

Research Paper: Housing Micro-Finance and Low-income Housing Delivery in Kumasi: An Appraisal of Savings and Credit Cooperative Unions

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ABSTRACT

Purpose: With issues of high interest rates, huge collateral demand, and high initial deposits among others, the mortgage industry remains unattractive and expensive especially to low-middle income earners. As the housing deficit continue to soars, these persons continue to build their homes incrementally. This has been described as an unsustainable means of home financing.

Methods: This study in employing both qualitative and quantitative research paradigms within a case study approach, investigated the role of Savings and Credit Cooperative Unions (SCCUs) in housing delivery in the Kumasi Metropolis. Purposive sampling was used to select Three Savings and Credit Cooperative Unions (SCCUs). One hundred and twenty members of these cooperative unions were conveniently sampled and interviewed using a structured questionnaire.

Results: The study revealed that Savings and Credit Cooperative Unions (SCCUs) provide housing loans to co-operators. It was established that cooperative unions with strong membership are involved in direct housing construction and assist members in the acquisition of plots of lands. Furthermore, it was revealed that land tenure insecurity, high illiteracy rate, default in loan repayment, lack of government support and inadequate funds were the factors that militate against the role of SCCUs in housing delivery within the Metropolis.

Conclusion: Despite these challenges, it was observed that Savings and Credit Cooperative Societies or Unions remain a viable financing medium for low-middle income earners in Ghana. The study therefore concluded by recommending among others the establishment of purposive community cooperative unions and self-supportive housing systems in the country.

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1. Introduction

Housing is one of the basic needs of life because it provides shelter for man and protection from weather hazards (Wafula, 2004). Its availability is much needed for all, even for those who cannot afford it.

However, housing development in Ghana remains abysmal both in quantity and quality. Quantitatively, it is estimated that the country needs at least 100,000 housing units annually while supply is projected at 35 percent of the total need (Ghana Statistical Service (GSS), 2014). Other studies put the country's overall annual deficits between 70,000 and 120,000 housing units with only 30-35 percent of the annual estimated requirement being supplied (ISSER, 2013 as cited in GSS, 2014). The problem is compounded as households in developing countries are characterized by low-income earners and low propensity to save (UN-Habitat, 2010). Capital formation for housing development remains a mirage. Therefore, the argument over the years has been geared towards developing an alternative form of home financing and housing sector investment in ways of residential mortgage facilities. In well developed economies, mortgage market has proven to be the most effective and preferred financier of the housing needs of the population (Bank of Ghana 2007; Chiquier & Lea, 2009). This is because mortgages provide financial leverage to households and allows them to spread the cost of house over a long period. In addition, it is observed that countries which have been identified to have relatively stronger legal rights for both parties involved in the transaction (the lender and the borrower), via collateral and bankruptcy laws, have well-formulated housing finance system (Warnock & Warnock, 2008). However, the mortgage industry in Ghana is under developed and characterized by high mortgage repayment-to-income-ratios and high interest rates (Aha, et al., 2014) with weak legal and regulatory frameworks (Warnock & Warnock, 2008). Though Boamah (2011a) argued that following the promulgation the Home Finance Mortgage Act in 2008, the mortgage industry has improved, the problem of lending and borrowing in the mortgage market is still struggling with issues of low income among households and land tenure insecurity (Owusu-Manu, et al., 2014). Aha, et al. (2014) identified low income levels, informal sources of income, high deposit requirements, extortionate interest rate on mortgages resulting in high repayment to income ratios, high and escalating house prices among other factors militate against the demand for residential mortgages in the Kumasi metropolis (see also Owusu-Manu, et al., 2015; Boafo, et al., 2017). Besides formal mortgage

loans accessibility is problematic especially for low-middle income workers in Ghana (Boafo, et al., 2017). Further it is observed that formal mortgage institutions do not grant long term loans (due to their desire to protect their investment portfolios) thereby resulting in high loan payment to income ratios (Aha, et al., 2014). The result has been a dysfunctional mortgage market with focus on high income earners. In essence, such loans are remains nonexistent for low to medium income earners. Further studies connote that due to the inadequate and inaccessible formal finance mechanisms, the informal sector prefers informal finance sources for their housing projects (Addaney, et al., 2015) They therefore resort to the incremental housing process due to high cost of capital, expensive collateral demand and high deposit charges required by financial institution (Agyemang-Yaboah, 2018; Boafo, et al., 2017; Addaney, et al., 2015; Aha, et al., 2014).

Traditionally, the informal housing finance has and will continue to be a key part of housing investments (Wafula, 2004). However, in the midst of unfavorable macroeconomic fundamentals and poor legal and regulatory framework that warrants lenders' protection (Owusu-Manu, et al., 2014), Attention to promoting micro and cooperative home financing has become necessary. This is because home financing from banks have become either unavailable to many individuals or available at a relatively high cost to low-middle income earners. Besides, in Ghana, it still remains that most people practice the incremental or self-helped housing system where through personal savings and remittances, individuals build their homes in piecemeal (Addaney, et al., 2015). Though, it is argued that this process remains unsustainable, expansive and ineffective as it takes between 5 to 15 years to complete a single dwelling unit (Aha, et al., 2014; Addaney, et al., 2015), it remains important for societies where capital formation is poor. In this situation it has become necessary to investigate how Savings and Credit Cooperative Unions have supported low income earning individuals in thriving to meet their housing need.

There is fairly enormous body of literature on housing financing mechanisms and housing supply. Conversely, most of these studies have been focused on either the nature and constraints of mortgage financing (Aha, et al., 2014), constraints of real estate infrastructure financing (Owusu-Manu, et al., 2015), the role of financial institutions in housing financing (Boafo, et al., 2017) or perception of residential mortgage financing in Ghana (Agyemang-Yaboah, 2018). Even though Boamah, (2011b) in an annotated review of literature, reports

that an effective and proper management of community mortgage cooperatives could be a cheap means of mobilizing funds for housing development among low income earners in Ghana, he failed to support his claim with empirical evidence (see also Owusu, 1988). Therefore, till date there is limited empirical evidence on what savings and credit cooperative unions do with regards to housing delivery, whether people can afford their rates and the challenges they encounter. This study will add to the body of knowledge on housing finance mechanisms in Ghana and bring a new narrative to housing finance research. It will further inform policy makers on how to improve the services of savings and credit cooperative societies or unions with respect to providing housing support in this country. Consequently, this study focuses on assessing the role of Savings and Credit Cooperative Unions (SCCU) in housing delivery and how they have complimented personal income of individuals in promoting affordable and incremental housing among low to middle income workers in the public service in particular. This study was therefore to investigate how SCCU could be a viable instrument in providing cooperative housing and low interest loans in the promotion of housing delivery for low-income earners in public service. The study also examines the institutional and clients' perspectives in accessing credit facilities by seeking: a) to identify and evaluate the role of Savings and Credit Cooperative Societies in housing delivery in Kumasi; b) to identify and analyze the factors that hinders the contribution of Savings and Credit Cooperative Societies in housing delivery in the Kumasi City; and c) to analyze the challenges that co-operators face in accessing credit facilities from Savings and Credit Cooperative Unions for home financing.

2. Literature Review

Housing Microfinance and the Self-help Housing System

In Ghana, there are two (2) main systems of housing finance: formal and informal finance mechanisms. The informal system which is also known as incremental housing, exists in economies lacking well-structured and developed housing finance systems where housing is either self-financed or financed by monies lent or given by friends, relatives, small savings and lending clubs and housing cooperatives (Chiquier & Lea, 2009). The informal system has been in existence since time immemorial. It's still in existence, highly preferred and appealing to most citizens especially the low income and middle income earners who otherwise do not qualify for most mortgage facilities offered by the formal system. It has

been noticed that people who go in for formal loans from financial institutions are those in the formal employment sector. This is because the nature of their jobs guaranteed them to be able to access formal credit facilities. It was again realized that people in informal employment prefer using the sale of their assets, remittances from family members and informal loans for their housing finance in addition to their personal savings (Boamah, 2011a; Addaney, et al., 2015). That is, due to the inadequate and inaccessible formal finance mechanisms, the informal sector prefers to use informal sources to finance their housing projects. Even though it is imperative that these sources of home financing are erratic and not dependable, the incremental housing remains dominant among most households in Ghana (Agyemang-Yaboah, 2018). It is believed that such houses normally take between 5 to 15years to complete (Aha, et al., 2014; Addaney, et al., 2015).

Aha, et al., (2014) identified Housing Microfinance (HMF) as a housing finance system especially among low-income earners in Ghana. This is popularly among households who prefer to build their homes in piece meals. This was re-echoed in the recent study by the UN-Habitat (2018) which suggests that microfinancing remains important for many households in Ghana for home financing through the incremental process. This is because of the low income nature of many households across the country and the setbacks of the formal mortgage market. It is believed that microfinance loans tailored to these incremental building patterns hold great potential for addressing housing needs and building financially high-performing portfolios in Ghana (UN-Habitat, 2018). However, there is virtually no empirical evidence on how savings and credit cooperative unions have contributed to this system of housing financing despite the fact that it has been recognized in many jurisdictions as a means of housing finance especially among low income earners.

Savings and Credit Cooperative Unions and Housing Delivery

The Housing Affordability and Sustainability theory is the main theory adopted in carrying out this study. This is to understand how Savings and Credit Cooperative unions have contributed to the delivery of affordable and sustainable housing units for households in the Metropolis. Yakubu, et al., (2012) explains that for housing to be affordable to the urban poor, the total cost of housing should be affordable to those who live in such an accommodation. Thus, the cost of development (including rent) and subsequently the cost of maintenance through-

out the lifespan of the building should be affordable to dwellers. The primary basis and determinant for measuring affordability of housing is the income of households and in most developed economies, housing should not exceed 40% of the household's gross income (Farouk, et al., 2014). Affordability has unanimously become a prescribed cure for homelessness. The Ministry of Water Resources, Works and Housing (2015) defines Affordable Housing as 'the ability of a household to spend up to thirty percent (30%) of their gross annual income on rent or purchase price of housing where the rent or purchase price includes applicable taxes and insurance and utilities'. Housing affordability is expressed as the ratio of the price of a house to household income while affordable housing is a housing product which should be adequate in standard and sustainable while meeting households' income levels. Farouk, et al. (2014) believed that affordability depends largely upon the implementation of policies that would control the prices of housing inputs. (Wafula, 2004) Identified land constraints, financial constraints, inadequate regulatory framework, water and services constraints, cost of building materials and the cost of design as the factors that militate against housing affordability. In Ghana, affordable housing is described as more challenging as households are expected to pay huge advance rent to their landlords (Arku, et al., 2012; Yorgri, et al., 2016) and in most circumstances, vendors demand for upfront payment of the price of the property that is for sale. So they either pay or are evicted and this has put a lot of financial burden on households.

A cooperative society is a group or body of individuals who are legally incorporated, and of limited means, to pursue or undertake an economic activity of which membership is voluntary and the activities are democratically controlled (Owusu, 1988). They are registered and regulated under legislation dealing with cooperatives. The International Cooperative Alliance (ICA) 1995, defines a cooperative as "an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise." The purpose for the establishment of cooperative societies is basically to meet the needs of its members. Again, the World Council of Credit Unions (WOCCU), defined credit unions as non-bank financial institutions owned and controlled by members. It is also a democratic, member-owned financial co-operative. The Co-operative Societies Act, 1968 (NLCD 252) specifies that a cooperative society or union should have at least 10 members. Each member, regardless of account size in the credit union, may run for the board and cast a vote in elections and the same members are responsible for running the

day to day activities of the association. Owusu (1988) identified three major sources of funding for cooperative societies namely contributions from members, purchase of share capital, and funding from the government usually in the form of loans or grants. Members contribute to the funding of cooperatives through the payment of fees, dues, savings and sometimes voluntary contributions during general meetings. Besides, profits are generated through its lending activities and these profits are distributed to members. They grant loans at very low interest rates but commensurate interest which is usually charged in the declining balance. Wafula, (2004) noted that the mortgage instruments provided by savings and credit cooperative societies are practical and efficient tools in the field of housing for most developing countries.

Savings and Credit Cooperative Unions (SCCUs) undertake direct housing delivery through what is popularly known as cooperative housing (Yakubu, et al., 2012). This is where the society cooperatively owns a class of houses or flats and each member participates actively in decision making on the management and control of the estate, they explained. Farouk, et al. (2014) revealed that SCCS could be a viable instrument for promoting housing delivery for low-income earners in public service in Nigeria. He identified that all members have equal chances of obtaining credit facilities but observed that Cooperative loans are inadequate as they lack the needed capital to support members. Similarly, Owusu (1988) stated that cooperative societies have been in Ghana since 1956 but their contribution to housing delivery has been abysmal and he therefore recommended an effective framework for the establishment and promotion of self-supporting cooperative housing societies in the country. Also, Boamah (2011b) reported that an effective and proper management of community mortgage cooperatives could be a cheap means of mobilizing funds for housing development among low income earners in Ghana. However, till date there's no or limited empirical evidence on the contribution of savings and credit cooperative unions to housing delivery, whether people can afford their rates and the challenges they face in contributing to housing delivery.

3. Methodology

The case study approach was the basic research design adopted for this study by employing both qualitative and quantitative research paradigms. In this regard, both qualitative and quantitative data were systematically gathered to critically examine the cases under study and was then analyzed under key thematic areas to answer the research questions. The case study approach was ad-

opted because it provides an in-depth examination of the units or cases of the study (Neuman, 2014). Both primary and secondary data sources were used for this study. Primary data contains first-hand information that was gathered from the sampled population by the researchers on the field by interviewing four officials across three cooperative unions and the administration of questionnaires to 120 co-operators. Secondary data entails a survey of research papers and scholarly articles on housing finance, conference proceedings and policy documents which help to identify the need gaps and to put the study in context. The three Savings and Credit Cooperative Unions were purposively sampled due to the strategic composition of these unions while the co-operators were conveniently sampled due to the difficult nature in reaching out to them. The questionnaires contained both open and closed ended questions. Before the administration of the final questionnaire, an informal discussion was held among four officials of ACTCOMS for pre-testing and to examine the practicality of the questions. Corrections and modifications were then made before the final administration.

Data was then analyzed using both descriptive and inferential techniques to examine, explain and interpret data collected from both primary sources (from clients and institutions) and secondary sources. Quantitative data gathered was entered into excel and cleaned with

excel as well. Data was then exported to SPSS and analysed. Qualitative data from the interview sessions was analysed under key thematic areas using content analysis to ascertain the role of SCCUs in housing delivery and the challenges they face. The Chi testing technique at a confidence interval of 95% with a significance level of 0.05 was also used to buttress the descriptive analysis. It was also to establish the level of significance of the responses to the questions in order to draw conclusions. The Chi test statistic is given as $\chi^2 = \sum \frac{(O-E)^2}{E}$ with the degrees of freedom (d.f) equal to the number of categories minus 1, and where O is the observed frequency and E is expected frequency (Bluman, 2012).

4. Findings

Description of Study Cases

This study focused on three Savings and Credit Cooperative Unions in the Kumasi Metropolis. The three unions included the Ashanti Catholic Teachers' Cooperative Mutual Support Society (ACTCOMSS), St. Peter's Cooperative Credit Union and Building and Road Research Institute Credit Union. They are all registered and regulated under the Co-operative Societies Act, 1968 (NLCD 252). Table 1 provides a description of the cooperative unions under study.

Table 1. Cooperative Union, Year Established, Membership and Mode of Contributions

Cooperative Union	Year of Establishment	Membership and Client Base	Mode of Contribution
ACTCOMSS	2005	It was established under the 3 tier pension scheme system to meet the needs of teachers. It is located on the premises of St. Peter's Basilica, Kumasi. Membership is not open to the general public. It has a defined membership of only teachers of catholic schools in the Ashanti region. The cooperative society currently has a total membership of 3,350. It	Members contribute to the fund through a trajectory contribution of GHs50.00 on monthly basis directly from the Accountant and Controller General. It uses a third party reference system (TPRS), a software designed by the Accountant General's department for third parties such as loan giving cooperative societies to determine the affordability of loan applicants.
St. Peter's CU	1969	It has four (4) branches in Kumasi located in Tafo Nhyiaeso, Suame Magazine, and Bantama High Street and has its head office at Bompata. It was established under the auspice of the Catholic Church to meet the needs of church members. The client base is over 15,000 and more diversified as it contains both formal and informal sector workers.	Organized formal sector workers have their contributions deducted from source from controller general's department while informal workers make contribution from personal commitment to making savings.
BRRICU	1972	The total membership is six hundred and seventy (670) with four hundred and fifty (450) being males and two hundred and twenty (220) females. It consist of workers of BRRICU and community members.	The workers of BRRICU have their contributions deducted from the controller general's department while informal workers make contribution from personal commitment to making savings

Source: Authors' construct, 2019

The role of Savings and Credit Cooperative Unions in Housing Delivery

The main objective of this study is to examine and evaluate the role of Savings and Credit Cooperative Unions in providing decent and affordable housing for low-middle income earners in the Kumasi city. In this respect, it was a prima facie requirement to examine the services rendered by Savings and Credit Cooperative Unions since it is the basis for measuring the role of these societies in providing decent and affordable housing for prospective home owners. The institutions were asked to indicate the services they provide to individuals and the State in the housing delivery process. Their responses have been summarized below.

Of the three cooperative unions contacted, each of them provide loans. It was revealed in a qualitative interview with managers of each union that the maximum loan amount of GHc15000.00 and GHc2000.00 for ACTCOMS and BRRI CU respectively can be given to a member for a maximum period of 3 years. However, ST. Peters CU does have a limited loan amount that can be received by client but it depends on the client affordability within a period of 3years. Besides, these loans are

given at an interest rate and it was revealed that an average of 13.5%p. a flat rate was charged by ACTCOMS, 3.5% per month on declining balance basis for BRRI CU and 19.5% for ST. Peters CU. This confirms the literature by Owusu, (1988) that cooperative unions charge low interest usually on a declining basis.

Also, it was revealed only ST. Peters CU was involved in direct construction of houses and has constructed 56 houses (containing a mix of 1 bedroom and 2 bedrooms and a compartment of 2 storey building). Besides, ACTCOMS and ST. Peters CU have respectively supported individual members to acquire 350 and 100 plots of lands since their inception. All the three institutions provide policy advice to their members.

Examination of Satisfaction of Clients on Interest Charged by Institutions and Repayment Period

It is important to note that each of these institutions discussed above provide financial services at an interest. To validate and buttress the level of satisfaction of loan interest rate on cooperative loans comparatively to Bank loans, the Chi square testing was carried out for the responses of the co-operators at 95% confidence level (at 5% significance level).

Table 2. Services Rendered by SCCUs in Housing Delivery

Institution	Services
ACTCOMS	Loans for land acquisition, rent, building maintenance and repairs and building construction, Purchase of bulk parcel of lands for members, technical and policy support
ST. PETERS CU	Loans, Direct Housing Construction, Bulk purchase of plot of lands and Policy support.
BRRI CU	Loans and Policy and Technical support.

Source: Authors' construct, 2019



Table 3. Examination of Interest on Cooperative Loans

Responses	Have you received any loan from CU?			Total
	No	Yes	No response	
Interest rates of CU societies are relatively low as compared to that of banks.	No response	-	-	22
	No	1	9	-
	Yes	9	79	-
Total	10	88	22	120

Chi Square (X²)= 0.017, DF=1 and P-value=0.897

Responses	Satisfaction with repayment period			Total
	No	Yes	No response	
Have you receive any loan from CU	No response	-	-	22
	No	1	9	-
	Yes	15	73	-
Total	16	82	22	120

Chi Square (X²)= 0.326, DF=1 and P-value=0.568

Source: Authors' construct, 2019



Table 3 presents a cross tabulation result between co-operators who have benefited from cooperative loans and if the interest charged on cooperative loans are relatively low as compared to Bank loans. At a 1 degree of freedom, the Chi Square value is 0.017 and the P-value is 0.897 and since the probability value (P-value) is greater than the significance level, then it suggests that cooperative loans attract low interest as most members are satisfied. Similarly, the researchers sought to investigate the level of satisfaction with the loan repayment period and it was revealed that there is relationship between receiving a loan from CU and the satisfaction with the repayment period as at a confidence level of 95%, P-value was insignificant. This implies that there is sufficient information to assert most members who borrowed money from SCCSUs are satisfied with the repayment period of no more than 3 years. This is because most of the members are low-medium income earners and will require short term finance mechanisms (UN-Habitat, 2018).

The Loan Portfolio of Savings and Credit Cooperative Unions to Housing Finance

To further examine the significance of the role of SCCSU in housing finance in the Kumasi Metropolis, loan documents for the ACTCOMSS for the year 2018 were ascertained to determine the volume of loans that went out. The purpose of the loan collected by applicants were grouped into 'Building' to ascertain applicants who collected loan to buy building materials, to buy roof, to buy land, to complete housing projects or to pay rent; 'Business' to ascertain applicants who collected loan to expand business or set up business; 'Education' to ascertain applicants who collected loan to pay their school fees or their ward's education; 'Medical', 'Car' and 'Personal' to ascertain applicants who collected loan for health purposes (surgery), to buy car or maintain car and personal purposes respectively. It was revealed that ACTCOMSS' total loan portfolio for the year 2018 was GHs 4,162,000.00 which is quite substantial. A majority of GHs 3,237,100.00 (77.8%) went into Building, GHs 175,600(4.2%) for Business, GHs 25,000(0.6%) for Car, GHs 613,800(14.7%) for Education, GHs 30,000(0.7%) and GHs 80,500(1.9%) for Medical and Personal use respectively. Also in an interview with the Loans officers of BRR CU and St. Peters, it was revealed that housing loans constitute 5% or less of the loan portfolio of BRR CU while St. Peters, in 2018, gave out GHs 6,500,000.00 as loans where housing loans constituted 5-10%. It is however good to note that BRR lacks sufficient information on their loan data.

This was reinforced in the questionnaire administered to the respondents as summarized in Table 3. It was revealed that 90 (75%) of the respondents have received loans from their cooperative union, 26 (21.7%) have not received any loan and 4 respondents (3.3%) did not respond to the answer. Out of the 90 who answered yes, as high as 55 (61.1%) of the respondents indicated they used the loan they collected to support housing either in buying land, buying building materials or house improvement and renting.

Housing Mix and Sources of Funding for Housing Acquisition

It was observed from Table 4 that out of the 120 respondents, 20 respondents representing 16.7% of the sample size own completed houses, 40 (33.3%) respondents have plots of land, 40 (33.3%) respondents have houses at various stages of construction and 20 (16.7%) respondents do not own any landed property. It therefore means that the majority of the respondents (100 representing 83.3%) owned houses either completed or in the process of being constructed. To further examine the source of funding for the 100 (83.3%) of the total respondents who owned a completed house, uncompleted house or a bare land, it was revealed that out of the 100 respondents, 44 (44%) of them funded the housing construction or construction process through SCCSU loans, 27 (27%) used personal savings, 14 (14%) funded their housing projects from bank loans while 3 (3%) had informal loans from family and members and 1 (1%) used personal investment. Also, 3 (3%) respondents had loans either from SCCSU or banks or family and friends or using personal savings and 1 (1%) used funds from personal savings and loans from an SCCSU. In a nutshell, 50% to 80% prefer informal means of funding their homes as corroborated in the findings of Addaney et al., (2015) that informal households rely on personal savings, remittances, informal loans from family and friends to finance their homes. This is perhaps as a result of the complexities of the formal lending market which includes high interest rates, high deposits requirement, and collateral demands (Boafo, et al., 2017; Agyemang-Yaboah, 2018).

The Challenges Savings and Credit Cooperative Societies or Unions face in aiding Housing Delivery

The efforts of Savings and Credit Cooperative Societies or Unions in Housing delivery in the Kumasi Metropolis is constrained by a number of factors. Similarly, co-operators who are either prospective house owners or house owners, face numerous challenges in access-

ing credit facilities from SCCSU to support their housing projects. Therefore, this section presents the challenges faced by SCCSU in contributing to housing finance as well as the challenges members encounter in seeking financial support from these SCCSU.

The Savings and Credit Cooperative Societies’ or Unions’ Perspective

In an interview with the managers and loans’ officers of the various SCCSUs under this study to ascertain the role of these institutions in housing delivery, several factors were identified to be challenges they face.

Firstly, it was observed from ACTCOMSS and St. Peters, who are involved in direct development and facilitate land acquisition, that land insecurity and litigation was paramount as observed by Gambrah, (2002), UN-Habitat (2011) and Yakubu, et al., (2016), that multiple ownership of land, dual registration, land disputes and litigations were the factors that hinder land and home ownership in Ghana. Similarly, these factors resurface in this study as the Manager of ACTCOMSS recounted that the Cooperative Society acquired some parcels of land from a traditional authority and upon the demise of the head of the stool, a different stool ordered the Co-

operative Society to halt all developments due to other claims to the parcels. This case was appealed to Otumfuo (King of Ashanti Kingdom) with the intervention of the Catholic Bishops, the manager of ACTCOMS recounted. The arbitration lasted for 7 years (from 2011-2018) and the Cooperative Society was only able to retrieve the land after the arbitration ended. He further explained that this has increased the marginal cost of the land price. Similarly, the loans’ officer of St. Peters CU explained that the cost of construction is too high and sometimes contractors deliver projects that have less value. This goes ahead to confirm Wafula’s (2004) assertion that land constraints and cost of building materials negatively militate housing affordability, as these cost elements are transferred to the final consumer.

Moreover, default in loan repayment by members was a common constraint among the three SCCSUs in their role in housing delivery. It was revealed that loan delinquency is common in all the societies under this study. These persons are mostly low-middle income earners who are employed in informal sectors of which their incomes are erratic and irregular in nature. However, it is not considered to be a major factor that affects their operations due to an improvement in background checks by the SCCSUs.

Table 4. Examination of the Purpose of Loan Received

Have you received a loan from your cooperative union?					
	Response	Frequency	Percentage		
	No	26	21.7%		
	Yes	90	75%		
	No response	4	3.3%		
	Total	120	100%		
COOPERATIVE SOCIETY / CREDIT UNION					
		ACTCOMSS	BRRRI	St. Peters	Total
Purpose of Loan	Business	0	4	5	9
	Car Purchase	0	0	1	1
	Education	6	6	5	17
	Funeral	0	0	1	1
	Housing, Business, Education, Funeral	0	1	1	2
	Personal	0	2	3	5
	Support housing	33	16	6	55
	Support housing/Business	0	0	1	1
	Medical	0	1	0	1
	Support housing/Education	1	0	0	1
	Total	40	30	23	93

Source: Field Survey, 2019



Furthermore, the SCCSUs especially ACTCOMSS and BRRI CU indicated that they do not have enough funds to give out to loan applicants. This supports the findings of Farouk, et al., (2014) that Cooperative loans are inadequate as most SCCSUs lack the needed capital to support members. The managers indicated that limits have been placed on the amount that can be borrowed by a person at a time. This may be perhaps good for the incremental housing system.

Finally, the SCCSUs indicated high illiteracy rate and lack of government support as the factors that negatively militate the role of SCCSUs in housing delivery in the Metropolis. This factor of illiteracy was common among St. Peters CU and BRRI CU as their membership is open to all categories of persons. They further indicated that high interest rates and the current banking sector reforms by the Bank of Ghana has affected the operations of cooperative societies. Other challenges identified include high operation cost and investment in non-profitable financial institutions.

The Perspective of Homeowners and Prospective Homeowners

The respondents who are either homeowners or prospective homeowners were asked to indicate the challenges they faced in accessing credit facilities from Savings and Credit Cooperative Societies or Unions. In Table 8 below, it was revealed that 61 people (50.83%) did not respond to the question. Similarly, as high as 35 respondents indicated ‘no challenge,’ 14 (11.67%) responded there is a delay in giving loans. Other problems identified include short-term loans, poor customer service and collateral demands. Also, a few of the respondents showed their displeasure on the rates accruing to loans. For instance, one of the respondents provided an answer to an open-ended question on the challenges he faced in accessing credit facilities from his credit as ‘Interest on cooperative loans is gradually closing up with the Banks which is becoming a disincentive’ (BRRI Staff and a Member of BRRI CU, 2019).

Table 5. Stage of House Completion and Mechanisms for Home Financing

Stage of House Development	Frequency	Percentage
None	20	16.7%
Completed house	20	16.7%
Uncompleted house	40	33.3%
Plot of Land	40	33.3%
Total	120	100%
How was your Housing funded?		
No Response	7	7%
Bank loan, Cooperative loan, Personal Savings and loan from family and friends	3	3%
Loan from Family and Friends	3	3%
Investment	1	1%
Loan from Bank	14	14%
Loan from Credit Union	44	44%
Personal Savings	27	27%
Personal Savings and Loan from CU	1	1%
Total	100	100%

Source: Field Survey, 2019



Table 6. Challenges Individuals Co-operators Face in Accessing Credit Facilities from SCCUs

Description of Challenge	Cooperative Society or Credit Union			Total	Percentages
	BRRRI CU	ACTCOMSS	St. Peters CU		
No response	15	26	20	61	50.83%
No challenge	15	13	7	35	29.17%
Delays in giving loans	10	2	2	14	11.67%
High interest rate	3	0	1	4	3.33%
Short-term loans	0	2	0	2	1.67%
Poor customer service	0	0	3	3	2.5%
Collateral	0	0	1	1	0.83%
Total	43	43	34	120	100.0%

Source: Field Survey, (2019)



5. Discussion

Ghana is plagued with a huge housing deficit which stems from a conglomerate of factors. These include undeveloped housing finance markets, land tenure insecurity, high cost of construction materials among others. It has been observed that housing has become a luxury instead of being a necessity especially among low-middle income earners in this country. Even though, there exist numerous challenges in the operations of Savings and Credit Cooperative Societies or Unions, it has however been observed that the role of Savings and Credit Cooperative Societies or Unions in housing delivery in Kumasi Metropolis is admissible and that it remains a viable tool for promoting incremental housing processes among low to middle income earners in this Country. As indicated by Wafula, (2004), an effective and proper management of community mortgage cooperatives could be a cheap means of mobilizing funds for housing development among low income earners in Ghana (see also Boamah, 2011). Based on the findings of this research, the following recommendations are made towards mitigating the factors that hinder the development of cooperatives and their contributions towards housing delivery in the Kumasi Metropolis and consequently its replicability across the country. First and foremost, the researchers recommend a strong regulatory framework for Savings and Credit Cooperative Societies or Unions this country. Currently, they are being regulated by the Co-Operative Societies Act, 1968 (NLCD 252) which has some regulatory gaps in maintaining legal order and to ensure membership confidence in these Savings and Credit Cooperative Societies or Unions. A comprehensive regulatory legislation in the form of collateral, liability and contribution arrangement laws will be a good step towards promoting strong Savings and Credit Coop-

erative Societies or Unions. Similarly, the establishment of community based cooperative societies should be encouraged. These unions should be purposively designed to promote community and self-supportive mortgage loans to members. The ability of Savings and Credit Cooperative Societies or Unions to build along professional and institutional lines could be a viable medium for supporting housing development among public sector key workers such as nurses and teachers. It is also suggested that the government supports Savings and Credit Cooperative Societies or Unions by providing the enabling environment by reducing interest rates since they are indirectly by the government through the Bank of Ghana fiscal policies and lending base rates. This will help promote home ownership among low-middle income owners. Furthermore, the national housing policy should be reviewed to include and encourage community cooperative and self-supportive housing systems in the country.

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Conflict of Interest

The authors declared no conflicts of interest.

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