CREDIT FACILITIES AND PROVISION OF HOUSING UNITS IN NAIROBI AND SURROUNDING AREAS: CASE OF SHELTER-AFRIQUE

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DECLARATION

I hereby declare that this Research Project is my original work: it has not been presented for a degree in any other University or institution.

SIGNED _____ DATE _____

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This Research Project has been submitted for examination with my approval, as the University Supervisor.

SIGNED _____ DATE _____

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DEDICATION

This work is dedicated to my wife, Gertrude Joëlle, and children, Yves Emmanuel, Sylvie Cassandra, Christ Nathan, and Joëlle Renée, for their moral support throughout my Executive MBA courses to this final stage. I also give special tribute to my supervisor, Gerald Atheru, for his guidance and professional support. Finally, I thank the Lecturers in the School of Business, Kenyatta University, for a well delivered Executive MBA programme and incredible knowledge that they have imparted on me. To my classmates, I say thank you. We soldiered on together and the support we offered each other will remain highly cherished in my heart.

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I am thankful to my late father, to my mother, my lovely wife and children.

I thank you all.

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OPERATIONAL DEFINITION OF TERMS

Budget Implementation   It involves making decision to use a particular sum from a specific budgetary line in order to finance a specific activity and authorizing expenditure and paying the sums due.

Commercial Bank   A Commercial Bank is a financial institution that provides various financial services, such as accepting deposits from customers and issuing loans to them.

Corporate guarantee   A corporate guarantee is the one issued by a company to a lender in order to guarantee that a loan granted to a third party will be repaid.

Credit or credit facility   A credit or credit facility is a contractual agreement in which a borrower receives money from a lender immediately and agrees to repay the lender at some date (s) in the future, generally with interest.

Developers   Developers are the coordinators of the activities, converting ideas on paper into real property. Developers buy land, finance real estate deals, build or have builders build projects, create, imagine, control and orchestrate the process of development from the beginning to end *(Frej and Peiser, 2003).*

Equity Investment

An equity investment or equity contribution is the money that is invested in a company in the form of shares. Investors recover it only when they sell their shareholdings to other investors, or when the assets of the company are liquidated and proceeds distributed among them after satisfying the company's obligations.

Gross Domestic Product

The Gross Domestic product (GDP) is the final value of the goods and services produced within the geographic boundaries of a country during a specified period of time, normally a year. GDP growth rate is an important indicator of the economic performance of a country.

Joint-Venture

A joint-venture (JV) is a business arrangement in which two or more parties agree to pool their resources for the purpose of accomplishing or implementing a specific task (new project or any other business activity).

Lending Policy

A lending policy guides loaning procedures and their documentation (requirements for grant of a loan, the information to request from a client and also the information to analyze), loan concentration limits, loan sizes,

loan types, interest rates, collateral requirements, and conditions for disbursement among others.

Mezzanine financing

Mezzanine financing is a hybrid of debt and equity financing that gives the lender the rights to convert to an ownership or equity interest in the company in case of default, after venture capital companies and other senior lenders are paid.

Micro-finance Institution

A Micro-Finance Institution is an organization that offers financial services to low income populations.

Mortgage

A mortgage is a loan (legal agreement) in which property or real estate is used as collateral. The borrower enters into an agreement with the lender (usually a bank) wherein the borrower receives cash upfront then makes payments (principal and interests) over a set time span until the lender is paid back in full.

Mortgage Finance Company

A Mortgage Finance company is a company that specializes in originating and/or servicing mortgage loans.

Personal guarantee

A personal guarantee is an arrangement that is signed and verified by a borrower, or a third party, in order to accept the liability for one's

own or a third party's obligations or funds payable.

Questionnaire

A questionnaire is a research instrument consisting of a series of printed or written questions for the purpose of gathering information from respondents.

Real Estate

Real estate refers to land including all the property on it that cannot be moved and any attached rights. It is a physical entity including the land and improvement affixed to the land while real property is a legal concept that gives the individual the right to use and control the real estate or physical entity.

Land is also a finite and valuable resource, which is affected by numerous legal, physical and environmental constraints and interests. Real estate property is bound to land making it an immovable asset *(Dervort, 2000).*

Shelter-Afrique

Shelter-Afrique is the diminutive of "The Company for Habitat and Housing in Africa", which is a regional financial institution headquartered in Nairobi, Kenya (Shelter-Afrique Centre, Longonod Road, Upperhill, P.O. Box 41479-00100). Its purpose is to promote financing in housing and urban development in African countries.

Its shareholding comprises 44 African

countries, the African Development Bank (AfDB), and the African Reinsurance Corporation (Africa-Re).

Senior Debt

Senior debt refers to debt secured by collateral on which the lender has put in place a first lien. In other words, it is a debt obligation that has priority for repayment over other debts.

Semi-structured questionnaire

A semi-structured questionnaire is a questionnaire that contains both open-ended and closed-ended questions.

Structured questionnaire

A structured questionnaire is a questionnaire that contains only closed-ended questions.

Sustainable Development

It is the development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

Sustainable Development Goals

The Sustainable Development Goals (SDGs), also known as the Global Goals, are a universal call to action in order to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.

ABBREVIATIONS AND ACRONYMS

AfDB	African Development Bank
AFRICA-RE	African Reinsurance Corporation
AGF	African Guarantee Fund
CBD	Central Business District
CBK	Central Bank of Kenya
GDP	Gross Domestic product
GoK	Government of the Republic of Kenya
JV	Joint-Venture
KES	Kenya Shillings
MFI	Micro-Finance Institution
NACHU	National Co-operative Housing Union Limited
SHELTER-AFRIQUE	The Company for Habitat and Housing in Africa
SDGs	Sustainable Development Goals
SPSS	Statistical Package for Social Sciences
UN	The United Nations (UN), is an intergovernmental organization that promote international co-operation
UN Habitat	The UN Agency dealing with human settlements
USD	United Stated Dollar

ABSTRACT

Access to housing is a basic human right enshrined in the Sustainable Development Goals and Kenya's Constitution 2010. Housing plays a huge role in revitalizing economic growth in a country. The main purpose of this study was to determine the effect of Shelter-Afrique on the provision of housing in Nairobi and its surrounding areas during the periods 2010 to 2015, through credit facilities granted to its clients. The study adopted descriptive research design; and it was ideal for this study because it gave an explanation as to how the dependent variables affect or were affected by the independent variables. The descriptive method helped in establishing priorities specific to areas under research while also evaluating the influence that Shelter-Afrique had on the provision of housing units in Nairobi and surrounding areas. The population used in this study comprised of all the clients of Shelter-Afrique in Nairobi including Developers, Commercial Banks, Micro-Finance Institutions and/or Housing Finance Institutions. The study will use 100% of the population, because during the considered periods, the total number of clients in different categories of funding by Shelter-Afrique was ten (10). The sampling frame for this study was a list of Developers, Commercial Banks, Micro-Finance Institutions and/or Housing Finance Institutions that are located within Nairobi and its environs, and are in Shelter-Afrique's portfolio. The sample was determined using stratified sampling technique. This method was helpful in dividing the sample into appropriate strata that were mutually exclusive. The population s categorized into strata that included Developers, Commercial Banks, and Micro-Finance Institutions that do business with Shelter-Afrique within Nairobi and its surrounding areas. Then a sample will be selected from each of the category depending on the size of the category. Data was analyzed and presented by using the quantitative method of data analysis where descriptive statistics were used. The study model was derived from the Positive Theory of Housing that stated that housing was part of the economy that utilizes resources, capital and energy. The general objective of study was to investigate the influence that regional financial institutions had on the provision of housing units in Nairobi and surrounding areas focusing on the role of Shelter-Afrique, a regional financial institution. The specific objectives included: To establish the effect of Shelter-Afrrique's indirect intervention, through credit facilities to Developers, on provision of housing units in Nairobi and surrounding areas; To establish the effect of Shelter-Afrique's indirect intervention, through credit facilities to Commercial Banks, on provision of housing units in Nairobi and surrounding areas; and To establish the effect of Shelter-Afrique's indirect intervention, through credit facilities to Micro-Finance Institutions and/or Housing Finance Institutions, on provision of housing units in Nairobi and surrounding areas. The results showed that Developers, Commercial Banks, Micro-Finance Institutions, and Housing Finance Institutions have positively benefited from the partnership with Shelter-Afrique and that the partnership improved their capacity to provide housing units in Nairobi and its environs. This means that availability of Credit Facilities from Shelter-Afrique increased the provision of housing units in Nairobi and the surrounding areas.

CHAPTER ONE: INTRODUCTION

In this Chapter, we presented the background of the study, the problem statement, the objectives of the study, the research questions, the significance of the study, and the scope of the study.

1.1 Background of the study

The background of the study was addressed at three levels: Global, Regional and National levels.

1.1.1 Global level

At the seventieth session of the United Nations (UN) General Assembly on 25th September 2015, the members states adopted the Declaration "Transforming our world: the 2030 Agenda for the Sustainable Development".

Seventeen (17) Goals with one hundred and sixty-nine (169) Targets were adopted, and came into effect on 1st January 2016; they will be guiding the international development agenda till 2030.

Agenda 2030 document proclaims the followings:

Cohesive nationally owned sustainable development strategies;

Member states are encouraged to develop practicable and ambitious national responses to the overall implementation of the agenda;

Member states are also encouraged to conduct regular and inclusive reviews of progress at the national and sub-national levels, which are country-led and country-driven.

Therefore, member states should:

Align Sustainable Development Goals (SDGs) implementation with their national planning and policy processes;

Ensure the coordination, management and leadership for SDGs implementation;

Avail adequacy of financing (municipal finance, for instance) and other means of implementation of the SDGs.

During this study, we will focus only on Goal 11 (Sustainable cities and communities) of the SDGs.

Goal 11 of the SDGs is about making cities inclusive, safe, resilient, and sustainable. According to UN Habitat (the UN Agency dealing with human settlements), the key target of Goal 11 is to ensure that all people have access to adequate, safe and affordable housing by 2030. In addition, by 2030, the member states should ensure access for all people to basic services and upgrade slums.

It is also useful to mention that the UN Conference on Housing and Sustainable Urban Development took place in Quito, ECUATOR, from 17th to 20th October 2016 (HABITAT III Conference). This was the first UN summit on urbanization since the adoption of the 2030 Agenda for Sustainable Development, on 25th September 2015.

HABITAT I Conference was held in Vancouver, CANADA (in 1976), while HABITAT II Conference took place in Istanbul, TURKY (in 1996).

It should be noted that there is a housing problem in two-thirds of the emerging population across the world (Tiwari et al., 2016). There are several factors that have contributed to this issue including globalization, rural to urban migration, lifestyle changes, changes in modes of consumption, westernization and capitalism has ended minimizing the availability of housing units for the middle and low income in the population. There is an excess of demand for housing units, more than the supply. Despite government enacting various housing policies with the aim of reducing the problem of housing units' shortage, there has not been much progress (Ball 2013). Challenges that governments have faced in addressing this problem includes delays in land ownership, infrastructure constraints, corruption and bureaucracy in the process of housing provision, and also the availability of well-allocated land. This is the case especially in the developing countries, where the funds allocated to housing development is minimal.

Additionally, the involvement of the state in subsidized housing provision has significant problems and distortions (Arrossi et al., 2014). Further, the rental market has dysfunction that includes low income households living in slum institutions. There is, therefore, a huge need for affordable housing and rental units that can cater to the wide spectrum of the middle and low class in the society.

There is provision of employment opportunities to both the skilled and unskilled workers in the country (Collier and Venables 2014). Consequently, the demand for affordable housing activities in the country has the advantage of encouraging and creating opportunities across the investment scope.

1.1.2 Regional level

In order to effectively address the housing shortage issue, African governments need to cooperate. In addition, governments need to upgrade their governmental housing policies, reduce urbanization within their countries and also allow and support local financial institutions, so that they can promote the provision of affordable housing units to the society. As such, amongst other actions, there is need for strong partnerships between the government and financing institutions that include private sectors, so as to ensure proper address of the present housing crisis (Lin et al., 2014). The advantage of having regional financial institutions involved in the process of providing affordable housing units to the population is the immense growth of the Gross Domestic Product (GDP) of the country.

In this regard, financial institutions like THE COMPANY FOR HABITAT AND HOUSING IN AFRICA (SHELTER-AFRIQUE) have been set up.

The Company for Habitat and Housing in Africa (Shelter-Afrique) is a Regional Financial Institution headquartered in Nairobi, Kenya, with four Regional Offices. Its shareholding comprises 44 African countries (including Kenya), the African Development Bank, and the African Reinsurance Corporation. Shelter-Afrique's operating area is the African continent; its purpose is to provide financing in housing and urban development in African countries.

It should be noted that this study considers only the city of Nairobi and its surrounding areas, located in Kenya (an East African country).

1.1.3 National level

As the capital city of Kenya, Nairobi faces a housing shortage as reported by the UN habitat report (2011). As at 2011, the population of Nairobi was about 3 million people (GoK 2010). The main reason for the shortage of housing units in Nairobi has been attributed to the increase of urbanization in the country, with an annual rate of 4.2 % people moving to the city in search of employment opportunities (Black and Stafford 2013). As such, there is an acute shortage of housing in the capital city; most financial institutions are moving to the rental investment sector

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so that they can try and provide affordable housing facilities to the population. This investment move has resulted to most of the Kenyans in Nairobi spending most of their income in mortgages and reducing their savings. The economy of the country, as a result, has shifted to the rental industry.

Shelter-Afrique also operates in Kenya, and is among the key regional financial institutions that have tapped the opportunity of the need of affordable housing in Africa (Shelter-Afrique 2016). The company is an important lender to Developers, Commercial Banks, Micro-Finance Institutions, Housing Finance Institutions… etc. Shelter-Afrique has managed to increase its market share due to capitalization on the need of Kenyans in owning home in suburb areas of the city.

1.2 Problem Statement

According to the outcome of the "Kenya Population and Housing Census 2009", published by the Kenya National Bureau of Statistics, only 56,376 houses were constructed in Nairobi.

There is an estimation of an urbanization rate of about 100,000 people per year moving from the rural areas and settling in Nairobi (Njiru and Moronge 2013). The high rate of urban growth has led to an influx of housing demand in Nairobi. As a result of the high urbanization rate in Nairobi, the capital city suffers from overcrowding, high crime rates, high rates of pollution. Most of the low-income earners are living in the slum areas, due to lack of housing units that can correspond to their income. Consequently, these people do not have access to electricity, efficient drainage systems and running water (Njiru and Moronge 2013). All these inefficiencies expose a high portion of the population in Nairobi to health issues that they cannot afford to adequately address.

Due to the housing shortage problem existing in Nairobi, there is a high demand for houses for residents. The problem of housing limitations in Nairobi has been enhanced by poor governance and mode of housing supply in Nairobi (Midheme and Maulaert 2013). In the past decades, the responsibility of housing provision was solely on the government. Immediately after the independence of Kenya, the investment in public housing facilities in the capital city diminished as the country concentrated in improving other state sectors. Currently, the private sector has complete involvement in housing unit supply. This would be good news for Kenyans if the prices

for houses set by the private financing institutions were not so exorbitant and unaffordable for most Kenyans (Midheme and Maulaert 2013). This is because the private sector financing for houses has the sole objective of maximizing profits, a fact that only favors the high and middle-income group in the Nairobi population. Due to limitation of prices in accessing housing units offered by private financing companies, most city dwellers in Kenya have resulted to informal settlements.

The bill of rights in the Kenyan Constitution stipulates that every Kenyan citizen has entitlement to adequate housing (GoK 2010 b). The implementation of this law is, however, very difficult to the average Kenyan. Some of the factors that limit a city dweller in Kenya to exercise the right to adequate housing include poor housing policies in the country, high land rates, high interest rate on loans, and poor framework for operation of the land and housing laws of the country (Sang 2013).

1.3 Objectives of the Study

It is useful to present the general objective of the study before addressing the specific objectives.

1.3.1 General Objective

The purpose of the study is to investigate the influence that regional financial institutions had on the provision of housing units in Nairobi and surrounding areas, focusing on Shelter-Afrique.

1.3.2 Specific objectives

The specific objectives of the study could be stated as follows:

a) To establish the effect of Shelter-Afrrique's indirect intervention, through credit facilities to Developers, on provision of housing units in Nairobi and surrounding areas;

b) To establish the effect of Shelter-Afrique's indirect intervention, through credit facilities to Commercial Banks, on provision of housing units in Nairobi and surrounding areas;

c) To establish the effect of Shelter-Afrique's indirect intervention, through credit facilities to Micro-Finance Institutions and/or Housing Finance Institutions, on provision of housing units in Nairobi and surrounding areas.

1.4 Research Questions

a) What is the effect of Shelter-Afrique's indirect intervention, through credit facilities to Developers, on the growth of housing units in Nairobi and surrounding areas?

b) What is the effect of Shelter-Afrique's indirect intervention, through credit facilities to Commercial Banks, on the growth of housing units in Nairobi and surrounding areas?

c) What is the effect of Shelter-Afrique's indirect intervention, through credit facilities to Micro-Finance Institutions and/or Housing Finance Institutions, on the growth of housing units in Nairobi and surrounding areas?

1.5 Significance of the Study

This study can be used by academicians to understand the problem of housing in Nairobi and surrounding areas, and also the effects of housing shortage in the economy. The study also has importance to government, private agencies when formulating housing policies that can enable minimize the demand versus supply difference of housing units in Kenya. In addition, this study can benefit to private developers, and Shelter-Afrique itself. Most importantly, policy makers in the housing sector in Kenya will benefit from the study because they can rely on findings to predict the rate at which problem of shortage of housing units can be solved and what steps can be taken.

1.6 Scope of study

The study investigates the influence of Shelter-Afrique's interventions in Kenya, specifically in Nairobi and surrounding areas, relatively to the housing financing during the periods 2010 to 2015.

The dependent variable (provision of housing) of the study is the change, in terms of number of housing units constructed and/or number of mortgage loans granted in Nairobi and surrounding areas, owing to Shelter-Afrique`s interventions through credit facilities. The independent variables comprise the various interventions of Shelter-Afrique in terms of funding (credit facilities) in order to enable the provision of housing in Nairobi and surrounding areas.

1.7. Limitations of the study

The major limitation of this study is that the data on housing units in Kenya is not up-to-date in relevant databases and it is not properly documented. The challenge was to consolidate

information from various sources because there is no central depository for such data. Shelter-Afrique has done so much in the housing sector, but with a small group of clients. The companies/clients studied are few, but adequately capable of providing valid data.

CHAPTER TWO: LITERATURE REVIEW

The following sections review the theoretical literature, the empirical literature relating to the problem of housing, and the possible solutions to the housing problem.

2.1 Theoretical Literature Review

It is argued that housing theories are not well established due to the limitation of housing not being an academic discipline. Housing lacks its own methodologies and concepts. As such, it is only possible to relate several relevant sociology theories to housing (Soliman 2014). Among the prominent theories used to explain housing existence in the economy, provision and shortage problems, include the Marxist, liberal, and the positive theories.

2.1.1 The Marxist theory of Housing

The Marxist theory of housing as developed by Friedrich Engels and Karl Marx (Rolnik 2013). The theory was among the earliest form of theories discussed in relation to the problem and provision of housing. The theory maintains that human actions, and also institutions, have the characteristic of being economically determined. As such, there is need for the existence of a class struggle in the population in order to create historical change and capitalism effects that supersede communism. Marxism supports the existence of social class in a capitalist economy (Rolnik 2013). Among the social classes of Marxism include the working class or the Proletariat class. This is the class of individuals who have to sell their labor in order to survive in a capitalist society. These individuals do not have a means to their own production (Rolnik 2013). In the modern world, this is the middle class of the employed people in an economy. The Bourgeoisie class own the means to production and are reliant on the working class for labor provision. This class of people in the society are the rich and have ownership rights to various sources of income including owning large conglomerates and having political power. The petite bourgeoisie class, according to the social classes of the Marxist theory, are the small business owners who can afford to employ workers in their premise (Rolnik 2013). According to the Marxist theory, innovation and improvement of technology has the power of eventually eliminating the existence of the petite bourgeoisie and reduce them to the class of the proletariat. There also exist the landlords who are entitled to power and wealth in the society, the peasantry and farmers who are the lowest income earners in the society.

In addressing housing, the Marxist theory insists on the importance of housing because it relates to the survival of human beings (Rolnik 2013). The theory also supports housing because it enables reproduction that increases the labor force in the economy and facilitates the functioning of social classes. Another dimension of the Marxist theory is that housing is a fixed good. As such, the rights to housing are tied to the rights allocated to different social classes. Not every social class has a right to own land, meaning it is not capitalistic possible for every social class to own a house. As such, the rights to a house are preserved in the legal rights of possession.

Since the Marxist theory strongly supports capitalistic viewpoints, the theory maintains that housing has both use and exchange value (Rolnik 2013). Consequently, owning a house as a product can gain the owner exchange value since its consumption is only realized by those in the society with a housing need and can afford to purchase the housing commodity.

2.1.2 The Liberal Theory

The liberal theory strongly opposes the Marxist view of housing. In defining housing as a noun, the liberal theory does not accommodate the effect of changes and mechanisms influencing change in the housing market. As such, there is no provision for new spaces for family members who live in a house. The implication of this dimension of the liberal theory is that an increase in population, such as the effect of urbanization, does not allow for the provision of more housing units for the excess population. They have to fit in the available housing units (Rolnik 2013). When housing is considered as a verb, then housing is considered as a dynamic process that changes according to the needs of the housing market. The dynamic characteristic of a housing, as a verb, can change a small residential unit to a building that can accommodate and combine a number of families. The liberal theory supports for the dynamic process of housing to develop in phases according to the need in the economy and available economic potential of households.

Additionally, the housing unit has an interactive capacity to community members. As members of the community increase, then housing units increase (Black and Stafford 2013). The housing unit, as a commodity, is a basic component that has equivalent movements with development since services and materials actively relate with different industries in the economy including transportation, manufacturing and infrastructure industries. Consequently, housing leads to capital investments which positively and directly affects the development and economic growth of the country.

The third fundamental dimension of the liberal theory is that it is affected, and also affects residents. A housing unit of a higher standard due to the materials used does not necessarily mean that it houses people better (Black and Stafford 2013). This means that the housing market and the exchange values of the market do not correspond or relate directly to human or the use value of the house.

The liberal theory of housing has the important characteristic of supporting every individual with the ability to build a house according to their setting and family size (Tipple 2015). The theory recognizes that every family has different wants and needs determined by their socioeconomic needs and abilities. Therefore, the housing unit built by a family reflects the livelihood of the household and their culture and customs. The independence afforded to people by the liberal theory indicates the degree by which user needs of housing units are being met and how user resources are utilized, such as according to their financial status or family size and cycle (Tipple 2015).

2.1.3 Positive Theory of Housing

The positive theory of housing supports the environmental and socioeconomic characteristics of the population (Soliman 2014). The theory defines housing as being part of the economy that utilizes resources, capital and energy. This directly contributes to the growth of the economy and environmental improvement. Additionally, the positive theory has a lot of reference for the economic status of the individuals, and equates the ability of individuals owning a house to their current economic feasibility (Tibaijuka 2013). Individuals spend most of their income in improving their current physical condition of their house. The theory, therefore, supports private investment in the housing market, where able individuals will spend a lot of money in building and improving houses, both for their basic needs and also for economic purposes (Tibaijuka 2013). However, when there is an economic decline in households, priority of spending is focused on food, shelter, clothing and catering to health conditions. Housing needs are considered as being a secondary want in households.

The positive theory has the important dimension of insisting that having a house has the advantage of providing people with the basic needs of having clean drinking water and reliable drainage services. Consequently, there is a lot of importance attached to quality housing and the

well-being of the community. Efficient housing units directly lead to reduced costs on public health (Rolnik 2013).

Finally, the positivist approach to housing considers housing units as being items of consumption for all social groups. This relates to the constitutional right in Kenya of all citizens having a right to housing (GOK 2010 b). As such, it is the obligation of the government to ensure the provision of safe and quality housing to all residents of the country.

2.2 Empirical Literature Review

In this section, it is useful to present the issues relating to the shortage of housing units in developing countries, the possible solutions, and finally the housing problem in Kenya.

2.2.1 Shortage of Housing Units in Developing Countries

Governments of developing countries face a large obstacle to urbanization because majority of the urban poor in these countries reside in slum areas within the city. Several studies (Diogu 2002, and Okupe 2002) indicate that this is a global problem. However, residents of less developed countries face the acute effects of the urbanization and congestion problem since they also lack proper housing.

Most of the urban poor, therefore, have been forced to live in overcrowded housing facilities, often made from temporary structures and located in slum areas (Okupe 2002). They are faced with unprecedented pressure of deteriorating social services and also urban infrastructure. After decades of continued government support and intervention in the problem of housing for city dwellers, private and regional financing companies have taken over (Diogu 2002). However, the provision of housing facilities is a gradual and continuous process that involves the process of addressing and meeting the housing needs of city dwellers.

In a study investigating housing delivery system, need and demand of housing, Makinde (2014) conducted a comprehensive research on demand and supply issues of the housing market. The study manages to investigate and outline the challenges of accessing housing units and also ascertains effective guiding principles for ensuring quality housing delivery in the market. Through the use of the Nigerian housing market as a case study for the research, Makinde (2014) insists that the institutional frameworks for public and private sector institutions involved in home delivery should ensure improved collaboration and efficiency.

Further, the study by Makinde (2014) indicates that there exists a gap in knowledge in the housing market between housing requirement and ability to get a preferred type of housing. Despite admitting that there are housing shortage problems in the market, Makinde (2014) maintains that people can only get what they can afford. As such, the gap between housing demand and supply is the affordability gap. Consequently, in order to minimize the gap between housing demand and supply, housing developers and private financing institutions should strive to maintain the affordability of housing in order to meet the core needs of the market (Makinde 2014).

2.2.2 Possible Solutions to the Housing Problem

A study conducted by Olotuah and Bobadoye (2009) uses quantitative data in investigating suitable housing provision for the urban poor. The study insists on the aspect of sustainable development and provision of housing. Findings of the study indicate that sustainable housing unit development involves ensuring that the available housing strategies are stable and not subjected to political waves in the country. As such, private and regional financing institutions dedicated to solving the problem of lack of housing units for city dwellers should incorporate the participation of end users in provision of housing facilities to the housing market (Olotuah and Bobadoye 2009).

Similarly, Ibem (2010) concurred with Olotuah and Bobadoye (2009) in maintaining that sustainability is required in housing provision. In order to achieve housing development and sustainability, Ibem (2010) insists that the housing market requires significant societal changes, different and effective management approaches and the restructuring of institutions to suit the demands in the market. In addition, the study maintains that lack of reference to the capabilities and references of local people often lead to failures of housing programmes (Ibem 2010). Consequently, it is imperative for the housing market to first identify and define their needs and order their housing priorities so that the organizations involved in providing housing units can attend to their housing demands (Ibem 2010).

2.2.3 Housing Problem in Kenya

In addressing the factors that influence housing finance in developing countries, Atati (2010) investigates why housing finance in Kenya has not been able to alleviate the concern of housing shortages in the city, and yet the real estate industry in Kenya is experiencing an economic

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boom. Atati (2010) admits that there is a large gap in Kenya between the supply and demand of housing finance in Kenya. The study uses a mixed approach in collecting data from participants. There is use of housing finance institutions, private financing organizations and also housing developers who actively participate in the housing market of Kenya.

Through structured questionnaires administered to private developers, contractors and borrowers in the housing market of Kenya, Atati (2010) was able to find out why the problem of housing units' shortage still prevails in Kenya. Analysis of the data collected depicts that housing finance institutions have a tendency of applying restrictive terms of lending to new and potential home owners, an aspect that greatly discourages the housing market. Furthermore, the social-economic status of individuals in the market determines their eligibility to get loans to purchase houses. The study concludes that housing developers and financing options are the key factors of defining the tenure and quality of housing consumption. As such, the low-income earner in the society is marginalized, an aspect that leads to the persistent high demand versus low supply of housing options in the housing market (Atati 2010).

2.3 Effects of credit facilities on the growth of housing units

All loans granted by Shelter-Afrique must comply with its Lending Policies and Procedures 2015, which contains provisions relating to: product lines and areas of intervention, loans denominations and tenors, project proposals and applications, appraisal procedures and lending processes, acceptable risks, security, loan documentation, equity and quasi-equity participation, interest charges and other charges/expenses, disbursement, project implementation and reporting procedures, inspection and monitoring, project audit…etc.

Lending or loan Policy is the primary means for guiding lending activities. It forms the credit philosophy in addition to imposing standards for achieving earnings objective and risk tolerance levels. According to Nwankwo (2000), a credit facility constitutes the largest single income-earning asset in the portfolio of most financial institutions.

Once a loan application is received from a borrower, an appraisal mission in planned and conducted by some Shelter-Afrique` staffs (from different Departments: mainly from Business Development, Risk, and Legal). After the appraisal mission, the request is presented to the Loans Committee, and to the Board of Directors for approval. Thereafter, the final decision (usually the approval) is notified to the borrower.

According to the Shelter-Afrique`s quarterly portfolio performance report (as at 30 September 2016), the loans portfolio per product is as follows (see figure 2.3 below): loans to developers (direct lending) constitute 56 % of the portfolio, while loans to commercial banks, micro-finance institutions and housing finance institutions (line of credit) represent 44 % of the portfolio.

LOAN PORTFOLIO PER PRODUCT AS AT 30.09.2016

0

44%   56%

■ DIRECT LENDING   ■ LINE OF CREDIT   ■
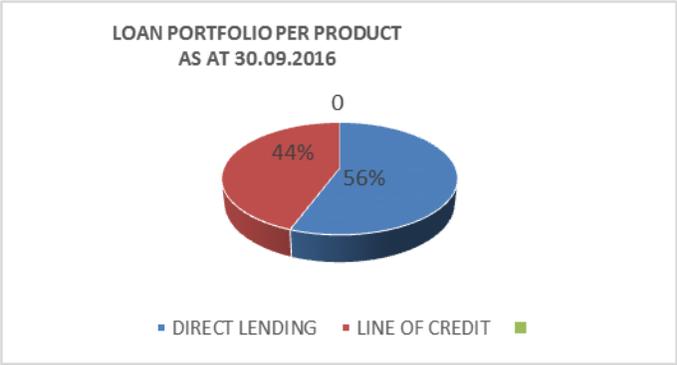
Figure 2.3 Loan portfolio per product

Through credit facilities granted to Developers, Commercial Banks, Micro-Finance Institutions and/or Housing Finance Institutions, Shelter-Afrique contributes to the growth of housing units in Nairobi and surrounding areas.

2.3.1 Effect of credit facilities to Developers

Developers are the coordinators of the activities, converting ideas on paper into real property. Developers buy land, finance real estate deals, build or have builders build projects, create, imagine, control and orchestrate the process of development from the beginning to end (Frej and Peiser, 2003).

The main requirements for lending to Developers are the following: the project land must be owned by the borrower, or (this is exceptional) by a third party linked to the borrower. The Developer must inject equity in the project before Shelter-Afrique disburses part of the loan amount; the loan must be secured by a first legal charge over the project land and its constructions. An additional security or guarantee, like a personal or corporate guarantee, may be requested.

Shelter-Afrique supports and finances housing Developers in Kenya to help them build capacity and provide affordable housing on a large scale to the residents of Nairobi and its surrounding areas. The Developers in Kenya construct housing units either for sale or for renting. Whichever the case, the construction is capital intensive and even Commercial Banks in Kenya cannot

provide the funding on their own. This calls for interventions from institutions such as Shelter-Afrique. The Developers are able to get financing from regional financial institutions like Shelter-Afrique and also from the Commercial Banks. Through housing Developers, Shelter-Afrique plays a key but indirect role in the provision of housing units in Kenya.

During the considered periods (2010 to 2015), Shelter-Afrique has financed the following three Developers located in Nairobi and its surrounding areas: ITOGA INVESTMENTS HOLDING Limited (P.O. Box 1052 Village Market, Nairobi, Kenya), MAHA PROPERTIES Limited (P.O. Box 195-00900 Kiambu, Kenya), and PRISM INVESTMENTS Limited (P.O. Box 28663-00100 Nairobi, Kenya).

Commercial Banks also constitute part of Shelter-Afrique`s portfolio.

2.3.2 Effect of credit facilities to Commercial Banks

Relatively to the loans to Commercial Banks, the requirements are very light: during and after the appraisal mission, their financial statements are checked to make sure that they are viable and operate in accordance with the requirements of the Banking Act, and the requirements of the Central Bank of Kenya (CBK). Generally, a credit facility is granted to a Commercial Bank on a clean balance sheet basis, and is usually unsecured (without security or guarantee).

The Banking Act, 2012, requires all Commercial Banks to have a written lending or loan policy consistent with the relevant provisions of the Act, Regulations and any other applicable laws.

The Central Bank Survey of Risk Management (2011) found out that only 11 percent of Kenyans can afford an average mortgage loan. An average mortgage loan in Kenya is KES 6.6 million, and demands a monthly repayment of about KES 90, 000 for a period of 20 years.

Nevertheless, Commercial Banks, through their lending facilities, are the most preferred source of construction development funding in Kenya. According to the Central Bank of Kenya, there are 43 licensed Commercial Banks and one Mortgage Finance company in the country. These institutions advance funds depending on the ability of the Developer to pay the interest charges within the prescribed time limit. It's important to note that a relationship between a Bank and a Developer plays a big role in securing finance from Commercial Banks. In most cases, Banks themselves borrow funds from other financial institutions (national, regional or international institutions) to get enough to lend to the Developers. With the shortage of 200,000 units of housing in Nairobi per year, it means that a lot of funding is needed to construct housing units to meet the demand. One of the institutions that lend to Commercial Banks in Kenya is Shelter-

Afrique. This means that through Commercial Banks, Shelter-Afrique has played a major role in the growth of housing units in Nairobi.

During 2010 to 2015, Shelter-Afrique has granted a credit facility only to JAMII BORA Bank Limited (P.O. Box 22741-00400 Nairobi, Kenya).

In addition to Commercial Banks, Micro-Finance Institutions and/or Housing Finance Institutions also constitute part of Shelter-Afrique`s portfolio.

2.3.3 Credit facilities to Micro-Finance Institutions and/or Housing Finance Institutions

According to the Shelter-Afrique's Lending Policies and Procedures, the requirements relatively to the loans to Commercial Banks are applicable to Micro-Finance Institutions and/or Housing Finance Institutions. These requirements are very light: during and after the appraisal mission, their financial statements are checked to make sure that they are viable and operate in accordance with the requirements of the Central Bank of Kenya (CBK). Generally, a credit facility is granted to Micro-Finance Institution and/or Housing Finance Institution on a clean balance sheet basis, and is usually unsecured (without security or guarantee).

The growing rate of urban migration, just like other cities in Africa, has been responsible for the shortage of housing units in Nairobi. Various players have come in to provide capital needed to construct the housing units needed. Micro-Finance Institutions have also joined the booming market, but they also cannot raise the capital needed in real estate development and they rely on funding from such institutions like Shelter-Afrique. In fact, for the considered periods (2010 to 2015), Micro-Finance Institutions and/or Housing Finance Institutions constitute 60 % (five micro-finance, institutions, and one housing finance institution) of the institutions that Shelter-Afrique provided funding to for housing development in Nairobi and surrounding areas. The said Micro-Finance, and Housing Finance Institutions, are the following: MOLYN CREDT Limited (P.O. Box 10144-00100 Nairobi, Kenya), MAKAO MASHINANI Limited (P.O. Box 10528-00100 Nairobi, Kenya), RAFIKI DEPOSIT TAKING MICROFINANCE Limited (P.O. Box 12755-00400 Nairobi, Kenya), LETSHEGO Kenya Limited (P.O. Box 52926-00200 Nairobi, Kenya), HFC Limited (P.O. Box 30088-00100 Nairobi, Kenya), and NATIONAL CO-OPERATIVE HOUSING UNION Limited – NACHU (P.O. Box 51693-00200 Nairobi, Kenya). These institutions use the financed given to develop housing units, meaning that through them, Shelter Afrique contributes to the growth of housing units in Kenya.

2.3.4 Summary of Literature Review

The chapter reviews various theories of housing as developed by theoretical literature and empirical literature.

The Marxist theory is very influential in addressing the need of housing units in the society. The theory maintains that housing is very vital since it directly relates to the survival of the human population.

Studies by Makinde (2014) and Atati (2010) maintain that the affordability gap in the housing market is the major cause for housing shortages.

Empirical literature in the section indicates that the housing market should implement a liberal approach to ensuring housing provision. Financial institutions in the housing market should price houses according to the economic situation in the country, and also the economic capacities and demands of the market.

Table 2.3 below summarizes the Literature Review.

Table 2.3 Summary of the Literature Review

Authors	Dates	Topics	Findings	Gaps
Jo Diogu	2002	Housing the Poor in Nigeria: The Integrated Project Approach	Analyses the housing situation in Nigeria and discovers that poor housing policies in the country have contributed to the situation of lack of housing in Nigeria.	Does not discuss how financial policies can influence a permanent solution to the persistent housing problem in Nigeria.
Okupe, L.	2002	Private Sector Initiative in Housing Development in	Discusses the feasibility of involving the	Does not include the role of regional financial private institutions as

		Nigeria–How feasible?	private sector in the housing development initiative in Nigeria.	possible aids in solving the housing problem in Nigeria.
Ahmad Soliman	2004	A possible way out: formalizing housing informality in Egyptian cities.	Researches on the informal housing in Egypt. Views the informal housing situation in Egypt as a result of integrated urban programs by the government.	Egyptian government to change its integrated housing programs and instead enable the development of housing units along social lines.
Olotuah and Bobadoye	2009	Sustainable housing provision for the urban poor: a review of public sector intervention in Nigeria.	Reviews how the government has helped improve the housing situation in Nigeria.	Fails to recognize the feasibility of involving the private sector in solving the Nigerian housing problem since corruption in the public sector is the main vice identified as contributing to poor performance of solving the housing problem in Nigeria.
Eziyi Ibem	2010	An assessment of the	Provides a	In its analysis, the article

		role of government agencies in public-private partnerships in housing delivery in Nigeria.	detailed and comprehensive analysis of using both private and public sectors in attempting to solve the housing problem in Nigeria.	failed to acknowledge the possibility of collaboration with other countries in forming a regional financial intervention that would help solve the housing problem in both Nigeria and the rest of Africa.
Felix Atati	2010	An investigation into the factors that influence housing finance in developing countries: a case study of Kenya.	The article provides a comprehensive analysis of the financial, economic and social factors that have contributed to the persistent housing problem in African countries.	While the article mentions the viability of having a regional financial institution that helps solve the housing problem in Africa, it fails to mention the impact that this intervention will have on Kenya and other African countries.
John Black and David Stafford	2013	Housing policy and finance.	Evaluates the changes in tenure and condition of housing during the post-war	Identifies the increase of housing problem, but fails to provide long term financial solutions to the housing problem.

			period.	
Rolnik Raquel	2013	Late neoliberalism: the financialization of home ownership and housing rights.	Discusses the effects of neo-liberalism and globalization in the global housing sector. Explores the effects of Marxist theory in influencing the modern housing sector.	There is a gap in explaining how to solve the problem of the increased lack of housing and the financial ramifications of commodifying housing in the society.
Anna Tibaijuka	2013	Building prosperity: Housing and economic development.	Constructively positions and details the role of housing in economic development of a country.	Despite linking the macroeconomic environment and housing needs in developed countries, the author did not manage to address how to specifically address the same housing problem in underdeveloped countries.
Olusola Makinde	2014	Housing delivery system, need and demand. *Environment, development and sustainability.*	The article analyses the demand and supply problem of housing in Nigeria.	Despite evaluating the reason for high pricing trends of housing in Nigeria, the article did not provide sufficient arguments sustaining a private regional financial

				institution as a viable solution to the housing problem in Nigeria.
Graham Tipple	2015	Housing policy-making in Africa: Ten common assumptions.	Explores the various methodologies used by African countries in making housing policies. Highly supports the liberal approach to housing, where family consideration is prime to making housing policies.	The article fails to demonstrate how these housing policies made in Africa have been able to effectively solve the increasing housing problem in the region.

Source: Self-generated

2.3.5 Knowledge Gaps

The various studies analyzed in this section indicate that there is a knowledge gap in the housing market. Most of the articles used in literature review did not consider regional financial intervention as a possible long-term solution to the housing problems in Africa. Further, majority of the articles addressed global housing problems. The housing problems of developed countries, and ways of managing them do not necessarily apply to developing countries since the financial capabilities of these countries are different. This chapter exposes the need to research the impact

that financial institutions have on the housing markets of developing countries, where there are shortages of housing units. The investigation should explore whether regional financial institutions have the capability of minimizing or eradicating the affordability gap existing in the housing market.

2.4 Conceptual framework

The conceptual framework of this study is represented via the figure 2.4 below.
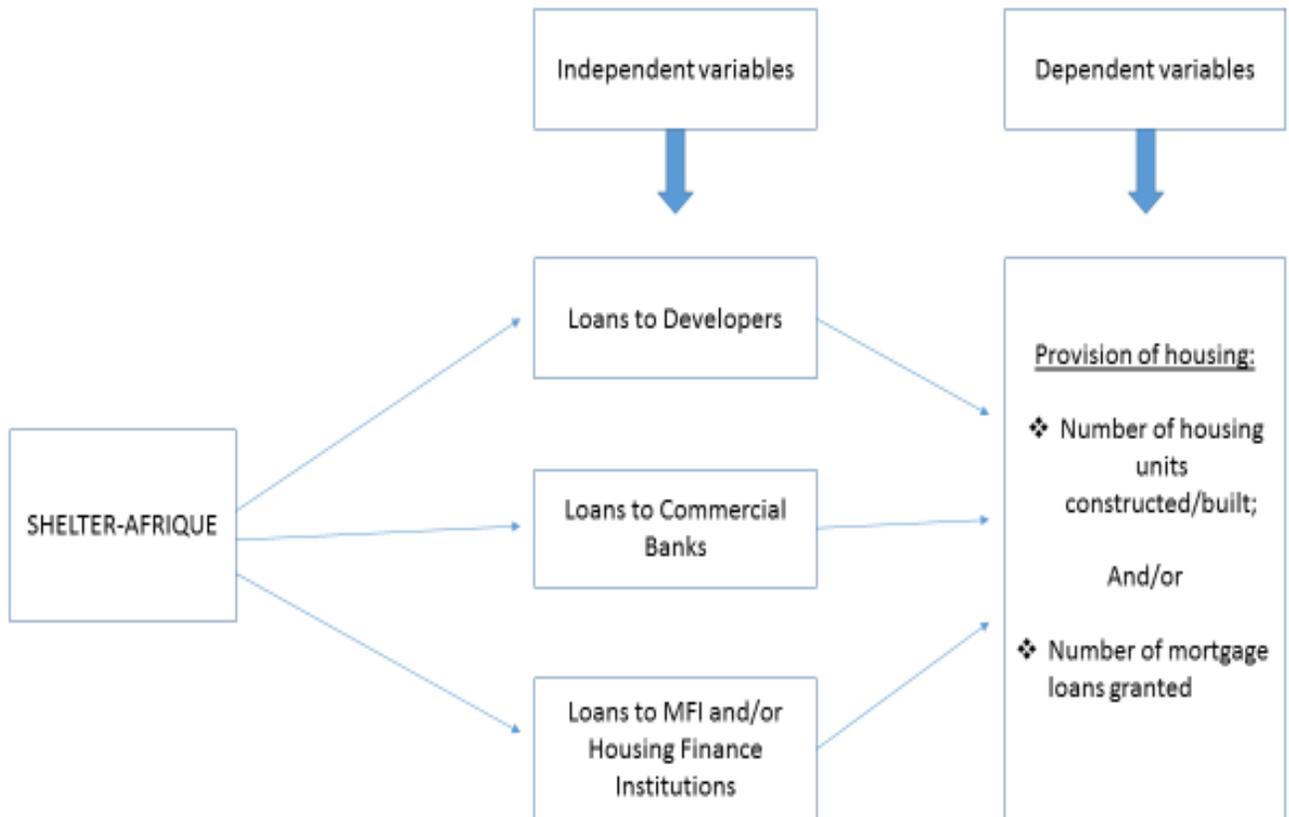
Figure 2.4 Conceptual Framework
Source: Self-generated

It is obvious that the purpose of this study is to establish:

The effect of Shelter-Afrique's indirect intervention, through credit facilities to Developers, on housing units in Nairobi and surrounding areas;

The effect of Shelter-Afrique's indirect intervention, through credit facilities to Commercial Banks, on housing units in Nairobi and surrounding areas;

The effect of Shelter-Afrique's indirect intervention, through credit facilities to Micro-Finance Institutions and/or Housing Finance Institutions, on housing units in Nairobi and surrounding areas.

CHAPTER THREE: RESEARCH METHODOLOGY

This chapter provides a discussion of the research methodology that will be used in this study. It discusses the research design paying attention to the choice of the design, the population of study, sample and sampling technique, data collection methods as well as data analysis and data presentation methods that will be used in the study.

3.1. Research Design

According to Cooper and Emory (2005), research design is a plan for selecting the sources and types of information to answer the research questions. It is a framework for specifying the relationships among the studied variables. The design provides answers for such questions as: What techniques will be used to gather data? What kind of sampling will be used? How will time and cost constraints be dealt with? Aaker, Kumar & Day (2008) sees research design as techniques used in conducting research.

The research design that was used in this study is descriptive. Descriptive research is designed to obtain data that describes the characteristics of the topic of interest in the research (Hair et al., 2007). The descriptive method helped in establishing priorities specific to areas under research while also evaluating the influence that Shelter-Afrique had on the provision of housing units in Nairobi and surrounding areas, during the periods 2010 to 2015. The research design was ideal for this study because it gave an explanation as to how the dependent variables affect or are affected by the independent variables.

3.2. Operationalization and Measurement of Variables

The variables of interest in this study were defined and measured as follows (table 3.2):

Table 3.2: Operationalization and Measurement of Variables

VARIABLES		DEFINITIONS	MEASUREMENTS
Dependent Variables	Housing Units.	This represented the number of houses that have been built, and/or mortgage loans granted, through funding given by Shelter-Afrique to different institutions within	The units proposed by the Developers, Commercial Banks, and Micro-Finance Institutions and/or Housing Finance Institutions will be considered.

		Nairobi and its environs.	
Independent Variables	Indirect Intervention: Credit facilities to Developers.	This represented the loans and credit facilities that Shelter-Afrique has advanced to Developers in Nairobi and surrounding areas.	Number of housing units proposed / developed.
	Indirect intervention: Credit facilities to Commercial Banks.	This represented the loans and credit facilities that Shelter- Afrique has advanced to Commercial Banks.	Number of housing units proposed / developed, and/or mortgage loans granted.
	Indirect intervention: Credit facilities to Micro-finance Institutions and/or Housing Finance Institutions.	This represented the loans and credit facilities that Shelter- Afrique has advanced to Micro-finance institutions, and/or Housing Finance Institutions.	Number of housing units proposed / developed, and/or mortgage loans granted.

3.3. Target Population

Population was defined as a full set of cases from which a sample is taken, (Saunders, Lewis and Thornhill, 2000). According to Cooper and Schindler (2003), a population is the total collection of elements about which we wish to make inferences. The population used in this study comprise of the clients of Shelter-Afrique in Nairobi including Developers, Commercial Banks, and Micro-Finance Institutions. The table 3.3 shows the category of the respondents, population, and the percentage of the population that each category represents.

Table 3.3 Categories of funding

Category	Population	Computation	Percentage
Developers	3	(3/10) *100	30 %
Commercial Banks	1	(1/10) *100	10 %
Micro-finance & Housing Finance Institutions	6	(6/10) *100	60 %
Total	**10**	(10/10) *100	**100 %**

The goal was to establish the amount that is involved in different funding and the housing units that were planned to be developed using the funds. The heads of the institutions, or their representatives, mentioned will be the respondents in this study.

The population in each category represented the total number of clients that Shelter-Afrique had during the period covered in the study, which is 2010 to 2015.

3.4. Sampling Design and Sample Size

It was useful to present the sampling frame, before presenting the sampling size and the sampling technique.

3.4.1. Sampling Frame

A sample is a finite part of a statistical population whose properties are studied to gain information about the whole (Shearer and Webster, 1985). It is a comprehensive list of the elements from which the sample is drawn (Hair et al., 2007). It is an objective list of the population from which the researcher can make a selection. Cooper and Schindler (2003) add that a sampling frame should be a complete and correct list of population members only.

The sampling frame for this study will be a list of Developers, Commercial Banks and Micro-Financial Institutions that Shelter-Afrique has within Nairobi and its environs.

3.4.2. Sample size

Fox and Bayat (2008) poise that the sample must be carefully selected to be a good reflection of the population and researcher will ensure that the subdivisions entailed in the analysis are accurately catered for. Copper (2007) states that when carrying out a study, 30% - 50% of the

population yields an adequate sample. The study will use 100% of the population, because the total number of categories of funding (table 3.3) by Shelter-Afrique is ten (10). This is because the population of study was small and all the members of the population can be studied, necessitating the use of a census as a sample.

3.4.3. Sampling Technique

According to Coopers and Schindler (2003), stratified sampling gives statistical efficiency increase on a sample provides adequate data for analyzing the various sub-populations and enables different research methods and procedures to be used in different strata. The sample will be determined using stratified sampling technique. This method will allow the researcher to divide the sample into appropriate strata that are mutually exclusive. The population will be categorized into strata that will include Developers, Commercial Banks, and Micro-Finance Institutions that do business with Shelter-Afrique within Nairobi and its surrounding areas. Then a sample will be selected from each of the category depending on the size of the category.

3.5. Data Collection Instruments

Questionnaires were used as the major tool for collecting primary data while secondary data were collected from journals, books and the internet. Semi-structured questionnaires were designed and distributed to the heads or key representatives of the institutions mentioned.

3.6. Data Collection Procedures

The researcher administered the questionnaires individually to the selected heads or key representatives of the institutions selected who were the target population of the study. The researcher exercised care and control to ensure all questionnaires issued to the respondents were received and to achieve this, the researcher maintained a register of questionnaires, which were sent, and marked them accordingly when they were received from the respondents. The researcher allowed the respondents three (3) to seven (7) days to complete. Telephone contacts were exchanged for ease of follow up. The questionnaires that were returned or collected as completed by the end of the stipulated period were regarded invalid.

3.7. Data Analysis and Presentation

The study employed the quantitative method of data analysis. Quantitative data refers to numerical data, and can range from simple counts such as frequency of occurrences to complex data such as test scores, (Saunders et al., 2000). After collection, the data were summarized and analyzed using Statistical Package for Social Sciences (SPSS).

To ensure easy analysis, the questionnaires were coded according to each variable of the study to minimize margin of error and ensure accuracy during analysis. Use of descriptive statistics was employed to compare variables numerically and make interpretation easier, (Fox and Bayat, 2007). The study results were presented using table, graphs and pie charts.

3.8. Study Model

The study model is derived from the Positive Theory of Housing that states that housing is part of the economy that utilizes resources, capital and energy. It has a lot of reference for the economic status of the individuals, and equates the ability of individuals owning a house to their current economic feasibility (Tibaijuka 2013). Individuals spend most of their income in improving their current physical condition of their house. The theory, therefore, supports private investment in the housing market, where able individuals will spend a lot of money in building and improving houses, both for their basic needs and also for economic purposes (Tibaiuka 2013). However, when there is an economic decline in households, priority of spending is focused on food, shelter, clothing and catering to health conditions. Based on this theory, it can be concluded that there is need for financial institutions to intervene in the provision of housing units to meet the current demand of 200,000 housing units in Nairobi each year (Atati 2014).

Housing Units = f (Shelter-Afrique intervention via Commercial Banks, Credit Developers, and Micro-Finance institutions).

The objectives of the study could be achieved through the following model/equation:

$$HU = \beta_0 + \beta_1 SACB + \beta_2 SACD + \beta_3 SAMI + \varepsilon$$

Where HU is housing units, SACB is intervention of Shelter-Afrique through credit facilities to Commercial Banks, SACD is intervention through credit facilities to Developers, and SAMI is intervention through credit facilities to Micro-Finance Institutions. The parameters β_i denotes the coefficients of independent variables, β_0 is the intercept, and ε is the error term.

3.9. Ethical Considerations

The information collected from the clients was used specifically for the purpose of this research and were not shared to any third party or used for any other purpose. The respondents were not coerced to fill in the questionnaire because they should do so at will. The study did not involve any form of destruction of objects involved in the study. Necessary authorization from the institutions in question was obtained before the data were collected.

CHAPTER FOUR: RESEARCH FINDINGS AND DISCUSSIONS

This chapter represents the results and subsequent findings of this Research Project. The data and its analysis were based on the information provided by respondents in the completed questionnaires and are analyzed and presented according to the research objectives. Results are presented in both figures and tables. Quantitative data was summarized using descriptive statistics.

4.1. Demographic Characteristics

4.1.1. Gender

The respondents were asked to state their gender; and the results are summarized in Figure 4.1.1 below.
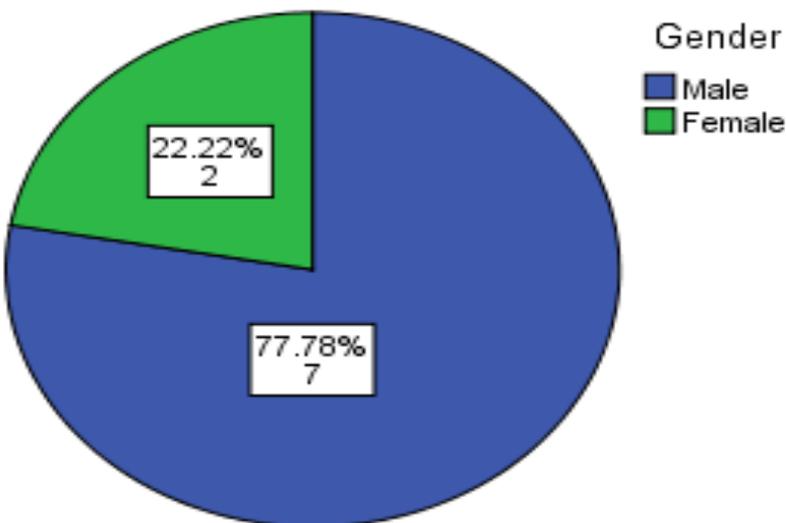
Figure 4.1.1 Gender of respondents

Figure 4.1.1 shows that the study was gender sensitive with both male and female respondents taking part. However, male respondents were many (71.43%) than female respondents (28.57%). Since organizations are sometimes headed by both men and women, it was important to collect views from both male and female leaders.

4.1.2. Marital Status

The responses on the question about marital status are summarized in Figure 4.1.2 below.
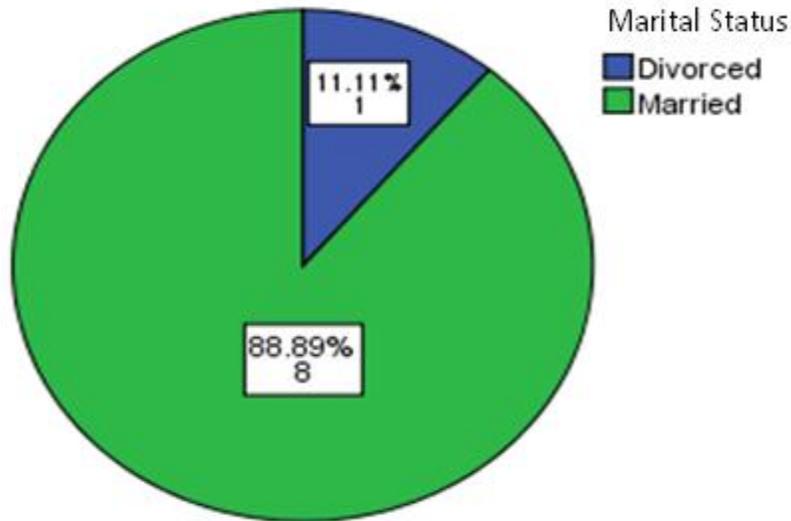
Figure 4.1.2 Responses on Marital Status

Figure 4.1.2 shows that 85.71% of the respondents interviewed were married while 14.29% were divorced.

4.1.3. Age

The responses of the respondents regarding their age were summarized in Figure 4.1.3 below.
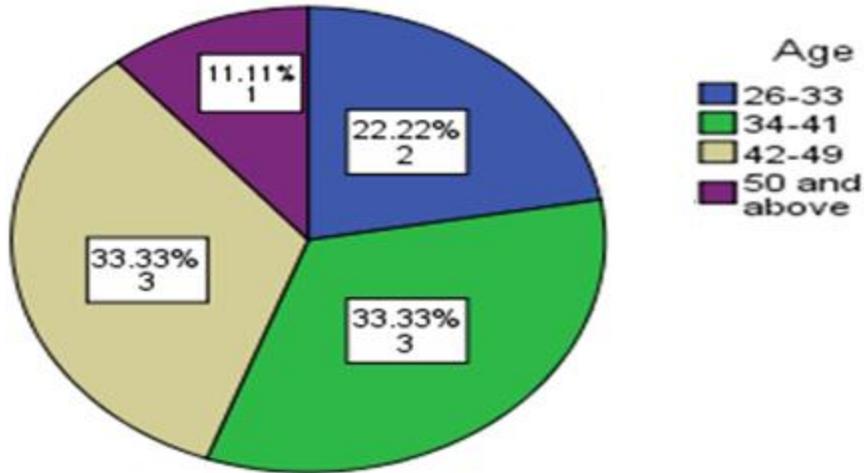
Figure 4.1.3 Age of respondents

Figure 4.1.3 shows that majority of the respondents, 66.66% were aged between 34 to 49 years (33.33% for 34 to 41 years plus 33.33% for 42 to 49 years). Those aged 26 to 33 years were 22.22%, while 11.11% represented those aged 50 years and above. This means that the respondents were of age capable of understanding the dynamics in the housing sector in Nairobi and the changes that have taken place since Shelter-Afrique started availing finances to developers and financial institutions to fund housing unit projects.

4.1.4. Experience of the respondents

The respondents were asked about their years of experience in the organizations they work and the responses are summarized in Figure 4.1.4 below.
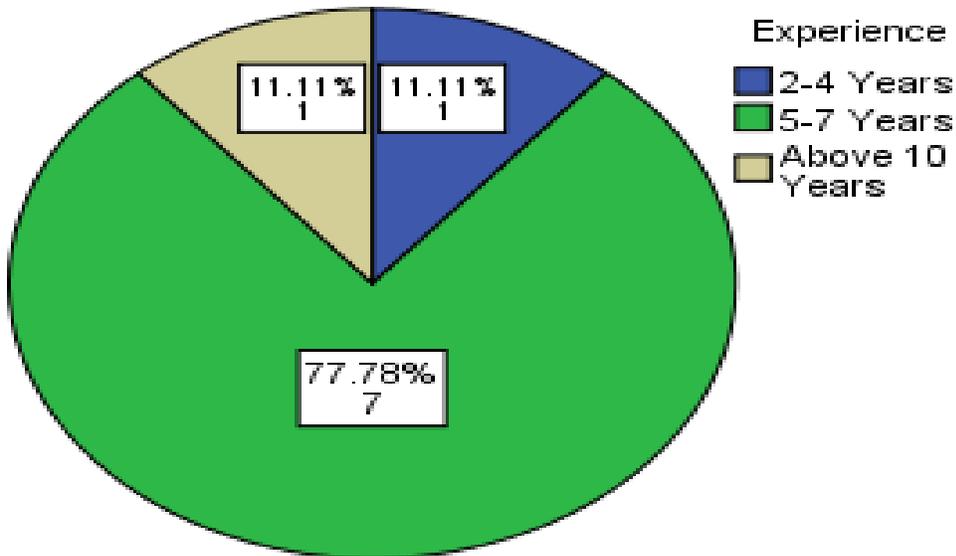
Figure 4.1.4 Years of Experience

Figure 4.1.4 shows that the respondents interviewed had served in the organizations they represent for a substantial number of years with 77.78% having 5-7 years of experience, 11.11% having over 10 years of experience, and 11.11% having 2 to 4 years of experience. This means that they had stayed in the organizations long enough to observe the changes in the provision of housing units before and after taking credit facilities from Shelter-Afrique.

4.1.5. Level of Management

The respondents were asked to state the level of Management they serve in and the results are shown in Figure 4.1.5 below.
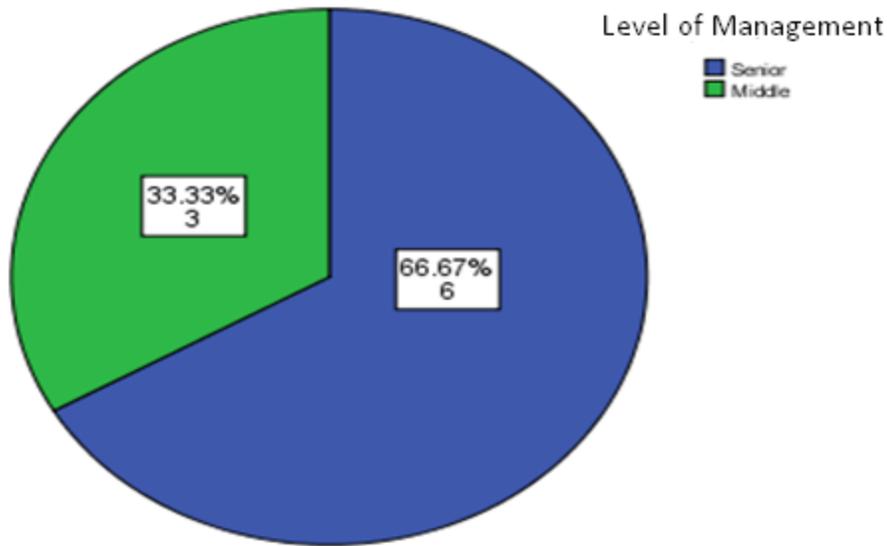
Figure 4.1.5 Level of Management

Figure 4.1.5 shows that of the nine respondents in the study, 6 (representing 66.67%) were in Senior Management level, while 3 (representing 33.33%) were in Middle Management level. This means that the study focused on key decision makers in the organizations who were capable of providing relevant information for the study.

4.1.6. The effects of Shelter-Afrrique's indirect intervention, through credit facilities

to Developers, on provision of housing units in Nairobi and surrounding areas.

The responses from the Developers were summarized in Table 4.1.6.

Table 4.1.6 Descriptive Statistics

Questions	Sample (N)	Mean	Standard Deviation
B6. Has the partnership with Shelter-Afrique improved your capacity to provide housing units in Nairobi and surrounding areas?	3	1.000	0.0000
B7. How many more housing units have you been able to build/construct since you partnered with Shelter-Afrique?	3	2.000	0.0000

B8. What percentage of housing units portfolio did you build/construct from loan (s) granted by Shelter- Afrique?	**3**	**3.333**	**1.1547**
B9. How many times have you taken a credit facility from Shelter-Afrique for financing your housing projects?	**3**	**1.667**	**0.5774**
B10. Taking loan (s) from Shelter-Afrique has helped us to increase our financing of development of housing units in Nairobi and surrounding areas.	**3**	**1.667**	**0.5774**
B11. Have you increased your capacity of providing housing units in Nairobi through partnership with Shelter-Afrique?	**3**	**1.000**	**0.0000**
Valid Sample (N)	**3**		

Table 4.1.6 shows that the respondents stated with a mean of 1.0 that partnership with Shelter-Afrique improved their capacity to provide housing units in Nairobi. The partnership had helped the Developer to build 100 to 500 more housing units (B7 with mean of 2.0) representing 31% - 50% (B8 with mean of 3.333) of their housing portfolio. Table 4.1 (B9) with a mean of 1.667 showed that the Developer had taken loan twice from Shelter-Arique. When asked whether taking a loan from Shelter-Arique helped increase their financing of housing units in Nairobi (B10), the respondents agreed with a mean of 1.667. The Developer's capacity to provide housing units in Nairobi had increased after taking loan facility from Shelter-Arique as shown in B11 with a mean of 1.0. Responding on the question about the role of Shelter-Arique in providing housing units in Nairobi, the Developers stated that Shelter-Arique has played a vital role in ensuring that there are credit facilities for them to finance their projects. They also stated that the partnership with Shelter-Arique has been very helpful because Representatives of Shelter-Afrique supervise the projects they finance to ensure that they meet the standards stipulated in the proposals. This is an indication that based on the first research objective, Shelter-Afrrique through indirect intervention by providing credit facilities to Developers, has resulted in the increase in the number of housing units which have been built in Nairobi and the surrounding area.

4.1.7. The effect of Shelter-Afrique's indirect intervention, through credit facilities to Commercial Banks, Micro-Finance Institutions, and/or Housing Finance Institutions, on provision of housing units in Nairobi and surrounding areas.

Commercial Banks, Micro-Finance Institutions, and Housing Finance Institutions constitute over 90% of the institutions that take credit facilities from Shelter-Arique. They formed 6 out of 7 institutions that were used for this study. The descriptive statistics of the responses from these organizations are stated in Table 4.1.7.

Table 4.1.7 Descriptive Statistics

Questions	Sample (N)	Mean	Standard Deviation
C6. Has the partnership with Shelter-Afrique improved your capacity to provide housing units in Nairobi and surrounding areas?	6	1.000	0.0000
C7. How many more mortgage loans have you been able to grant since you partnered with Shelter-Afrique?	6	1.667	0.5164
C8. What percentage of housing units portfolio did you finance with loan (s) granted by Shelter- Afrique?	6	2.167	1.4720
C9. How many times have you taken a credit facility from Shelter-Afrique?	6	1.000	0.0000
C10. Taking loan (s) from Shelter-Afrique has helped us to increase our financing of housing units in Nairobi and surrounding areas.	6	1.667	0.5164
C11. Have you increased your capacity of providing mortgage loans in Nairobi through partnership with Shelter-Afrique?	6	1.000	0.0000
Valid Sample (N)	6		

Table 4.1.7 shows that on average (1.0) the respondents stated that partnership with Shelter-Afrique has improved their capacity to provide housing units in Nairobi. The question regarding the number of more mortgage loans that the institutions were able to grant after partnership with Shelter-Afrique was responded to with a mean of 1.667. This means that most of the institutions

have been able to give 100 to 500 more mortgage loans than they did before partnering with Shelter-Afrique. Table 4.1 shows further that with a mean of 2.167, Commercial Banks, Micro-Finance Institutions, and Housing Finance Institutions builds 10% - 30% of their housing units` portfolio with the funds they obtain from Shelter-Afrique. They have on average taken credit facilities once from Shelter-Afrique (C9, mean = 1.0). From table 4.1, the respondents, with a mean of 1.667 were in agreement with the statement that taking loan (s) from Shelter-Afrique has helped them to increase their financing of housing units in Nairobi and surrounding areas (C10). They also stated that their capacity to provide mortgage loans in Nairobi increased when they partnered with Shelter-Afrique as indicated in C11 with a mean of 1.0. This means that Shelter-Afrique, through credit facilities to Commercial Banks, Micro-Finance Institutions, and/or Housing Finance Institutions, has had a positive impact in the provision of housing units in Nairobi and the surrounding areas. This was a combination of the second and the third research objectives.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

In this Chapter, we will present the summary, the conclusion, before suggesting some recommendations.

5.1. Summary

The main purpose of this study is to determine the effect of Shelter-Afrique on the provision of housing in Nairobi and its surrounding areas during the periods 2010 to 2015, through credit facilities granted to its clients. This is achieved by using a research design.

The research design used in this study is descriptive: it gives an explanation as to how the dependent variables affect or are affected by the independent variables. The descriptive method helps in establishing priorities specific to areas under research while also evaluating the influence that Shelter-Afrique had on the provision of housing units in Nairobi and surrounding areas.

The population and sampling frame used in this study comprise of the clients of Shelter-Afrique in Nairobi and surrounding areas, including Developers, Commercial Banks, Micro-Finance Institutions and/or Housing Finance Institutions. The study used 100% of the population, because during the considered periods, the total number of categories of funding by Shelter-Afrique is ten (10).

The sample was determined by using the stratified sampling technique. This method allowed the researcher to divide the sample into appropriate strata that are mutually exclusive. The population was categorized into strata that included Developers, Commercial Banks, and Micro-Finance Institutions that do business with Shelter-Afrique within Nairobi and its surrounding areas. Thereafter, a sample was selected from each of the category depending on the size of the category. The data were then analyzed and presented by using the quantitative method of data analysis.

The data and its analysis were based on the information provided by respondents in the completed questionnaires and are analyzed and presented according to the research objectives. The findings were presented in both figures and tables. Quantitative data were summarized using descriptive statistics.

In addition, via the questionnaire it was possible to gather information relating to the gender (male or female) of the respondents, their marital status (married, divorced), their age, their professional experience, and their level of Management. The Representatives of Developers, Commercial Banks, Micro-Finance Institutions and/or Housing Finance Institutions recognized that partnership with Shelter-Afrique improved their capacity to provide housing units in Nairobi and its surrounding areas. Developers also stated that the partnership with Shelter-Arique has been very helpful because Representatives of Shelter-Afrique supervise the projects funded. However, some Representative of Developers and financial institutions stated that Shelter-Afrique should consider a revision of the conditions attached to the credit facilities granted, so that the said conditions are more favorable to their companies.

5.2 Conclusion

The study sought to investigate influence that Shelter-Afrique had on the provision of housing units in Nairobi and surrounding areas, during the periods 2010 to 2015. The specific objectives of the study included: to establish the effect of Shelter-Afrique's indirect intervention, through credit facilities to Developers, on housing units in Nairobi and surrounding areas; to establish the effect of Shelter-Afrique's indirect intervention, through credit facilities to Commercial Banks, on housing units in Nairobi and surrounding areas; and to establish the effect of Shelter-Afrique's indirect intervention, through credit facilities to Micro-Finance Institutions and/or Housing Finance Institutions, on housing units in Nairobi and surrounding areas.

The study used a sample of 9 institutions which represented 90% of the total number of institutions that Shelter-Afrique has been partnering with in the provision of housing units in Nairobi area and its surroundings between 2010 and 2015. The primary data was collected using questionnaires that were presented to the respondents to complete. The data collected was analyzed using SPSS software. The descriptive statistics were used in the analyses and were the basis for meeting the study objectives.

The results revealed that Developers, Commercial Banks, Micro-Finance Institutions, and Housing Finance Institutions have positively benefited from the partnership with Shelter-Afrique. The Developers had their capacity to provide housing units increased through the partnership. The number of housing units they built increased significantly for the period they have partnered with Shelter-Afrique. They have 31%-50% of their housing units' projects

financed by the credit facilities from Shelter-Afrique. These improvements were achieved from a onetime borrowing from Shelter-Afrique. For the Commercial Banks, Micro-Finance Institutions, and Housing Finance Institutions, they were able to give more mortgage loans when partnership with Shelter-Afrique amounting to 100-500 new mortgage loans. They financed 10% to 30% of their housing unit's portfolio from finances obtained from Shelter-Afrique. Despite having borrowed once from Shelter-Afrique, their capacity to provide quality and affordable housing units has increased significantly.

It is evident from the results that Shelter-Afrique is playing a vital role in the provision of housing units in Nairobi and its surrounding areas. It is a clear indication that continued partnership between Developers, Commercial Banks, Micro-Finance Institutions, and Housing Finance Institutions will play a major role in solving the problem of shortage of housing units in Nairobi. Shelter-Afrique should seek to tighten the partnership and ease their terms to accommodate more Developers and mortgage loan lenders.

5.3 Recommendations

Based on the findings of the study, the following recommendations were suggested:

a) The partnership between Shelter-Afrique and developers, commercial banks, and financial institutions should be intensified, and government should give incentives to such partnerships, because they seem to be setting pace in resolving housing problem.

b) Shelter-Afrique should engage more players in the housing development sector through Joint-Ventures arrangements to handle the problem of shortage of housing. The company should also seek partnership with county governments in all the forty-seven counties in Kenya.

c) Shelter-Afrique should intensify the supervision and inspection of the projects they fund to ensure that quality standards are upheld for mutual benefits.

d) The government of Kenya should work closely with Shelter-Afrique in the implementation of its plan to provide affordable housing units to Kenyans, not only in Nairobi but also other parts of the country.

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APPENDICES

APPENDICE 1: LETTER OF INTRODUCTION

TO WHOM IT MAY CONCERN

Dear Sir / Madam,

RE: **INVITATION TO PARTICIPATE IN A RESEARCH STUDY VIA A QUESTIONNAIRE TO BE COMPLETED.**

Reference is made to the above-mentioned matter.

I am very pleased to inform you that I am a student of Kenyatta University, School of Business. My registration number is D133F/CTY/PT/30576/2015.

I am currently carrying on a research study on the following theme: **CREDIT FACILITIES AND PROVISION OF HOUSING UNITS IN NAIROBI AND SURROUNDING AREAS: CASE OF SHELTER-AFRIQUE.**

My Research Proposal is submitted to the School of Business in partial fulfilment of the requirements for the award of Executive Master of Business Administration (EMBA) degree of Kenyatta University.

However, in order to carry on and finalize the said research, I would be very grateful if you could provide the responses required through the enclosed Questionnaire, which will be hand delivered to you or send via an email simultaneously with this letter.

It should be noted that your participation in this research is voluntary. In addition, the information provided will only be used for the research purposes, and I do guarantee the confidentiality and anonymity of your participation.

You are expected to carefully look into the said Questionnaire, select the response from among those given that best suits you / represents your views and to respond to questions 12 and 13. Thereafter, kindly send back to me the completed Questionnaire, within five working days from the receipt of the Questionnaire, via hand delivery or via my email addresses mentioned below.

Thank you for your understanding, and participation.

Yours faithfully,

VANLIER KONTCHOU GUY RENE

Mobile phone : +254 (0) 707325330

Email addresses: vakontch@yahoo.fr ; vrene@shelterafrique.org

Encl.: Questionnaire (04 pages).

APPENDICE 2: QUESTIONNAIRE

Instructions

The purpose of this study is to investigate the influence that SHELTER-AFRIQUE had on the provision of housing units in Nairobi and surrounding areas, during the periods 2010 to 2015. Kindly select the response from among those given that best suits you / represents your views; you are also required to respond to questions 12 and 13.

The information gathered in this questionnaire is strictly confidential.

A. DEMOGRAPHIC INFORMATION

1. What is your gender?

   Male ( )   Female ( )

2. What is your marital status?

   Single ( )   Divorced ( )   Married ( )   Widowed ( )   Other………………..

3. What is your age range?

   <18 ( )   19-25 ( )   26-33 ( )   34-41 ( )   42-49 ( )   >50 ( )

4. How long have you worked at the organization (*Name of the organization*)?

   <1 year ( )   2-4 years ( )   5-7 years ( )   8-10 years ( )   >11 years ( )

5. Which level of management do you belong to?

   □ Senior   □ Middle   □ Low   □ Staff

PLEASE CHECK THE RESPONSE THAT BEST SUITS YOU

B. The influence of Shelter-Arique's indirect intervention, through credit facilities to Developers

6. Has the partnership with Shelter-Afrique improved your capacity to provide housing units in Nairobi and surrounding areas?

   □ Yes   □ No

7. How many more housing units have you been able to build/construct since you partnered with Shelter-Afrique?

    □ Less than 100   □ 100-500   □ 600 - 1000 □ Over 1, 000

8. What percentage of housing units portfolio did you build/construct from loan (s) granted by Shelter- Afrique?

    □ < 10%   □ 10%-30%   □ 31% - 50%   □ 51%-70% □ Over 70%

9. How many times have you taken a credit facility from Shelter-Afrique for financing your housing projects?

    □ One   □ Twice   □ Thrice □ Four Times □ Over 4 Times

10. How would you respond to the following statement?

    Taking loan (s) from Shelter-Afrique has helped us to increase our financing of development of housing units in Nairobi and surrounding areas.

    □ Strongly Agree   □ Agree   □ Neutral   □ Disagree □ Strongly Disagree

11. Have you increased your capacity of providing housing units in Nairobi through partnership with Shelter-Afrique?

□ Yes   □ No

12. How would you assess the roles of Shelter-Afrique in providing housing units in Nairobi and its surrounding areas?

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13. What is it like to partner with Shelter-Afrique?

C. The influence of Shelter-Arique's indirect intervention, through credit facilities to Commercial Banks, Microfinance Institutions and/or Housing Finance Institutions on provision of housing units in Nairobi and its surrounding areas

6. Has the partnership with Shelter-Afrique improved your capacity to provide housing units in Nairobi and surrounding areas?

□ Yes   □ No

7. How many more mortgage loans have you been able to grant since you partnered with Shelter-Afrique?

□ Less than 100   □ 100-500   □ 600 - 1000   □ Over 1, 000

8. What percentage of housing units portfolio did you finance with loan (s) granted by Shelter-Afrique?

□ < 10%   □ 10%-30%   □ 31% - 50%   □ 51%-70%   □ Over 70%

9. How many times have you taken a credit facility from Shelter-Afrique?

□ One   □ Twice   □ Thrice   □ Four Times □ Over 4 Times

10. How would you respond to the following statement?

Taking loan (s) from Shelter-Afrique has helped us to increase our financing of housing units in Nairobi and surrounding areas.

□ Strongly Agree   □ Agree   □ Neutral   □ Disagree   □ Strongly Disagree

11. Have you increased your capacity of providing mortgage loans in Nairobi through partnership with Shelter-Afrique?

□ Yes   □ No

12. How would you assess the roles of Shelter-Afrique in providing housing units in Nairobi and its surrounding areas?

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13. What is it like to partner with Shelter-Afrique?

THANK YOU FOR TAKING TIME TO FILL IN THIS QUESTIONNAIRE

APPENDICE 3: LIST OF ORGANIZATIONS TO WHICH THE QUESTIONNAIRE WAS SENT

1) ITOGA INVESTMENTS HOLDING Limited (P.O. Box 1052 Village Market, Nairobi, Kenya);

2) MAHA PROPERTIES Limited (P.O. Box 195-00900 Kiambu, Kenya);

3) PRISM INVESTMENTS Limited (P.O. Box 28663-00100 Nairobi, Kenya);

4) JAMII BORA Bank Limited (P.O. Box 22741-00400 Nairobi, Kenya);

5) MOLYN CREDT Limited (P.O. Box 10144-00100 Nairobi, Kenya);

6) MAKAO MASHINANI Limited (P.O. Box 10528-00100 Nairobi, Kenya);

7) RAFIKI DEPOSIT TAKING MICROFINANCE Limited (P.O. Box 12755-00400 Nairobi, Kenya);

8) LETSHEGO Kenya Limited (P.O. Box 52926-00200 Nairobi, Kenya);

9) HFC Limited (P.O. Box 30088-00100 Nairobi, Kenya);

10) NATIONAL CO-OPERATIVE HOUSING UNION Limited – NACHU (P.O. Box 51693-00200 Nairobi, Kenya).