Table of Contents

Abstract

Sub-Saharan Africa, besides being the world's most impoverished and technologically disadvantaged region, is also home to the world's youngest and fastest growing population. The region is currently experiencing a globally unprecedented rate of urbanization, which given the urbanization experiences of presently developed nations, should elevate the region's living standards, bring social modernization, and increased democratization to the region. In reality, the region is experiencing a process of urbanization that is devoid of the development of market enhancing infrastructure and industrialization, which are the root causes of all the benefits associated with urbanization. The result has been growing income inequality, the proliferation of urban-slums, and a growing population of unskilled and underemployed city inhabitants. This research project draws on a wide range of socio-political and economic literary research materials and economic data collections and analyses, to develop an understanding of the reasons for the region's failure to eradicate poverty and raise the living standards of its populations. The project advances the argument that under the right supporting institutional and policy environments, an industrial scale supply of residential housing developments, supplied through a strong private sector, could serve as the basis for the development of the infrastructure that empowers the people of the region to become agents of economic growth through entrepreneurship and innovation. The paper defends the premise that through employment creation, skills training, and the many ripple effects of housing on

an economy, housing is the key to initiating a surge of wealth creating economic activity, thereby, allowing the region to benefit fully from the process of urbanization.

Introduction

The historical precedent of those societies that have, at one time or another, enjoyed the benefits of a thriving economy with a healthy demand and supply of housing, consistently indicates a strong correlation between adequate housing, infrastructure development, and economic development. It could be argued that a healthy supply of adequate housing is both the cause and consequence of a healthy and vibrant economy. This is because very few industries can be credited with the distribution of wealth, direct or otherwise, across such a broad range of population segments as a successful housing industry. In the United States and in Western Europe, for instance, the real estate industry is one of the largest sectors of the economy. In the United States, the rate of homeownership is approximately 70%, and in Europe it is about 50% (Walley, 2013, p. 113). Residential housing is a significant contributor to the strong economies of both these regions, providing millions of jobs and generating hundreds of billions of dollars of economic output each year. It is also an important source of wealth creation for families and individuals; as a result, homeownership has become an integral part of the American dream. In the United States, mortgage debt as a percent of GDP has steadily increased from about 20% in 1952 to approximately 85% in 2010 (White, Nieuwerburgh, Acharya, and Richardson, 2011, Figure 5-1).

There are several different ways to show the impact of residential housing on economic development. For example, the housing sector in the United States contributes about 14% to the U.S. national total production, home equity contributes the largest share of U.S. household net worth, housing starts are one of the key factors in the macroeconomic business cycle, real estate and rental leasing employ over 1.7 million people, and about 40% of monthly consumer expenditures are housing related (Millennial Housing Commission, n.d., pp. 1-12). Furthermore, like all economic activity, housing produces a "Keynesian" multiplier effect. This means that a home purchase, or other spending on a home, will lead to further spending in other sectors of the economy. For example, the income earned by landscapers is recycled into the economy as they spend, generating another round of income and purchases. The degree of multiplier effect depends on factors like the monetary policy accommodation of the Federal Reserve Bank and the "crowding out" effect of Government spending in the economy. Macroeconomic modelling by the National Association of Realtors (NAR), indicates that the multiplier effect of home sales in the U.S. economy is between 1.34 and 1.62 in the first year or two after the initial spending on residential homes has occurred (Hale, 2009, para. 3). This means that each dollar increase in direct housing activity will increase the overall GDP by $1.34 to $1.62. These facts, along with others too numerous to mention, suggest that residential housing plays a very important role in economic development.

In contrast to the U.S. and Western Europe, homeownership is still very low or almost non-existent in sub-Saharan Africa. Data from the Center for

Affordable Housing Finance in Africa (CAHF) (2014), for instance, illustrates this fact quite clearly. It shows that even for advanced countries such as South Africa, the proportion of mortgages as a percent of GDP is very small (amounting, in the case of South Africa, to only about 22.04%) (p. 2). For the rest of the sub-Saharan African countries, the percentages are even smaller. In countries such as Central African Republic and Senegal, the percentages of mortgages to GDP are as low as 0.07%, meaning that housing plays a very insignificant role in the national economy.

There is overwhelming evidence from the U.S., Europe and other regions of the world that housing plays a very important role in economic development, and that these countries have used this important segment of the economy to advance economic growth by adopting policies and legal frameworks that support its sustainability. Given the fact that economic development through the development housing is a well-established outcome, why are sub-Saharan African countries lagging behind in developing their real estate sector? How can sub-Saharan African countries use housing development to grow their economies and improve the economic well-being of their citizens by providing employment, an avenue for wealth creation, and a higher standard of living?

This thesis proposes an answer to these questions. The thesis advances and defends the argument that an aggressively promoted residential housing sector can effectively help sub-Saharan African countries jump-start the economic development that the region desperately needs, because it is labor intensive and would affect a very large group of people. The thesis also argues that housing development, implemented in conjunction with other measures e.g. the expansion of interregional trade and cooperation, is a uniquely well suited mechanism through which to deliver the necessary combination of basic ingredients to deliver the foundational requirements that facilitate economic development in sub-Saharan Africa. The ideas contained in the pages that follow are formulated around the core conviction that the key to unlocking the competitiveness of the region lies not in its natural resource wealth, but rather, in the innovative and entrepreneurial potential of its populations. People, when furnished with the right institutional and legal structural frameworks, good governance, and the rule of law, are the ultimate drivers of economic development.

The thesis is divided into four chapters. Chapter 1 examines the problems that plague sub-Saharan Africa and provides a detailed discussion of how they can be alleviated through the implementation of large scale housing development projects. The chapter also explores and explains the social and economic benefits of housing, as they have been observed and documented in developed economies, such as that of the United States. The relationship between housing development and economic development are established to show how housing can be used to mitigate the region's developmental challenges.

Chapter 2 provides an in depth discussion of issues that impose barriers to the establishment of a vibrant housing industry in the region. The chapter examines existing literature establishing the relationship between housing development and economic development. The chapter also documents the housing development experiences of other regions of the world and explores how lessons learned from them could be adapted and implemented in sub-Saharan Africa. The chapter also explores possible ways of negating the restrictive effects of national and regional borders among sub-Saharan African countries in order to facilitate greater cooperation and the expansion of regional economic markets so as to support the establishment of an effective and profitable private sector program of housing supply.

Chapter 3 discusses the current understanding of the general theory of economic development and growth. This is followed by an exploration of the philosophical framework that defines the current global economic world view. This world view of the functioning of global economics, serves—for all practical intents and purposes—as the ground, fertile or otherwise, upon which sub-Saharan Africa and other developing regions must sow the seeds of their economic developmental fortunes. Thus equipped with an understanding of the theoretical and practical framework of the requirements and constraints that must form the basis of any realistic solution to the region’s economic and development challenges, an argument is constructed that shows that housing development is indeed the best vehicle to facilitate the delivery of sub-Saharan Africa’s economic development goals.

Chapter 4 provides a summary of the thesis as well as suggestions for extensions and potential areas of further research on the topic. The chapter outlines the objectives and methods that would be necessary to continue the study with an ultimate goal of producing an actual program of industrial scale housing supply in sub-Saharan Africa.

Chapter 1: An Analysis of the problem

According to the World Bank, sub-Saharan Africa had a total population of approximately 910.4 million in 2012. Of that number, 37% resided in urban areas. Kessides (2006) reported that the region's annual urban growth rate over the last two decades was around 5%. This urban growth rate has effectively caused the region's urban population to double over a period of about 15 years. However, as she and several other authors have noted, an urbanization rate of 37% is not particularly remarkable. It is in fact on par with what has been observed in other regions of the world as they passed through similar stages of economic development. The 5% annual rate of urban growth that has been observed in sub-Saharan Africa is, however, unprecedented. What is more, this historically remarkable rate of urban population expansion is currently in the

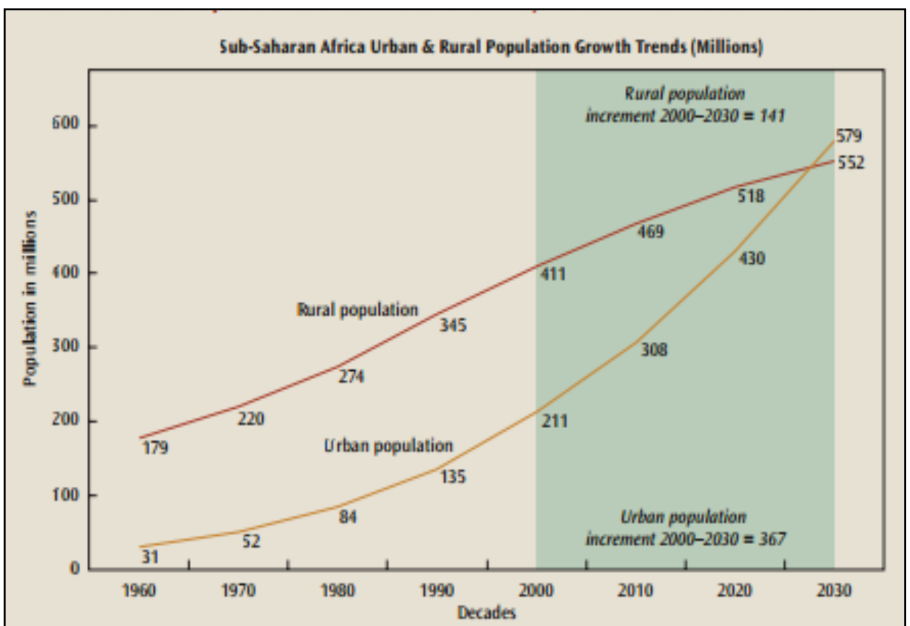

Figure 1: Sub-Saharan Africa's Urban and Rural Population Growth Trends.
[Courtesy of "The Urban Transition in Sub-Saharan Africa" by Christine Kessides]

middle of a period of further acceleration. In what Kessides (2006) describes as a “Demographic inflection”, the urban population of sub-Saharan Africa has been projected to rise sharply by over 350 million people between 2000 and 2030. During this period the urban population of the region is going to surpass the rural population (see figure 1). Three sources of this urban population growth have been identified: natural increases resulting from an imbalance between births and deaths, the reclassification of rural areas into urban areas as the rural areas change in density or predominant land use, and the internal migration of people from rural to urban areas as they respond to various push and pull factors. The UN-Habitat report, *The State of African Cities* (2010), projected that the African population will be approximately 2 billion people by around 2050, of which as many as 60% are expected to live in urban areas.

However, this level of urban population explosion is not a new phenomenon in world history. European cities (London, Paris, etc.) during the industrial revolution and several American cities such as New York, Philadelphia, and Chicago in the late 1800’s and early 1900’s experienced similar explosive urban population expansions. Their experiences can be used as a reasonable historical reference to predict the kinds of issues that ill-equipped and underprepared cities in sub-Saharan Africa could face in the foreseeable future. In fact, similar problems as those observed in the afore mentioned metropolises such as the rapid proliferation of diseases like cholera and increasing levels of crime among the inhabitants of makeshift squatter camps and urban slums, are already common to virtually all major African cities. Among the most important lessons to be learned from cities such as London and New York in their handling of the issues associated with explosive urban population expansions are that they require many different policies and actions to solve. However, the experiences of these cities also show that adequate and affordable housing is always a necessary ingredient to the successful implementation of those policies and actions. Living conditions in the tenements of New York, for instance, would only begin to improve after the passage and proper implementation of the Tenement Housing Law of 1901. The success of that particular law finally made a difference after two previous versions of the law had proved inadequate to significantly improve housing conditions. In Chicago, as in many other communities' throughout the United States, the living conditions would eventually be improved—both in terms of housing need as well as in employment/income requirements—by the implementation of President Franklin Roosevelt's New Deal Policies. Prominent among the New Deal Laws was the Wagner-Steagall Housing Act of 1937. Through this law, the United States Housing Authority (USHA) would be created and served to eliminate slums, replacing them with decent public housing.

Urbanization is widely accepted as one of the primary means of poverty alleviation. It has been observed throughout the economic history of developed nations to be a major factor in the amelioration of people's living standards and a significant mechanism of wealth creation. Giddings (2007) reported that urbanization and urban activities in sub-Saharan Africa accounted for 60% - 80% of the economic growth experienced by African nations. Yet, in 2010 UN Habitat reported: "In no other region of the world today is urbanization more sustained but economic growth more sluggish [than in sub-Saharan Africa]" (p. 41). Municipalities in sub-Saharan African cities have been overwhelmed by the rapid growth of their populations. The reason for this is that there has not been a commensurate expansion in physical infrastructure and economic activity to absorb and engage the growing population. The problem is exacerbated by the fact that this population is comprised of people who are unskilled and have low levels of education. The secret behind urbanization as a wealth creating mechanism is largely rooted in the concentration of both the resources of production and demand in a relatively small geographical area. This means that entrepreneurs in urban areas generally have immediate access to a broad and diverse market for their products and services coupled with relatively easy access to many of the resources necessary for their activities e.g. labor. The resulting ability to corral and organize resources, and subsequently, to process and distribute their goods and services into a proximate and easily accessible market, generally translates into higher levels of productivity for urban activities over the predominant activities of rural/agricultural settings. More urbanization occurring in a society, consequently, leads to higher levels of productivity, increasing wages, and rising living standards. This mechanism, however, has to a large extent failed to function in sub-Saharan Africa as is indicated by Figure 2. The

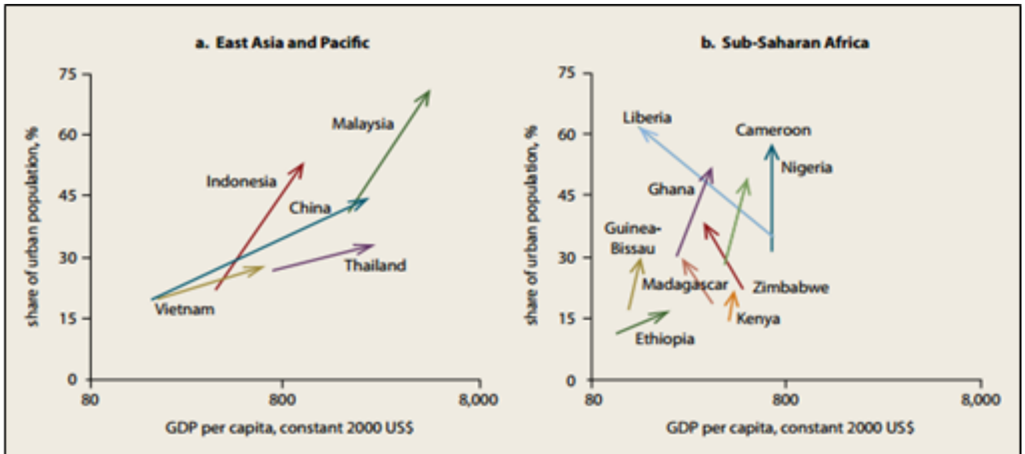

Figure 2: GDP per Capita Growth as a Function of Urban Population Expansion in Sub-Saharan Africa and the East Asia and Pacific Region. *[Courtesy of: "World Development Report 2013" by World Bank]*

figure depicts a comparison of wealth expansion as a function of urban growth for selected countries in East Asia and sub-Saharan Africa. The figure shows that there is a strong positive correlation between urbanization and societal wealth creation in the countries of East Asia, but a very weak correlation in the growth of urban populations and the expansion of overall societal wealth in most sub-Saharan African countries.

The reasons for this lack of productivity, and the resulting lack of wealth creation that normally accompanies urbanization, are complex. However, within the microcosm of businesses operating in Africa's urban settlements, many of these reasons can be traced back to the predominance of informal economic activities that never seem to find a way to break out of their status of infancy. Nichter and Goldmark (2009) indicate that informality, which they define as a business entity that is unregistered and operates outside official recognition, but derives its revenues from legal goods or services (p. 1456), is a major hindrance to a firm's potential for growth. The status of informality deprives small businesses of the access to many resources, and thus, of the opportunity to expand and increase their contributions to local economies e.g. by increasing employment opportunities for urban populations, and boosting the revenues of local governments who could in turn provide more and better services to the rest of their populations.

Unlike a small tailoring business, a neighborhood tuck-shop, or even a car repair shop, (all of which are examples of businesses that can and often operate in the shadows of informality in sub-Saharan Africa), home construction is an inherently large scale, highly visible, and capital-intensive business activity. The production of a highly-visible and relatively high value commodity such as housing requires a status of formality. Unlike most other product categories that have similar initial investment and regulatory/control constraints, however, housing requires the use of a large, non-automated workforce, which need not be highly skilled initially and can be trained with relative ease. This makes housing construction a particularly well-suited vehicle for employment creation in a region that desperately needs jobs for an ever increasing unskilled urban population. Housing, therefore, not only provides a means to improve the living conditions of sub-Saharan Africa's urban populations, but also presents the continent with the unique opportunity to take advantage of an abundant and inexpensive labor force.

In addition to the direct impact of job creation, housing is well recognized for having particularly high indirect impacts on economic activity. This is because the housing industry is labor intensive and offers few possibilities for the automation of production activities. Home construction, as a rule, is also heavily reliant on the use of locally-available resources. A study on the economic effects of housing conducted in 2009 in the United States by the National Association of Home Builders (NAHB), divided the economic effects of home construction into three phases. Phase 1 effects are the direct effects of new construction. These include local job creation and the associated wage payments, the money flows resulting from the direct purchase and transportation of building materials as well as other direct services from local suppliers, skills training, and the direct revenues realized by local authorities in the form of taxes, impact fees, permit fees, and other fees that are incurred as direct costs of construction.

Phase 2 effects, also known as multipliers or ripple effects, are those that occur in the local economy as the result of wage earners from construction jobs spending some of their earnings on goods and services within the local economy. In this way, local businesses and service providers that have seemingly nothing to do with the construction industry e.g. retail outlets and local farmers benefit from construction activities. The NAHB estimates that the construction of the average single family home in the United States generates 3.05 jobs and $89,216 in taxes. The NAHB further estimates that the average new multifamily rental unit generates 1.16 jobs and $33,494 in taxes.

Phase 3 effects are those that arise from the ongoing use of completed homes after the construction is done. These are arguably the most important effects as they are diverse and extend far into the future. These long term effects begin immediately in the form of specific wants and needs that are the natural consequence of individuals and families moving into newly acquired safe, secure, and well-constructed homes. These range from durable goods such as furnishings and electronics, to utilities like running water and electricity. They also include the revenues for local governments from the collection of taxes on property and local commerce. The centralization and stability of demand that is created by the provision of permanent housing stocks in a community is, in fact, a very important factor in generating and making commerce viable and sustainable. In 2008, Oregon Housing and Community Services found that for every $10,000 of direct investment in the operation of a rental housing project, over $20,000 worth of economic activity was generated within the local economy. They also found that a further $22,000 was generated in economic activity statewide that year. While it would not be plausible to expect that any sub-Saharan nation could expect the same multipliers within their economies as a result of similar interventions, these figures certainly demonstrate the very real economic benefits of the housing sector.

Another pressing problem for sub-Saharan Africa is the lack of infrastructure. Infrastructure refers to the entirety of the physical and organizational structures, systems, and equipment that are used to facilitate the exercise of all the social and economic functions of a society. Infrastructure is the result of public and/or private investments and include transportation networks, communication systems, and energy grids. Infrastructure also includes hospitals and healthcare systems, educational facilities, as well as parks and other recreational facilities. Infrastructure has been identified by the World Economic Forum as one of twelve "Pillars of Competitiveness." The World Economic Forum report (2014) defines Competitiveness as ". . . the set of institutions, policies, and factors that determine the level of productivity of a country" (p. 4). Competitiveness could, therefore, be understood as the ability of a nation (or firm) to take advantage of its superiority (in terms of resources, technology, infrastructure etc.) in order to offer its products on open markets at lower prices and/or with greater value to the consumer. Competitiveness is considered a fundamental determinant of the level of productivity, which in turn establishes the aggregate level of prosperity that can be achieved within any given economy. By this view, failing infrastructure translates directly into a failing economy. Under this understanding of economic development and productivity, a significantly poor and failing infrastructure excludes any possibility of substantially increasing levels of overall prosperity. Infrastructure, being the basic means by which a society produces and distributes goods and services is, an essential precondition to economic expansion and increased investment.

The United Nations Office of the Special Advisor on Africa released a policy brief in October 2010 in which it estimated that Africa needed approximately US $93 billion in infrastructure investment annually of which, two thirds would be for new projects and one third for the repair and maintenance of already existing infrastructure (p. 1). Meanwhile, UN Habitat (2010) reported that total private sector infrastructure investment in sub-Saharan Africa in the 15 years between 1990 and 2005 was just over US $36.5 billion (p. 42). To put the relative size of this figure into some perspective, we can use the State of Tennessee as an example. According to a Tennessee State Government publication (2000), the Gross State Product of the State of Tennessee amounted to over US $94 billion in 1990 alone. What is more, of the US $36.5 billion that was invested by the private sector into sub-Saharan Africa's infrastructure, over half was dedicated to the Republic of South Africa (UN Habitat, 2010, p 42). Other sources of investment in Africa have come in the form of foreign aid packages from foreign governments and other donor agencies. Unfortunately, these have been increasingly targeted towards issues of policy and healthcare rather than infrastructure development, e.g. the United States of America's Presidents Emergency Plan for AIDS Relief (PEPFAR).

The result of this lack of investment in the infrastructure of communities that continue to be exposed to the pressures of population growth, has been a staggering rate of urban decay and the downward spiraling of living standards and conditions. However, the development of adequate infrastructure typically requires a lot of time and massive capital expenditures that, in the political realities of many of Africa's weak and unstable democracies, often seem far less urgent than the more immediate concerns of an extremely poor citizenry. The challenge for the governments of underdeveloped nations, therefore, is finding a means of initiating the development of the infrastructure that is necessary to facilitate increased productivity while simultaneously effecting significant improvements to the lives of their citizens. In this respect, housing offers a very good solution. Affordable housing projects offer a means to provide highly visible, direct, and immediately effective improvements to the lives of the citizens of any nation. This has the effect of improving people's health and wellbeing. Collier (2014) makes a strong case for the role of decent housing in improving living standards. He also explains that housing plays a very important role in facilitating the conversion of cities from "market cities" to "production cities." This means that the citizens of Africa's cities could go from being net consumers, sending what wealth they have outside in exchange for goods and services, to being net producers, sending goods and services out in exchange for the financial resources that they would need to invest in themselves and their communities.

By clearing the way for private sector investments in the provision of affordable and adequate housing, the governments of sub-Saharan Africa stand a realistic chance of giving themselves the space to make other necessary investments e.g. high impact infrastructure projects like transportation hubs and energy grids. If nothing else, by making investments into one of the most fundamental pieces of infrastructure for human existence i.e. housing, sub-

Saharan African governments, whether acting alone or in conjunction with the private sector or foreign agents, are certain to create employment in the short term. Perhaps more importantly, however, home construction activities would provide entry-level training in the basic skills of construction that generally form a solid basis for further development into the more complex skills involved in activities such as the construction of roads, commercial buildings, electrical grids, and other forms of infrastructure. These skills, and the management of construction projects that would be acquired and developed in the supply of housing, could be very valuable in the long term.

Over time, if other economic stimulating measures are applied together with the initial investment in housing, national governments could greatly ameliorate the living standards of their citizens. They could also make strides toward improving their citizen's levels of health, dignity, and the creation of a general sense of national wellbeing. A sense of national well-being would, in turn, create the opportunity to alleviate the sense of helplessness and resignation that many Africans feel in the face of overbearing political institutions, rampant corruption, and ever worsening economies. Citizens would have a greater stake in the running of their institutions, which would have the effect of greatly increasing citizen participation in the governance of their countries. The more active interest and participation of citizens in the decisions made on their behalf, generally leads to increased political and economic stability and performance. Ultimately, sub-Saharan Africa's greatest developmental challenge is that of harnessing the potential of its populations to be the engines of economic activity instead of being burdened by their most basic needs. It is an unavoidable reality that the governments of sub-Saharan African nations are not able to lead the charge for the economic prosperity of their citizens. Encumbered by inefficiency and corruption, and being indebted to external powers, sub-Saharan Africa governments need to rely on their citizens to blaze the trail to economic prosperity to which they can play an effective supporting role. In order for this to occur, their citizens need to be empowered, trained, and equipped to become more productive. By tackling the problems mentioned in this chapter, a vibrant housing development program lead by the private sector, does just that.

Chapter 2: Dangers within – *Sub-Saharan Africa's Dilemma*

The development of housing in any society is dependent upon the presence of safe, cohesive, and sustainable environments in which people live in relative peace and harmony and are willing and able to engage in economic activities that raise their living standards. Unfortunately, perpetual civil unrest, political instability and persistent poverty create hostile environments in which communities are unstable rendering proper housing development difficult if not impossible. This Chapter will examine the most significant factors that create an unfavorable environment for housing development in sub-Saharan Africa. These factors include, but are not limited to: weak and inefficient public and private institutions, which are predominantly the remnants of Marxist-socialist ideologies; the lack of large local and regional markets that are dominated by significant middle-class wage earners, which would provide the required demand to support a strong housing industry; the lack of access to efficient financial services to support home purchases; and, the prevalence of an urban culture of home construction that is too strongly rooted in traditional methods and strategies of housing provision that were useful in rural environments.

The people of sub-Saharan Africa are renowned for a cultural heritage that places great emphasis on hospitality and civility. And yet, the region of sub-Saharan Africa is also known for perpetual civil unrest, political instability, and persistent poverty. These and other characteristics of the region inhibit investment, stifle business and innovation, and discourage large scale and significantly complex economic activities that are more efficient and effective at generating wealth and elevating standards of living. What is far worse, however, is that these characteristics are the manifestations of structural weaknesses within the social and political framework of the region e.g. weak institutions, poor regulatory environments, and inadequate checks and balances that ensure accountability and guard against the mismanagement or abuse of collective resources. These weaknesses and their manifestations erode the ability of sub-Saharan African nations to experience significant expansions in economic market activity, aggregate levels of productivity, and elevated standards of living.

At the end of the imperialist era, sub-Saharan African nations emerged into an age of political and socio-economic experimentation. As they emerged after protracted violent struggles for independence, most of them turned toward the Soviet Union, which had supported them in their efforts to liberate themselves from the shackles of colonial rule, for support and guidance. The overwhelming majority of them, embraced Marxist-socialist ideologies and adopted interventionist economic policies and authoritarian models of government. Although Marxist tenets have largely been debunked and abandoned globally, the public institutions of sub-Saharan African nations remain burdened by the remnants of those failed ideologies e.g. single-party political rule and strongman politics, inefficient civilian leadership, and public sectors that are steeped in rampant bureaucratic red tape and corruption. Ideally, public institutions are the means by which national governments use public resources to provide their citizens with necessary services in an efficient, effective, and accountable manner. Public institutions are also the primary means by which governments build and support the capacities for their citizenry to make the most of their individual and collective talents in the pursuit of their interests and happiness. Weak, ineffective institutions do more than simply fail to accomplish these objectives. They actively destroy the ability of their citizens to accomplish their goals, and drain the society of its potential to make any advances toward a higher standard of living.

The weakness of sub-Saharan Africa’s public institutions presents two immediate challenges to the successful implementation of a vibrant housing industry. First, the construction of safe, adequate housing depends on a reliable system of controls and regulations to ensure that minimum standards of quality are upheld. As with any high value durable asset, its quality and ability to maintain that quality, and to preserve its utility over its intended life is closely linked to its value. The most successful and most commonly used means of ensuring this kind of quality control and product adequacy, is through the establishment and use of building codes that are verified by way of regular inspections during the construction process. In order to ensure that this form of quality control system is self-sustaining and well organized, most successful jurisdictions rely on the issuance of building permits to prospective builders, as well as certifications that document and confirm that completed structures satisfy acceptable quality and safety standards. However, in order for such a system to work, individual home purchasers, mortgage lending institutions, and any other stakeholders must, ultimately, be able to rely on the certifications that purport to provide the assurance of quality and dependability of an asset. Furthermore, because of the sizable investments that are associated with the supply of housing, builders need to be able to depend on the regulatory system to be fair and efficient. If project builders, their financiers, and their clients cannot rely on the regulatory system to avoid unnecessary project delays and disruptions, they will be unable to make necessary investment decisions. Corruption, red tape, and other forms of public sector incompetence, therefore, impose a particularly heavy form of invisible tax on housing Construction.

The second major challenge to housing that is imposed by institutional weakness is born out of the fact that the house that is visibly bought and sold is only one component of a much larger process that converts raw land into the usable real-estate that is of interest to the paying consumer. The supply of housing stocks is a very long and resource intensive process, of which the building of the house is only the final step. First, a piece of raw land has to go through several legal, regulatory, and physical changes that prepare it to receive a building structure. This is the process of land-development which, among several other steps, entails the restructuring of the natural terrain and the installation of all the sub-surface and above ground utilities and infrastructure that make buildable lots. Land development and home construction are not only time and capital intensive, but even in the most favorable business climates, are inherently risky endeavors. One example of the risky nature of land-development is that developers do not get to see any returns on their investments until the end of their projects, which could take well over a year or two to complete. This level of protracted risk exposure not only imposes the requirement for a high rate of return on an investment, but also for a high level of faith in the macro-economic and political stability of the local and national economy. These are both economic characteristics that are heavily influenced by national governments and public institutions. The strength and reliability of governments and public institutions, consequently, play a significant role in ensuring the stability and dependability of their business environments, thereby, reassuring potential investors. Political instability at every election cycle, uncertain enforcement of property rights and contract laws, and political based decision making that leads, among other problems, to inflationary spirals are all common occurrences in sub-Saharan Africa and serve as a very strong deterrent to land development and large scale home building.

In February of 1991, the African Development Bank (AfDB), the United Nations Development Program (UNDP), the World Bank, the International Monetary Fund (IMF), and 32 African and non-African countries and institutions formed the African Capacity Building Foundation (ACBF). The ACBF was formed in response to the recognition of ". . . the severity of Africa's capacity needs, and the challenge of investing in indigenous human capital and institutions in sub-Saharan Africa" (Africa Capacity Building Foundation, 2007, p. 1). In its final report, the ACBF (2007) made recommendations concerning ways to strengthen public sector institutions in sub-Saharan African nations. Their recommendations were:

1. To establish an effective separation of powers by maintaining strong and independent branches of government that provide effective checks and balances to one another. The Western model, which has proven quite effective, is to establish three independent branches of government, an executive branch, a legislative branch, and a judicial branch.
2. The rigorous pursuit of transparency in government in order to provide for effective public scrutiny of the use and allocation of public resources and the professional conduct of public officials. Successful governments, past and present, have accomplished this by having a free and independent means of informing the public about what happens in the seats of power. In successful modern societies, this is accomplished through a free press and well-compensated civil servants that are highly professional and dedicated to promoting the public good and are, as such, not susceptible to corruption.
3. A free and competitive economic and political environment that supports a society firmly rooted in the ideals of meritocracy. This would, among other benefits, lead to a reduction of power and influence held by central governments, in favor of strengthening and empowering the private sector and civil society.

4. A simple, clear, and transparent regulatory framework that is responsive to civil society. The rules of the game have to be clear and readily available for all to see and understand, and must be enforced without prejudice or favor so that they gain strength through credibility. The report states: "Complex regulatory programs involving subsidies are recipes for further corruption" (152). A solid regulatory regime ultimately nourishes a thriving competitive environment that promotes good socio-economic outcomes.

The home building industry is necessary to provide communities with the essential elements to keep them safe, healthy, and comfortable. However, a thriving home building industry depends on the existence of a thriving and expanding market dominated by middle class wage earners. The housing industry, like most other industries, depends on the existence of large and efficient markets that allow industries to take advantage of economies of scale and hedge against the risks and restrictive effects associated with systemic and cyclical weaknesses in market demand. In order to make it possible for a profitable, and therefore, self-sustaining housing industry to thrive, the systems and instruments of governance and economic activity in sub-Saharan Africa need to provide for strong interregional cooperation so as to facilitate the development and expansion of middle class markets. Such markets would be most viable if they were to be established around resources that can support and sustain large communities. The artificial and arbitrary frontiers that divide the continent only serve to limit the possibilities of the successful formation of such markets. These boundaries, established by imperialist powers in order to distribute territorial claims to the continents resources in a bygone era, have shown themselves to be an impediment to the cooperative exploitation of resources like Lake Victoria. Such resources could serve as the nuclei around which the kind of regional cooperation that could facilitate extensive market development can occur. By negating the divisive effects of territorial boundaries—in the same way that the nations of the European Union have done—Uganda, Kenya, and Tanzania, could create a large, efficient market around Lake Victoria that could support very strong industrial development, in a fashion similar to the way that the Great Lakes have done in the United States. By cooperating with each other around this shared resource, these three countries could circumvent the need to develop expensive transportation infrastructure like roads and railways, while creating a large regional market that would encourage the development of a strong local economy. This would satisfy a very important pre-condition to allow a vibrant home building industry to take root.

African leaders, in order to rise to this challenge, have to seek to forge regional and pan-continental alliances that form the basis for cooperation and the coordination of policy and developmental efforts. This would serve to increase the amount of regional trade, which a 2013 report by the United Nations Conference on Trade and Development (UNCTAD) noted was far below its estimated potential. The report noted that intra-African trade was far below what is observed among other global regions. Over the period from 2007 to

2011, intra-African exports represented 11% of total exports. In developing Asia this figure was 50%, in Latin America and the Caribbean it was 21%, and regional trade in Europe represented 70% of total trade (p. 126). Inter-regional trade offers African business a way to eliminate the limitations imposed by the relative small size of African economies. It also offers African business a way of avoiding the challenge of engaging in direct competition with the business entities (and in a very real sense, with the stronger institutions and economic systems) of more advanced nations on the global market, before they have acquired the sophistication and resources to do so on a more level footing. A successful African homebuilding industry needs these conditions to prevail because these are the conditions that ultimately make it possible to develop the growing internal middle class that is the best market for housing.

Global economic history has shown that middle class populations in particular, are the best market for housing. This is because the middle class is the largest social group of individuals that can develop within an economic system in which the characteristics of adequate size; sustainable expansion; reliable demand that is characterized by continually increasing sophistication; and, most importantly, the economic means to satisfy their desires, can be sustainably unified for prolonged periods of time without causing destabilizing episodes of unrest within the system. This is because a significant middle class population not only maximizes economic activity, but it reduces the perceived wealth gaps that may exist among social groups within a society. The economic means of middle class individuals are, however, typically not large enough to allow the acquisition of large assets like housing without access to a financial services sector to help them leverage what assets they possess in order to acquire those that would otherwise be beyond their means. As Ajakaiye (2005) explains, the financial sector serves as the primary means of mobilizing the financial resources of an economy. It channels these resources from net savers, who have more money than they need at any given moment in time, to those who need and can put those financial resources to productive use, e.g. to build a housing sub-division, or to purchase a new home (p. 89). The possession of economic means, used in reference to middle class individuals, therefore, really refers to their ability to gain access to financial services, e.g. short term construction loans and mortgages, to facilitate the purchase of large assets. In order to have a housing industry, the existence of a healthy, efficient, and reliable financial sector and capital markets to provide these and other financial services is, therefore, inevitable.

Unfortunately, the state of sub-Saharan Africa’s financial sector is very weak and relatively insecure. Capital markets in sub-Saharan Africa are extremely underdeveloped, where they exist at all, and the region has very limited access to international capital markets. This leaves the region’s financial services sector heavily skewed towards banks. This, as Jennifer Moyo, Nandwa, Oduor, and Simpasa (2014) point out in their research, leaves the financial services industry in sub-Saharan Africa vulnerable to systemic bank failures (p.

3). Although a number of sub-Saharan African nations have taken steps to restructure their Banking systems in order to encourage more banks to offer services in their countries, the banking systems of sub-Saharan Africa remain characterized by small banks that are concentrated in a few key areas—typically the large urban centers of the region—and a lack of competition. This leads to a very high level of inefficiency in the performance of the banking systems role of financial intermediation. Mlachila et al. (2013) observe that due to this inefficiency in Sub-Saharan Africa's banking system ". . . access to finance in sub-Saharan Africa is among the lowest in the world and presents one of the key obstacles to the activity and growth of enterprises" (preface). As long as sub-Saharan Africa's financial services sector remains weak and inefficient, the market for large assets such as housing will effectively remain constrained and restricted to a small minority of high wage earners. The only other avenue for the homebuilding industry would be the supply of subsidized housing developments that depend on government or donor support. Such a model has not only been shown to be inefficient and unsustainable over the long term in places like South Africa, it also creates avenues for the propagation of government corruption associated with the awarding of contracts.

When it comes to creating the conditions for a successful homebuilding industry, it is important to distinguish between improving the financial services sector, and improving ordinary middle class citizen's access to the financial services sector. Reforms and other improvements that help expand the size and availability of banking and other financial services do play a significant role in improving the business climate in sub-Saharan African nations. However, in order to have significant meaning to the homebuilding industry, the average citizen in sub-Saharan Africa must have access to financial services and be able, for instance, to obtain a long term mortgage contract with good terms. An effective and efficient financial services sector is an obvious necessity for this to occur. However, if the benefits of financial services are to be extended to individual borrowers, it is also important that the operating lending institutions have faith in their ability to extend long term loans to individual borrowers profitably. This requires, among other measures, that contractual frameworks for banking activities are significantly strengthened. In addition to reducing or eliminating political and other risk factors such as rent seeking and other forms of interference by government officials in banking policies and activities, national governments in sub-Saharan Africa need to introduce reliable creditor rights laws and dependable judicial enforcement mechanisms. Borrowers also need to be empowered and incentivized to actively engage in, and with, financial markets. This means that strong creditor rights need to be balanced with strong consumer protections. Institutional and individual property rights and contract laws, which are typically the basis for the establishment of collateral by individuals, need to be reliable and strong. In addition, individual borrowers need to be informed and knowledgeable enough to navigate and take advantage of sophisticated financial instruments and systems.

These conditions are not reflected in sub-Saharan Africa's current financial environment. Mlachila et al. (2013), note that the banking systems of many countries in sub-Saharan Africa have large amounts of excess liquidity and/or assets held in the form of government securities. This coupled with the very low loan to deposit ratios, and the fact that up to 60% of their lending is in short term loans, is indicative of ". . . the scarcity of what banks deem to be credit-worthy borrowers" (Mlachila et al., 2013, p. 18). It is, therefore, not enough for Sub-Saharan African governments to institute reforms that encourage more banks to open their doors within their borders. They need to work to expand the accessibility of financial services to as many people as possible. Walley (2013), details the extent to which mortgage loan financing is missing in Sub-Saharan Africa. According to him, if South Africa (which exhibits uncharacteristically high levels of financial sophistication) is excluded, mortgage debt in sub-Saharan Africa is observed to constitute less than 1% of GDP (p. 113). For comparison, mortgage debt represents 70% of GDP in the United States, and in Europe it represents 50% of GDP (Walley, 2013, p. 113). Without mortgages, or some form of financing, individuals are obligated to build homes incrementally, using the surplus from their monthly income. This method of housing supply is extremely inefficient and means that individuals and families are unable to benefit from the housing asset until the end of the financing period (i.e. until construction is completed).

The great benefit of a large-scale homebuilding industry is that it is able to take advantage of economies of scale in the procurement of building materials. It is also able to accumulate specialized talent and experience in the techniques and management of home construction. An adequately sophisticated homebuilding industry can also develop mechanisms that maximize the utility, and hence the value, of housing by developing ways to maintain housing structures and the infrastructure that supports them e.g. energy grids and sanitary sewer lines. Because of the lack of financing, poor mechanisms governing land acquisition and tenure, poor mechanisms to support and govern business and entrepreneurship etc., the vast majority of individuals in sub-Saharan Africa build their homes incrementally, purchasing and storing building materials on site as they are able and slowly building their home in what can easily extend to as much as a decade. This is the traditional way of providing housing in sub-Saharan Africa and is largely the result of people applying the traditional methods and strategies of homestead construction that they were familiar with in rural areas in their new urban environments. These cultural systems persist because people have not been exposed to more efficient systems of housing provision and home construction. Even were people have had the benefit of this exposure, many do not have the means to take advantage of the more efficient housing alternatives because they do not have access to mortgage financing for example.

There are experts in the field of housing supply in developing nations who argue that this incremental self-provided model of housing supply is actually preferable to the centralized institutionally planned and provided model of housing supply. Experts like John F. C. Turner (*Freedom to Build,* and *Housing by People: Towards autonomy in building environments*), take the view that such self-supplied housing is ultimately better for the low income consumers of housing because they are better able to define for themselves what benefits a house should provide to them. These advocates of the "Supporter" paradigm of housing supply argue that institutions should merely play a supporting role, assisting individual homebuilders who build their own home by managing resources such as land, services, and financing.

It is true that the alternative "Provider" paradigm of housing supply tends to lead to a "cookie cutter" product that strives to address a universalized set of housing needs. It is, however, extremely efficient and allows for an effectively managed supply of housing from land development to final sale. The universal character of housing supplied through the provider-paradigm of housing supply also has the advantage of creating a product that is based on a common standard, which means that it can be effectively and easily valuated. In addition, since the objective of this form of housing supply is the commercialization of an asset, its implementation automatically implies the establishment of a system that cultivates the transferability of property. Customized housing may better serve the needs of the individual builder of a property, however, its specialized utility may also mean the reduction or loss of value once the original owner no longer needs it.

One concrete example that clearly illustrates the disadvantage of the customary practice of building homes incrementally in sub-Saharan Africa, is illustrated by the reversed order in which housing and its supporting infrastructure are built by self-funded incremental home builders. In sub-Saharan Africa, and other developing nations, people customarily build the housing structure first, followed subsequently by the addition of the supporting infrastructure as an improvement to the structure. This is not only less efficient, elevating the over-all cost of construction, but it severely limits the effectiveness with which infrastructure systems can be planned, designed, and installed. In a system in which a home has to be built incrementally over several years, however, this order of construction makes perfect sense since the builders priority is the shelter and security provided by the structure. The protective walls and roof, take precedence over the access to electricity, hot water, and flushing toilets. Housing provided through an institutionally planned and coordinated home construction effort, on the other hand, prioritizes the efficiency of construction and the functional utility of the housing asset. Under such a system, it makes more sense to plan and install all the supporting infrastructure (e.g. roads and utilities) first and to build the housing structures there-after. The advantages of this efficiently managed and coordinated system of construction include the provision of systems with known and controlled capacities and capabilities, it facilitates the efficient location of underground utilities (which simplifies repairs and improvements at later dates), it lowers the overall costs of construction, and allows for a much greater benefit from the housing asset being conveyed to its occupants e.g. hot water, electricity, and sanitation.

The nations and economies of sub-Saharan Africa, when taken as a whole, still exhibit major weaknesses that would make the establishment of a profitable and self-sustaining housing industry very difficult if not entirely impossible. The majority of the region's public and private institutions, while showing signs of gradual improvement, are still weak and plagued by inefficiency and corruption. The national and regional markets of the region are still too small and underdeveloped to provide the economies of scale that would justify and support large scale industrial activity. The region's populations are also dominated by poor people who lack the means to engage in substantial economic activity and thus sustain strong economic markets. The region needs to expand its middle class populations, and greatly expand access to financial services. The conditions for the growth and expansion of an efficient financial services sector in sub-Saharan Africa need to be improved in much of the region. Many of the regional governments are making reforms and taking the necessary steps to expand the financial services sector in their countries. Unfortunately, many of their financial sectors are still small, dominated by a few large banks that do not face much competition, and are concentrated in a few urban areas. The financial services sector in much of sub-Saharan Africa is, consequently, insufficient to support the homebuilding industry. Finally, the people of the region need to be empowered to adopt and accustom themselves to a different approach to the provision of housing and housing infrastructure.

Chapter 3: The Argument for Housing as a Viable Solution to Sub-Saharan Africa's Economic Dilemma

In the preceding chapters, the theoretical benefits of a successfully implemented housing development program—supplied through a vibrant private sector housing industry—and the specific factors challenging the successful development of such a housing industry were explored. It was established that, viewed as a single economic block, sub-Saharan Africa's institutions and business environment were not well suited to the establishment of a successful housing industry. The proposition remains, however, that if all the challenges to its establishment were successfully resolved, the housing industry would be an excellent vehicle through which to solve the region's economic developmental challenges and effectively jump start and advance the cause of economic success in the region. Just as industrial manufacturing coupled with aggressive export promotion propelled South Korea and other East Asian economies to near miraculous economic growth beginning in the late 1960's, the aggressive pursuit of an efficient and vibrant housing industry (coupled with the strong promotion of interregional trade) are the keys to decisively unlocking sub-Saharan Africa's economic expansion. The question is: how can this proposition be justified? In order to present an effective answer to this question, it will be useful to start by reviewing modern economic theory concerning the factors affecting economic growth. It will also be important to base the discussion on a clear understanding of the regional and global environment surrounding and affecting sub-Saharan Africa and its economic development objectives.

3.1. The Economic Theory.

Almost all of the academic literature on economic productivity and growth references the theory of Growth Accounting. This theory attributes economic growth to three primary factors: Labor, which refers to the workforce that is available for the production of goods and services; Capital, which refers to buildings, machinery, infrastructure and other tangible assets that are available to the workforce for the production of goods and services; and Technology (also known as Total Factor Productivity), which refers to the methods and skills that are developed or acquired and through which labor and capital can produce goods and services with increased speed and efficiency. Using the Growth Accounting framework, economists have demonstrated how these factors of productivity combine to create aggregate levels of production and spur economic growth. Robert Solow (1956), demonstrated that the acquisition and continuous improvement of Technology was the only way for an economy to reliably start and maintain sustainable economic growth. This form of growth, i.e. growth resulting from access and improvements to Technology is known as "Intensive Growth." The alternative way of generating growth, known as "Extensive Growth," achieved by increasing the inputs of Labor and Capital, has been shown to generate growth that is unsustainable because without technology, it is susceptible to diminishing returns. Michael Sarel (1996), uses the example of Russia to illustrate how the inevitable effect of diminishing returns led to the eventual economic collapse of the Russian economy after the dissolution of the Soviet Union in 1991 (p. 4-5). After decades of having generated growth through capital deepening and increasing labor inputs—without making sufficient advances in technology—the Russian economy reached a point where it simply could no-longer grow any further.

Within the modern neo-classical understanding of economics, there are two dominant schools of thought that also need to be outlined in order to give context to this discussion. The first is Neo-liberalism, which—championed by economic thinkers like Friedrich von Hayek and Milton Friedman—can be broadly described as an economic ideology that emphasizes the shifting of the control over the means and responsibility for production away from governments (public sector) onto individual economic actors (private sector). The other, Structuralism (also known as Selective Interventionism), was most prominently championed by John Maynard Keynes. It can be described as an economic philosophy that asserts that free markets do not have the mechanisms to self-regulate. Structural-interventionists believe it is the role and function of governments to regulate markets and, when needed, direct economic activity in order to achieve and maintain optimal economic performance.

The importance of these two economic ideologies is a function of the important role that they play in the formulation and exercise of global economic philosophy, which affects areas like trade and the politics of development assistance. These are areas which, because of sub-Saharan Africa's heavy reliance on commodities exports, development aid, and international monetary assistance, effectively dictate the region's internal economic policy environments. These schools of thought shape the world view of international institutions and the governments of the world's economic leaders. They are the primary mechanisms by which to understand global interactions with the region e.g. in the form of international trade policy. They, therefore, both inform and provide the means by which to understand the policy and economic environment that influences and directs the internal structures and economic agendas of sub-Saharan African nations.

The more contemporary of the two economic worldviews is the neo-liberal school of thought. According to Wade (1992), neo-liberal economic ideology holds that the prescriptions for optimizing short-term resource allocation within an economy are, more or less, the same as those required to ensure the long-term economic growth of the system (p. 271). The primary neoclassical prescription for optimal resource allocation is price. This means that, free agents within a fair and unbiased market (i.e. buyers and sellers), reach a mutually-agreeable consensus concerning the value (i.e. price) of any given good or service based on the principle of supply and demand. Therefore, through the unbiased medium of price, the market decides whether and/or how much resource-wealth will be dedicated to making a good or service available on the market. The primary tenet of the neo-liberal school of thought could, therefore, be understood to be; to allow the markets to float freely with minimal, if any, intervention. This has also been termed *Laissez-faire* capitalism. In its practical application, neo-classical economic thought advocates that the State do no more than see to the provision of public goods, which individual actors within the market would be unwilling, or unable, to pay for or to organize effectively. These would include goods that benefit the collective such as law enforcement and public safety, physical infrastructure, stable macro-economic environments, and unencumbered and efficient markets. Neo-liberalism became the mainstream global ideology in the 1980's, prominently advocated by individuals like Ronald Reagan and Margret Thatcher. Neo-liberal thought is currently the prevailing ideology that governs global institutions like the World Bank and International Monetary Fund (IMF). The proponents of the ideology have used it to explain the rapid growth of East Asian economies like Taiwan, Hong Kong, Singapore, and South Korea (The four Tigers). They use the example of these economies to lend intellectual support to the precepts of neo-liberalism and encourage developing countries to follow the example of these economies in creating their own development strategies.

As neo-liberalism rose to become the main stream ideology, the ideology of Structuralism/Selective Intervention waned in its wake. Interventionism was the guiding principle of global economics from the 1930's; but, in the 1980's it increasingly became viewed as the cause for the economic "Stagflation" that had gripped the global economy in the 1970's. The end of the era of Structuralism was signaled by a wave of privatization of publicly owned enterprises, the lifting of state capital controls and protectionist policies, and the deregulation of global markets. Developing countries in Asia, Africa, and Latin America were urged/coerced by the IMF and the World Bank to abandon their nationalist development strategies. They were urged to deregulate and open their markets to global flows of goods and capital, and to use their comparative advantages to openly compete on international markets.

Structural interventionist ideology does not share the neo-liberal belief in the inherent efficiency of markets. Interventionists believe that markets, particularly those of developing nations, work imperfectly and need the guidance and assistance of the parent State. They believe that national governments should selectively provide directional thrust to economic development by promoting specific economic sectors using tax policy, subsidies, and other forms of publicly financed assistance programs. They also believe that national governments should protect fledgling industries within their economies from external competition through trade tariffs and protectionist policy in order to create the comparative advantages that would eventually allow their successful entry into the fray of global markets. Interventionists argue that, contrary to the neo-liberal hypothesis, the economic success of The Four Tigers was the result of government interventions that occurred in the 1960's, promoting industrial manufacturing and actively orienting the, now successful, East Asian economies toward export trade. In his analysis of East Asia's economic success, Sarel (1996) notes that even the World Bank acknowledges that neo-liberal economic policies are, by themselves, insufficient to explain East Asia's economic success. He states that:

> In each of these economies the government also intervened to foster development [. . .]. Policy interventions took many forms: targeted and subsidized credit to selected industries, low deposit rates and ceilings on borrowing rates to increase profits and retained earnings, protection of domestic import substitutes, subsidies to declining industries, the establishment and financial support of government banks, public investment in applied research, firm- and industry-specific export targets, development of export marketing institutions, and wide sharing of information between public and private sectors. (14)

The proponents of Structural intervention have also noted that "Almost all now-developed countries went through stages of industrial assistance policy before the capabilities of their firms reached the point where a policy of (more or less) free trade was declared to be in the national interest" (Wade, Introduction).

3.2. Sub-Saharan Africa's Internal Environment.

Now, armed with this basic understanding of economic development theory and of the global economic policy environment in which sub-Saharan African economies must forge their success, we can proceed to analyze the region's internal environment. First, it is worth noting that sub-Saharan Africa is an extremely diverse region. This makes it extremely difficult to generalize any analysis. The 2008 World Bank statistics illustrate this point very well. They show that Equatorial Guinea had a GDP per capita of $7,470, whereas in the

Democratic Republic of Congo the per capita GDP was $91. While it took an average of 7 days to start a business in Madagascar and Mauritius, it took 233 days to do the same in Guinea Bissau. Mauritius had a life expectancy of 73.2 years while Swaziland's life expectancy was 40.8 years. In Eritrea, 5 percent of

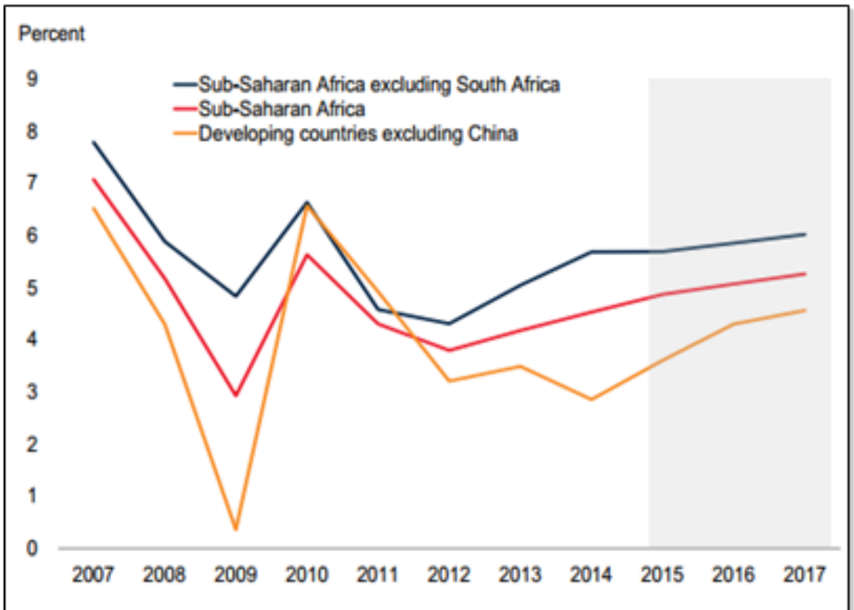

Figure 3: Sub-Saharan African and Developing Countries Excluding China GDP Growth Trends 2007 - 2017. *[Courtesy of: "Global Economics Prospects – January 2015" by World Bank]*

the population had access to improved sanitation, but in Mauritius, 94 percent has such access. Any characterization of sub-Saharan Africa as a region can, as such, only be very general.

Sub-Saharan Africa is one of the world's fastest growing regions. The World Bank publication, *Global Economic Prospects* (2015), estimated the region's average GDP growth rate to be 4.5% in 2014. One Quarter of the region's countries had national GDP growth rates that were well over 7%. The region's economic growth outlook for the future is, according to the same publication, also good. Even with setbacks such as the Ebola crisis in 2014, and the anticipated effects of global warming on agricultural productivity, growth is expected to rise steadily to an annual rate of 5.1% in 2017, outpacing the economic growth rates of other developing countries (see figure 3). Growth in the region is led by commodity exports e.g. Crude oil and metals, investments in public infrastructure, agricultural production, and a strong service sector. Ngozi (2010) also noted that "Sub-Saharan Africa's recent sustained growth has been made possible largely by improved political and macroeconomic stability, a strengthened political commitment to private-sector growth, and increased investment in infrastructure and education" (para. 3). The leaders of sub-Saharan African nations have clearly come to understand the importance of macro-economic and political stability. There is evidence that some of them are also beginning to understand the importance of working together to develop larger stronger markets by forming economic blocs. The East African nations of Kenya, Uganda, Tanzania, Rwanda and Burundi, (members of the East African Community) have voiced ambitions to take their union a step further to form a political federation and monetary union. Such initiatives harbor the promise of creating even stronger markets with greater economic advantages e.g. economies of scale, there-by, further accelerating the economic growth in East Africa.

The region has made tremendous strides toward being attractive for investors. A survey conducted by Ernst Young (EY Global Services) (2014), a global professional services organization, found that Africa's attractiveness to investors was only second to that of the United States (tied with Asia in the second place) (p. 55). Foreign Direct Investment (FDI) into sub-Saharan Africa has increased at an annual compound rate of 19.5% between 2007 and 2013 (EY Global services, p. 5). An ever increasing number of nations in the region are now regarded as "Frontier Emerging Economies" and exhibit the presence of relatively well developed financial markets. This has allowed some sub-Saharan African nations to access international financial markets, issuing sovereign bonds for instance, to finance some of their growth spending e.g. to fund infrastructure projects. A particularly exiting feature of the growth trends that are observed in many of the region's countries is double-digit growth rates in the service sectors like telecommunications, financial services, and retail trade. This is exiting because such trends reflect rising income growth and the increasing availability of discretionary spending and a burgeoning middle class. The USDA predicts that middle class populations in sub-Saharan Africa will grow by over 80% in the decade between 2012 and 2022 (see figure 4).

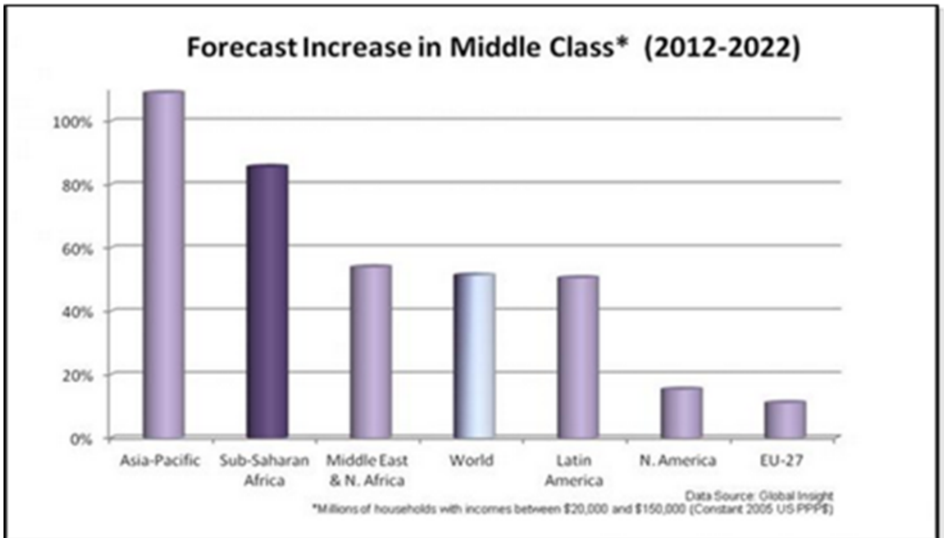

Figure 4: Forecast Increase in Middle-class Populations of World Regions. *[Courtesy of: "Economic Growth Drives Food Demand" by US Department of Agriculture]*

Africa is widely known to have the world's youngest and fastest growing population Bhorat and Naidoo (2014) report that the growth rate of the sub-Saharan region's working-age population between 2010 and 2030 will be 70.3% on average, eclipsing all other world regions (see figure 5). Sub Saharan Africa will, by that projection, have a working age population of 793 million people (i.e. ages 15 – 64) by 2030. A United Nations Working Document on Investment opportunities in the Great Lakes region (2014) points out that the African youth population is also becoming more and better educated stating: "… these trends offer an unrivalled opportunity for economic and social development if the talents of this swiftly increasing reservoir of human capital are harnessed and channeled towards the productive sectors of the economy" (Investing in the Great Lakes Region, p. 16). On the other hand, Wendy Baldwin (2013), points out that "Rapid

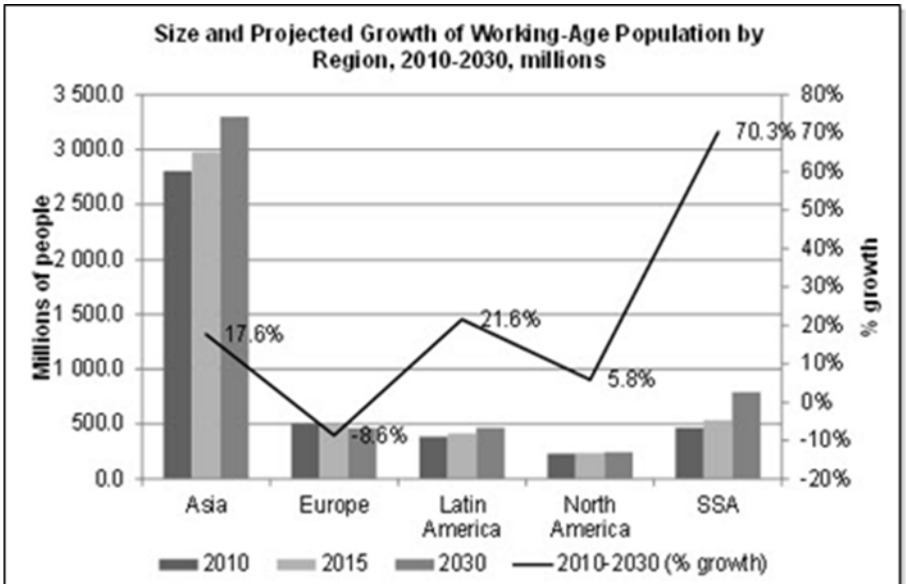

Figure 5: Size and Projected Growth of Working Age Populations by Region 2010 – 2030. *[Courtesy of: "Sub-Saharan Africa's Twin Jobs Challenge" by Bhorat and Naidoo]*

population growth makes it difficult for economies to create enough jobs to lift large numbers of people out of poverty" (para. 2). According to Population Reference Bureau (PRB) (2013) estimates, Africa's population is expected to rise from 1.1 billion today, to about 2.4 billion by 2050, with nearly all of that growth being predicted to occur in sub-Saharan Africa.

Whilst Sub-Saharan African growth statistics are impressive, they need to be viewed in the context of the region's economic starting point. Sub-Saharan Africa is by far the world's most impoverished region. A recent report by Simon Freemantle (2014), looked at a sample of 11 of the region's top economic performers (together accounting for 50% of the region's GDP) (see figure 6). He found that as much as 86% of the households in those countries lived below the poverty line (defined as having an income below $2 a day). He indicates that in

	Population	Middle-class households (LSM 5 and above)	
		2014	2030
Angola	21.2m	1.5m (35%)	3.1m (52%)
Ethiopia	89.8m	200,301 (1%)	973,085 (4%)
Ghana	26.2m	1.3m (20%)	4m (43%)
Kenya	43.5m	815,500 (8%)	2.6m (18%)
Mozambique	25m	288,100 (5%)	1.5m (18%)
Nigeria	174.9m	8.1m (22%)	21m (38%)
South Sudan	11.3m	65,000 (5%)	501,900 (24%)
Sudan	35.2m	1.8m (31%)	3.8m (47%)
Tanzania	47.2m	315,736 (3%)	1.4m (8%)
Uganda	35.8m	355,100 (4%)	1.6m (13%)
Zambia	14.7m	551,700 (19%)	1.7 (36%)
Combined	524.8m	15.3m	42.2m

Figure 6: Current and Projected Middle-class Households in 11 Sub-Saharan States. *[Courtesy of: "Making Sense of Africa's Middle-class" by Jaco Maritz]*

Nigeria, the region's largest and most populous economy, only 11% of the population (22% of households) can be counted as belonging to the middle class (i.e. having a household consumption of $5,500 a year or more) (as cited in Maritz, 2014). This is after Nigeria has experienced an expansion of the middle class of over 600% between the years 2000 and 2014 (Standard Bank Team, 2014, para. 3).

Sub-Saharan Africa, in addition to being the world's poorest region, is also the world's most technologically disadvantaged. Shem Simuyemba (2013), has pointed out that "The key to unlocking Africa's growth potential is investment in its infrastructure" (as cited in Kate Douglas, 2013, para. 2). Among the infrastructure requirements that Simuyemba lists as necessary to establish sustainable growth in sub-Saharan Africa are electrical energy supply grids, water and sanitation systems, transportation systems, and communication and information systems. These are not only the basic requirements for elevating living standards and providing relief from the devastating effects of poverty, they are also the foundational requirements for the acquisition and development of more complex forms of production technology. Production technology is—according to the Growth accounting theory of economic growth—the only real way to establish Intensive economic growth. Unfortunately, only a small portion of the infrastructure investments being made in sub-Saharan Africa are being made in those systems that would actually facilitate an increased assimilation of advanced technology. Investment into sub-Saharan Africa is heavily skewed toward sectors involving primary resource extraction, and has besides, been targeted primarily on four economic hubs, South Africa, Nigeria, Kenya and Angola. These four countries alone account for almost 50% of all Foreign Direct Investment (FDI) into the region (EY Global Services, p. 8). Bleaney and Greenaway (2001) demonstrated that there is a negative correlation between the specialization in the production of primary resources e.g. crude-oil and precious metals, and economic growth (p. 492). On explanation for this observation is that the production of primary resources tends to provide disincentives to investments in human capital since these economic activities receive higher returns from using unskilled labor.

The ability of certain sub-Saharan African nations to access international financial markets, viewed from the perspective of infrastructure spending that disproportionately benefits resource extraction and global commodities markets over public utility, is not very encouraging. Sub-Saharan African nations are essentially using public debt to finance an infrastructure build-up that may not serve the public interest over the long term. The region is saddling itself with future debt in order to build the capital goods to support an economic sector that neither favors the elevation of living standards, nor builds the region's capacity to develop production technology. This implies that sub-Saharan Africa is effectively borrowing against future productivity growth in order to experience a temporary extensive growth spurt, which is doomed to eventually slow down and disappear altogether. Instead of following the example of the four Tiger's, sub-Saharan Africa is treading in the footsteps of the Russian economy leading up to its falter in 2001. The fragility and vulnerability of the region's economic growth is clearly illustrated by Sierra Leone, which posted a GDP growth rate of 20.1% in 2013 (World Bank Data). The following year, the country was hit by the outbreak of Ebola and GDP fell to 4%. The World Bank projects the GDP of Sierra Leone to be -2% in 2015.

Sub-Saharan African nations generally have a very narrow economic base, relying heavily on agricultural production, the export of a handful of primary commodities, Foreign Portfolio Investment (FPI) flows, and Foreign Direct Investment (FDI) flows. This leaves their economies exposed in two major ways. First they are vulnerable to fluctuations in global commodities and financial markets. The World Banks 2015 report, *Global Economic Perspectives*, reflects this risk in their simulations, which indicate that slower than expected growth in emerging economies like China, Brazil, India, and Russia represent the main external risk to the region's economic outlook (p. 5). Second, perpetually unfavorable terms of trade i.e. the export of unprocessed raw materials and import of higher value processed goods, mean that trade deficits only keep getting bigger fueling ever increasing negative current account balances. In 2015, the World Bank reports that between the year 2000 and 2010, Sub-Saharan Africa had an average current account balance of -0.3%, in 2013 the current account balance had deteriorated to -2.8%, and in 2017 it is projected to decrease further to -3.8% (2015 Global Economic Perspectives, p. 6). Michael Mbate (2014), points out that another disadvantage of the specialization in the production of primary-commodities is that primary-commodities are an exhaustible resource (para. 2). This means that the region cannot hope to rely on the export of primary commodities indefinitely, which is an argument for national and regional diversification, for taking measures to increase the production of value-added goods, and for the general prioritization of industrialization and manufacturing.

World Bank Data also shows that Sub Saharan African nations have been running ever-increasing fiscal deficits indicated by an increasingly negative fiscal balance. The region showed an average fiscal balance of -0.6% between 2000 and 2010. In 2013 the region's fiscal balance had fallen to -2.9%, and it is forecast to be -2.1% in 2017 (2015 Global Economic Perspectives, p. 6). Clearly sub-Saharan African economies are spending much more than they are receiving from taxes and other sources of revenue. This observation indicates two important facts about the governments of sub-Saharan Africa. First, in spite of the highly commendable improvements in governance, sub-Saharan Africa is still poorly managed. ". . . many [sub-Saharan African] countries suffer from weak administrative capacity . . . even with access to financing, they lack the capacity to manage domestic investments well" (Lundgren, Thomas, and York, 2013, p. 42). This weakness of national leadership skill and the institutions that should audit and control political leadership, magnifies the downside risks to regional economies, particularly those emanating from oversees e.g. the normalization of monetary policy by the United States Federal Reserve, widely expected in 2015. This elevation of US interest rates will, most likely, lead to a tightening of global monetary conditions. In addition to the risks posed by any volatility in commodity prices, such exposure leaves the region constantly vulnerable to the risk of elevated borrowing and debt refinancing costs, and reductions in foreign capital inflows. Second, with average inflation in sub-Saharan Africa hovering around 6% (see figure 7), most governments of sub-Saharan Africa are restricted in

Sub-Saharan Africa: CPI Inflation

	2004–08	2009	2010	2011	2012	2013	2014	2015
Sub-Saharan Africa (Total)	**8.8**	**9.0**	**7.2**	**10.2**	**7.7**	**5.9**	**6.2**	**5.8**
Of which:								
Oil-exporting countries	9.5	11.4	10.3	9.2	9.9	6.4	6.5	6.2
Middle-income countries[1]	7.2	7.0	4.3	6.4	6.0	6.0	6.6	5.8
Of which: South Africa	6.4	6.3	3.5	6.1	5.7	5.4	6.3	5.6
Low-income countries[1]	10.1	7.1	7.4	18.9	8.5	5.8	6.1	5.5
Fragile states	11.3	15.4	8.0	9.3	4.7	2.6	3.2	4.1
Memorandum item:								
World	4.1	3.2	4.2	4.7	3.8	3.3	3.7	3.5

Figure 7: Consumer Price Index (CPI) for Sub-Saharan African Nations 2004 - 2015.
[Courtesy of: "World Economic Outlook" by International Monetary Fund]

their ability to use fiscal and monetary policy to effectively provide assistance to the development and growth of their economies. In the case of unexpected economic shocks, they are left with few options other than to return to their donors to ask for more aid. This only increases their dependence on aid, and on the providers of that aid.

In today's era of neo liberal thinking, new modalities for the provision and disbursement of foreign aid to developing countries have been forged. International agreements and resolutions e.g. the Paris Declaration on Aid Effectiveness (2005), the European Consensus on Development (2006), and the ACCRA Agenda for Action (2008), have seen a marked shift in the declared objectives and disbursement methods of aid relief. Donors have shifted from providing support through development programs and projects towards the provision of budget support and funds for national sectorial policy. Between 2001 and 2004, The World Bank, had for example, increased its share of aid delivered in the form of direct budget support from 13% of all its International Development Association lending to 43%, and then increased it further to 50%

by 2005 (Alvarez, 2010, p. 2). This new regime is designed to increase the effectiveness of donor funds by giving the recipients greater ownership and control over the use of the funds and giving them the opportunity to "get the macro-policy right" as per the precepts of neo-liberalism. With only a few exceptions (Ghana and Zambia) evidence on the ground suggests that these measures could be working, albeit very slowly, since the levels of Debt to GDP in sub-Saharan Africa are falling gradually despite ever increasing amounts of aid flowing to the Continent.

Observers of global economic aid policy and the new measures all around the world have, however, raised a number of disconcerting issues. Quartapelle (2010) pointed out that the new aid modalities have been observed to strengthen the ties between individual leaders and the people heading up the institutions in donor and recipient nations. This tends to have a corrupting effect on the governments receiving aid, she states: ". . . they affect a country's independence, its sovereignty pact with its citizens and its policy space" (p. 3). Other observers have commented on the fact that in the apparent effort to increase aid effectiveness, donor nations and agencies have increased coordination among themselves. It has been observed that resolutions like, *The EU Policy Coherence for Development and the Official Development Assistance plus concept*—which the parliament of the European Union adopted on the 18 of May, 2010, in Strasbourg—have the unintended effect of increasingly uniting the donors of each individual developing country. This means that aid receiving

African governments are increasingly finding themselves dealing with aid donors that present and negotiate as a united front. This raises the frightening specter of the "Atomic option", which in development aid circles is used to designate the scenario in which donors withhold aid should recipients underperform or fail to comply with their expectations. Alvarez (2010), in a Policy Brief for FRIDE, commented that: "To date, budget support has been fashioned to be influential rather than effective" (p. 5). Alvarez's sentiment provides some interesting context and perspective to comments made by Paul Kagame, President of the Republic of Rwanda, in a 2007 opinion piece that run under the title: *Africa at large: Time for the continent to insist on defining its own future.* In the piece he wrote: "Actions will only bear fruit when Africa substitutes external conditionality—that is, doing what the donors tell us to do—with internal policy clarity—that is, knowing ourselves what we need to do and articulating this vision clearly to our development partners" (para. 9).

The idea of promoting aid effectiveness by letting indigenous people set their own development agendas and decide independently how to structure domestic spending to meet their economic objectives is highly commendable. However, the idea of empowering governments whose ability to design and implement effective pro-growth strategies is known to be compromised by a lack of expertise and all the other factors that are widely associated with governments in underdeveloped nations, is highly questionable. Expert analysis shows that improvements in policy and governance have contributed to the improvement of sub-Saharan African economies. Economic aid targeted at these specific aspects of sub-Saharan Africa's nations should, therefore, be continued. However, the objective of industrialization and increasing the technological capacities of sub-Saharan African nations, as well as those of lasting poverty alleviation through job creation, are not being adequately met. Some of the aid being sent to sub-Saharan African nations should, therefore, be redirected toward the private sectors of the region in order to pursue job creating and industrialization projects by lead by individuals and organizations with documented qualifications and clear record of success. The mechanisms by which that disbursement of capital should occur are beyond the scope of this discussion. However, whether executed by the individual national governments concerned, or through the direct action of donors, the objective of empowering members of sub-Saharan Africa's civil society to implement market-based solutions to economic challenges should be aggressively pursued. Housing is one among many available options for market based solutions that could be implemented by the private sector—with the support and assistance of regional governments—to advance this objective. In the following section, the argument that housing is the most effective vehicle through which to achieve the objective of restructuring the region's economic growth in such a way that it occurs at a faster pace, with benefits that are more widespread and better suited to positively affecting a greater proportion of the population in the region will be made.

3.3. The Case for the Housing Industry as a vehicle for Economic Enhancement.

Sub-Saharan Africa's economic dilemma is that the region has fallen so far behind the rest of the world that in order to catch-up, it requires the assistance of the outside world. However, the assistance that it presently receives from the outside world is also creating incentives for the region's leaders to engage in counterproductive behaviors that slowdown economic development, and increase regional dependence and exposure to global economic fluctuations e.g. reducing national savings so as to receive budget support packages. The region's current economic progress is not inclusive and leaves a very large portion of the population untouched by its benefits. Furthermore, the growth that is being experienced is based on a very narrow sectorial base and is not the kind of growth that is sustainable and will lead to further economic expansion and diversification in the future. The region needs to start laying the ground work for a strong build-up to a future state of industrialization across multiple economic sectors. This means investing in human capital and developing the infrastructure that will support an inclusive, society-wide improvement in living standards, interregional and international communication, and innovation. Unfortunately, the region's Governments cannot make such investments without negatively affecting current growth, since that would mean cutting back on current investments in order to redirect funds to new projects and programs. This is why the citizens of the region need to be empowered to invest in themselves. The first step is to provide employment and access to the economic means to engage in entrepreneurial activity. The question then is: why should housing be considered the best way to accomplish these objectives? The section that follows outlines and examines the reasons that qualify housing as the best vehicle through which to accomplish the above stated objectives and to ultimately enhance sub-Saharan African nation's economic development.

The first reason that housing should be among the first areas of consideration in the search for measures to promote economic development in sub-Saharan Africa, is the sheer scale of the housing need in the region. Giddings (2007) presents the drastic undersupply of housing in sub-Saharan Africa. He estimates that in Kenya 234,000 new housing units are required annually, but only between 20,000 and 30,000 are actually supplied. Of these, only about 20% are affordable to those who are considered lower to moderate income earners. In Zambia the need is estimated to be about 600,000 units annually. Only around 1% of that need is met by supply (p. 2). Even in South Africa—the region's second largest, and arguably, most economically sophisticated nation—were the government has made the greatest deliberate effort to supply affordable housing, the number of people living in informal settlements increased between 1996 and 2006 by 26% (Tomlinson, 2006, p. 90). In its report, *The Challenge of Slums: Global Report on Human Settlements 2003*, UN-Habitat reports that in 2001, 71.9% of Sub-Saharan Africa's urban populations lived in non-sanctioned sub-standard housing (urban slums) (p. 14). Giddings (2007), reports that in Tanzania the number of slum dwellers was a sobering 92.1%, and in Madagascar it was 92.9% (p. 2). Giddings also describes one of the many troubling aspects of slum dwellings, the overcrowding. He states that "[The] median useable living space in . . . slum dwellings is about [75 square feet] per person (compared to [approximately 344 square feet] in industrialized countries)" (p. 2). These slums are characterized, among other traits, by a lack of sanitation systems, pedestrian circulation systems, safe places for children, and reliable access to transportation to facilitate connections to education, employment or healthcare services.

In addition to the poor living conditions, slums and their inhabitants are, in spite of their numbers, marginalized by society. There is a stigma that is attached to living in slums that results in the effective exclusion of slum dwellers from access to education, employment opportunities, and essential social services. Slums are also considered by municipalities and national governments to be a scourge to cityscapes and are often targeted for destruction without any plans for the resettlement of the inhabitants. The result is that the already impoverished dwellers of sub-Saharan Africa's cities are cast deeper into poverty and are further marginalized and alienated from the possibility of contributing to the economies of the region. Sub-Saharan Africa simply cannot break free from poverty and underdevelopment when as much as three-quarters of its population is impoverished, malnourished, unhealthy, uneducated, underrepresented, and denied the possibility to break out of the cycle of poverty, or given the opportunity to contribute to the economic development of the region.

If Sub-Saharan Africa is to experience sustained and meaningful economic development, poverty rates need to be drastically reduced and the region has to make more of its citizens contributors to the economy rather than burdens to it. Industrialization and manufacturing are ultimately the best ways for this to be accomplished, however, it must be recognized that for sub-Saharan Africa—the world's poorest and least technologically advanced region—the step to industrialization is extremely large. Most of the region simply lacks the most basic prerequisites for the establishment of profitable and productive manufacturing. For instance, while there are millions of unemployed individuals of working age, the vast majority of them lack the necessary skills for manufacturing. Even if they were trained, the region lacks the basic infrastructure, like dependable electrical supply or transportation networks, to make the effort worth-while. What is required is a stepping stone to bridge the gap by systematically building up the region's human capital resource, the region's infrastructure base, and both local and regional markets. There are many industries that could accomplish many of these goals, but housing is unique in that it can accomplish them simultaneously. This is because housing is the cornerstone of effective urbanization. Virtually every other industry requires a market in order for its establishment to make economic sense. Housing, established as part of a strategically-planned city environment, however, creates a market by concentrating and organizing large, diverse populations and capital into an environment in which knowledge and information sharing is intensified.

Housing, through direct employment as well as through the economic ripple effects of housing development, also furnishes the residents of urban environments with the basic requirements to become contributing members of their community. This economic empowerment of a large and diverse population is effectively the initial spark that launches the process of market creation and facilitates the establishment of other economic activities.

It may be argued that East Asian economies were able to transform their economies from largely rural, agricultural economies into industrialized economies, by investing directly in the development of export oriented manufacturing firms without requiring housing, or a similar industry, as a bridge. Wade (2003) makes it clear that, even if the governments of sub-Saharan Africa were able to initiate and direct such an economic transformation, such an intervention would not be likely because of their dependence on foreign aid and the economic philosophy that prevails in the modern age of Neo-Liberal economic thought. He states:

> . . . even if governed markets, sectorial-industrial policy, and the developmental state [i.e. Interventionism] had some validity in the early postwar decades, their time is past; and WTO rules are making sure that it stays past . . . Sectorial-industrial policy, and anything intended to foster nationally controlled industries over foreign-owned, or to transfer technology beyond the speed desired by private foreign firms, is out. (Introduction)

It stands to reason, therefore, that if the governments of sub-Saharan Africa are to fulfill their role as an instigating and guiding factor for economic growth, they have to look for solutions that do not require them to outperform more technologically advanced nations in productivity or manufacturing. They also cannot, however, allow themselves to rely indefinitely on their current strategy of exporting unprocessed commodities. Neither can they afford to stop relying on the export of raw materials, since these represent their core comparative advantage, and any disruption to the flow of raw materials would surely have disastrous consequences for them. They do, however, have the option of tapping underdeveloped and neglected sectors within the confines of their own economic spheres. Sub-Saharan African governments need to turn inward to find and promote initiatives and strategies that use locally available and easily accessible resources to bridge the gap between the region's current state of underdevelopment and a future state of industrialization. This means that the best of these strategies and initiatives would need to use sufficiently unsophisticated methods to process local materials using local labor to promote the process of effective and efficient urbanization (i.e. promote poverty reduction, infrastructure buildup, innovation and creativity etc.). This would have to be accomplished without impinging on the region's current international relationships and obligations. This is, in effect, precisely what a private sector housing industry would provide; the use of locally available resources, processed using easily acquired skills to create a gradual but steady process of controlled urbanization.

In its Strategic Plan, the City of Sarasota (2008), Florida, states: "Housing units are the basic building blocks for neighborhoods just as neighborhoods are the building blocks for the City" (p. H-1). Neighborhoods, towns, and cities are more than just ways in which urban landscapes are organized, they are fundamental to the health of the household sector, which ultimately supports and induces the build-up of a business sector, and necessitates a government sector. The household is the most basic element of an economic system. Economic literature illustrates the economic system using a model known as "The Circular Flow of Income" (see figure 8). The household (also known as the

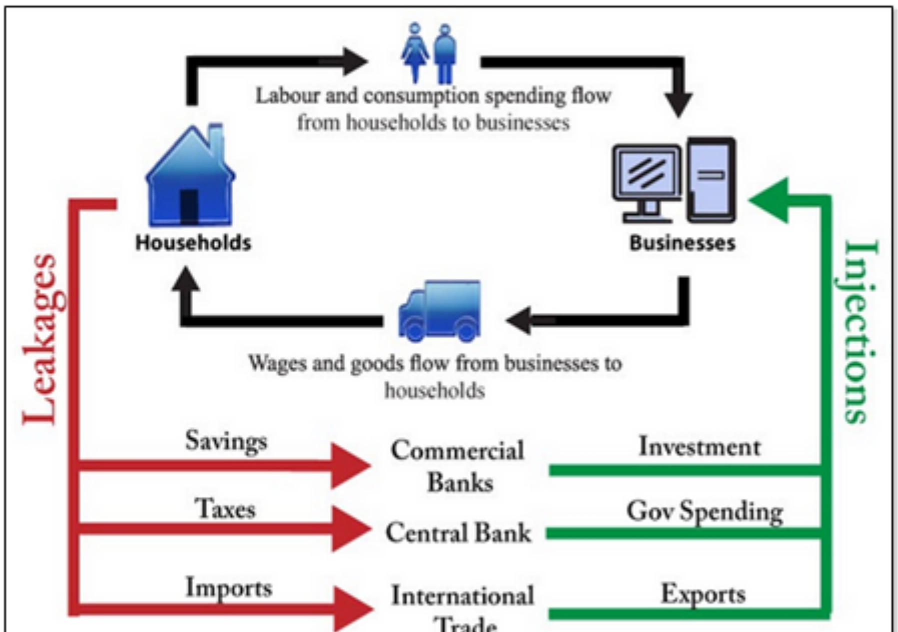

Figure 8: The Circular Flow of Income.
[Courtesy of: "AD/AS Theory" by Econs]

Household sector) provides the inputs e.g. labor and consumption, which support the Business sector. The Business sector, in turn, provides goods and services, as well as employment and wages to households. The Business sector also provides some of the infrastructure in the economy—typically, only that infrastructure that contributes directly to the success of each individual business. The Household and Business sectors together support the Government sector, which provides public goods and services e.g. public infrastructure (the Foreign and Financial sectors are also elements of the Circular Flow of Income). Servicing the requirements of the Household and Business sectors is, ultimately, both the cause and purpose of an economic system, and the intelligent build-up of "transformative infrastructure" is vital to the functioning of an economic system. Within the context of the Circular Flow of Income model, households and the housing structures that they occupy are not to be conflated. The occupants of a single house, do not necessarily constitute a single household. Two or three individuals, for instance, who share a single house, but lead entirely separate economic lives, constitute several households. The ownership or occupation of a house is not necessary to be considered a household either. The term is, however, a testament to the essential role that the house plays in the establishment of households. Housing is simply essential to household formation, making housing absolutely essential to economic activity. Just as it has proven to be the case in all the successful world economies, housing is an absolutely key component of a successful economy. This is a lesson that sub-Saharan Africa must take to heart.

In order to be transformative, i.e. contribute positively to the betterment of the economy and the people within it, infrastructure must, first and foremost, serve and enrich people and businesses. It must support healthy, thriving communities because, healthy and thriving communities are the cornerstone of a healthy and active economic market—a market being defined as all customers (individuals and/or businesses) who have both needs and the economic means to fulfil those needs (Solomon, Marshall, and Stuart, 2009, p. 10). Every community has different infrastructure needs, therefore, a transformative infrastructure is one that develops in response to (and in fulfilment of) the needs of the community that it serves. Housing is the cornerstone of the community structure. It is an absolutely essential piece of infrastructure that is key to household formation and is, by extension, the foundation upon which the economic system is built. Therefore, if the infrastructure in an economy is to be transformative, and form the basis of a well-functioning urban environment, it must be developed around the framework of the housing, which is the basic building block of neighborhoods, towns, and cities. Woods (2014) stated this very well: "If housing is not done right, [. . .] cities will not function well . . . get the plumbing, roadways, and housing all sorted and ready before people arrive" (Forward). Highways and communication systems are most effective when they connect the principal agents of economic activity i.e. people and households, to the centers of economic activity. Highways that connect mines to ports may help to generate export income quickly, but since they do not enable farmers and other entrepreneurs to bring their goods and services to market, they do not serve the greater economy and are, in the long run, not as effective as they may first appear. Sub-Saharan African governments should, therefore, encourage the intelligent location and design of housing developments and then focus their efforts on ensuring that those housing developments are well connected to workplaces and commercial centers and supported by sanitation systems, communication lines, and electrical power grids. Such investments would, in all likelihood, not pay dividends as quickly as systems that convey primary commodities to international export markets; however, their benefits ultimately last longer and penetrate deeper into the local economy, branching off and spawning new activity as they spread. That spawning of new ideas and activity is the most important aspect of economic growth and makes infrastructure investments that begin with housing worth every effort.

In the introductory note to a report for a 2014 conference dedicated to the problems faced by governments in connection to the development of cities, Shahana (2014) pointed out that ". . . much of the world today is urbanizing without industrializing, in the context of [. . .] serious environmental pressures." In that vein, she goes on to note that ". . . cities, large and small, will be crucial arenas in global efforts to promote sustainable development, tackle climate change and reduce poverty and inequality" (Introduction). One real-world illustration of her point has been developing in the United States, where a very strong homebuilding industry has positioned innovators and property owners to take advantage of technological advances and falling prices of solar power generation systems. In March, 2015, Nashville Public Radio (NPR) aired an interview by Melissa Block in which the innovations in home-based solar generation systems and their disruptive effects on America's investor owned Electric utility industry were explored. The report ascertains that the wide scale proliferation of rooftop solar panels—that has been precipitated and accelerated by the commercialization of Photo-voltaic cell technology and the falling prices of solar energy generating technology—on homes and other building structures across America, is challenging the traditional electric distribution model that has existed in America for over a century. A report prepared for Edison Electric Institute by Peter Kind and a group known as Energy infrastructure Advocates (2013), compares the current situation being faced by America's Electric Utilities to that of America's Telephone utilities in the 1980's and 1990's. The Telephone utilities failed to respond adequately to the twin threats posed by the advent of the mobile cellular (wireless) telephone technology, which became commercially viable in the mid- to late 1980's, and the rise of cable based telephone service (pp. 14-16). The rise of solar energy generation technologies and the falling cost of the technology are one example of an opportunity that presents itself to sub-Saharan Africa as a possible means of resolving one of its most pressing problems through intelligent urban development lead by a strong housing industry.

The situation, which is presently perceived as a problem for the long established American electric utilities, could—if properly managed and well though-out—be the solution to the region's poor electric supply infrastructure paradigm. In a region that, according to Abdoulaye (n.d.), receives up to 325 days of powerful solar radiation annually, solar energy is a very sensible way to supplement (or even serve as the principal means to supply) the region's electrical energy needs. The decentralized nature of solar electric generation also serves as a means of distributing the economic benefits and control of energy more evenly over the region's public sphere. This would serve to empower individual households, and could also become an excellent means to supplement household incomes. It would also reduce the amount of public infrastructure dedicated to the supply of electrical energy that the region's governments would have to supply. The publicly-funded infrastructure would only consist of the distribution grid since the "power plant" would consist of several individual solar panels disbursed on the rooftops of residential and commercial buildings. That is not to say that the cost of a distribution grid would necessarily be lower since solar energy would require the use of sophisticated smart grid and energy storage technologies. The burden of providing and maintaining an energy infrastructure would, however, be shared by the private sector and individual households, as would the economic benefits derived from the supply of energy. This democratization of energy supply could not be achieved by energy supplied through a centralized system e.g. power plants, or solar farms. The democratization is only achievable through the decentralization of both the generation and the responsibilities of an efficient energy supply. The physical requirements and incentive structures necessary to make this concept feasible would require the framework of housing developments, once again demonstrating the primacy of housing as an agent of economic enhancement and democratization in sub-Saharan Africa.

Housing also offers a way to address land distribution and ownership in sub-Saharan Africa. The governments of the region have struggled with the development of a fair and equitable way of redistributing land in the aftermath of colonialization. Countries like Zimbabwe in 2002, have seen their economies completely divested by misguided and ill-conceived approaches to land redistribution efforts. In a study comparing the economic benefits of different land tenure reform policies in farming communities in Kenya and Tanzania (nations that took radically different approaches to Land tenure policy), Pinckney and Kimuyu (1994) conclude that ". . . reforms of land policies [. . .] are unlikely to be cost effective [and] Governments can best devote their resources to other uses" (p. 28). They find that land tenure policy (in farming communities) had very little effect on security of tenure, investment, access to formal financing, or productivity. This suggests that government investment of time, manpower, or very limited national wealth, spent in land redistribution and titling efforts have very little economic benefit. In urban areas, where the economic livelihood of households is not tied to land and agricultural productivity, governments have even less reason to be involved in the process of land distribution. Regional governments would be well advised to leave land distribution efforts to private sector initiatives. In doing so, governments would benefit from being relieved of the burdens of administering highly complicated land reforms, which are then fulfilled by a more efficient private sector. They would also benefit from the expansion of urban centers, which are not only more economically diverse and productive, but make it easier for governments to provide public goods and services. Since the housing industry (land developers and homebuilders), effectively make their money by making improvements to land and exchanging the ownership of the improved land parcels for cash, they have an incentive to establish and effectively administrate efficient urban land distribution mechanisms. Furthermore, as the industry expands and competition among housing developments stiffens, individual developments will have to offer better services and amenities that serve the needs of residents and the community at large. Because of this struggle to attract residents, urban settlements in the developed world are observed to continuously evolve, becoming more environmentally sustainable, energy efficient, and globally interconnected systems that better serve all their stakeholders.

Although housing would be the driver of economic development, the challenges and risks associated with an economy that rests on a narrow sectorial base would be avoided because housing, aside from being an extremely labor-intensive industry, requires and engages an extremely broad array of skillsets from virtually all the occupational sectors of an economy. In order to make housing economically successful and maintain the infrastructure that supports it, housing engages several direct and indirect functions e.g. masons, plumbers, and electricians, but also lawyers, sales agents, and bankers. In addition, the National Aboriginal Capital Corporation Association (NACCA) (2005), found that "Employee housing considerations weigh heavily in a business' decision to relocate or expand" (p. 19). Moreover, citing the example of the high-tech industry in the UK, which was found to follow the pool of skilled labor as it moved around the country, they conclude that ". . . skilled workers . . . will be attracted by a good housing system . . . [and] a strong labor pool will attract and retain businesses" (p. 19). Housing, therefore, generates economic activity and expansion in more than just the business sectors that are related to its construction, distribution, and maintenance. Over time, a strong housing sector also attracts individuals and businesses whose decision to relocate is based on the existence and availability of good quality housing, and not on the fact that they derive any direct economic benefits from it at all.

Because of this extremely wide dispersal of responsibilities and the economic benefits of housing across various social and economic groups, the growth and all the benefits that are induced by it are very inclusive and permeate to all the segments of a society. The interconnectedness that exists among different economic classes and sectors is known as "Articulation," or internal integration. Robertson (1992) explained that Articulation strengthens economies and that its strong presence was a key factor that (in the early 1990's, at least) distinguished the strong and resilient economies of Germany and France, from the weaker and more fragile economy of Scotland (p. 5). Internally integrated economies demonstrate strong linkages between economic sectors (sectorial articulation). In addition the connections between the household and business sectors of the economy, i.e. business owners and workers, are pronounced (social articulation).

Sectorial articulation allows economic systems to ". . . harness market forces, negotiate [. . .] market failures [,] and in other ways serve many of the functions necessary for a complex economic system to work" (Robertson, 1992, p. 1). Robertson further states that in an economy characterized by sectorial articulation ". . . there lurks not an 'Invisible Hand' but rather a complex web of articulation arrangements and 'Invisible Handshakes'" (p. 2). In other words, sectorial articulation builds resilience into an economy since failures in one sector are compensated for by other sectors.

Social articulation occurs when a large proportion of the goods and services produced by the business sector are consumed by the wage earners in the household sector. This strong connection between production and consumption, linked by wages, means that the business community views wages more as a source of consumption than as a mere cost of production. Economies that produce primarily for export purposes—where earnings are derived externally and costs are incurred internally—loose this social articulation.

Businesses perceive workers as a cost, which leads to deteriorating working conditions, increasing inequality, and eventually to reduced economic performance. The housing industry promotes both sectorial articulation and social articulation. The production and consumption of housing occurs locally. It is virtually impossible to externalize the burdens or benefits of housing. While construction activities occur in urban areas, the materials for building, e.g. sand, wood, metals, are typically sourced from rural areas. Even those items that are more complex and are likely to be imported at first e.g. windows, fans, and HVAC systems (if such systems are used by builders) could be the impetus for a new generation of production facilities. In addition, cities typically source their food needs from rural based agricultural production making housing a sector that promotes broad based articulation at every stage of its existence. Housing could, therefore, help generate internal revenue streams for households and for municipalities and governments in sub-Saharan Africa, which would help in two important ways. It would reduce the levels of poverty, and it would, by increasing tax revenues, relieve governments of the pressures associated with foreign assistance for financing internal spending. An expanding Housing industry can, therefore, be thought of as the proverbial "rising tide that lifts all boats."

Housing, being the skeletal structure around which urbanization occurs, creates the conditions for economic activity. First, the individuals in a community must possess the means to satisfy their needs for goods and services—which housing, by way of job creation, provides. Next, they need to feel secure enough about their future wellbeing—which housing, by way of articulated economic activity, facilitates—to be willing to spend a portion of their income to fulfill those needs in the present. Finally, the community needs to attain a sufficient size and density of settlement—which only housing, as the quintessential instrument of urbanization, permits—to support the profitable supply of goods and services to its members. When these conditions are satisfied, entrepreneurs begin investing in the operations and the basic infrastructure required to supply those needs. Since the term "individuals" can just as easily be applied to business entities, the same logic can be extended to business enterprises of ever increasing size and complexity. Therefore, once a group of small business enterprises (e.g. neighborhood bakeries) has established itself, possesses the means and sense of security to spend on the fulfilment of their needs for goods and services, and has attained the required density within a town/city, then the conditions for larger businesses (e.g. oven makers) to begin investing in the operations and the basic infrastructure required to supply their needs are met. The wages, sanitary living conditions, and the sense of stability, permanence, and security that are created by housing developments, thus leads to the virtuous cycle that generates bigger and more complex business sectors.

Regardless of how big and complex an economy may be, its most elementary component is the human beings who live within it. The human beings within a community need sustenance, comfort, and safety in order to congregate and establish the densities required to establish an efficient system of specialization and trade—the most basic components of all economic activity. Through-out the history of man-kind, shelter/housing—along with food and water—have been the necessary requirements for the establishment of human settlements. As humanity and human settlements have become increasingly complex, housing, in its many forms, has come to take center stage as a critical piece of infrastructure, without which, modern settlements, large or small, are not possible. Housing facilitates the density of settlement that allows for efficient commerce, while simultaneously providing comfort, sanitation, and safety. Humanity continues to evolve into an increasingly complex creature, however, at the root of every human endeavor, there still lies the basic needs that have always been key to the survival of the species. It, therefore, makes sense that housing is, now as it ever has been, a key ingredient to every human success, economic development and growth being key among them.

Chapter 4: Analysis of Project Outcomes and Future Research Suggestions.

In the preceding chapters, sub-Saharan Africa's economic developmental challenges were explored in the context of an investigation of the use of an industrial scale supply of housing as a means of initiating a surge of wealth creating economic activity. The analysis showed that the region's primary economic challenge is rooted in an inability to harness the potential of the region's population to work as an effective engine of economic growth. Regional economies are instead burdened by the most basic needs of a rapidly growing population of impoverished, and unproductive citizens. This failure to empower the people of the region to become agents of economic growth through entrepreneurship and innovation is a central factor in the region's failure to realize significant increases in levels of productivity and a subsequent elevation of living standards.

Sub-Saharan Africa is in the middle of a globally unprecedented period of urbanization. The regional population is expected to become predominantly urban by 2030, which should be a positive development for the region's economic development prospects. This is because urbanization causes the concentration of the major factors of production into a conveniently sized geographic location and is, therefore, associated with the intensified sharing of knowledge and ideas, increased productivity, and social modernization. Also, due to the elevated density of settlement, urban areas facilitate the efficient distribution of both public and private goods and services. Unfortunately, sub-Saharan Africa's urbanization is occurring without the typical increase in living standards, industrialization, or democratization that has been typical of the urbanization experiences of the industrialized west. This "Urbanization without industrialization" explains the low levels of productivity that characterize the region's urban areas. Industrialization, i.e. the acquisition and continuous improvement of technology within an economy, has been identified as the only way to generate and maintain sustainable economic growth (intensive growth) over the long term. The analysis indicated that among the primary reasons for the low productivity and low levels of technology uptake in sub-Saharan Africa's urban areas, are the predominance of informal business activities, and the lack of business and productivity enhancing infrastructure.

The purpose of this research project was to investigate the role that a well-developed and successfully implemented housing industry could play in raising the productivity levels of sub-Saharan Africa's urban areas, and contribute to the expansion of the regional economies capacity to absorb and improve production technologies. It was shown that, under the right set of supporting circumstances, housing could serve as a strong basis for the development of a transformative infrastructure, i.e. an infrastructure that facilitates and supports economic productivity. Housing was also shown to be an effective agent for the expansion and empowerment of the region's middle class populations. The consumption needs and entrepreneurial capacities of middle-class populations have been observed to be a very important factor for the success of thriving economic markets. Developmental researchers have also found that an infrastructure that facilitates connectivity and communication, by providing the means to enable the efficient transfer of ideas, goods, and services among the various actors and sectors of an economy, is essential for the development and expansion of economic markets. As an effective facilitating agent for the expansion and development of both middle-class populations and transformative infrastructure, housing was found to be a highly effective vehicle of intensive economic growth and a strong facilitator of social and sectorial articulation. In addition, the housing industry was found to harbor the strong potential to initiate the development of indigenous industrial activities and promote regional trade and cooperation.

One of the observations of this project was that, when taken as a single economic block, the region of sub-Saharan Africa did not possess the right conditions to facilitate the development of a successful housing industry. Many of the region's macro-economic environments were not strong enough or stable enough to encourage market actors to engage in highly risky business activities e.g. land development. Regional institutions—being plagued by corruption, bureaucratic red-tape, and incompetent management—would impose an "invisible tax", of sorts, on any business activity that required independent institutional oversight in order to function effectively (which the housing industry would require). Regional markets (in particular financial markets) are still too small, underdeveloped, and inefficient to support a business activity that involved the exchange of high net worth assets like housing units. And, many of the regulatory and legal systems e.g. contract laws, creditor rights, and the corresponding enforcement mechanisms, in the region require reform and strengthening.

The region of sub-Saharan Africa is, however, extremely diverse. While an analysis of sub-Saharan Africa as a region was important for the purposes of this particular study, it is important to note that any conclusions drawn on the basis of an analysis of the region as a single uniform economic block, are not universally valid. What applies to the nation of Zimbabwe, is not necessarily valid for South Africa. If the research into this subject matter is to be extended, therefore, one of the first and most important research priorities would be the identification of those regions and nations that would successfully support a housing industry.

A necessary first step toward extending the research would, therefore, be to compile a list of all the conditions that are desirable/necessary for the successful establishment of a homebuilding industry e.g. the existence of efficient and adequately sophisticated financial markets, an efficient and effective set of public institutions, the prevalence of a business friendly macro-economic and national policy climate, a sizeable and strong middle-class population etc. This list of predetermined parameters would also need to be assigned weights that reflect their degree of relative importance to the objective of establishing a strong housing industry. A thorough analyses of the economic and socio-political conditions prevailing in the individual nations (or regions) of sub-Saharan Africa would also need to be conducted. Several institutions e.g. the McKinsey Global Institute, the International Monetary Fund, the World Bank, as well as many other private and institutional researchers conduct such specialized research regularly and could be relied on as sources information. A recommended method to proceed would be to construct a ranking matrix to compare and rank the individual nations based on the observed prevalence of the desired parameters within their economic and institutional structures.

Sub-Saharan African nations also tend to be characterized by extreme differences that exist among different locations within the borders of a single nation. The political, social, and economic characteristics of northern Nigeria are, for instance, very different from those that exist in the southern portions of Nigeria. Consequently, once those nations/regions that are determined to possess the necessary qualities to support a large scale production housing industry are established, one nation/region would have to be selected as a preferred site for a pilot-project. An internal analysis of the geographic, economic, and demographic properties of distinguishable regions within the chosen location would have to be conducted in order to determine which precise location would be best suited for the successful supply and absorption of housing. Once a specific location has been chosen, a detailed analysis of the market could be conducted in order to develop a suitable product that would satisfy market demands and appeal to the local market.

Housing is an industry that is very location specific. Local climate, locally available building materials, and even local traditions and customs play an extremely important role in how housing needs to be designed, constructed and delivered. Housing is also a labor and capital intensive enterprise and funding sources would need to be investigated and clearly identified. All these factors and other location specific factors would need to be well understood before any real investments could be initiated. The local infrastructure requirements and the impacts that new infrastructure would have are also very important considerations that should be investigated before any actions are taken. When the Los Angeles Aqueduct, one very good example of transformative infrastructure, was completed in 1913, it was considered an engineering marvel. The 233 mile long aqueduct brought much needed water to the growing city of Los Angeles from the Owens River. As a consequence of the project, however, economic activity in the Owens River Valley was decimated because Lake Owens, which was 12 miles long and 8 miles wide, ran dry creating what, until this day, remains a terrible environmental, legal, and financial challenge. While the objective of enhancing economic development is an important one, the benefits do need to be weighed against all the risks that might be associated with such an endeavor. The ultimate reason for enhancing the region's economic performance is to achieve an improvement in the lives of the people of sub-

Saharan Africa. Any activity that posed the risk of endangering the lives of those people, or threatened to worsen their already difficult circumstances, would not be worth the effort. The region of sub-Saharan Africa could ill afford to exchange one set of problems for another, particularly if the new set of problems left people even poorer than they already are.

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