

# East Africa Association of Grantmakers



EAST AFRICA

A case study of an emerging association

## I Background

The emergence of the East Africa Association of Grantmakers (EAAG) took place at a time of increased regional activity between Kenya, Tanzania and Uganda brought about by the creation of the East African Community.<sup>1</sup> Elections in Kenya in December 2002, which saw a peaceful and democratic political transition, also contributed to a mood of optimism in this region. Despite these developments, however, the three countries remain among the poorest in the world, with over 40 percent of the population of each country below the national poverty line.

Levels of international aid have been high and extremely visible in all three countries for many years. Less visible and often working with a much lower profile, are some of the “home-grown” trusts and foundations in the region. A research study conducted in 1999 estimated that there were as many as 60 local grantmaking trusts and foundations within East Africa, some of which were established as far back as the 1950s and earlier.<sup>2</sup>

Beginning in 2001, the Ford Foundation Office for Eastern Africa convened a series of meetings of eight regional trusts and foundations in an initiative called the East Africa Foundations Learning Group.<sup>3</sup> A primary goal of these meetings was to explore the different elements of foundation-building among philanthropic organizations—asset development, grantmaking and governance—to make them more effective in their work. These and related meetings also brought together like-minded individuals to advance the conversation about indigenous philanthropy in the region.

*At the heart of the conversation was the belief that resources existed in East Africa which could be drawn upon, held in trust and used to support sustainable community development within the region and, over time, reduce the East African countries' dependence on external aid.*

<sup>1</sup> The East African Community (EAC) is the regional intergovernmental organization of the Republics of Kenya, Uganda and the United Republic of Tanzania, with its Headquarters located in Arusha, Tanzania. The East African Heads of State signed the Treaty for the Establishment of the East African Community in Arusha on November 30, 1999.

<sup>2</sup> “Trusts and Foundations in East Africa: An Overview,” Ford Foundation East Africa Philanthropy Initiative 1999.

<sup>3</sup> The original members of the Learning Group included the following foundations: Kianda Foundation, Kenya; Rattansi Educational Trust, Kenya; AMREF, Kenya; Tanzania Gatsby Charitable Trust; Social Action Trust Fund, Tanzania; World Conference on Peace and Religion Fund, Tanzania; Private Sector Foundation, Uganda; and the Kabaka Foundation, Uganda. The Ford Foundation Office for Eastern Africa hosted and sponsored the Learning Group.

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## II *The Emergence of an Association of Grantmakers*

In February 2001, a group of trusts and foundations met at the Ford Foundation's Nairobi office to discuss the creation of an association of grantmakers. This group, which included participants from the East Africa Foundations Learning Group (Tanzania Gatsby Trust, Social Action Trust Fund, Kabaka Foundation and the Rattansi Educational Trust), as well as other local foundations and partners (Aga Khan Foundation, Chandaria Foundation, Ford Foundation, Kenya Community Development Foundation and Ufadhili Center for Philanthropy), formed the Steering Committee of the association in its start-up phase.

During 2001, the group met on a quarterly basis and remained in regular communication by e-mail. Between meetings, individuals and subcommittees undertook specific pieces of work (developing a constitution, working on membership criteria, organizing the launch), and reported back to the main committee. In addition, committee members were able to draw inspiration and practical advice from the various international meetings on philanthropy that were held during 2001 and 2002, such as the WINGS strategic planning meeting in Chicago, WINGSForum 2002 in Sydney, Australia and the SAGA Annual General Meeting in South Africa.

By December 2002, the Steering Committee believed that a sufficiently strong framework for the association, including a constitution outlining mission and objectives, membership criteria, a code of ethics, and agreement on where to house the secretariat, was in place and that the association should be launched in February 2003.

The East Africa Association of Grantmakers (EAAG) is one of 11 new membership associations that have been established in the past five years in diverse places around the world (see Table 1). In other countries and regions, such as Indonesia, the Dominican Republic, Columbia and West Africa, foundations are meeting informally and considering the possibility of establishing an association sometime in the near future. Other associations established earlier in the 1990s are still in the "emerging" stage as they continue to define their mission, develop their membership, and discern ways to promote philanthropy.

In addition to these new and emerging associations of grantmakers, a number of grantmaker *support* organizations have been established particularly to promote the development of community foundations. These new support organizations found in Central Europe and in some parts of Asia, Africa and Latin America often take the form of "centers" for philanthropy or are foundations whose grantmaking focus is the promotion and development of philanthropy. The success of these support organizations in promoting the expansion of philanthropy may lead to the establishment of new associations of grantmakers in the future.

**Table 1: Grantmaker Associations Established since 1998**

Irish Funders Forum	1998
Philanthropic Foundations Canada	1999
Slovak Donors Forum	2000
Romanian Donors Forum	2001
Swiss Foundations	2001
Russia Donors Forum	2002
Ecuadorian Consortium for Social Responsibility (CERES)	2002
French Center of Foundations	2002
East Africa Association of Grantmakers	2003
Polish Donors Forum (Initiatives Group)	2003
Spanish Association of Foundations*	2003

These new and emerging associations are embarking on the same journey as their more established colleague associations profiled earlier in this volume. They are discovering the challenges of addressing membership diversity, establishing appropriate governance structures, providing effective services to members, engaging governments on public policy issues and promoting philanthropy to the general public. Future growth of new associations will depend on both internal and external factors and will not happen quickly. It is hoped that this case study on the process of establishing a new grantmaker association in East Africa will serve as an example and an inspiration for other groups of grantmakers around the world that might want to establish an association in the future.

\*The new Spanish Association of Foundations will join two existing associations in January, 2003: the *Confederación Española de Fundaciones* and the *Centro de Fundaciones*.



# III

## Why Create an East Africa

### Association of Grantmakers?

The formation of an East Africa association has taken place in the larger context of regional integration. It offers many opportunities for the trusts, foundations and other civil society organizations in this three-country region to work more closely together for the common good. Some collaboration has already been initiated with the development of community foundation-like organizations using locally generated funds.

These institutions have offered a unique opportunity for donors and community members to come together to discuss the allocation of funds for community development purposes. In addition, regional treaties and policies are being developed which will enable the trusts and foundations in East Africa to seek opportunities to influence the legal frameworks and tax policies that affect the work of civil society organizations in general, and trusts and foundations in particular.

*Most importantly, the establishment of an association provides the opportunity to promote philanthropy more broadly and to strengthen these grantmaking institutions that serve local communities. Specifically, the association was created to:*

➤ **Develop the Credibility to Bring About Change.**

In order to maximize its potential, the particular subset of civil society organizations that the association was being created to serve (i.e., grantmaking trusts and foundations rather than service delivery NGOs) would need to assert its own credibility and identity. Effective grantmakers, independently governed, efficiently managed, with access to their own sources of income and brought together in an association, have great potential to make a difference at a policy level, as intermediaries between other civil society partners, government and the corporate sector, and as a focal point for mobilizing resources locally.

➤ **Promote Local Grantmaking and Promote Good Grantmaking.** The Steering Committee believes that grantmaking is a “good thing” in itself and should be explicitly stressed in the association’s objectives. Two assumptions lie at the heart of the promotion of good, local grantmaking. The first is the belief that making grants at the local level (whether big, three-year, \$1 million grants or small, three-month, \$100 community-level grants) is in itself an important tool for development. In this vein, the creation and strengthening of local “donors”/grantmaking institutions, more in touch with their communities than the big international donors, means that grantmaking can be much more targeted, with small grants providing incentives and resources without swamping or distorting local initiatives.

The second assumption is that in order to create the credibility that local grantmakers will require if they are to attract local support in the form of donations, there are certain good practices that need to be adopted which ensure transparency and accountability and that will convince potential supporters that these institutions know how to look after and spend other people’s money wisely.

➤ **Strengthen its Own Members.** Trusts and foundations will only build credibility if they can publicly demonstrate honesty and integrity in the ways that they both guard and award resources. In other words, they must have strong governance structures in place, be excellent stewards of any endowment funds and give grants in a fair and open manner. Increasing the capacity of its members is a key function of the association, because its power to influence policy depends entirely on the strength and effectiveness of its members.

➤ **Provide Benefit from the “Power of Numbers”.** At present, trusts and foundations are scattered in East Africa. Many work in something of a vacuum, isolated from other philanthropic institutions which may be trying to achieve the same goals regionally, even globally. An association of grantmakers provides a focus for all the work that is being done across this three-country region. It also provides a forum for its members to exchange experience, information and expertise.

## IV *What Should a Regional Association Look Like?*

The Steering Committee recognized that there were many decisions to make in the early stages of the formation of a grantmaker association. What were the vision and mission of the association? What services would the association provide to its members and how would these services be funded? Who could participate in and benefit from its services? The following paragraphs detail how the emerging East Africa Association of Grantmakers began to address these issues. They reflect both the deliberative process as well as some of the key decisions made by the Steering Committee.

*In its initial phase, the main focus of the association should be to nurture its members.*

**Services to Members.** It was agreed that although advocacy would become an increasingly important activity of the association at a later date, in the short-to-medium term a number of its core members would need support in strengthening (or, in some cases, establishing) grant-making systems, in mobilizing resources locally and exploring the creation of endowment funds. The kinds of services that the association could provide to its members might include training and consultations aimed at increasing capacity in fundraising, money management, board development and grantmaking, as well as information, publications, research, and a database, etc. Only by strengthening its members would the association become strong enough to assert itself as a respected and independent voice. To this end, establishing a Code of Ethics (see below) to which members adhere and promoting a strong emphasis on self-regulation would also strengthen the integrity of the association among other sectors.

**“External” Role.** A secondary focus of the association would be to promote discussion among different sectors and civil society partners aimed at improving the environment for philanthropy. Meetings and seminars open to a wider audience, and perhaps in cooperation with Partners/Affiliates, would allow the association to develop its role as a convener.

**Quality, Not Quantity.** The number of association members should not be an indicator of success in the start-up phase. The emphasis should be on developing quality among East African trusts and foundations.

**Staffing.** Experience from other emerging grantmaker support organizations suggested that at least one, full-time staff member would be necessary to get the association off the ground, act as a contact point for members and serve as a general “force” behind the organization. Provision, therefore, should be made for at least one full-time staff member, with other staff to be recruited as necessary. On the technical assistance side, the association should develop its own pool of consultants who can be brought in to conduct consultations, seminars and trainings, conduct research, etc.

**Administrative Costs.** These costs should be kept as low as possible, but not so low as to prevent the association from operating effectively. Although members would be contributing an annual subscription, it is unrealistic to assume that either these—or any fee-based services—would be adequate to cover the association’s administrative costs in the short-to-medium term. External support would therefore be necessary.

## V *Who Should the Members Be?*

**Core Membership.** In developing membership criteria, the committee was faced with a challenge. It was generally agreed that the association’s “core membership” base should be grantmaking trusts and foundations working in East Africa. Beyond this core group, however, there was a need to maintain a balance.



*The membership base had to be sufficiently wide to make the association worthwhile, i.e., to include other groups that shared its goals and interests and, ultimately, to be able to assert influence at a policy level. At the same time, however, there was a need to ensure that membership criteria were not too broad—allowing any organization distributing resources to qualify for **full** membership.*

For example, an international NGO with a re-granting program or, as discussed under “Corporate Grantmakers,” a company with a corporate social responsibility program, would not qualify for full membership. This would prevent the “core members” from becoming marginalized within the association.

**Corporate Grantmakers.** Some regional associations of grantmakers include corporations with social responsibility (CSR) programs in their membership. The Steering Committee agreed that it was certainly important for the association to engage with the corporate sector, particularly as a partner on the issue of tax breaks on corporate giving. Similarly, the association could play an important role in advising companies on effective grantmaking within their CSR programs. For example, the association could provide some fee-based services—consultancies and seminars, etc.—to this group. At the same time, however, these members might not share the core values and mission of the association and may well dilute its goals. Furthermore, the association should promote standards in grantmaking and not just “PR” (public relations), as can be the case in some corporate programs. It was decided that, in order to focus on the needs of core members, only corporate foundations would qualify for full membership, while companies with CSR programs would fall into the category of Associate or Affiliate members.

**Code of Ethics.** An issue arose regarding how the association might judge whether applicant organizations were eligible for membership when it came to more “qualitative” criteria. One approach favored by the various donors’ forums in Eastern Europe and Russia is the adoption of a code of ethics for grantmakers. In this way, it becomes the member’s responsibility to conform to the code, rather than placing a burden on the association to “vet” or force compliance.

**“Assured Source of Income”.** Initial criteria set by the Steering Committee included a requirement that member organizations have an assured source of income from which to make grants. This access to independent sources of income was considered important for two reasons: First, it would ensure that members have autonomy in their grantmaking activities and second, that they had an interest in, and commitment to, the development of local philanthropy or philanthropic assets in East Africa. However, given that the association would be established in East Africa, where philanthropic assets are not well-developed, it was considered unrealistic to assume that all potential members had assets at this stage in their development and the definition was adapted.

It was decided that membership-adapted criteria should include the requirement that grantmaking was a member’s *primary* purpose and that members should have a “track record in leveraging resources.” In some cases, for example, an organization might be aspiring to build its own endowment and focus on becoming a grantmaker, but is currently re-granting funding from another donor—an activity which is important, nonetheless, as it allows the organization to establish a track record in money and grants management.

## **VI** *Launching and Housing the Association*

The East Africa Association of Grantmakers will be launched on February 27-28, 2003, in Nairobi, Kenya, with a reception and a workshop on global civil society and the first General Meeting of members.

## Elements of the Constitution

# EAST AFRICA ASSOCIATION OF GRANTMAKERS

### VISION

To establish an association of charitable non-political foundations and trusts in East Africa effectively working together and harnessing resources for sustainable social development.

### MISSION

To nurture and enhance a culture of local philanthropy through the growth of a vibrant membership to improve the lives of the peoples of East Africa.

### OVERRIDING OBJECTIVES

- To demonstrate and promote philanthropy in East Africa as an integral strategy for permanent wealth-creation for social development;
- To promote ethical practices in grantmaking as a tool for development;
- To support members with learning and capacity-building opportunities for effective asset-development, management, governance, and grantmaking;
- To strengthen the individual and collective identity, credibility, coordination and positioning of its members;
- To engage effectively with Governments, the private sector and civil society partners to influence policy and the enabling environment.

### MEMBERSHIP CRITERIA

1. Member organizations have full autonomy in their grantmaking activities and a track record in leveraging resources.
2. Member organizations agree to abide by the Association's Code of Ethics.
3. Member organizations have been active grantmakers or have been active in the field of social development for at least one year.
4. Member organizations make grants through an open and transparent process to at least five organizations/individuals each year.
5. Member organizations have a working presence in any of the East African countries (Kenya, Tanzania and Uganda).
6. A fundamental operational purpose and activity of member organizations is grantmaking.

<sup>4</sup>The EAAG acknowledges and thanks the Russia Donors' Forum for this "model" Code of Ethics.

### Categories of Membership

- A. **Full Membership:** Open to grantmaking organizations, both foreign and local /domestic that meet all criteria for participation.
- B. **Associate Membership:** Open to organizations that do not currently fulfill all criteria for membership but who fully support the Mission and the Objectives of the Association.
- C. **Affiliates/Partners:** Open to non-grantmaking bodies (international and domestic organizations) that have an interest or involvement in the practice of philanthropy and in the mission of the regional association of grantmakers.

### Code of Ethics<sup>4</sup>

Members of the Regional Association of Grantmakers agree to:

- Use the resources which they control for the socially beneficial aims for which they are designated;
- Define their mission, aims and programs clearly and make them publicly known;
- Strive to achieve maximum transparency in their activities;
- Strive to keep administrative costs to a reasonable minimum;
- Regularly publish reports on their activities, including financial data;
- Remain aware of and comply with the legal responsibilities of grantmakers.

Within grantmaking programs and in accordance with their mission, status, and aims, Members agree to:

- Ensure that decisionmaking on grant applications is established on a clear and logical basis, including appropriate control and oversight, and procedures are followed in a manner consistent with the organization's policies;
- Ensure that appropriate arrangements are made to avoid improper conflict of interest arising for those involved in decisionmaking;
- Respect the confidentiality of applicants, grantees and donors and use discretion in communicating with others about specific organizations and individuals;
- Treat grantees and colleagues with respect and abide by the principles of tolerance and non-discrimination;
- Encourage grantees to remain aware of and comply with their legal responsibilities.

