak – Although Ghana Institution of Surveyors has applied GPS in creating the registry, the cadastral information is not accessible to the public.

Survey Questions

SQ 2 Is cadastral information (information about the dimensions and location of land parcels) accessible to the public? **No**

SQ 3 Is zoning/permitted use information included are use regulations respected and enforced? **No**

SQ 4 Are Geographic Information Systems (GIS) including Global Positioning Satellite (GPS) information used to create and update the registry?

Yes, Land Surveying Division conducts Geomatics Engineering which includes GPS information.

Source: Ministry of Lands and Natural Resources

Civil Society Resource: Ghana Institution of Surveyors

1.2.2 Title Registry

Weak – Ranking – 111th out of 190. Trend ↓

1.2.2.1 What is the number of procedures required to register the transfer of a property from one owner to another? **5**

1.2.2.2 What is the duration of time in calendar days that it would take to complete the transfer? **33**

1.2.2.3 What is the total cost of the transfer including all fees, taxes, etc. expressed as a percentage of the value of the property? **6.1%**

Source – The World Bank, *Doing Business 2020*

https://www.doingbusiness.org/en/data/exploreeconomies/ghana#DB_rp

1.2.3 Mortgage Registry

Status – Weak – In Ghana title to land is only available in one region and part of another region. The more common form of registration is registration of land documents which does no guarantee title. Land documents should ideally be registered under both regimes. More often than not, most land transactions are unregistered. The registration process still mandates the use of officials including court officials. Mortgages should be registered at the land registry as transactions affecting land, however, information on mortgages at the Land registry is not electronically available. On the other hand, a mortgage lien must be registered at the collateral registry as it is a charge. Information at the collateral registry is electronically available to the public. The land registration process does not use title insurance.

Survey Questions

- SQ 5 The mandatory use of notaries or similar officials slows down and adds cost to the process. Does a notary need to be involved in the registration process? **Yes**
- SQ 6 Is information in the registry available electronically? **Yes, provided the mortgage has been registered as a charge at the collateral registry.**
- SQ 7 Title insurance is indemnity insurance against financial loss from defects in title and from the invalidity or unenforceability of mortgage liens. Is title insurance available to lenders? **No**

Source – *Land title Registration Act, 1986 (P.N.D.C.L.152)*

1.3 Formal Ownership

Core Question:	Do citizens understand and trust property rights institutions and avoid the informal sector? No – Weak – Citizens do not work with property rights institutions and the percentage of the informal sector is still high.
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Survey Questions

1.3.1 Land

- SQ 8 What is the status of land ownership? **Weak – Some private ownership is allowed, but most uses are heavily controlled by the government. In Ghana land is owned predominantly by customary authorities (stools, skins, clans and families).**

Together they own about 78% of all lands, the State owns 20% and the remaining 2% is owned by the state and customary authorities in a form of partnership (split ownership). Individuals derive their interests from the states or stools and rarely other individuals. In 2016, the government established the Land Use and Spatial Planning Authority to replace the Town and Country Planning Department. The Authority is to deal spatial, land use and human settlement planning and supervise the local authorities with respect to Land use. Despite the existence of this authority, land use policy development and implementation still remain weak. As a result, most of the land transactions are found in the informal sector of the property markets.

Source: Wordsworth Odame Larbi – Compulsory Land Acquisition and Compensation in Ghana FIG/FAO/CNG International Seminar on State and Public Sector Land Management, Sept. 2008

Land Use and Spatial Planning Act, 2016 (Act 925)

1.3.2 Home Ownership

SQ 9 What is the percentage of formal home ownership?
Owner-occupied units as at 2010 was 47.2% of total – **Weak**

Source: Housing Finance Information Network Website available at <http://hofinet.org/countries/country.aspx?regionID=8&id=64>

1.3.3 Informal Sector

What is the percentage of informal employment? **88 % – Very Weak Formal Sector (2019)**

Source: International Labour Organisation, 'Statistics on the Informal Economy' available at <https://ilostat.ilo.org/topics/informality/>

In-Country Assessment Information

Field Question (FQ) 1. What is the actual status of property rights and ownership for citizens including gender parity?

Ghana's formal and customary land tenure systems have evolved over hundreds of years into a complex and highly nuanced framework of policies, laws, and rules. An estimated 80 percent of the land in Ghana is controlled by customary leaders who hold the land in trust for the benefit of their communities. This system of trust is guaranteed under the 1992 Constitution which also protects the right to property.

There are different interests that can be held by citizens in Ghana, depending on the type of land in question:

Allodial title is the highest title in land recognized by law. Only traditional leaders, families or

the Ghanaian government can hold such a title. In extremely rare cases, some individuals may hold this interest.

Customary freehold is an interest that individuals or groups hold in land, which is owned by a larger traditional community – the allodial owner – of which the interest holders are members or subjects. It is an interest that is transferable to successors of the individual or subgroups until there are no successors.

Common law freehold is similar to the customary freehold. The difference, however, is that this interest can be acquired by both strangers and members of the community that owns the land. A stranger in this regard refers to a Ghanaian who is not a member of the land-owning community. It is important to note that the 1992 Constitution by article 267 (5) forbids the creation of freehold interests in stool land in Ghana. There are however persons who hold freehold interests pre-1992. These persons may transfer their interests to other Ghanaians and have sometimes been referred to be some regional lands commission offices as alienation holders. Further, there are also restrictions on the interests that can be held by foreigners with respect to time.

Leasehold/lease is an interest in land that has a specified start and end for a period, subject to payment of annual ground rents and covenants. There are some lesser land interest types created under contractual, share-cropping or other customary tenancy arrangements. Two very common tenancies in the Akan areas are “Abunu” and “Abusa” or “do ma yenkye.” Other areas have different names for these arrangements in the local dialects.

License is an interest in land where landlord grants official permission to the tenant to use a parcel of land for a short period of time. There are various types of license: bare and gratuitous, and contractual.

There are no specific rules on property rights in relation to gender aside the general constitutional right to own property under article 18 of the 1992 Constitution. However, article 22 of the 1992 constitution, provides for the property rights of spouses. The Supreme court of Ghana has on several occasions used this provision to guarantee the property rights of women in the context of the dissolution of marriage.

FQ 2. What is the actual experience of transferring a property?

At first the Seller obtains a Title Transfer Form at the Land Title Registry. A search at the Land Registry is conducted to confirm rightful ownership. An attorney prepares the transfer document (transfer deed), with a bar coded site plan attached to it, which is signed by both the vendor and the purchaser and their witnesses. The Title Transfer form is duly executed and presented at the new Client Service and Access Unit (CSAU), a one stop shop created by the lands commission in order to digitize data and curb the problem of cutting corners.

Next, Stamp Duty is assessed by the Land Valuation Board and a payment is made known as the first presentation for registration. The document is then moved to the survey department for plotting by a Surveyor. If successful, the property is published in the dailies for three times and search is conducted in all the departments if no red flags are raised. The fee for publication is GHC 25 for land the size of 0.25 acres or less.

Where the Land Certificate is urgently required, the applicant has the option to choose what is known as "special publication". In that case, the amount payable is GHC 95. However, if the size of the land plot is above 1 acre (but less than 4 acres), the amount payable is GHC 125. If the size of the land plot is above 4 acres, the amount payable is 2% of GHC 25 on every 0.25 acre. The current position, however, is that where the size of the land is more than 4 acres, the amount payable is a flat rate of GHC 200.

The search is conducted to verify the transferor's interest and to ensure that it hasn't been already plotted or has any adverse claimant. If no such thing is detected, the document is typed out and signed by the Regional Registrar of Lands. The transaction is recorded on the Land Certificate, which is returned to the owner. The original of the deed of assignment, having been stamped to show that it has been registered, is also returned to the applicant. The Registry keeps a duplicate. The folio of the Register is filed and the transaction document is placed in the land parcel file.

The owner will use the property after the title is issued by Land Title (in areas covered by Land Title Registration) or when the Deed has been registered at the Deeds Registry under the Land Registry Act and Development Permit granted by the Assembly. Most often property owners do not wait to go through these processes before making use of the land. For areas where title registration is not available, the transfer document can be registered at the Deeds Registry.

FQ 3. What are the actual conditions for people who lease property including small business, women, minorities and other marginalized groups?

In Ghana the laws do not hold back the leasing of property by any group or person. With small businesses leasing of properties have become an everyday thing. It's not difficult to find a commercial property to lease, provided it is available and within your budget. There are peculiar instances where a landlord may refuse to lease out a property to a particular person or group, for reasons such as gender, political and religious affiliations etc.

That however, is uncommon and also discretionary. It may however be considered discriminatory in some instances and a violation of the guaranteed freedom from discrimination under article 17 of the 1992 Constitution. That article allows the parliament of Ghana to enact laws necessary for redressing certain social or economic imbalances directed at particular groups.

There are no legal barriers against a woman owning or leasing a property. This is fast becoming a common thing in modern day Ghana and especially in the commercial sphere. Women in Ghana who are mostly traders, participate in a lot of Real Estate business, from leasing shops, to building shops to be leased or sold.

But a look at the more rural areas will show that this is not the situation everywhere. Women produce nearly half of the food grown in the country. Often, they do not have secure rights to the land they farm and are denied equal rights to access, inherit or own it. As a result, these women are at an increased risk of losing their source of food, income and shelter should they lose their only link to the land they till. More often than not, when women do gain use of small plots, they are usually the plots that are farthest away and the least productive.

Women's insecure land access hampers them as it limits the crops they can grow and discourages

their interest in land conservation and other improvements. These bring about additional hurdles to women empowerment, ranging from their status within household and community to discriminatory customary or statutory laws. There are legal and regulatory systems in place that are designed to provide women access to land rights but in practice they do not do much for the most vulnerable.

In addition, the Persons with Disability Act, 2006 (Act 715), provides that except as otherwise required by the condition or the need for improvement of a person with disability, a person shall not subject a person with disability to differential; treatment in respect of residence.

Ghana Land Administration Project

<http://www.ghanalap.gov.gh/index.php/news/314-women-s-right-to-land-what-every-woman-must-know>

Sources

The 1992 Constitution of Ghana, (*above*); Persons with Disability Act, 2006 (Act 715)

Landesa <http://www.landesa.org/what-we-do/sub-saharan-africa/landesa-in-ghana/>

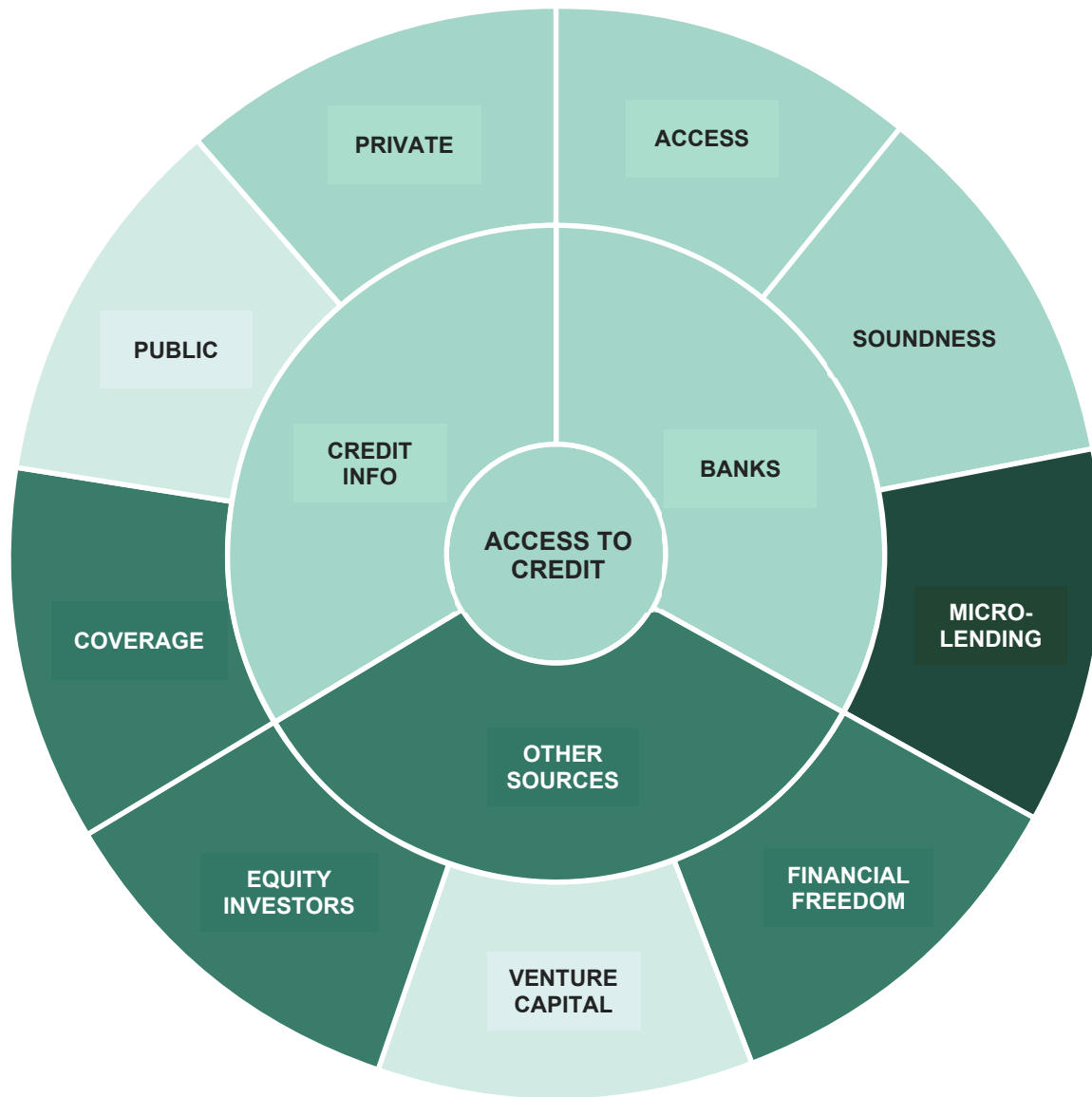
Wordsworth Odame Larbi – Compulsory Land Acquisition and Compensation in Ghana
www.fig.net/resources/proceedings/2008/verona_fao_2008_comm7/papers/09_sept/4_1_larbi.pdf

Kwame Ankaong

<http://house.jumia.com.gh/journal/land-ownership-ghana-part-1/>

Surv. Eugene Osabutey, *Lands Commission Ghana, MGhIS*

2. Access to Credit



Goal – An efficient, transparent financial sector that provides a broad range of citizens with access to multiple forms of competitive credit so that they can start businesses, build wealth, and purchase property

2.1 Banks

Core Question:	Are traditional banking services robust and extensive enough to serve the needs of the population to help them build wealth and purchase property? No – Weak, although there are plenty of microfinance organization in Ghana, it is very difficult to obtain a bank loan and the country’s bank services are far from sound.
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Access

2.1.1 How easy is it to obtain a bank loan? **Weak – Ranking 111th out of 141; Score 4 out of 7, Trend ↓**

Soundness

2.1.2 How sound are the country’s banks? **Weak – Ranking 113th out of 141; Score 4 out of 7, Trend ↓**

Source: *The Global Competitiveness Report 2018-2019*, World Economic Forum
<http://reports.weforum.org/global-competitiveness-report-2019/>

2.1.3 Microlending Status

Status – Strong, although a lot microfinance institution have had their licenses revoked, numerous institutions are still operating in the country and the institutions have large number of active borrowers.

Other Sources

Core Question:	Are entrepreneurs free to raise capital outside the banking system including venture capital and/or by issuing stock in a well-regulated stock exchange? Yes – Strong, although it is difficult for entrepreneurs to find venture capital, government exerts limited control over financial services, and it is easy to raise money by issuing shares on the stock market.
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Financial Freedom

2.2.1 How much control does the government exert over financial services? **Strong for entrepreneurs – Score 60 out of 100 – Limited government control, Trend=**

Source: 2017 *Index of Economic Freedom*, Heritage Foundation
<http://www.heritage.org/index/country/ghana>

Venture Capital

2.2.2 How easy is it for entrepreneurs to find venture capital?

Very Weak – 93rd out of 141 Trend ↓; Score 2.8 out of 7

Equity Investors

2.2.3 How easy is it to raise money by issuing shares on the stock market? **Strong – 66th out of 138 Trend ↓; Score 3.7 out of 7**

Source: *The Global Competitiveness Report 2019*, World Economic Forum
<http://reports.weforum.org/global-competitiveness-report-2019/>

2.3 Credit Information

Core Question:	Is comprehensive credit information available through public and private credit bureaus? No – Weak, the comprehensive credit information is in great depth, although public or private credit registries are not extensive.
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Overall Ranking 44th out of 190, Very Strong, Trend ↓

Coverage

2.3.1 What is the depth of information available from credit organizations? **Strong – Score – 6 out of 8 with a higher number indicating more information is available**

Public

2.3.2 What is the extent of public credit bureau coverage? **Very Weak – No credit bureau**

Private

2.3.3 What is the extent of private credit registry coverage? **Weak – 11% of adults**

Source: *2019 Doing Business – Getting Credit*, World Bank

<http://www.doingbusiness.org/data/exploreeconomies/ghana/getting-credit>

In-Country Assessment Information

FQ 4. How available are mortgage loans for purchasing property, who is the typical user and what are the prevailing trends?

Mortgages are gradually becoming more accessible through noted home financing institutions like Ghana Home Loans, HFC Bank and even traditional banks such as Standard Chartered Bank, Cal Bank and Fidelity Bank. Most of the clients are employed in the formal sector and rely on a monthly income. A further majority of this statistic are middle aged workers looking to move into their second or third homes. The majority of these clients are on the Home and Land Purchase mortgage. Forming about 82% of the portfolio. Typical users are resident in Ghana, forming 82% (all nationalities), in which majority of them are Ghanaians.

FQ 5. What are the interest rates, term and loan-to-value ratios for available mortgages?

The base rate for loans procured in US Dollars is 12.75% and the base rate for loans procured in Ghana Cedis is a 182 Day Treasury Bill Rate + 8%. The term is a maximum of twenty (20) years, and the Loan-to-Value ratio is 80% maximum.

FQ 6. Are there any informal barriers to borrowing such as for women or minorities?

There are no informal barriers against women or minorities. The minimum age requirement is 18 and one cannot apply after the age of 60. Having limited resources and very little access to relevant information leads to difficulty in acquiring a mortgage but this affects all, not just women and minorities.

Source: Chris Tetteh, Ghana Home Loans

3. Effective Governance



Goal – A popularly elected government free of corruption and functioning efficiently and transparently enough to guarantee economic freedom to individuals and support equitable property markets

3.1 Democratic Representation

Core Question:	Does the country have free and open elections for the leadership, and can citizens engage in free enterprise? Yes – Strong, in Ghana, citizens are able to elect their government and freely express their opinions, and government’s intervention over market is limited.
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3.1.1 Voice & Accountability

3.1.1.1 Are citizens able to elect their government and do they enjoy freedom of expression, association and a free media? **Yes – Strong – Percentile Rank – 67.98 Trend ↑**

Source: *Governance Matters 2019*; World Bank
<http://info.worldbank.org/governance/wgi>

3.1.1.2 Are citizens free to form political and civic organizations free of state interference and surveillance? **Yes – Strong – Score 6.63 out of 10**

Overall Ranking – 55th out of 167

Source: *The Economist* Intelligence Unit Democracy Index 2019
https://en.wikipedia.org/wiki/Democracy_Index

Fair Elections

3.1.2 Do citizens enjoy a wide range of political rights including free and fair elections? **Yes – Very Strong – Score 83 out of 100.**

Source: Freedom House – *World Freedom Report*
<https://freedomhouse.org/report/freedom-world/freedom-world-2019>

3.1.3 Market Intervention

Overall Ranking – Weak 109th out of 169 Trend ↓

3.1.3.1 To what extent does the government control prices? **Score 57.5 out of 100 with a lower score indicating more control.**

Source: *2019 Index of Economic Freedom* – Heritage Foundation
<http://www.heritage.org/index/country/ghana>

3.2 Lack of Corruption

Core Question: Is the public sector transparent and free of corruption? **No – Weak – there is not enough transparency in Ghana, and even though the government tries to control it, it is hard when there are few cases reported.**

Transparency

3.2.1 What is the perceived level of corruption in the country? **Weak – Ranking – 80th out of 176; Score 41 out of 100 Trend ↓**

Source: Corruption Perceptions Index 2019 Transparency International
<https://www.transparency.org/research/cpi2019>

Control of Corruption

3.2.2 How effective is the government in controlling corruption? **Strong – Score 52.88 out of 100**

Source: *Governance Matters 2019*; World Bank
<http://info.worldbank.org/governance/wgi/index.aspx#home>

Extralegal Payments

3.2.3 How often do companies report that officials/and or companies expect irregular payments or bribes to “expedite” services or gain business? **Very Weak – Ranking 111th out of 138; Score 3.76 out of 7 – Trend ↓**

Source: *The Global Competitiveness Report 2017-2018*, World Economic Forum
<http://reports.weforum.org/global-competitiveness-index/>

3.3 Efficient Administration

Core Question: Are quality services and qualified civil servants available to the public through the efficient use of public money free of corruption? **No – Weak, A number of structural and institutional shortcomings still plague Ghana’s economy and hold back prospects for more dynamic economic development.**

Size of Government

3.3.1 What is the size of government relative to GDP? **24.5% – Strong 25-30% considered optimum.**

Source: *2019 Index of Economic Freedom*, Heritage Foundation
<http://www.heritage.org/index/country/ghana>

Regulatory Quality

3.3.2 What is the quality of the civil service? **Very Weak – Score 43 out of 100**

Government Effectiveness

3.3.3 What is the overall effectiveness of the government? **Weak – Percentile Ranking – 46.15 Trend↓**

Source: *2019 Governance Matters*, World Bank

<http://info.worldbank.org/governance/wgi/index.aspx#reports>

In-Country Assessment Information

FQ 7. What is the actual experience of practitioners in dealing with the government?

Real Estate Practitioners in Ghana come into contact with the government mostly when registering a property or transferring it. The process as aligned in FQ2 is a simple process but quite cumbersome to a first timer. Industry practitioners find it hard to follow the process because of its time-consuming nature and therefore resort to the use of extra-legal payments not only to expedite the process but to stay away from all the back and forth.

Others, however, would rather go through the process themselves, and save the extra cedis they would have pay to agents. The introduction of the Client Service and Access Unit (CSAU) in Accra has made dealing with the government more bearable. Although it is yet to be replicated across the country, its effect in Accra has been positive.

All one has to do, is to visit the Lands Commission office in Cantonments, Accra; with the right documents and money, and the process will be taken care of. The process shares a similarity with a banking system which many Ghanaians find comfortable. This pay-and-wait system has cut down the use of extra-legal payments and agents as well. Overall dealing with government has become an easier task than before.

4 Rational Dispute Resolution



Strong Weak

Goal – An efficient institutional framework that balances the rights of the public, owners, lenders and borrowers in the event of a dispute or loan default

4.1 Rule of Law

Core Question: Do all market participants abide by the rule of law and have confidence in the courts and the ability of police to control crime? **No – Weak, Despite a fairly strong confidence in the justice system, there is no accountability of the judiciary and the level of law enforcement and reliability of the police is low. Which may be accounted for by issues such as bribery and corruption.**

Impartiality

What is the confidence level of the strength and impartiality of the police, courts and contract enforcement? **Strong – Percentile Ranking – 56.73 ↓**

4.1.1

Source: World Bank, Worldwide Governance Indicators

Judiciary

4.1.2 Can members of the judiciary be held accountable for their actions? **No– Score 44.2 out of 100 – Weak, mostly unfree Trend ↑**

Source: *2019 Index of Economic Freedom*– Heritage Foundation
<https://www.heritage.org/index/country/ghana>

Security

4.1.3 What is the security situation in the country including crime, terrorism and the reliability of the police? **Ranking 67th out of 141 – Score 75.1 out of 100, Weak Trend ↑**

Source: *The Global Competitiveness Report 2019*, World Economic Forum

4.2 Enforcement of Contracts

Core Question: Are systems in place for timely and efficient enforcement of contracts?
Commercial – No – Weak
Residential – No – Very Weak

4.2.1 – Judicial Enforcement

Commercial – Weak – Ranking 117th out of 190 Trend (unavailable)

- 4.2.1.1 What is the quality of the judicial process? **6.5 out of 18**
- 4.2.1.2 What is the time between the filing of a lawsuit and resolution in judicial enforcements? **710 days**
- 4.2.1.3 What is the cost of judicial enforcements as a percentage of claim value? **23%**

Source: *Doing Business*

https://www.doingbusiness.org/en/data/exploreconomies/ghana#DB_ec

Residential – Very Weak

SQ 10 What is the time between notice of intent to foreclose and loan collection in judicial enforcements? **706 days – Very Weak**

SQ 11 What is the cost of judicial enforcements as a percentage of property value? **10.88% – Weak**

Survey Questions

4.2.2 – Summary Proceedings

SQ 12 Summary proceedings are alternative dispute resolution processes where creditors can apply for a direct court order in property disputes. What is the time between notice of intent to foreclose and loan collection in summary proceedings if available to lenders? **Not available – Very Weak**

SQ 13 What is the cost of summary proceeding if available to lenders as a percentage of property value? **Not available – Very Weak**

4.2.3 – Power-of-Sale

SQ 14 What is the time between notice of intent to sell and loan collection for power-of-sale agreements if available to lenders? **Not available – very weak**

SQ 15 What is the cost of power-of-sale agreements if available to lenders as a percentage of property value? **Not available – Very Weak**

4.3 Commercial Dispute Resolution

Core Question:	Can commercial disputes be resolved efficiently and fairly without exorbitant expense and delay? Yes – Strong, the establishment of commercial court in Ghana shortened delays to commercial dispute resolution and there are extensive Alternative Dispute Resolution mechanisms in Ghana.
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Survey Questions

4.3.1 Commercial Courts

SQ 16 Do specialized commercial courts exist for the handling of property disputes and foreclosures? **Yes – Strong, the first commercial division at the High Court was established in Accra, Ghana.**

It was the reform that not only shortened delays to commercial dispute resolution but also instilled new spirit in Ghana's justice system. There are special courts for probate, property and commercial disputes.

Source: Ghana: Establishment of commercial courts <http://www.doingbusiness.org/reports/case-studies/smart-lessons/establishment-of-commercial-courts-in-ghana>

4.3.2 Alternative Dispute Resolution

SQ 17 Are alternative dispute resolution mechanisms in place including commercial arbitration, private mediation and community-based processes? **Yes-- Strong – a member of the New York Convention, the National Labor Commission (NLC) and the Ghana Arbitration Centre are the main bodies that operate as centers for Arbitration practice. Ghana has in force the ADR Act, 2010. There is also the use of private chartered arbitrators in the resolution of commercial disputes. Where parties provided in their agreements that alternate dispute resolution mechanisms should be used to resolved disputes, the Courts are mandated by law to stay proceedings and refer the parties to the chosen means of dispute resolution.**

Source: *Alternative Dispute Resolution in Ghana*
www.mediate.com/articles/adjabengs3.cfm

4.3.3 Commercial Treaties

SQ 18 What bilateral, regional and international commercial treaties exist concerning business between countries? **Strong – a member of WTO, numerous bilateral trade agreements signed or in the process of being negotiated or ratified.**

Source: Ghana Ministry of Trade and Industry
<http://moti.gov.gh/faq>

In-Country Assessment

FQ 8. To what extent do practitioners report the use of formal contracts and trust institutions to support contract enforcement?

The trend in Ghana had always been that land transactions are informal. These informal land transactions although recognized by Law and more particularly under the Conveyancing Act, 1973 (NRCD 175) and the Contracts Act, 1960 (Act 25), are rife with issues and a lot of endless litigation in the court. The advancement in the law and practice as well as the rise in the number of pending cases concerning land have led to the adoption of some form of documentation in land transactions by real estate practitioners. In recent times, more often than not, the next step for parties in real estate transactions after investigations is to enter into a contract that binds them to the transaction and is enforceable at law.

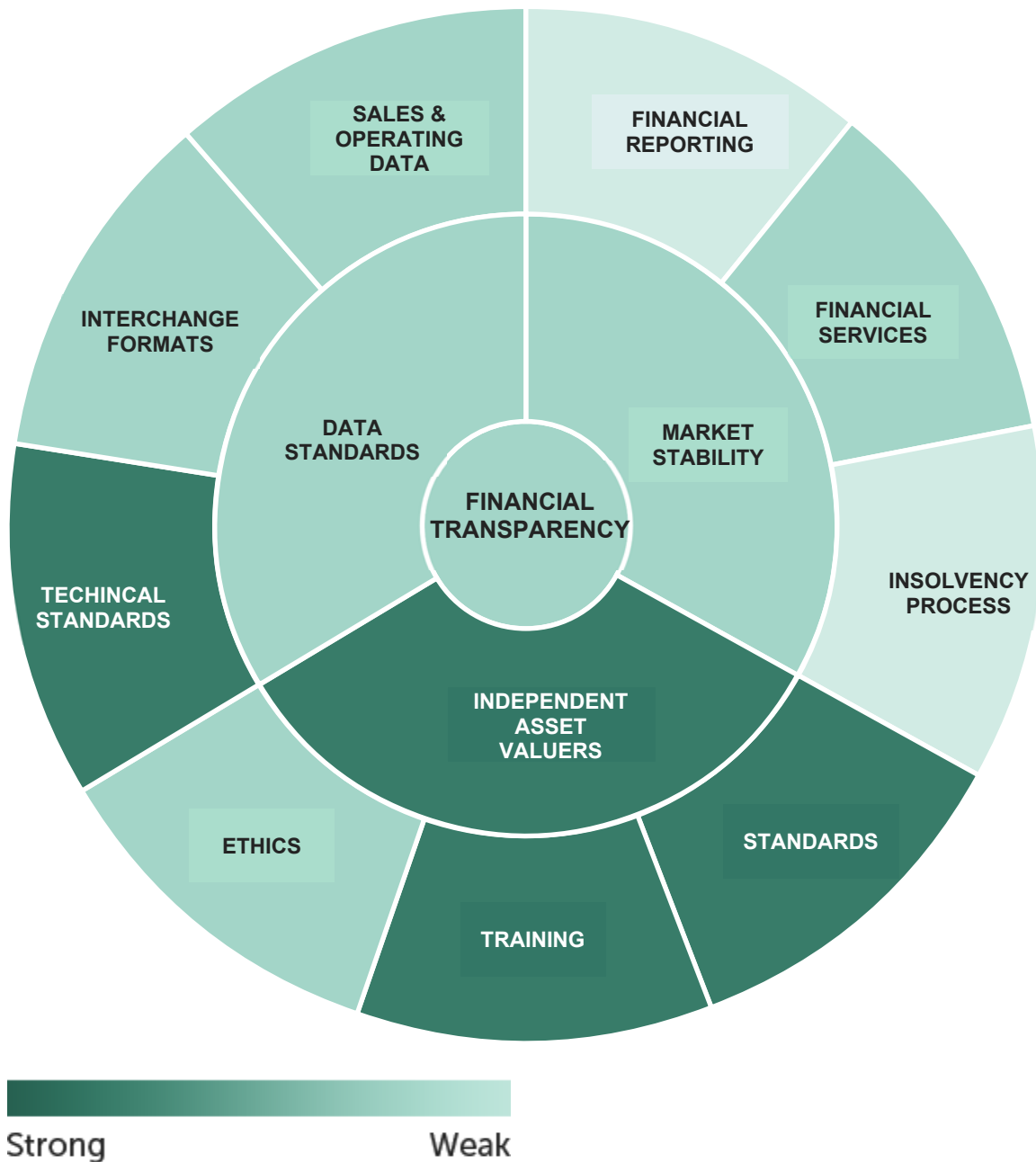
However, due to the high costs, this rarely includes the use of actual conveyances. Practitioners mostly resort to the use of preliminary contracts of sale to evidence agreements between parties to enter into land related transactions. These contracts do not, legally and strictly speaking, transfer interests in land. However, they are capable of being enforced by the court and sometimes to the extent of transferring interest by being specifically enforced.

The most resorted to trust institution within the country when it comes to the enforcement of contracts is the court. Real estate transactions are generally fraught with litigation even in situations where there is the existence of formal contracts. One would find that the best way to acquire real estate in Ghana which is contention-free is to acquire property registered under the Land Title Registration Act, 1986 (PNDCL 152). This does not guarantee that there would be no litigation. However, it may guarantee victory in even if there is. Further, there are very few registration areas in the country covering just the Greater Accra region and parts of the Ashanti region. The next best thing is to ensure that the transaction is secured by written contracts.

One drawback with the use of formal contracts is the requirement that under law they must be registered. This applies to both contracts for sale and conveyances which must be registered under the Land Registry Act, 1962 (Act 122) to be enforceable by the Court. The further draw back with this is the tedious administrative channels one has to go through to register any document or interest for that matter at the Lands Commission.

The use of formal contracts in Ghana is on the ascension. However, it is not certain how useful this is in light of the fact that trust institutions are necessary to support this use. This is because the existence of a contract without the means to enforce it. In an attempt to resolve these land disputes, there has been the creation of specialized land courts which number about twelve (12) in just Accra. These have ensured that land disputes do not take decades to resolve as was previously the case.

5. Financial Transparency



Goal – A well developed and transparent financial system that includes strong supporting institutions and highly trained and ethical professionals that contribute to effective financial intermediation and deep and broad access to capital and financial services

5.1 Market Stability

Core Question:	Are market risks sufficiently transparent and diversified so that efficient capital allocation can occur? No – Weak – because the property market especially assets trading is still not formally regulated. Hence, most transactions are still shrouded in secrecy.
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5.1.1 Financial Reporting

What is the strength of the country's auditing and reporting standards?

Very Weak – 107th out of 141; Score 50.4 out of 100 Trend ↓

5.1.2 Financial Services

Does the financial sector provide a wide variety of financial services to businesses?

Weak – 82nd out of 141; Score 46.1 out of 100 Trend (no change)

Source: *Visit the Global Competitiveness Report (GCR) Web site:*
<http://reports.weforum.org/global-competitiveness-report-2019/>

5.1.3 Insolvency Process

Very Weak – Ranking – 161st out of 190 Trend ↓

5.1.3.1 What is the average time to complete bankruptcy proceedings? **1.9 years**

5.1.3.2 What is the cost of bankruptcy proceedings as a percentage of the estate? **22%**

5.1.3.3 What is the recovery rate of bankruptcy proceedings? **24.0 cents on the dollar**

Source: *Doing Business 2019 – Resolving Insolvency*
<https://www.doingbusiness.org/en/data/exploretopics/resolving-insolvency>

5.2 Independent Asset Valuers

Core Question:	Do trained, independent and ethical asset valuers exist for all types of assets? Yes – Strong, however due to limited data, the cost approach still predominates.
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Survey Questions

5.2.1 Standards

SQ 19 How easy is it to find a valuer who implements International Valuation Standards?
Strong – The country's National Valuation Standards are largely compliant with International Valuation Standards because Ghana

Institution of Surveyors is a member of The Royal Institute of Chartered Surveyors (RICS) which is a member of the International Valuation Standards Council (IVSC).

Source : Ghana Institution of Surveyors <http://www.ghisonline.org/>

Training

SQ 20 What is the level of training of valuers?

Strong – Valuers are trained in the application of the three market-based approaches to value and have some experience in their application.

5.2.2 Ethics

SQ 21 Are opinions offered by valuers free of influence from parties to the transaction?

No – Weak, however a developing, independent valuation profession exists and an IVSC compliant code of conduct exists and is sporadically enforced.

5.3 Data Standards

Core Question:	Is accurate property information available electronically in formats that are consistent with international standards? Yes – Weak, Introduction of an international multiple listings services (Xposure MLS & Loopghana.com) happened in May of 2020 and data is currently being aggregated into the system. Many available online marketing portals lack international standards.
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Survey Questions

5.3.1 Sales & Operating Data

SQ 22 Are data aggregation services available where brokers and agents can widely share contracted real estate listings of properties that are for sale or rent?

Yes, Weak, property listings services (Xposure MLS and LoopGhana) are available and in the process of gathering data. Other available listings services known as online marketing portals lack international standards in terms of data aggregation and dissemination.

SQ 23 Do resources exist for obtaining building income and expense estimates?

No – Weak, some property listings services and operating data are available, but they are not standardized.

5.3.2 Interchange Formats

SQ 24 Do electronic data interchange formats conform to international standards (ebXML – electronic business using extensive markup language)?

Yes – Weak, the launch of the Xposure MLS includes IDX solutions, there is still a number of paper-based transactions.

5.3.3 Technical Standards

SQ 25 Do building codes and office building measurement standards (ANSI/BOMA Z65.1) conform to international standards?

No – Strong - National building codes and measurement standards are in place but do not conform to international standards.

In-Country Assessment

Market Stability

FQ 9. How stable has the property market been over the last several years?

As a result of exchange rate risk and overall unstable economy, the property market has been very unstable because of the correlation effect of the national economy. Even as market operators peg property prices against the US Dollar, the instability of the economy does lead to changes in prices quoted in the US Dollar as well.

Valuation Profession

FQ 10. How many independent valuers exist in the market?

The total number of valuers under the Valuation and Estate Surveying Division of Ghana Institution of Surveyors is 806.

FQ 11. How many companies exist and what is the average size of valuation companies?

The total number of existing valuation companies and their average size cannot be determined. However, the total number of valuation companies registered with the Ghana Institution of Surveyors is 51.

FQ 12. What are the valuation standards, and do they conform to international and regional standards?

Valuers registered with the Ghana Institution of Surveyors conform to the International Standards set by the Royal Institute of Chartered Surveyors following a Memorandum of Understanding signed in November 2014.

FQ 13. What valuation methods and techniques are used in the market?

Valuers use five methods of valuation, the Depreciated Replacement Cost method, the Market Approach method, the Investment, Profit method and the Residual method. However, the method commonly used is the Depreciated Replacement Cost method due to the lack of sales, income and operating expense data on the property market in Ghana.

FQ 14. Are there valuer associations in the market? What number and percentage of practitioners belong?

The only valuer's association is Ghana Institution of Surveyors (GhIS) and all licensed valuers are members.

FQ 15. What training programs are available to upgrade the quality of valuers?

The Ghana Institution of Surveyors organizes Continuous Professional Development (CPD) programs usually held every year for its members under each division.

FQ 16. Are peer review mechanisms in place to assist in enforcing ethical behavior? Refer to the answer in FQ 15.

Yes, though such mechanisms are only activated when misconducts are reported.

FQ 17. What is the quality of valuation reports?

This cannot be fully determined. However, valuers registered with the GhIS produce valuation reports according to the standards set by RICS.

Data Availability

FQ 18. What is the status of proprietary databases that include property information?

There are several online portals such as tonaton.com that provided tools for property information but not a database source. Xposure MLS and LoopGhana has started aggregating data to form a database source. These databases will properly reviewed for accuracy, audited and maintained to ensure transparency, property information availability and accessibility to desktop researchers.

FQ 19. What is the status of existing data sharing mechanisms for properties that are for sale?

Social media and is the most popular mechanism of sharing data on properties. Newsletters and email alerts are also used in sharing data. Websites of agencies or developers also provide information on properties they have. All these platforms are sharing data but property data sharing in the country has still low.

FQ 20. Do valuers have an established data sharing mechanism?

Valuers as an association do not have an organized data sharing platform like Ghana Real Professional Association (GREPA) with the introduction of its Xposure MLS and public facing portal - LoopGhana. Hence, most valuers use privately owned property listing sites, social media, email newsletters, mobile chat groups and word of mouth.

6. Appropriate Regulation



Goal – A comprehensive regulatory regime that is transparent, efficient, simple in its implementation and that leads to accurate reporting of property values and prudent protection from market risks

6.1 Fair Tax Regime

Core Question: Do market participants feel the overall tax rate is fair and participate in formal transactions? **Strong – Ghana’s tax rate remains the lowest in the sub- region, with a high amount of tax exemptions for foreign Investments.**

Transfer Tax

6.1.1 What is the total property transfer tax including all duties and payments? **Very Strong – 1.2%**

Overall Tax

6.1.2 What is the overall tax rate on entrepreneurs? **56.0 – Ranking – 152nd out of 190 process is time consuming, Very Weak – Trend ↓**

Source: *Doing Business 2019* – Paying Taxes & Registering Property, World Bank
<http://www.doingbusiness.org/data/exploreeconomies/ghana#paying-taxes>

6.1.3 Divestment

Survey Question

SQ 26 What is the tax on profits for foreign investors when divesting property? **Strong 25% - Strong – there are some restrictions on foreign investors and the tax rate is from 15 to 30%.**

Source: www.tradingeconomics.com/ghana/corporate-tax-rate

6.2 Professional Services

Core Question: Are the professional services necessary for efficient and transparent property markets available and appropriately regulated and supervised? **Yes – Strong, professional services have improved to a large extent in recent years.**

6.2.1 Asset Valuers

Survey Questions

SQ 27 Are property Valuers licensed and/or certified by the government? **Yes – A Valuer must be a member of the Ghana Institution of Surveyors (GhIS) – Strong.**

SQ 28 How effective are mechanisms in place to discipline valuers who engage in misconduct? **Licensing and certification of Valuers by the government includes several levels and disciplinary procedures are in place and rigorously enforced.**

6.2.2 Brokers & Agents

Survey Questions

SQ 29 Are real estate brokers and agents licensed and/or certified by the government? **No – Weak – there is no government certification for brokers and agents. There are however institutions regulating brokers on various levels, while there are a large number of informal agents**

SQ 30 How effective are mechanisms in place to discipline brokers or agents who engage in misconduct? **Very Weak – there a no such mechanisms.**

6.2.3 Mortgage Professionals

Survey Questions

SQ 31 Are mortgage professionals licensed and/or certified by the government? **Yes –Strong – Banks which provide mortgage are regulated by the government.**

SQ 32 How effective are mechanisms in place to discipline mortgage professionals who engage in misconduct? **Strong – Banks and other financial institutions operate under their own code of ethics and International banking regulations.**

6.3 Capital Markets

Core Question:	Are capital markets well-regulated and diversified enough to provide financial resources to private-sector entrepreneurs and innovators? No – Weak, Capital Markets are not fully developed but the Security Exchanges Market is active.
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Capital Flows

6.3.1 What are the business impacts of rules on Foreign Direct Investment? **Weak – Ranking 73rd out of 138; Score 4.5 out of 7 Trend ↑**

Security Exchanges

6.3.2 Is the regulation of securities exchanges transparent, effective and free of influence from government and industry? **Yes – Weak, Ranking 111th out of 138; Score 3.7 out of 7 Trend ↓**

Source: *The Global Competitiveness Index 2019*

Securitization

6.3.3 What is the depth of asset-backed securities, mortgage-backed securities, high-yield bonds and highly leveraged loans? **Very Weak – No securitization in the county.**

In-country Assessment

Taxation

FQ 21. What is the overall taxation system in regards to property?

Depending on the type of property there are various taxes that are charged. 10% Corporate tax charged on straight-line basis is placed on buildings, structures and works of a permanent nature being owned or used by corporate businesses.

Also 25% corporate tax is charged on income derived from construction for sale or letting of low-cost affordable residential premises (subject to approval from the Ministry of Works and Housing) by a Real Estate Company after five years of operation.

8% withholding tax is charged on rent on residential properties to individuals and artificial persons (as investment income)

Gift tax is levied at a rate of 15% of the taxable value of gifts in excess of GH¢50. It is payable by the recipient of the taxable gifts.

Capital gains tax is payable by a person at the rate of 15% on capital gains accruing to that person or derived by that person from the realization of a chargeable asset owned by that person.

Brokerage

FQ 22. What is the number of practitioners in the country including full-time brokers/agents with formal training and part-time, informal brokers?
Unknown

FQ 23. What is the number and average size of brokerage companies? Unknown

FQ 24. Are there brokers associations active in the market? What number and what percentage of practitioners belong?

The Ghana Real Estate Professionals Association (GREPA) is the prominent broker association in the market. The percentage of practitioners that belong to GREPA, cannot be determined but can be said to be low.

FQ 25. What training programs are available to enhance productivity?

GREPA as well as Real Estate firms such as Meqasa hold training events to teach brokers modern practices in the industry but these events are mostly random.

FQ 26. Is there a Code of Ethics or standards that practitioners follow? Is the Code enforced?

This cannot be determined. However, members of GREPA conduct business in accordance with International Ethics and Standards Coalition, of which GREPA is a member.

FQ 27. Do civil society organizations exist to support the development of mortgage professionals?

No there are no civil society organizations that exist to support the development of mortgage professionals. Any form of development comes from the financial institutions that employ them.

Sources:

1. Ghana Real Estate Professional Association (GREPA)
2. Ghana Institute of Surveyors
3. Bank of Ghana