

## KENYA

### Kenya Community Development Foundation

#### History

The Kenya Community Development Foundation (KCDF) was set up in 1997. Founders were Kenyan development practitioners and scholars who were concerned about the issue of sustainability of community-based initiatives focusing on poverty reduction and social justice, as well as persistent donor dependency.

Although a non-profit, it is registered under the Companies Act as a Company Limited by Guarantee without share capital (a non-profit company). KCDF is Kenya's only community foundation.

#### Current situation: Facts and figures

<b>Geographic area served:</b>	Kenya (KCDF has a country-wide mandate)
<b>Population size</b> of service area:	Kenya's population is currently about 34 million
<b>Total sum of grants</b> made in 2007:	Approximately: US \$580,000*
<b>Total number of grants</b> made in 2007:	142 grants
<b>Total sum of the income/ donations</b> in 2007:	Approximately: US \$1 million
<b>Single largest source of income</b> in 2007:	The Ford Foundation
Is there <b>an endowment? Yes/No.</b>	Yes.
<b>If Yes, the size of the endowment:</b>	Approximately US \$4,000,000

\* Figures are for 2006/2007 audit.

#### Activities and impact

**Example 1:** In 2007, KCDF scaled up its work by rolling out a new Youth Development Programme funded by the World Bank. Previously, KCDF was receiving pass-through grants (under US \$40,000) from the Bank's Small Grants Program. In the new partnership, the World Bank (through funding from the Japan Social Development Fund-JSDF) awarded KCDF a grant totalling US \$1.9 million, thus enabling KCDF to create a full-fledged Youth Development Program through which it will avail grants worth US\$ 900,000 to youth-led and youth-serving organizations countrywide over a four-year period.

The impact of this partnership has enhanced recognition of KCDF as a credible grant-making endowed foundation. Partnership with the World Bank has also been viewed positively by Kenya's corporate sector with two corporate entities, Safaricom (Kenya's largest company) and the Chandaria Foundation (one of the larger manufacturing companies in Kenya), providing pass-through grants for Food Security and High School Scholarships for needy children respectively.

**Example 2:** In 2007, KCDF stepped up efforts towards resource mobilization to meet the requirements of a Challenge Grant worth US \$3 million given by the Ford Foundation. Through this challenge, KCDF

joined a group of 17 other grant-making entities (funds, trusts and foundations) around the world that are members of the Ford Foundation's International Initiative to Strengthen Philanthropy (IISP).

Through the endowment challenge, KCDF plans to raise an equivalent of US \$1 million, with at least US \$250,000 coming from Kenyan sources. There is great optimism that this challenge will be met, particularly in light of the fact that KCDF has in the past met a similar challenge that saw it raise the equivalent of US \$672,000 from Kenyan sources within a period of less than three years between 2004 and 2005.

The impact of this has been encouraging progress towards the establishment of one of the very few African endowed foundations that will have the capacity to make grants in Kenya in perpetuity.

### **Operations and staffing**

KCDF hired professional staff at start-up. Currently there are four departments namely:

- Finance and Investment;
- Governance and Institutional Development;
- Programme Development and Grantmaking; and
- Communication and Asset Development.

#### Staff Numbers:

Finance and Investment	3
Institutional Development	4
Programme Development and Grantmaking	4
Communication and Asset Development	2

### **Community foundation income**

#### Total income in 2007:

Approximately: US \$1 million

#### Purposes

Income to KCDF was received for the following uses:

- To support the organization's core costs
- To augment the endowment fund
- For pass-through grants
- To support staff capacity building through participation in international forums.

#### Permanent funds/Sustainability

KCDF is building its endowment fund. The most recent substantial injection of funds to the endowment was in September 2006 when US \$1 million was received. There have been donations by community groups that are building permanent funds with KCDF, but this amounted to less than US \$40,000.

Over the course of 2007, KCDF developed its resource mobilization strategy as a way of raising the equivalent of US \$1 million through various strategies, which include reaching out to Kenyans in the Diaspora, the corporate sector, individuals, including high net worth individuals and partner communities.

## **Environment for philanthropy**

### Local attitudes

The Kenyan community has historically been a giving community. However, the giving has not been systematic. KCDF's work in promotion of philanthropy, therefore, focuses on nurturing the giving culture and making giving systematic and sustainable.

In order to achieve this, KCDF has launched a Friends of KCDF initiative in Kenya and incorporated a Friends of KCDF organization in the United States, where a substantial number of Kenyans live. Both these initiatives continue to grow.

### Legal and tax environment

The tax environment in Kenya has not been very supportive of giving since gifts by companies and individuals have not been enjoying tax relief. This however changed somewhat in 2007 when the Minister for Finance indicated in his annual budget speech that gifts to "charities" in future will enjoy tax relief. However, there were limitations brought about by the confusion of the definition of charities, an issue which is still being resolved.

The other obstacle in this aspect has been the lack of a foundations law in Kenya, which leads the Kenya Revenue Authority to exercise extreme caution while determining which entities deserve tax relief. The Authority has, however, given KCDF relief from withholding tax on its endowment.

Work to address this issue is, therefore, continuing under the auspices of the relevant networks, particularly the East Africa Association of Grantmakers (EAAG) and KCDF is an active member.

### Changing attitudes and the national or regional environment

Continuous engagement should be sustained through forums that bring together actors from the government, private and non-profit sectors (including KCDF) to create mutual understanding around this issue and therefore create an enabling legal and policy environment for philanthropy in Kenya.

## **Current challenges and future developments**

Kenya has recently experienced turmoil following a disputed election results. Large numbers of people, and in some cases entire communities, have become internally displaced. No meaningful development work can go on without taking this situation into account. Like most development actors, KCDF is exploring the best way of supporting much needed post-conflict interventions among affected communities.

## **Meeting organizational support needs**

**East Africa Association of Grant makers (EAAG)** – They have provided a forum for agencies with a common interest in grantmaking to get together and speak with one voice.

**Synergos Institute** – They provide important forums for grantmakers to exchange experiences and new learning at the global level

**WINGS** – Through activities such as learning and sharing support, WINGS provides another invaluable opportunity for peer foundations around the world to learn from each other and share experiences.

**Ford Foundation’s International Initiative to Strengthen Philanthropy** – Over the past three years, this initiative, of which KCDF is a member, has provided an additional network of global grantmaking organizations that enable members to give mutual support. IISP also provides technical assistance to member organisations that has made tremendous positive impact on the organisations’ capacities.

**Others** – KCDF as a learning organization remains keen to join networks and initiatives that have potential for mutual benefits, granted that it does not have local peers from which to learn best practices on an ongoing basis.

### **International links**

KCDF links with key international forums that seek to support foundations such as the WINGS Global Fund; the Community Foundations Centre, Council on Foundations, the European Foundation Centre and the African Grantmakers Affinity Group among others.

### **Additional resources**

See the KCDF website for the following reports:

KCDF Audited Report

[http://www.kcdfoundation.org/index.php?option=com\\_deeppockets&task=catShow&id=62&Itemid=160](http://www.kcdfoundation.org/index.php?option=com_deeppockets&task=catShow&id=62&Itemid=160)

Annual Report

[http://www.kcdfoundation.org/index.php?option=com\\_deeppockets&task=catShow&id=60&Itemid=165](http://www.kcdfoundation.org/index.php?option=com_deeppockets&task=catShow&id=60&Itemid=165)

*Correspondent: Anthony Mugo, Asset Development Manager, Kenya Community Development Foundation*