

Examining the Role of Age Grade Associations in Financing Real Estate Development in Ohafia, Nigeria.

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Abstract

Unlike other forms of investment, investing in real estate requires huge capital and most times real estate development cannot be completed without sourcing fund externally. This study therefore aimed at examining the role Age Grade Associations as a traditional source of real estate finance played in funding real estate development in rural communities; using Ohafia as a case study. 195 respondents from a sample size of 204 drawn from five communities in Ohafia were used for the study. Descriptive and empirical analysis was used for the study. The Chi-Square test was used to test the hypothesis. The result of the study showed that Age Grade Associations were a major financier of real estate development in Ohafia and will continue to fund real estate development in the future. It was concluded that the role of Age Grade Associations as a traditional source of real estate finance could not be overemphasized. It was recommended that that the age grade associations in Ohafia should be encouraged to continue to thrive and the communities in Nigeria who did not have age grade associations should borrow a leaf from the people of Ohafia. Also, government should through its rural development agencies assist in financing real estate development in the rural areas rather than leaving it for the age grade associations only.

Keywords: *Age Grade Association, Real Estate, Development, Finance*

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I. Introduction

Real estate development requires huge capital for it to be achieved. It is very difficult for most real estate development both by private individuals and corporate organizations to be conveniently accomplished within record time with equity funds alone. It is therefore imperative for real estate developments to be accomplished using debt funds.

There are various sources of real estate finance open to real estate developers in Nigeria which can be classified broadly into two; namely: traditional sources and modern or contemporary sources. The traditional sources are otherwise known as informal financial systems that evolved from the indigenous cultural and socio-economic practices of the people. According to Egolum, Emoh & Onyejiaka (2017), these traditional sources of real estate finance do not have nationalized regulations or standardized forms of operation; rather they are usually localized and restricted within certain group members. One of such traditional sources of real estate finance is the Age Grade Association.

Studies on property development finance have generally revolved around private individuals, government and corporate bodies while little or nothing has been done on the importance of other sources of finance that hardly fall under the above mentioned categories. It cannot be denied that some other sources of finance have played a key role in property development, especially in the traditional Igbo society like Ohafia, Abia State, Nigeria. One of such sources is the age grade association.

Ohafia is one of local government areas in Abia State. Age Grade Association is really inseparable from the life of the Ohafia people. Its origin could be traced to the early days of inter-clannish wars when the territorial integrity of Ohafia was constantly threatened by her neighbours. In those days, the assessment of the prestige of any Age Grade was based on its performance in the defence of Ohafia against hostile neighbours (Kalu, 2019).

Upon realizing that the government is not in a position to proffer all their infrastructural needs, the rural people of Ohafia through the age grade associations have not relented in their effort to finance development in their rural communities. (Kalu, 2019; Iroh, 2011). This study therefore aimed at examining the role which Age Grade Associations play in financing real estate development in Ohafia Local Government Area, Nigeria. The research hypotheses were

(i) Age Grade Associations in Ohafia have not made any significant impact in financing real estate development.

(ii) Age Grade Associations in Ohafia will not play a major role in financing real estate development in the future.

II. Review Of Existing Literature

Real estate development could be seen as the application of labour and capital to land thereby creating a new asset, it could also be seen as any change in the use of a property resulting in a change in the economic aspect of the property. According to Nwanekezie (1996) development could be referred to as modification or alteration of an already existing building.

Whenever we talk about real estate development, we must always talk about finance. It is hardly impossible to talk about development without talking about real estate credit. Real estate credit means enjoying now by getting finance from external sources and paying later. Without real estate credit it would be nearly impossible for large scale real estate development to take place, therefore, Nwanekezie (1996) saw it as the life blood of any real estate investment.

As earlier mentioned, sources of real estate finance are divided into modern/contemporary and traditional sources. Traditional sources of real estate finance include small credit rotary association (Esusu System), local money lenders, social clubs and associations. Such associations include Age Grade Associations, Christian Men and Women Associations, Town Unions, Professional (trade) Associations, etc. They raise huge sums of money through periodic subscriptions, launchings and donations which can be used to embark on housing development. Low income homebuilders usually seek development funds from these traditional sources. (Egolum et al, 2017).

Age grade systems in traditional Igbo societies; usually referred to as peer group differ from one location to another. According to Ndukwe (2015) age grade usually starts with informal peer alliance formation of children born within a time frame that later graduate into adulthood. In essence, age grade refers to a group of persons who according to societal norms and values, are regarded as people of the same age. As to the question of the exact age bracket that define a particular age grade, Ujumadu (2017) stated that in some communities in Igbo land, persons born within a specific period of three, four or even five years age bracket form an age grade. In Ohafia however, people born within a specific period of two years form an age grade (Kalu, 2019).

Studies have shown that the age grade system has long been in existence in Nigeria, and especially in Igbo land, and has been recognized to be used by the members of the Igbo societies to champion causes for the social, cultural, political, infrastructural and economic development of communities (Iroh, 2011, Dike, 2012); however, its origin in Igbo land is quite ambiguous. Notwithstanding, Kalu (2019) observed that most traditions, myths and legends trace the origin of the age grade institution back to pre-colonial times; during the era of hostilities amongst villages and as such, communities were in need of defense. (Dike, 2012; Ugiagbe and Ugiagbe, 2015) all agreed that the traditional role of the age grades was mainly tailored to the defense of communities' territorial integrity. Under this arrangement, young men of the same age were sent to guard the porous boundaries in turns. This gave rise to the grouping of young men by age, and this evolved ultimately into the age grade system we now have.

In Ohafia, and in fact most Igbo societies, each age grade is given a special name by the "Nde Ichin"(the elders), one that helps define its position in the society (Kalu, 2019). These names usually reflect the philosophies of the age grade, which often times appear to be real. In the same light, the names serve as a reminder for remarkable events in the time the age grades were established. An age grade acquires a name during its formative stage and goes by that name until all members of the age grade are dead and the age grade ceases to exist (Ujumadu, 2017).

Comparing what was obtained in the pre-colonial times to what is obtainable in the present times it can be seen that there has been a paradigm shift in the mode of operation of the age grade system in Igbo land. Ndukwe (2015) opined that the age grade system has been remodeled to suit the realities of the present age and this is reflected in the type of projects they now embark on therefore, conditions for membership have changed. Kalu (2019) noted that in the pre-colonial era, a new member was given twelve strokes of the cane to test his fitness for war, whereas, new or intending members now are mandated to pay a compulsory initiation levy, and other special levies and freewill contributions. These payments are pointers that the roles of the age grade system have changed drastically from defense only, to include development in real terms. In other words, the monies collected during initiation and the periodic levies members pay serve as source of finance for these development projects. Nwanekezie (1996) opines that the age grade system is one of the credible sources of finance for property development. The associations also operate welfare scheme for their members, they usually have fund apart from the special levy, which becomes available for granting loans for any need, including housing development. This is further supported by Dike (2012) who opined that in some areas, Age Grade Associations have succeeded in helping their members own houses through a system whereby they pay monthly levies. When the levies are collected the whole monies are used in starting and completing a building for a member. This is because the failure of a member of one age grade is a slight on the others members.

According to Iroh (2011), government defaulted in the development of the rural communities in Nigeria and this has resulted in age grades embarking on self-help programmes to improve the living standards of the people. This is especially so in this era when the self-help projects in Igbo land is synonymous with the age grade system. The age grades try to provide for the needs of communities which include but not limited to electricity, roads, markets, pipe-borne water. Writing on these needs of the rural communities, Akpomuvie (2010) argued that the gap that exists between the rural communities and urban centers was created because most of the initial infrastructural development in Nigeria was skewed in favour of the urban areas to the detriment of the rural areas. Unfortunately, majority of the citizens resided in the rural areas and in dire need of these basic amenities.

Akpomuvie (2010) further stated that since the government was "far" from the rural communities in terms of development, and with the realization that government alone cannot provide all their needs, the people had to learn to embark on self-help programmes. To this effect, the rural communities in Igbo land especially Ohafia have been given a facelift, due to the development projects of the age grade system. However, there are some rare occasions, where the age grades pull resources together with other development unions in the community to ensure that a project is completed within a given time. This is usually the case where the project requires very huge capital. A good example of this is the Civic Center project in Asaga Ohafia, which was initiated by an age grade, and along the line, other community development union joined to complete it (Kalu, 2019).

According to Ugiagbe & Ugiagbe (2015), the age grade system is known to play vital roles in our traditional societies, roles that have survived the fierce attack of urbanization, industrialization and modernization, and has evolved into a full-fledged developmental agency intent on bringing real time development to the rural communities. Of a truth, the age grade system in Igbo land and particularly in Ohafia has amongst other roles been very formidable in the development of our rural communities. This is in agreement with Kalu (2019) who opined that age grade system in Ohafia and many other communities have been instrumental to the building of their various communities and that the age long belief of leaving behind a landmark project, has been very useful in changing the infrastructural status of the communities

One of the earliest known and outstanding attempts at community development undertaken during the colonial era (precisely in the 1912) by the age grades of Ohafia was the dredging of the Igwu River (attribution of the Cross River) from where it joins the Cross River at Okopedi Itu (in what today's the Cross River State) to Ndi Ebe near Ohafia (Iroh,2011).

From the foregoing it can be seen that age grade systems play a major role in financing real estate development in Ohafia. Despite the recognition of the impact of the age grade system in Ohafia from many perspectives, empirical studies remain scarce. The study of Ibem (2009), focused on community-led infrastructural provision in low income urban community in developing countries, using Ohafia as a case study, while Iroh (2011) studied the relationship between age grade system and socio-economic development in Ohafia. This study however centered on the age grade system as a source of finance in Ohafia and the sustainability of this source of finance.

III. Research Methodology

This study adopted the quasi-experimental design, because it is interested in establishing a cause-effect relationship between the independent variable, age grade system, and the dependent variable, property development finance. Descriptive analysis was also used to discuss the various projects embarked upon and completed by the different age grades.

A sample size of 204 comprising of traditional retirees (comprising of only retirees between December 2009 and January 2019) and non-retirees (comprising those still active in community service, but will retire within the next 10 years) were selected for this study through purposive sampling. The sample members were selected on the basis of their sufficient knowledge, experience and active involvement in the practice of the institution of the age grade system. These sets of people were drawn from five communities in Ohafia, which include; Amaekpu, Elu, Ebem, Asaga and Akanu.

A structured questionnaire was administered in the chosen villages followed by personal interview with some members and representatives of the age grades and other local institutions. Outside the primary data, secondary data were also obtained from relevant journals, books, published and unpublished thesis/dissertations. Hypothesis i & ii were tested using chi-square test of independence at 5% level of significance and so operating with a 95% confidence level.

The formular for chi-square is represented thus:

$$X^2 = \frac{\sum (O - E)^2}{E}$$

Where O = Observed frequencies
 E = Expected frequencies
 X^2 = Chi-square coefficient

If $[X^2 \text{ cal}] > [X^2 \text{ table}]$ we reject H_0 and accept H_1
 If $[X^2 \text{ cal}] < [X^2 \text{ table}]$ we accept H_0 and reject H_1

IV. Discussion Of Findings

A total number of 204 questionnaires were distributed to the target population and 195 were duly completed and retrieved representing 95.55% of the total distributed. Summary of the findings are discussed below.

Table 1: Distribution of Questionnaire

Sample Group	Questionnaire Distributed	Questionnaire Retrieved
Amaekpu	40	38
Elu	45	45
Ebem	41	37
Asaga	40	40
Akanu	38	35
Total	204	195

It was discovered from the study that the Eze-in-Council and the Community Development Union jointly determine the development project to be executed an Age Grade based mainly on communal needs. The sources of finance include monthly dues, special levies, fines paid by defaulting members and free will donations, the free will donations can come from members or non members o the age grade.

Table 2: Projects financed/executed by Age Grade Associations between 2010 and 2019

AGE GRADE	PROJECT	YEAR
Akamba Age Grade	Akamba Daily Market, Akanu Ohafia	2012
Okazie Age Grade	Okazie Civic Centre, Akanu Ohafia	2018
Ugomba Age Grade	Pavilion (Okpocha Square), Amaekpu Ohafia.	2014
Atuegwu Age Grade	Rehabilitation of Ugwu Oji Road, Amaekpu Ohafia.	2017
Udomba Age Grade	Multi-purpose School Hall (Udomba House) at Ofali Agwu Secondary School, Amaekpu Ohafia	2018
Enyimba Age Grade	Blocks of Classroom at Collins Memorial College, Elu Ohafia	2012
Okezie Age Grade	Palace at Ekelogo, Ebem Ohafia.	2018
Akajimba Age Grade	Rehabilitation of Oji Ibem-Timber Shade Road, Ebem Ohafia	2018
Adinti Age Grade	Blocks of Classroom at Ohafia High School	2014
Egwuena Age Grade	Sub-Treasury Building, Asaga Ohafia	2018
Aduonu Age Grade	Customary Court Building	2018
Onyirimba Age Grade and Ngubuiabo Age Grade	Guest House, Asaga Ohafia	2012

Source: Field Survey 2019

Table 2 shows a list of projects financed/executed by the various Age Grade Associations within the study area between 2010 and 2019, while some others are yet under construction. These projects were funded by the Age Grade Associations through levies, personal contributions, fund raising, and etcetera. This goes to show that the Age Grade Associations play a key role in real estate finance. All these projects were completed through self-help by the associations without any intervention from the government.

The project to be executed by each Age Grade Association was determined by the Eze-in-Council and the Community Development Union based on the community's needs. Sometimes an Age grade was not able to complete its assigned project before retirement mainly due to lack of funds among other setbacks. However, over ninety percent of the respondents believe that the Age grade System has had a tremendous impact on real estate development in Ohafia and will continue to do so in the future.

4.1 Hypothesis Testing

Hypothesis 1: The Age Grade Associations in Ohafia have not made any significant impact in financing real estate development.

Table 3: Observed Frequency of Age Grade Association/Real Estate Finance

Response	Amaekpu	Elu	Ebem	Asaga	Akanu	Total
YES	38	41	33	38	26	176
NO	0	4	44	2	9	19
Total	38	45	37	40	35	195

The value of (X^2) calculated is 15.3609 while the value of (X^2) tabulated is 9.488 therefore; we reject the null hypothesis and accept that Age Grade Associations in Ohafia have made a significant impact in financing real estate development in the community. This result corresponds with the studies of Egolum et al (2017), Nwanekezie (1996) and other researchers which opined that Age grade Association is one of the traditional sources of real estate finance.

Hypothesis 2: The Age Grade Associations in Ohafia will not play a major role in financing real estate development in the future.

Table 4: Observed Frequency of Age Grade Association/Sustainability of Estate Finance

Response	Amaekpu	Elu	Ebem	Asaga	Akanu	Total
YES	36	30	32	40	32	170
NO	2	15	5	0	3	25
Total	38	45	37	40	35	195

The value of (X^2) calculated is 25.3193 while the value of (X^2) tabulated is 9.488 therefore; we reject the null hypothesis and accept that the Age Grade Associations will continue to play a major role in financing real estate projects in Ohafia in the future. This implies that as long as the Age Grades are in existence, they will always fund their community development projects except where is no more existing project to be carried out; which is almost, if not impossible.

V. Summary/Conclusion

Age grade system is a common practice in Igbo land and is greatly upheld by the communities in Ohafia. The cultural requirement in Ohafia that every age grade should within its lifetime perform certain traditional festivals (Izara Afa, Igba Ekpe, Igba Uche), during which the age grade was expected to execute a community development project to commemorate the performance of such ceremonies has helped to encourage the spirit of healthy competition amongst the age sets as they compete among themselves to ensure that their assigned development projects were completed and handed over to the community. The hand over was done through elaborate commissioning ceremonies, which always coincided with the traditional retirement festival of Igba Uche.

Real estate development projects executed by the Age Grades included classroom blocks, markets, roads etc. and the projects executed by each Age Grade were determined by the Eze-in-Council and the Community Development Union based on the needs of the community. Through this approach, the yearnings of end users of these projects are duly met since their views were sought one way or another even before embarking on the project. This is in agreement with Akpomuvie (2009) who opined that intrinsic value is accorded to participation in self-help strategy. That is to say that if development is to benefit the people, they must participate in planning and implementing their development plans.

The monies used to execute the projects were provided by the members through monthly contributions, free will donations, levies and fines. Apart from funding community development projects, the Age Grades also provided financial support to their members through loans or outright cash gifts depending on the needs of the members. Sometimes this financial support was used by the members to complete their personal housing project which is also part of real estate development finance.

Finally, the study found that the Age Grade System played a major role and would continue to play a major role in financing real estate development in Ohafia in the future. This is because the people of Ohafia are perpetually grafted into the custom of the age grade system, and would do everything within their power to preserve it. Afterall, there is a sense of satisfaction that people have from something they have assisted in constructing with their own hands and resources rather depending on benevolence from outsiders or a distant government.

In conclusion, it is safe to say that as long as the practice of age grade system persists in Ohafia, financing real estate development projects will continually be part and parcel of it. That is to say that there is a positive relationship between Age Grade Associations and real estate development finance.

VI. Recommendations

Based on the findings of this study the following recommendations are made:

1. The Age Grade Associations among the Ohafia people should never be disbanded because they are key players in financing rural development projects and their contributions cannot be over emphasized.
2. Other communities in Nigeria where Age Grade Associations are nonexistent should borrow a leaf from the people of Ohafia and establish their own associations for self help projects rather than waiting for the government to meet all their needs as this is not possible.
3. From the study it could be seen that there were Age Grades who could not meet up with their target because of financial and some other constraints. It is therefore recommended that government, through the rural the rural development agencies should assist in developing the rural communities rather than leaving it entirely to the Age Grade Associations.

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