

In Trust for Tomorrow

Kenya Community Development Foundation

Rose Lukalo-Owino



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Trends and Issues in Local Philanthropy in East Africa

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Allavida, Office for East Africa
Rattansi Educational Trust Building
3rd Floor Koinange Street
P.O. Box 10434-00100 GPO, Nairobi, Kenya
Tel: 254 020 310 526; 254 (0) 721 561 479
Fax: 254 020 310 525
Email: info@allavida.or.ke

Kenya Community Development Foundation
Corner of Pamba/Chai Road
Pangani, Nairobi
P.O. Box 10501-00100 GPO, Nairobi, Kenya
Tel: (254) 20 6763002, 6761243/5
Cell Phone: (254) 722 168480, 736 449217
Fax: (254) 20 6762538
Email: info@kcdfoundation.org

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Abbreviations, Acronyms, Translations

<i>faidika</i>	profit – Kiswahili.
<i>harambee</i>	Used both as a noun and a verb meaning “Let us pull together”; a slogan adopted by Kenya’s first President Jomo Kenyatta to rally people for fund-raising and other collective action for the country’s development – Kiswahili.
<i>mandazi</i>	A doughnut – Kiswahili.
<i>matatu</i>	A public service van or mini-bus – Kiswahili.
<i>shamba</i>	A piece of land or farm – Kiswahili.
UN	United Nations
UNICEF	United Nations Children’s Fund

Foreword

Over the past ten to fifteen years, the three countries of East Africa have witnessed a flowering and indeed tremendous growth of philanthropic activities and institutions. From societies that are by the very nature of their traditional cultural norms philanthropic in their practices to a more formalized set of institutions and practices of giving, we have seen the emergence of new forms of institutional giving and support to help others who are less fortunate or are victims of structural or /and personal injustice.

The philosophy, the practice and the institutional set-up for giving vary tremendously across and between the three countries of Kenya, Tanzania and Uganda. But the motive force, the politics of national self-determination, the culture of reciprocity and the presence of core values of stewardship for transformation remain the same.

This book, one in a series of accessible narratives and studies of trends and issues in local philanthropy in East Africa, provides us with the insight and knowledge about how the valuable work of philanthropy in the region is done. The series also shows in a fascinating way the context of philanthropy and how it is all part of local traditions, the forces of decolonization, the missionary enterprise, the changing nature of globalization, the dynamics of post-colonial politics, culture and business, and the impetus to change that have defined the current human condition in East Africa.

In a very interesting way, Rose Lukalo-Owino, weaves together the history of the Kenya Community Development Foundation, one of the first initiatives to routinely fund development from Kenyans' contributions. I cannot help but admire the candidness with which *In Trust for Tomorrow* analyses the successes and challenges of the Foundation. Rose also captures some of the thought-provoking conversations that took place during the numerous meetings that culminated in the formation of the Foundation.

Kenya Community Development Foundation is a useful guide to how the culture of giving to advance humanity can be inculcated in communities, even those with limited resources.

We at Ford Foundation are happy to support the publishing of *In Trust for Tomorrow* in the Trends and Issues in Local Philanthropy In East Africa series, in full confidence that it will help to promote the growth of philanthropy in the region.

Dr Tade Aina
The Ford Foundation,
Nairobi, Kenya, May 2008.

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Acknowledgements

In writing this short history of the Kenya Community Development Foundation, I am indebted to the many individuals who spent time in conversations with me sharing their recollections.

Particular thanks go to Monica Mutuku, founder and first Chief Executive Officer of the Foundation; her drive and passion for Kenyan communities live on in the spirit of KCDF and, I hope, can be found in this book.

To Janet Mawiyoo, Chief Executive Officer of KCDF, who now leads the organisation into its second decade, for her interest and assistance in helping me to understand the transitions through which the Foundation has passed, I say Thank You.

I am also indebted to all the staff of KCDF who provided me with information, and especially to Catherine Kiganjo, who has worked with the Foundation from the beginning, and who linked me to documentation, and to members of the Board of KCDF through the Chairman, Prof Abdullah Mohammed, trustees and partners.

I am grateful for the financial support of The Ford Foundation, who have made this work possible, and indebted to Dr Tade Aina for sharing his perspectives on the growth of KCDF from his many years of association with the Foundation.

The Foundation is now a strong force for locally driven development and this history provides a record of the triumphs and challenges of the early years.

Rose Lukalo-Owino, May 2008



Annex Development involves working with communities to mobilise resources, accumulate them and invest them as endowment funds to support sustainability of development projects: Members of a women's group in Kibwezi tend their tree seedling nursery.

(Photo Courtesy of ActionAid International Kenya)

Chapter 1

In Trust for All Kenyans

Different Views, One Purpose

As she left the boardroom of the Kenya Community Development Foundation, Monica Mutuku knew that the position she had just taken had put her on a collision course with the Board.

But the Chief Executive Officer was driven. This was something she had to do. She must persuade the Board to allow the Foundation to continue training communities. Without this nothing else was possible, she was sure of that.

Everyone in the Board meeting had agreed with Monica that training communities had made a dramatic difference to their work over the years. Their only point of disagreement was the discussion over a new role for the Foundation. Board members wanted the Foundation to leave training to specialists and concentrate on grant-making and building its assets.

Monica just couldn't understand their position. The Foundation

had come so far and been so successful with its training model. Why should they now change things so drastically?

A gentle touch on her arm called her attention to the presence of the chairman of the Board to her left. She hadn't noticed Harry Mugwanga quickly navigate his exit from the meeting room. In a few minutes he had said quick good-byes to the other members of the Board and joined Monica as she walked back to her office around the corner from the meeting room.

Monica leaned towards Harry and caught his quiet encouragement. "Building an organisation is not for the weak hearted," he said in a low voice. The words immediately put a big smile on her face. It was a phrase Harry used whenever times were difficult. He often used the phrase to remind people that success had a way of choosing the most rocky, troubled roads.

The pair covered the short distance to Monica's office and Harry took the visitors' seat, from where he launched into his ritual of comforting words as Monica took her seat. He was the constant peace-maker.

"We built this institution from nothing to a well-governed, well-managed organisation," he said.

He reminded her that despite the Board members' strong differences, they were all friends with a passion for social work. "Organisational and institution building is not for quitters," he said.

True. But Monica felt the training issue was fundamental to the Foundation. She found it difficult to remain quiet while the capacity building function that had been so important to the work of the Foundation for almost three years was being pushed aside.

Her passion was clear as she spoke: "The whole idea about development is that it is about people. It's not about things. We always seem to think that once you get the money to the community, once you provide the car, the bicycle, the tools, then everything else will fall in place. It won't.

"Look at all the money that is given to support communities. It hardly reaches the ground, and it never really benefits the communities in a lasting way."

She was right. Wherever you travelled in Kenya you found evidence of misused funds and poorly planned, unsustainable projects, especially at the community level. Unfinished schools and buildings, stalled vehicles and abandoned projects dotted the country.

Whether the funds had been given through the government to district development committees for local development, or made available to urban councils, or given to non-governmental organisations for water or health projects, the results were very often the same; money was often misused by those who controlled or had influence over it, or the projects were poorly implemented and managed.

"No-one is investing in people," Monica repeated the phrase, perhaps for the hundredth time. "People don't know this is actually their money. They can't hold anyone to account. We are still a long way from achieving the necessary capacity. We must build capacity before we can talk of giving grants for development, and that is the responsibility of KCDF," she asserted.

Harry was quick to respond: "If you believe that's how it must be, then push for it. Put your foot down and *ngojea mateke*. Wait for the beating that will surely rain down on your idea. Just don't ever let opposition to your idea put you off."

The lightness escaped her forehead as Monica relaxed, accepting that this was her personal crusade. Still it was difficult to be on the opposing side when those on the other side were all friends and long-time colleagues.

Monica had seen from her own experience, and that of others, that wherever local communities took control the results of projects were dramatically positive and lasting. Some communities achieved impressive results on such small budgets it was almost incomprehensible; it made the irony of failed multi-million dollar projects that much more difficult to understand.

At the Foundation the team had always believed that the money for development projects was the starting point. If people don't own and control the money used for development then they would not be inclined to take charge of funded projects and take ownership.

The Foundation had been set up to collect money from local sources for development projects that Kenyans could own. But it was the question of how to build ownership and responsibility within the community that now brought disagreement to the Foundation.

Monica was convinced that once communities were equipped with the skills they needed to manage the grants given by the Foundation long-term success of the projects and future development was ensured. She believed that by offering training to communities, the Foundation was ensuring the people would never again be cheated out of what was rightfully theirs and that they would take an interest and control of programmes, regardless of who was implementing them.

The suggestion that the foundation moves away from direct capacity building activities came at a very awkward time. In just a few months, Monica's term would be up and she would hand over her position to someone else. She had already started looking for her replacement. It was the wrong time for the question on the focus of the organisation to return.

The question had followed them from the early days of the Foundation's existence, bogging down many of their meetings and splitting the board, with those who supported capacity building on one side and those who wanted the Foundation to concentrate on raising money and making grants on the other.

Finding a Way

There had been six of them at the beginning – seven when you counted Tom Miller, the then Programme Officer from the Ford Foundation. Tom was a great motivator for the group. The others were Elvina Mutuu, Elkanah Odembo, Aleke Dondo, Joyce Malombe, Harry and Monica. Most of them were heads of non-governmental organisations. Individually, each had worked for many years with people in rural communities or with the poor in urban centres. Tom's programme at the Ford Foundation supported three of the organisations and he had interacted often with the others.

None of them quite remembered exactly when and how the discussion to form the Foundation had concretised. But they all remembered a great number of meetings accompanied by fresh, tasty mandazi and copious pots of tea.

A year or so earlier, a study by Dorothy Munyakho who headed an information agency, had revealed a great disconnect between donors and communities. One of the reasons poverty was growing and development aid was not having much impact on the ground, Dorothy found, was that donor support to a few large urban-based non-governmental organisations resulted in very limited reach for the NGOs.

In her report she stated that thousands of smaller organisations that were within easy reach of communities, and which could tackle problems more intimately were more cost-efficient than the larger non-governmental organisations since they did not incur the communication costs that came with running a project from a distance. Yet these community-based organisations were often starved of resources. Donors could not reach them early due to obstacles like distance and language barrier. These organisations also lacked the capacity to publicise their work and had limitations in their knowledge of planning and managing projects, as well as reporting back to the donors.

Almost in parallel, between 1993 and 1994, the Ford Foundation followed its own work in Kenya. It involved partner organisations

in assessing the development field. The Ford Foundation was keen to find out what lessons could be learnt and to get new ideas that would help it to be more effective. The findings of the review were similar to Dorothy's and, immediately the study was released, Tom brought together the people who had been involved in the study. They were selected based on their work with local communities. The Ford Foundation wanted to find out if any of them had thought about ways of tackling the problem of growing poverty that both studies had revealed. That was one of the earliest meetings that Monica, who was then working with the United Nations Children's Fund, UNICEF, remembered.

The group met regularly over the next seven months, rotating between the offices of the various organisations and those of the Ford Foundation, and stealing moments whenever they found themselves invited to the same cocktail parties or dinners. Each time the conversation rode a similar track – confronting poverty and the ineffectiveness of donor funded projects.

"Why is it that most initiatives end with the end of donor money? For a chicken project, if you come back a few months after the project ends you are sure to find a dilapidated chicken coop, vandalised for chicken wire to use elsewhere and no chicken in site," someone would lament.

The conversations always touched on the shameful levels of poverty: "Millions of our people wake up in the morning and don't know where a single meal is going to come from. It's a shame."

As development workers they found this situation horribly painful. They were supposed to make things better, to make a difference. Worse still the numbers of the poor continued to soar and now nearly half the country's population was counted as poor. The 1998 statistics indicated that, up to 48 per cent of the population comprised the poor and the figure was projected to rise to half the population in just a couple of years.

There were clear signs that this was a society that could easily unhinge from the huge gap between the rich and the poor. Crime, hunger, malnutrition and death from easily preventable diseases were

on the rise. Nairobi had palatial homes, fitted with every modern-day luxury item, located next to crowded, sewerless hovels, where water was more precious than gold. It was a situation of two countries in co-existence; the world of the poorest, indescribably wretched, and that of the wealthiest offering absolute convenience.

The group had to admit that despite the huge numbers thousands – of NGOs and community organisations across the country, the development sector was still weak.

Contributing to one of the group's discussions, Monica said: "One of the main problems in this country is that the levels of integrity have been worn down. I am not just talking about the pilfering of money. Ultimately it is about the ability to put the common good before personal interests."

She believed this was the main reason non-governmental organisations and other groups claiming to work for the good of society were so ineffective. People had lost the ability to recognise when they were doing something bigger than themselves.

"The 'me factor' is what gets people into trouble. Then they start spending money that is not theirs, misusing vehicles. The 'me factor' is also the reason we have poor managers – people believe no-one else can be right and they can't set a good example for staff," she added.

While Monica knew that lack of integrity was a major shortfall, she was also wary of the growth of a cynical dependency that had stealthily enveloped the Kenyan society.

"The handout phenomenon is not an African thing. Thirty years ago at independence we understood self-reliance when we adopted *Ujamaa*," Monica said. She talked of the old tradition of neighbour helping neighbour; people had always depended on each other to do things for the community.

The group grappled with trying to pinpoint the beginning of dependency. Was it at the point when populist leaders started promising that the government would do everything for the community that a contradictory message began to gain currency? This dependency was reinforced by the growth of NGOs that relied

almost a hundred per cent on donor funding. It took a while before people realised that the government would not, and possibly could not, do all. The members of this group too had played a role. The whole structure of the donor aid machinery they, as NGO managers, had accepted and worked to their advantage over the years was part of the problem.

Donors tended to give money for projects lasting just one or two years. If you were very lucky your organisation might get funded for three years. The challenge was that while donors were very project oriented, people's lives could not be organised around projects. Empowering communities was the long-term strategy for development. Besides, even the most loyal donors had these cyclic interests dictated by their own domestic policies and national interests. Environment would be all the buzz one year, then without announcement, the switch would happen and the focus would turn to HIV/Aids, gender, or human rights and governance, or any of a host of other subjects that were not always immediately important to communities.

And now, despite the internal issues of governance, the development sector also faced a reality of donor funding having shrunk dramatically over the past ten years.

No-one had thought the hammers raining down on the wall that separated East and West Berlin on that November day in 1989 carried the same symbolism for aid to developing countries. With the fall of the Berlin wall came the fracture of the Soviet Union that left key Soviet allies on the African continent hanging; the resources that had come from the Union were now swallowed up in the creation of almost a dozen new countries. Western nations which had formed friendships with African countries purely for the sake of countering the Soviet's influence no longer felt any need to spend so much money oiling the links.

Notwithstanding the role of international aid in perpetuating decades of dictatorship, mismanagement, poverty, deeply fractured social structures and weak governance, countries such as Kenya now had to find a way out of the quagmire for their own survival.

There was extreme irony in such dependency especially when witnessed in civil society.

"You now, when resources come from outside it contradicts very fundamentally the idea that we are trying to promote in communities, that idea of self-reliance, the harambee spirit," Elkanah said at one of their meetings. "We always tell communities that they can solve their own problems," he explained, "yet here we are as NGOs going to foreign donor agencies and western foundations and asking them to fund our projects. It is not honest." Something had to change.

The answer that became obvious was that development projects had to be driven and owned by local communities. It followed that communities had to have the capacity to run projects and the mechanisms for raising the money that they would need to implement the projects. They also had to have ultimate control over how the funds were eventually used.

"If we are to bring about meaningful change, reducing reliance on external resources is important," Elkanah asserted.

The Dying Spirit of Harambee

"Tell me you don't have friends who will comfortably sit down and drink thousands of shillings worth of beer in one evening." Elkanah chose this social trend to make the point that many Kenyans had money to spare. The strong bar culture was one of the most obvious signs of wealth of an openly materialistic middle class that contrasted sharply with the pervasive poverty.

"As individuals many Kenyans may be poor. As a country we are not poor," he added. With this small prompting the group counted all the obvious opportunities for raising funds locally. Resources were everywhere; even communities that were counted as poor always found something to give when called to a Harambee – a chicken, homemade baskets or mats – anything. Each year corporations gave out millions of shillings for programmes ranging from education and health care, to infrastructure or children's homes, sports and cultural events. There were also many examples of successful local fundraising efforts whereby huge amounts of money had been mobilised in response to specific disasters or causes.

The National Fund for the Disabled organised a gigantic national harambee in 1989 presided over by then President Daniel arap Moi and raised 70 million shillings in a matter of months. The money was converted into an endowment fund through which the Fund bought the 12-storey Rehema House office block, advantageously situated in Nairobi's central business district. Later the Fund bought a plot and put up another office complex, the New Rehema House in the Westlands suburb. Money from rent was regularly distributed to organisations catering for the disabled. Although that effort was criticised as coercive and politicised, it had proved that a lot of money was available.

Researcher Ann Waiguru at one point estimated that more than 10 billion shillings, 135 million US dollars at the time, had been raised through harambees over a couple of decades. Her study was based on newspaper coverage of major harambees held from 1980 to 1999, a clear indication that the actual amount of money raised was far more, since only harambees involving prominent personalities were

covered by newspapers. The thousands of small harambees in aid of water projects, scholarships and medical treatment, organised by ordinary Kenyans, never made it to the newspapers.

"We're not a poor country by any stretch of the imagination. Our problem is that we continue to look at figures about poverty as if they are just numbers and end up doing nothing about them. These are people!" said Aleke.

Elkanah drove the point home: "Northern-based NGOs regularly go to their public, make their case, appeal for resources and actually get money from them. They then make those same resources available to us. If the work that we're doing as NGOs and as civil society organisations is valuable to Kenyans, then the resources to do that work should come from local sources. "It makes no sense to be doing work in Nyeri, Nyakach or Ukambani – whether it is towards providing water and sanitation or ensuring food security – when the bulk of the money to do that work is coming from a 75 year-old widow in Germany, for example. These widows are probably living off their pensions and worthing 100 Deutsche Marks a year to give the money to people more needy than they are."

Elkanah chipped in: "The question we have to ask ourselves is, why aren't we looking for these resources from Kenyans?" There was no easy answer to that.

In one thing the harambee spirit had been so badly abused that Kenyans were now extremely apprehensive. Previously fund-raising meetings were only called when there was need to work collectively on a community project or to help poorer communities to access their needs; building schools, repairing water projects or raising funds to get medical care for those who could not afford. Nowadays even the wealthiest Kenyans held harambees for just about anything: Harambees were held to raise money for lavish weddings and extravagant funerals.

The philosophy was abused, especially by politicians. People were coerced or forced to make contributions as a show of loyalty to the political powers. It went to the extreme, with chiefs confiscating people's livestock and other property to raise money for a politician's

pet project. In some cases, public servants would refuse to give service before a contribution was made to one harambee another. Receipt books for harambees became a permanent feature on the desks of many government officials.

The spirit behind the noble movement was fast fading. Then there was the integrity issue that Monica spoke so often about. There was no system to account for money collected in harambees and reports of misuse of harambee funds had become so common that the public had grown apathetic to and distrustful of anyone who asked for money.

Tom Miller had taken part in almost all the group's discussions. Ford Foundation was supporting three of the organisations represented in this group and their managers knew it must have been particularly interesting for him to hear them interrogating their own dependence on the funds from his organisation and other donors.

"So, what are you going to do about it?" It was one of his favourite questions. It forced them out of the talk and required action. It was not an easy question answer. They did not know what they would do, but they had to do something. Communities too, were grappling with this question.

Breaking the Shackles of Hunger in Kitulani

The luscious sun burned strong against the skins of the women as they walked the last few metres to the shade of their meeting room in Kitulani. The clatter of their voices did not pause for even a moment. Not even as they stamped layers of dust from their feet before entering the room. Not even as they dragged wooden benches and chairs and each found a place to sit in the jagged semi-circle. Worry kept the conversation sharp as they waited to hear from Assumpta Mutume Ilo, chairperson of their group, who had called the meeting.

Assumpta raised her voice just a little. The women, who came from the nearby hills in the Kitulani area of Mwingi District, immediately gave her their attention, turning their wrapped heads to her direction.

Hope was sucked out of their faces, replaced by a dry anxiety as Assumpta reported that the Government had turned down their request for money to buy seeds for the next crop season. The air around them was already weighed down with the heat, humidity and the sweet scent of coming rain. Would they get seed in time for this planting season?

"We have asked for assistance from donors ... Nothing! We've asked the Government ... Nothing! What can we do now?" Assumpta said, holding up the letter that communicated rejection as the meeting digested her words.

The women were really worried. It was not simply about food. True, they would not be able to plant crops. But it also meant that they would have nothing to sell to raise the money to pay for school fees, uniform, medicine and to buy food and other commodities they might need.

An older generation had passed to them stories from a time when these same hills where they lived were thickly forested and rains were slightly more regular. Nowadays it seemed every other year was a drought year and, inevitably, famine followed. 1992 and 1994 were drought years. A few years later heavy rains had washed

away crops in 1997. Since then they had not had a single year when the rainfall was normal and by 2000 the rains had failed again, leading to what was said to be the worst drought in 60 years. More than four million people were affected that year; that is what they heard from those organisations that brought them relief food.

In Kitulani they had a lucky escape. The rains had started late in November and fallen sporadically but in the hilly areas there had been enough rainfall to enable communities living there to bring in at least a half of the normal harvest. The months of October through to December were the main growing season and what little they had harvested would have to see them through the whole year, but they were thankful that at least they had something. Scattered rainfall in the neighbouring plains had led to famine so bad it was compared to the great famine of 1897-1901 and there was much pain and death.

They had struggled through another year when the rains failed and their reserves were now depleted. They needed good long rains in order to recover fully from that drought that had forced them to break into their seed stores and plunder the seed maize, millet and sorghum to feed their families. It was a circle too well known in the Eastern Province of Kenya that they called home.

Many of the goats and farm animals had been sold off or had died, starved of food as the grass shrank from the heat and dried back to its roots. Shrubs had given up their leaves while the few brave Acacia and deeply rooted older evergreens that survived stood guard. No crops grew in the *shambas* that described the landscape in shades of barren brown; nothing could be persuaded from the sometimes-powdery red, sometimes clayey-black soil without water.

At times like these many men left the region to find paid employment in nearby plantations and factories. They worked as labourers in Nairobi and Mombasa, Machakos and Kitui towns. A few got employed as house workers and *ayahs* or sold carvings and handicrafts like baskets, for which the Akamba people were well known. Those women and men left in the village waited patiently

for the occasional few shillings that absent husbands, daughters and sons would save from their small salaries in the towns and send home. But there were no guarantees; salaries provided barely enough to keep one person healthy.

With no easy answers in sight and the pain of the most recent drought still with them, the women in the group committed themselves to find a way out. There was hope in the smell of rain saturating the air - if they could find seed to plant.

The heated discussion allowed the anxiety the women felt to dissipate. They tried to think of other organisations and individuals who might help. Most had already been approached but not offered much.

This was desperation. In these times a selfish survival instinct threatened to send them in different directions. When the land dried out it was easy to get detached from its arid hostility, evident in every dried out leaf, in the dust everywhere. But when it rained the lush vibrant green plants, the rich red soils hurt the eyes with their bright colour, and the residents remembered why they loved this land.

Lack of external support would not break them, they resolved. Usually we each go alone to buy seeds. Why don't we try to pool the money we have for seeds and see if we can at least get small quantities of quality seeds and fertilizer at a good price?" one - woman suggested.

They had been running an informal "merry-go-round", pooling money each month and giving it in turns to one member to deal with an emergency, pay school fees or buy an animal or cooking pots, small things their families needed. Now they would use the pool to address their very survival.

They knew that not everyone in their villages would have even the few shillings they were asking for as contribution to the fund. The meeting agreed that the group would give seeds to the poorest among them and recover the investment at harvest time. There was no other way out of their predicament.

"I tell you, we cannot continue with drought and hunger, drought

and hunger all our lives," was Fidema Katune's quick response, prompting the decision to use their pool of money to address the problem. "Let us at least try."

It took longer than they had expected to put the few shillings they had together and the first rains had already moistened the land by the time they ploughed and planted. At least they had not missed the rains. Timing was so important in this region. The water that fell during the two months or so was all the crop would get for that season.

Money Matters

The official business of the meeting was over and Robert Mutemi Mutua worked his way across the room to the tables where the food and drinks were. He poured himself a cup of tea and tried to keep track of the whereabouts of Janet Mawiyoo as she stopped to talk to a couple of people. He needed to speak to her and, as he waited for a suitable moment, he arranged his thoughts.

Through his work Robert had come to know Janet quite well and hoped to raise a more personal proposal with her. Janet worked for the giant international aid organisation ActionAid that funded many of the projects he worked on as the Provincial Accountant for the Anglican Church in Kenya. He had travelled around the country visiting the projects undertaken by the Church, to check their records and ensure that the reports going back to the organisations that supported them were accurate. Whenever he travelled eastwards to his home in Mwingi Robert found that the number of projects had dwindled to almost zero. That bothered him.

It was 1994 and for the past two years Robert had been meeting with a group of friends every week. The nine members of the group worked for different organisations in Nairobi. What they had in common was their ethnic heritage – they all came from the same part of the country and felt challenged to play a part in improving the lives of the Akamba community. They were sick of their home area carrying the tired label of "one of the poorest regions in the country" and the low ratings on every scale – from education to health and nutrition and production.

The ever-smiling Robert had taken to making the two-and-half hour journey to Mwingi every weekend. From there he would tour the dry eastern regions of Mwingi, Kitui and Machakos and meet with volunteers and village elders, as well as leaders in their own communities, to talk about what they could do to develop the area. From the meetings, he always came away with a clearer image of what was happening on the ground and what was needed. He would share this with the group in Nairobi and they would raise

small monies to help with one project or another, roping in friends when they could.

The nine friends called themselves 'Operation-back-home' and were determined to pull the region permanently away from poverty. All agreed they could not allow apathy and deep despair, already evident in the eyes of many residents, to get entrenched in the area. Despair could only lead to discouragement and helplessness and was more dangerous than the worst droughts and famines their community had survived.

Soon 'Operation-back-home' took its work to the ground. The group began with the informal merry-go-round groups and invested the money in improving services and infrastructure – classrooms, boreholes and earth dams.

They hoped to infect the communities with optimism and spirit that would make them realise that their destiny was under their control. 'Operation-back-home' dreamt of an unstoppable mass of people marching on to transform through their lives determination and hard work.

A couple of earth dams were built, with whole villages working together to do the digging. Robert brought small contributions from himself, the 'Operation-back-home' group and Nairobi-based friends for the villages and projects he would visit each week and these money helped to buy modest quantities of cement, tools and fittings they required. But they needed more money. Not much. Just small amounts to buy good quality seeds for the next planting season, buy a goat or two to start families off with a source of milk, maybe build one or two water dams.

Money – too little of it – was the only hold-back. They had used all they could spare personally and had asked everyone they could think of to chip in to support the projects. The communities were volunteering all they could.

Robert wanted to speak with Janet to find out if her organisation could fund the groups in Mwingi as it did so many other communities.

As Janet finished speaking to another participant Robert caught her attention and she recognised him in the same instant, reaching

out to meet him. He ran her through the progress his group had made in mobilising money from among themselves for small projects related to farming, education and healthcare. They needed significant amounts of money to speed up things. "Would you be able to fund us?" he asked.

"Why don't you have an organisation through which we could support you?" Janet responded.

'Operation back-home' had operated in Mwingi as a movement, a collective of people working loosely together towards a common goal. The founders had not envisaged a formal organisation. They were now being required to form a body through which they would be identified and held accountable for any contributions they received. Until now no-one would deal with them. Everyone wanted to deal with a properly registered organisation.

"Would you help us if we registered an NGO? Would you guarantee us support?" Robert asked Janet.

"At least we could take a first step and assess your capacity," was Janet's cautious reply. She did not want to give the impression that registration would automatically guarantee funding.

Communities Develop Themselves

All the talk about community development had been really superficial until this point, Monica thought.

No-one had ever really invested in community building, she argued repeatedly. It was understandable. There were many obstacles to reaching and investing in people, most of whom lived in remote areas. But that did not change the fact that Kenyan communities were not being served.

"We need an organisation that will focus on investing in communities at their level, otherwise the gap between NGOs and donors on one side, and communities on the other, will continue," backing her argument with findings of the study by Dorothy Munyaiho and her assistant Sarah Thurman, who worked as an intern at the Ford Foundation.

So began the dialogue. What could they really do?

"It is so important that we build an institution that is relevant, one that makes sense for Kenyan communities," Monica said, her 25 years of experience in working with rural and poor communities showing through.

During her career with the Nairobi City Council, which lasted for almost 20 years, Monica had realised that external interventions rarely got to the root of people's needs. As Assistant Director of Community Development, Monica had been closely involved with the implementation of the Dandora Project, an experimental World Bank-funded site-and-service programme targeting the poor. The aim was to provide homeless families with serviced plots where they would have a toilet and shower, kitchen and one room, and space to develop their homes in the future.

The project was well advertised and thousands of applications poured in. But as they were sorted to ensure the applicants were deserving cases, it was discovered that most of them were not poor people at all. An investigation found that the truly poor people could not qualify because the programme required them to show that they had some funds to begin developing the plots, and the

means with which to pay for the plot. Monica had quickly stepped in and persuaded the Nairobi City Council to offer small loans that would enable poor families to show that they had funds to start the work and qualify for the plots. Still the poor did not apply.

She then set out to discuss the issue with the Welfare Advisory Committee, a community-based organisation that operated under the Dandora Catholic Church, a few community members, and a priest, Father William Bloom, who worked with the community.

It took them only a few hours to nail the problem: The threshold had been set too high. The poor people had no means to raise the payment for the site-and-service plots or to pay a loan from the council.

Father Bloom then suggested that the group should find seed money that would be given to the poorest families, and to women groups, for small loans. Beneficiaries would use the money to put up additional rooms, which they would immediately rent out and use the income to pay the loans, and eventually own the property.

Monica prepared a proposal and gave it to Fr Bloom, who came up with 50,000 shillings and then a further 60,000 shillings. From the project was oversubscribed. Applications poured in and Monica's new task became fundraising. A small committee was set up to Monica's office to raise funds to support the project.

Money came in, first from UNICEF with whom Monica had a long relationship, and as the effort continued the team soon found other donors who continued to put in money long after Monica had left the council to join UNICEF. The last time she inquired into the status of the project, its annual turnover was estimated to be millions of shillings.

That experience was one of the defining lessons for Monica as a social worker: Communities – even those that did not know how the system worked – really did know what needed to change their lives and the solutions that would work for them.

"I will always remain a community development assistant at heart and I have a personal commitment to Kenyan communities," Monica told her friends as they pondered over the aid predicament.

They all recognised the value of building community capacities. Elvina, for example, was the founder and director of the Mombasa-based Tototo Home Industries, where she ran well known income-generation programmes for women. Elvina had developed an innovative approach to business management: By developing a colour-coded recording system together with beneficiaries, she had supported women's groups to get around the whole song and dance regarding their illiteracy and lack of accounting skills and knowledge. Her manual, *Faidika!*, supported business skills training to help village groups develop successful, profitable businesses that benefited group members and their whole communities. Tototo methods proved so successful that her team had been invited to train businesswomen from Swaziland, Mali, and South Africa.

Harry Mugwanga was a micro-finance and credit specialist who had a long association with the fishermen of Nyanza. He dedicated years to ensuring their access to small loans to enable them buy and maintain their fishing kits. Teaching them to understand how money and financial institutions worked was necessary investment if the beneficiaries were to pay their loans. As the fisherfolk began to earn more Harry began to explore the possibilities of banking for these small-scale business operators who the major banks continued to ignore.

Aleke Dondo also worked in micro-finance and had helped to develop credit schemes and banking models for the poor.

All of them understood Monica's message on the importance of investing in communities.

Answering a Kenyan Need

... and they set up provincial resource centres. Moving away from centralised approaches would put them within easy reach of communities. Each of them looked at the suggestion from their own perspective and experience.

"Yes, but how can we build capacity through that structure?", was one of the questions asked.

I thought - work with a large international NGO had shown that decentralisation moved technical and support staff out of urban centres and helped tremendously in responding to needs on the ground. But if they were to serve all eight provinces they would need eight offices and that a huge structure right from day one! And where did independent funding fit into that structure? Would they simply be setting up an intermediary to take money from donors and pass it on to communities? The greatest weakness of the suggestion was that it would all be driven from outside communities. It wouldn't really change anything.

"Can you really control the direction of projects or programmes if you don't control the money?" asked Elvina. The question brought them right back to the beginning, where the whole conversation had started.

When money came from outside the country it carried the baggage and baggage of donors' political interests. A change of government in one donor country, for example, affected all projects supported by that country.

Even non-government funders had their own priorities and cultural obligations, which they loaded onto projects they funded. By the time funds arrived in regions where projects were to be implemented local communities' interests were often secondary.

Ultimately, these discussions were taking place at a time when the International Monetary Fund and the World Bank were, once again, threatening to withhold aid to Kenya. A similar situation had arisen in 1991 when bilateral and multilateral donors suspended aid after the government refused to implement economic reforms

– including the privatisation of parastatals and removal of price controls, import licensing and foreign exchange controls – which were being demanded as a prerequisite for funding. Then, most donors had continued to fund non-governmental organisations, but the uncertainty created had been paralytic.

The characteristics of the organisation they wanted to create began to emerge. They must first address the source of the funding, as this would dictate the basic terms of all projects and programmes. In instances where communities did not have the capacity to undertake projects, the group would have to train them to build skills.

The new organisation had to be practical. As things stood, the group had no money, no office and no staff. So the organisation would have to be formed at a realistic cost. It must answer to and be directed solely by the needs and interests of Kenyan communities and so should not be aligned to any political interests. It had to be different from what was already existing and must be locally sustained.

It seemed quite natural to begin by discussing formation of an organisation that would mobilise funds and give them to communities to address the needs they chose. The team had to create an organisation that would be a local donor controlled by the interests of local communities. That meant the money would also have to be raised locally, or from sources that would allow Kenyans to decide the projects they wanted to invest in.

Clearly it was a community foundation they were seeking.



Small scale farmers in Western Kenya ferry their farm produce to the market using locally available transport means – the bicycle.

(Photo Courtesy of ActionAid International Kenya)



Members of Simba Maasai Outreach Organisation (SIMOO) in Olosho-oibor, Ngong, prepare a meal during a community function. The group is a pioneer beneficiary of KCDF's capacity building grants. These go towards enabling communities initiate sustainable development initiatives.

(Photo Courtesy of KCDF)

Coming into Existence 2

Coming Into Existence

A Foundation for Development

Every member of the group had solid experience in managing and working with non-governmental organisations. But setting up a foundation was another challenge altogether.

Tom supported the group by inviting several consultants to discuss how community foundations worked. The Ford Foundation also invited a representative of the West Africa Rural Foundation, WARF, an initiative it had become involved in. The WARF representative came along with The Ford Foundation's Bessie Campbell, a Senior Programme Officer from the headquarters in New York, who had supported WARF. Tom also invited Katherine Pearson, the Chief Executive Officer of the East Tennessee Community Foundation, and Mary Weather Jones from the Aspen Institute, to share their experiences as community foundation leaders.

All these experts explained in depth the challenges of running

a foundation and answered the dozens of questions from the group members.

Fundamentally it was a very simple concept: Pool funds, invest them and use the returns to support the foundation's work without touching the principal amount.

The Ford Foundation was itself a living example: Car manufacturer Henry Ford had established The Ford Foundation as an independent, non-governmental organisation in 1936. The following year he gave 250,000 shares of non-voting stock in The Ford Motor Company to the Foundation. When he died in 1947, the Foundation became the owner of 90 per cent of the motor vehicle company's non-voting stock, worth about US \$474 million. This was put into endowments. With clever investment over the intervening 70 years the endowment had grown in value to over US \$11 billion in assets.

"As The Ford Foundation we have been able to do the work that we do around the world for the past 70 years because someone called Henry Ford set up the Foundation after he made his money," Tom said.

The more the group discussed the concept of a Foundation and the work that would go into creating an endowment fund, the more realisable it seemed. Everyone in the group had the experience of dealing with funders based thousands of miles away; they knew how bureaucracy could be complicated by distance. To have a locally situated Kenyan grant-making foundation fitted the needs.

Since a tradition of giving already existed in Kenya the group was confident that it would not be difficult to persuade people to adapt to this new way of organising and structuring giving. However, there were huge issues of trust they would have to address.

They also began to see the distinct features of the Foundation they were about to create. For one, it would provide more than just funds. It would help to grow community organisations to enable them to drive their own development in directions they chose and, in doing so, determine their own future. It was an equal mix of developing communities and making available the resources for that development.

Normally, the IP's model tended to be based on wealthy individuals giving to poorer individuals in the community. Despite the heavy stratification of the community, most communities in Kenya consisted of a billion poor. Of course, there were rich people in almost every poor community in Kenya.

Community foundations in the West and endowments are built to focus on wealthy people building or leaving funds," Katherine explained. "Their funds were largely built by asking, 'Where is the wealth?' and then constructing mechanisms for attracting that wealth to do foundation's programmes and projects.

At Kenya's level of development, Monica would be thinking, "we need to ask the question: 'Where is the community?'"

In Kenya it was critical to see wealth in relation to community. The wealthy could still give but the community must own and advance the process. Otherwise the owner of the money may distort the process of the Foundation.

There was nothing to stop those who could afford to set up funds doing so, because they were wealthy, from doing so. In reality it should not matter whether you give a million shillings or just ten shillings - what mattered was that it made a difference for someone who needed it.

The group envisioned communities giving as collective entities, recognising the resources within themselves and pooling these as a means to address their own development. They envisioned a foundation giving grants to promote community participation, sustainability, and ownership of community projects.

All the negotiations for the infant organisation were added and summarised in the name they chose for it - Kenya Community Development Foundation.

The Work Begins

Most of the money for the formal activities of the group had come from The Ford Foundation.

The Aga Khan Foundation wanted to be involved in the pilot phase of the Foundation. They were represented by Mr Mirza Jahani. The team members converted themselves into an interim Advisory Committee that would act as the policy setting body for the new Foundation, and spent the next two years planning and learning about foundations.

The Foundation was initially set up as a project of the Aga Khan Foundation to enable it to begin work and the three parties – the Aga Khan Foundation, The Ford Foundation and the Advisory Committee of the Foundation – entered into an agreement on 17th of January, 1997, defining how it would run.

That agreement and the legal cover provided by the Aga Khan Foundation gave The Ford Foundation the confidence to provide funds for organising its operations. By this time Dr Katherine Pearson had replaced Tom Miller at The Ford Foundation. She sat in on the meetings of the Advisory Committee.

And the work started.

The search for offices began, alongside the process of seeking formal registration. Now that they were clear about what they wanted to do, registration appeared to be an uncomplicated and logical next phase.

That was until they began to navigate officialdom's convoluted corridors. The Foundation that appeared so clear in their minds had no correlation in Kenyan experience and, therefore, no equivalent in law. It couldn't be registered immediately.

There were laws governing non-governmental organisations, other for registering community organisations and associations, there was of course, company law, as well as a law addressing banks and other financial institutions handling public money, and Trust law.

A foundation did share elements of its function with these bodies collecting public money and investing it for profit; working for

social justice and the public good through non-governmental and community organisations, and as a non-profit, non-governmental body. But it was none of these.

As the team worked with government officials to sort out the registration issues, staff at the Aga Khan Foundation remembered a disused house that the organisation owned and that might accommodate the Development Foundation. The team was offered the old building, located in the eastern suburbs of the city.

The building had last been used by the Aga Khan Foundation to provide temporary shelter for refugees as they fled Uganda after President Idi Amin expelled all the Asians from the country in 1972. Afterwards it had been forgotten and the decades of neglect left it in bad condition. The ceiling had collapsed in places and vandals had long since plucked out the windows, doors and anything else that could be taken away. Water and power supplies were disconnected. The walls looked tired, inviting a coat of paint. But the house had a solid structure and it was free; both were huge, deciding advantages. The Ford Foundation offered to pay for the renovation if the team wanted the building. They took it.

In the four months that it took to renovate the building, the group worked from space provided in the Aga Khan Foundation offices in the Nairobi central business district. From here, they could begin to realise what they had so far created only in theory.

Moses became the first Project Director. There was some surprise when he applied for the advertised post. Some committee members were skeptical in their concern about the inherent conflict of interest. Others thought it was better to have one of their own, someone who understood the thinking that had gone into creating the foundation, to bring it to life, and they held sway.

Taking the Foundation to the Community

Standing outside the gates of the newly renovated KCDF house, Catherine Kiganjo questioned her decision to join the Foundation. She did not need anyone to tell her that this was a dicey part of Nairobi. Once she got out of the matatu she picked her way around huge craters in what was left of the road, finding her way to the corner of Chai Road as instructed.

It had taken her quite some time to find the place. Circling the neighbourhood she stopped to ask several people where the offices were. No-one knew. About to give up, she sat down in a restaurant and asked the waiter if he knew where the Foundation offices were.

"The only place I heard that something is starting up is in the building across the road," he said. Catherine crossed the road to the freshly painted white building. Although there was construction going on at the back, the building was deserted and she waited for Monica to arrive.

It was Catherine's first day on the job. She was the second employee hired by the Foundation and would work alongside Monica as the administrative assistant. This would be her routine every day for the predictable future and she had to come to terms with it.

For many years after independence the area had retained the racial character assigned by colonial rule that placed it in the Asian sector of Nairobi city. Pangani still retained pockets of the original Asian communities, with the typical Indian style houses designed to accommodate a lifestyle of communal living within extended families. All around them had sprung high density, low-income housing. The rapidly growing Mathare Valley now covered the adjacent valley plastering acres and acres of every ridge with a mosaic of crooked iron roofs in different stages of corrosion.

The reputation of Pangani had been tarnished by vicious gangs who prowled the area, attacking people at will before disappearing into the tangled muddle of Mathare Valley's labyrinth of narrow paths, between the crowded informal houses. Carjacking, mugging

and burglarious were daily occurrences in the vicinity of her new office and although there was a police station less than a kilometre away, the officers often seemed overwhelmed by the attacks.

Nothing else came from Catherine's face. Monica showed her into the two rooms that had been renovated for their use. Once she had settled in, she took a moment to focus Catherine's mind on the bigger picture. "If we are going to serve the poor then we must be where they are," she said. "This is where they are."

It was Catherine's choice to stay in the not-for-profit sector, having just left with a major multinational company to join the Foundation. She hoped to get back into working with people on development.

With all the speculation she felt in that moment she would have been surprised to see into the future and to learn that she would still work there many years later.

First Steps

The next major challenge was finding money to set up the initial programmes.

They were in an ironic situation of having multiple donors ready to throw millions of shillings at the Foundation to implement projects, particularly those to do with capacity building. But they were clear about having other people's agendas forced on them. The Foundation would only accept money for its own programmes.

Sometimes it was as though donors wanted to assuage their guilt at the criticisms levelled against international aid. For decades international aid organisations and other donors had been driven by the concept of "bringing development" to developing countries without bothering to find out the concerns of these countries.

Prof Abdullah was quite critical of this parachute culture where donors would arrive in the country and quickly set up projects and then, without notice, move on to the new priorities in environment or micro-finance, without a worry as to how previous projects would be sustained.

The motto: "Developing a community is developing a country" just did not work like that.

It was no wonder that years and years of donor intervention had not produced any dramatic results in development; the failure of official development assistance was widely spoken of at home and abroad. A plethora of international meetings had been held in recent years to discuss the fact that, despite the huge sums of money supposedly invested in poor countries for decades, people were poorer than at any time in history.

Everywhere there were discussions about the effectiveness of international aid. From the time leaders from almost every country on earth met under the umbrella of the United Nations in 2000 and agreed to the eight ambitious goals that came to be known as the Millennium Development Goals or MDGs, the topic went to centre-stage. It was the first time that the conscience of the world was pricked. Calls for real commitment to make poverty

history school and echoed across continents. Then followed the Monterrey Conference on Financing for Development in 2002, where wealthy nations said they would increase their assistance. Meeting after meeting was held. A meeting was even held to discuss how to measure the effectiveness of aid. It resulted in the Paris Declaration signed in 2005 by 61 donors, 56 aid recipient countries and 14 civil society organisations. Everyone was trying to understand just why ~~donor aid had failed~~.

Research undertaken in 2005 by ActionAid showed that almost two thirds of the money that was regularly counted as international aid never reached the people it was supposed to help. A follow-on study found that a big proportion of what ActionAid referred to as "phantom aid" still went to technical assistance, covering costs of consultants, research and training.

One of the biggest criticisms of international aid was that it often failed to take into account the priorities of the communities it ought to benefit. If this was true then it suggested that, even without new pledges for increased aid, there were many opportunities to make sure that the money available produced better results from development.

Still, donors were reluctant to give the group money to invest and set up an endowment fund.

The most established non-governmental and community organisations got around the reluctance of donors to support their long term visions by creating three-year programmes, and then investing the portion of operational costs and programme monies that were not needed immediately. In this way a few organisations had set up endowment funds or, more commonly, used the interest earned to buy permanent offices for themselves.

Albe explained that his organisation, the Kenya Rural Enterprise Programme, did exactly that. In its earliest days when it provided small micro-credit loans to people who had no access to credit, before it became a hugely successful bank for the poor.

The Ford Foundation and the Aga Khan Foundation had seen the group through the process of setting up the Foundation, and the

initial recruitment. Sharing the vision of the Foundation gave the group the faith to continue their support. The Ford Foundation put in funding while the Aga Khan Foundation continued to house the Development Foundation.

That allowed Monica to set about planning the programme and putting together the resources that would support the effort.

The First Partnerships

Before any other donors, the Foundation made getting to know partners all the first step in its process. As a new donor the Foundation had to let people know it existed. The management used the radio and other media, and counted on committee members to use their networks within the civil society, and any forum they could get to tell people about the Foundation and what it stood for. The message went through the Ministry of Culture and Social Services and the District Development Committees, and used word of mouth to invite applications.

All those who showed an interest were asked to fill out questionnaires and sign an agreement to go through a long and sometimes painful, partnership identification process. The process had to be of benefit to those who took part, encouraging reflection and self-education in a way that few organisations ever did.

The Foundation received hundreds of inquiries from enthusiastic people many of who had no idea about the consequences of what they were getting into.

Once the applications came in they were short-listed and invited to a "pre-qualified" meeting where they met the managers and the Management Committee members.

From the early days the Management Committee was more than an advisory and policy setting body. Members played a big role in building the programme and assessing new partnerships. Later they would join the team on field visits to talk to communities, where they could ask people if they had heard about the applicants and what they were doing in the community. Dozens of development blunders had been made through grants given to individuals and institutions that had no grounding in the communities. This had earned the name of community organisations.

The next phase was to review all the applicants' systems, including the financial one, and to discuss areas where they might need to come or other support.

The last phase of the assessment was a capacity assessment

workshop. Proposals would be developed based on the areas identified in the workshop and submitted to the Management Committee for approval. Only with that approval could activities begin.

From the first batch of applications, thirteen organisations spread around the country were selected for the two types of grants: grants given to non-governmental and community organisations to strengthen the people and build their capacity, and those that went directly into community development projects. All of them needed training of one sort or another.

"Many groups didn't like it when we told them that 20 per cent of the money would go to training," said Prof Abdullah, remembering the outrage of several groups, whose members seethed at the suggestion that they needed six to nine months of training in leadership, book-keeping and management. "Those were our terms," he asserted.

Then they would start with small project grants of 150,000 shillings stepping up the amount to 350,000 and then to a million shillings and more.

One of the earliest grantees was the Welfare Advisory Committee that still operated in Dandora. It had moved on from supporting the World Bank Site-and-Service Scheme and begun to respond to other aspects of poverty in Dandora, setting up a Small Business Support Programme, Community Organisation Programme, Youth Development Programme and a Community Health Education Programme.

The earliest grants from Foundation went into training the Welfare Advisory Committee staff and board on report writing and book-keeping, providing office equipment and transport, and running a resource centre. To generate income, the Welfare Advisory Committee also bought equipment for unblocking sewers, which it hired out to groups.

Simba Maasai Outreach Organisation (SIMOO), another of the earliest partners of the Foundation, worked in the pastoral areas of Kajiado, south-east of Nairobi. This group used the grant to train staff in management and administration, and in skills that were important to the community, such as animal husbandry, business

development and community development. Looking to the future they also invested the grant in a major steer fattening project.

Unlike the other organisations, Makutano Community Development Association, another grantee, was a membership organisation that brought together representatives of 20 villages. Although the Association had existed for a couple of years, the members were poorly organised and one of their first activities was a period of reflection.

Raphael Masika, the Director of Makutano, remembered the clarity brought by those short few days of analysis. At the end of the planning process it was clear to members that they had a clear strategy for getting the community out of extreme poverty. Priority one was access to safe drinking water for themselves and their animals so that they were not driven to seek relief food every time the rains failed.

Through the training, they developed skills with which to approach other funders and quickly went on to make more than half the community self-sufficient in water by building eight earth dams that meant they could farm well into the dry season.

Together with the local Catholic Church Makutano built a secondary school. The group collaborated with the Kenya Rural Enterprise Programme, K-REP to create a village bank owned by 100 shareholders by the end of 1998. They recruited a community worker and trained community mobilisers, transforming the region and expanding the voluntary participation from a few hundred people who began the process to close to 5,000.

In those first three years the Development Foundation gave grants totalling almost four million shillings, for use almost exclusively for capacity building. Judging from the growth of support from other partners and new projects, the Foundation's capacity building programme was a direct success.

However, building an endowment had not done as well.

A Question of Identity

The Ford Foundation had provided a matching endowment grant of US \$650,000 – about fifty million shillings at the time. The money was to be made available to the young endowment fund if the Development Foundation could raise just 25 per cent of the amount from local sources over four years.

The Management Committee came up with an asset development strategy, but met a lot of resistance on the ground when it tried to implement it. People were used to giving to causes and people that they knew through the harambee system, but they would not buy into the concept of giving for the long-term.

A lot of effort would have to go into raising local funds and the time and resources to realise this had to come out of the capacity development budget.

Nowhere was the tension over the Foundation's involvement in capacity building over asset building expressed more loudly than in the exchanges between Monica as the Project Director of the Foundation and Katherine as the new Ford Foundation Resident Representative.

Everyone was keenly aware of Katherine's utter frustration when most Management Committee members backed Monica's insistence that the Foundation should continue spending time and money training communities.

"You're not building a community foundation," Katherine would say, concerned at the amount of time spent in villages training instead of raising money. How would the Foundation ever grow, she asked.

"You're right. I'm developing a community development foundation," was Monica's standard response, with all emphasis on the word 'development'. She felt it was sometimes difficult for people to see the difference. Many missed it completely.

In Katherine's view capacity building was an intense hands-on process that required time and energy and stopped them from doing what they were meant to be doing – raising funds.

A proper foundation builds resources and makes grants to others. It does not spend time and money building the capacity of those to whom it will give money," she said. The Foundation was too deep into taking on the character of a big non-governmental organisation with an endowment fund.

Monica thought Katherine placed too much faith in the American model that she had experience with. It didn't make sense in the local context. "If you do too much of that you lose the community involvement. We specifically call ours a community development foundation. The whole idea is to reach communities and stimulate them so that they promote development where they are," she insisted.

In that way they would create a demand for grants at community level and simultaneously be confident that when funds were given out they would be used properly and have greater impact, she would argue.

Eventually Monica was persuaded that time was ripe to begin to look at the other side of the Foundation's mandate.

They only had a challenge fund of 50 million shillings given by the Ford Foundation on a matching basis. Initially the Development Foundation was required to raise half that amount from local sources within a four year period, although the amount was later reduced to 25 per cent to allow time for the new concept to take root in communities. Initially The Ford Foundation had wanted the Development Foundation to match the money on a shilling-for-shilling basis, but the Board argued that since it was a new concept, it may take time to be widely accepted.

Monica wanted the money raised within the communities. Katherine suggested that they could raise much more, and faster too, by approaching the likes of the Muthaiga Club fraternity, the rich money types with their international lifestyles and for whom the world dollar was standard currency.

The upside was the fear that these rich contributors would then dictate what the money should be used for, and the community development focus would be lost; the foreign donor conditionalities

and restrictions would be replaced with those of a local donor and little would change. Western nations had so many foundations set up by the wealthy that were directed to support any interest they fancied, from cats and dogs to botanical gardens. Kenya didn't have that luxury, Monica thought.

Amazingly, their disagreements took nothing away from the firm friendship that Monica and Katherine shared.

Continuity and Change

The management set-up of the Foundation had changed over time to meet the needs of the organisation and its legal status. The voluntary Advisory Committee of six of the people that had undertaken the initial planning was transformed into a nine-member Management Committee once the agreement with both donors was signed.

Having begun as a group of volunteers from the non-governmental organisation sector and donors, they began to miss the input of the private sector. The lack of knowledge was particularly felt when they discussed how the endowment fund would work, and the best options for investing funds. They invited business people, financial investors and former bankers to join – all of them chosen for their individual achievements and not to represent organisations. The number ballooned to fifteen, at which point they stopped inviting new members. When Joyce Malombe left the country to take up a new assignment the committee did not replace her.

After years of negotiating a suitable legal status the Foundation was finally registered in 2001, as a public company limited by guarantee and without a share capital. The Committee then became a Board with a rule that each member would serve a three-year renewable term, and confirmed Monica as the Chief Executive Officer.

That had been a tough transition. It was at this point that a resolution was passed to exclude foreign donors from the Board.

They felt it was like a child rejecting their mother," Prof Abdullah Pathan told later as the team came to terms with the ferocious fight that resolution ignited. It simply did not make sense to have international donors sitting on the Board of a Foundation created to counter what they saw as short comings of the international aid system. They had to set the terms of engagement as early as possible. They would collaborate with anyone who supported their vision, but only local people would direct the programmes and plans of the Foundation. Besides, could they afford to invite every donor who supported them to sit on the Board? The answer to that was

a unanimous 'No!' Otherwise it could rapidly become a Board of donors, where the owners of the process had little say. After considerable dialogue the two donors accepted the decision and the number of Board members reduced to twelve.

In response to the difficulties the Foundation was facing with raising money, the Board also decided to create a structure separate from the Foundation, which would safeguard the money raised and invest it at the most favoured rates. The Board had found a good fund manager with a solid international reputation, but still there was lingering mistrust. Internally they had a solid structure with systems of accountability in place. It was equally important to give the outward perception of an accountable structure handled by respectable people, whose reputations were beyond reproach.

In 2002, just a year after the Foundation was formally registered, the Board decided to create a Trust, overseen by a five-member Board of Trustees. Three of the Trustees doubled as Board members to maintain communication with the Foundation, and the CEO sat in as Secretary to the Trust.

The process of registering the Trust was extremely complicated. Before the team had made much progress, Chairman Harry Mugwanga died after undergoing a kidney transplant in March 2003 in Ahmedabad, India. Although he had been sickly for some time, his death rocked the Foundation team and marked a difficult period. The constant mention of his name conveyed how much he was missed. Harry had been there from the start, as the chair of the Management Committee that preceded the Board. The team said he had a way of smoothing things and returning everyone to the track. No-one noticed his role as peacemaker and stabiliser over the years. Elkanah Odembo became the second chair of the Management Committee.

Prof. Abdullah became the first Chairman of the Board and one of his first challenges was to fill the empty places on the Board.

Finding the Right People

"They have to be people of high principles. It's not just a matter of choosing big names," Prof Abdullah said as he embarked on the search for new members. There had been changes on the Board as members moved on. Some had left the country and others retired. Harry's position was filled but that meant a new member was needed to take up Prof Abdullah's slot.

There weren't really positions that could be advertised; the qualifications required were not purely academic or professional, nor were they strictly measurable. It was a tricky mix. The candidates had to be people with talent, experience and qualifications, as well as people who subscribed to the vision and mission of giving to and working together with communities. They had to have passion for the type of activities the Foundation engaged in. Most importantly, they had to be prepared to give, and not to take from, the organisation.

Muslimah Pushpakant S. Shah and Rajesh Rawal and former banker and Arthur Namu joined the Board alongside Dr. Mireini, Jane Kiano, and Judge Mary Ang'awa, who all later resigned, and Charity Kabutha and Atia Yahya. Other Trustees besides the Chairman and Vice Chairman were Engineer Isaac Wanjohi and Dr. Mireini, who had experience in finance and investment, who joined in 2007.

The resignation of the three new Board members before their term ended caused the rest of the members to pause and reflect. What was it they actually wanted from a member of the Board? Both were well known personalities and the Board chose them thinking their membership would boost the Foundation's profile and attract interest. It turned out that they were very busy people, serving many other organisations, and barely found time for the Foundation.

The Board learnt a lesson from the experience. It was not enough to choose people with a good name or who were well intentioned. They must find people who could give of their time. Giving was a cornerstone of the Foundation and it must begin with the Board. They however recognised that giving took many forms,

including cash and offering time and service to the Foundation. The Board members all committed themselves to be available to do whatever was necessary to ensure that the organisation grew. Sometimes that meant putting aside other interests, including their work.

By 2005, interest to grow a Kenyans in the diaspora chapter began to grow. In 2006, three directors came together and formed the Friends of KCDF.

This Kenyan concept of a Foundation must be different. It was not about the rich or elite giving to the poor because the poor could equally give to themselves and to others. The yardstick was not how much but the act of giving, the thought, time, leadership, management skills and money. Everyone could give when they chose to.



KCDF values the role played by the youth in development processes; a young carpenter at his workshop.

(Photo Courtesy of KCDF)



Group members of Simba Maasai Outreach Organisation (SIMOO) in Olosho-oibor, Ngong fetch water from a communal water tank.

(Photo Courtesy of KCDF)

Chapter 3

All Grown Up and Making Tough Choices

Reflecting on Seven Years

It was a cold August day in 2004 when Janet Mawiyoo took over as the second Chief Executive Officer of the Foundation. The Foundation was about to finalise its second Strategic Planning process. She was abuzz with the possibilities that the new job presented and knew that the organisation she had joined was really special.

There was no other organisation like it in Kenya. At the time she joined it had made grants of more than 1.5 million US dollars, with most of it going to institutional capacity development, education and HIV/AIDS programmes. The endowment fund was growing and stood at 53,300,740 shillings.

Internally the Foundation Board members said the progress had been too slow, especially with regard to building the endowment.

for co-ordinating several offices around the country as head of the Non-Governmental Organisations Co-ordination Unit in her previous job. What an enormous amount of staff capacity they would need to run the offices!

It may have made sense initially to use capacity building as the entry point into communities, but the Foundation had not built the infrastructure to support growth of such magnitude. It still had just ten members of staff. In the financial year 2005 - 2006 it made grants to more than seventy-five organisations spread over all the country's eight provinces and totalling more than thirty-two million shillings. The task associated with assessing the grantees and managing each grant portfolio was considerable without adding the burden of training.

It was already a concern that the Foundation was handling too many grants and giving a few grants to strong organisations, simply to ensure they were able to cope with the job involved.

Times had changed too. There had been very few organisations involved in capacity development at the time the Foundation was set up. Now there were hundreds of non-governmental organisations engaged in this field, who could be assigned to work with communities to strengthen their capacity.

There was also a danger of undermining the unique role the Foundation had set out to play as a grant-maker and a fundraiser for the non-profit sector.

Janet thought it was time to review the Challenge Fund concept which, she feared, could recreate new areas of dependency. It had become something communities embraced in order to get the Foundation's money, and not a route to self-reliance. That was a mistake, Janet reflected.

"Deadlines for the Challenge Fund passed, and some partners failed to reach fundraising targets they had set for themselves. They came to KCDF asking us to 'keep' some of the matching funds aside for them while they continued to raise money," she said.

Meanwhile, the initial capacity building grantees the Foundation had supported to grow were not present in significant numbers among

those building endowments. The Foundation would have to come up with a campaign to get them on board as some of them were very strong now.

The discussions brought clarity and, the more they understood, the greater the need they felt to go back, refocus and re-examine all the facets of their work in grant-making, fundraising and investment. They also focussed on the enduring questions, 'What do we want to achieve? What can we do strategically to make a difference?'

"We must continue to prioritise capacity building in the grant-making process," Janet decided. It would mean being a little hands-off and strengthening the assessment process and tools for advising applicants where capacity gaps existed.

They would have to scale up, leaving the smaller organisations to partner with larger more established ones. Some of those larger organisations had the capacity to mentor and guide community organisations and prepare them to become independent and powerful organs for development. These would become intermediaries, building the capacity development component into their programme and project expansion.

"We're not a regional organisation, we're national," Janet reminded her colleagues again and again. Just as with identifying grantees, they were finding that sometimes those wanting to create endowments were not suitable partners. "I've had to come to terms with the fact that not everyone is suitable for growing a fund. It always means that you have a permanent relationship. If they have a problem we have a problem," she explained.

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The Genesis of Change

Bishop Robert Mutua had heard the news of Janet Mawiyoo's appointment to head the Development Foundation. Now as a freshly appointed Bishop, Robert Mutua of Glory Ministries called on Janet to find out what the Foundation did.

The bishop was enthralled by the futuristic vision she presented. It was exactly the kind of thinking that had created Genesis Community Development Assistance. He came away from that visit with useful information about grants to support a scholarship programme for children from needy homes, but he was more interested in the endowment fund.

Janet explained that the Foundation would match every shilling they raised locally, and invest the funds alongside their own larger fund. After five years the community would be able to draw partially the interest and invest it in projects, leaving the principal sum to continue yielding over the years. The villagers could be their own donors.

Robert felt charged by the projects. He was working with close to a dozen groups and he could imagine how empowered they would feel to be donors to their own projects. Some of the groups were better organised than others, and that was something he would have to investigate, but perhaps they could invest the money under the umbrella of Genesis.

From his past association with Janet, he had learnt that she took organisational strength very seriously. A strong organisation was the only way to ensure benefits of development projects reached the targeted people. That was her conviction and she had won him over.

She had told him how her own work had taught her this as she watched groups with brilliant ideas and projects flounder simply because they did not pay attention to the systems that were needed to produce results. She had cited poor planning, lack of budgeting and accounting systems and poor management of the people involved. Nothing could replace these boring but critical components.

She did not take shortcuts when it came to making sure that organisations getting funding for projects could manage their affairs properly. He had no worries on that account and believed his group had built one of the strongest institutions outside Nairobi that she was likely to work with.

Taking Janet's initial concerns to heart, Robert had ensured that the systems at Genesis were flawless. He had used the open system to attract funding from several donors, including ActionAid where Janet had worked previously.

In 2000 Genesis was the only non-governmental organisation that declared its budget to the District Development Committee following a government directive. At the time, many non-governmental organisations had been suspicious that the government was seeking a way of controlling their resources or undermining their role. But Robert was convinced that non-governmental organisations must be transparent for the government to reciprocate. "We want to spearhead transparency. If anyone wants any information about how much we have, or how much we earn, or how much we pay for a service, we will give it to them," that had been the Genesis position.

The 'Operation-back-home' group would have preferred to retain the unstructured movement they had started in Mwingi. But on Janet's advice, they had registered a non-governmental organisation called Genesis Community Development Assistance in 1995. It was the only way to attract long-term funding to support the communities.

"I know we will deliver," Robert said to himself, and anyone who cared to listen, a standard smile dancing over his face features.

The friends were determined to end hunger in Ukambani. They were also determined that the biggest change would come from the resolve of the people themselves. With rains failing in almost one in every three years, the region imported food most of the time. Dozens of other factors had been blamed for the continuous need for relief food, including overpopulation and environmental degradation, the colonial land policies and marginalisation of the region from development after independence. The reasons hardly

mattered anymore. The food deficiency had to end. Genesis was off the ground now and beginning to think locally. The international donor squeeze had tightened funding for development, forcing the leaders to reconnect with their own pride, their abilities and what was available locally.

One of the leaders' first decisions was that all employees of Genesis would start off as volunteers for the first few years. Genesis had to be vision-driven, not money-driven, and this would start with the staff ensuring that every cent they received went into changing the state of development. Sceptics said they would never find staff.

Today the team counted more than seventy volunteers, with none receiving payment of any type. They understood the work they did was for their own benefit. The paid staff remained very small; Herman and Robert who had been the first volunteers and had worked in that capacity for five years, a driver and an accountant. Every cent, any money, that came in was applied almost in total to projects that would benefit the community.

The visionaries of Genesis had started the programme years ago with a survey in which everyone participated and the results of which cut their path for them: "Our first priority is water. Our second priority is water. Our third priority is water," they liked to say in this community. Water made anything and everything else possible. Beyond that it was education and food security that the people in this region really wished for.

The grants that the Development Foundation provided for scholarships went down very well when distributed among the various groups. Each group received two to three scholarships and the members agreed among themselves how to distribute them.

When the Bishop eventually sat down with the community leaders to discuss the endowment fund and asked what purpose they would put such a long-term fund to, each and everyone suggested education. They had already begun to put the money aside each month. One community decided each family would give a shilling a day. That suggestion fired up the others and the shilling-a-day

project for their education fund was born. They saved more than 500,000 shillings in under two years. It was less than they had targeted but they were not disheartened. They were instead looking for ways to make up for the shortfall and were planning football matches and other entertainment where they could take a gate charge.

The flip side of the new education fund was that it had made the groups extremely strong and cohesive. They had first come together as villages, then as communities of villages, now the whole region was working together and they were not taking excuses from officialdom. The region's residents were standing up to leaders and refusing to be misled. They were becoming leaders themselves. By 2006 a couple of the serving chiefs in the area were women that had previously chaired the community organisations, and they were offering refreshing new leadership.

When you put your money in some place you get serious. You don't want jokes.

"I know we will deliver," Robert said, almost under his breath.

Beyond the Next Rainy Season

The informal savings pool that the small group of women in Kitulani had adopted had seen them through some difficult times in the past few years. Pooling money and working together had brought them a harvest much better than they had expected, and it became more than a means of survival. It became a way of life.

Although the rains had been inadequate the women still managed to harvest about a half of the usual yield for the season. The earth dams they had dug collectively helped them to keep the crops alive when rains delayed. The long rains were yet to come in October and that was their main growing season, so they did not worry.

As they settled once more in their meeting room each spoke proudly about their last harvest. They had sold some of the maize and been able to pay school fees. They were not that much better off, but at least they could talk of something other than drought and lack of school fees. There was no urgent fear of hunger. Everything was dry again but a few short weeks before the fields had stood full of healthy maize stalks. Hunger had stalked them all their lives in this drought prone area. Now they had a strong sense that together they could find a way out.

The group had grown and changed in its composition. There were now fourteen women, each of them representing a village committee from the surrounding hills. They called themselves Kitulani Development Group.

They had been encouraged to get official recognition by Robert Mutemi Mutua, who had been in and out of their lives for many years, discussing with them possibilities for the development of the region. A year earlier he had been made bishop of his church, giving him one more reason to visit them regularly, for prayers. When he introduced Genesis Community Development Assistance to the women's group in 2004, they readily agreed to work with him. He knew they had the merry-go-round and made suggestions for several projects that would help them to grow financially. They too, had a few ideas of their own.

Through a grant given by the Foundation, Genesis was paying for the education of a few of the brightest children from poor families in the area. Two children had been picked from Kitulani using the criteria set by the community. The community members had agreed to alternate between boys and girls. Now the bishop spoke of training the women, most of whom had not finished school. The women were excited at the prospect of continuing to learn.

As a first step, the group was expected to hold a strategic planning meeting. The women had never heard of this. The facilitators guided them to think about the future, about where they wanted to be in a few years, and how they would get there. They also had to decide what was most important to them and how to get it.

Water was their first priority. Lack of it had weighed down their lives and prevented them from thinking about anything other than the next rains and the nearest water source. They needed to build earth dams and storage spots, which would be within easy reach. Goats came next. Actually, their next need was to guarantee education of their children. But they knew that keeping goats would give that and much more to them. If each family had a goat, its members would be guaranteed milk. They could also sell some animals to raise school fees.

The bishop offered to support both the water and the animal rearing projects through Genesis. But he advised that the goats should belong to the group, not individuals. They had no problem with that – they were already working together anyway – and they agreed they would split the goats between homesteads and assign one person to look after all goats in order to lighten the workload.

The day they brought their goats home from the market is a day Fidema Katune would remember forever. She was happy that one goat had been given to her husband to look after and another was hers. "I have my own goat," she marvelled quietly to herself. In a community where women traditionally never owned animals it was the first time she and the other women were able to lay claim to something so valuable. Soon her goat would have kids and she would be responsible for them. She glowed at the thought.

A Shilling Today in Trust for Tomorrow

A few months later the women sat down again with the bishop for another planning meeting. They learnt that several donors had provided the money for the animal project and the water dams they had built. Among the donors he named was the Kenya Community Development Foundation, KCDF, which he described as a unique programme.

"KCDF is encouraging groups to invest their money so that the interest can be used for projects in future," Bishop Mutua told them.

"This money has to earn interest. This means it will be tied in investments for some time and you will not be able to access it until the right time. That will take five years."

Five years! It would be five years before their investment matured. Only then could they begin to use the interest. The bishop explained that for a period of time KCDF would match the money raised by communities, thus doubling their investment.

Bishop Mutua had spoken to a few other groups in the region and they had expressed interest in the venture. He wanted Kitulani to join in and build a lasting fund for the region's future.

In three short years the Kitulani women had gone from worrying about seeds for the immediate rainy season to the possibility of planning five years ahead and beyond! They were not sure that they could do this. They needed what little they had just for survival. The women took time to sit together to discuss this new suggestion, that sounded like both a good opportunity and a rope that might strangle them, and finally came to a decision.

Sitting with the Bishop a few days later, their chairperson, Assumpta, said: "We sat together and discussed. We want to do it and we have agreed that each family will give one shilling every day."

At first they were unsure where the money would come from, but when they reflected on this they realised they had quite a few sources of money now. The group had just recently been taught how to make toilet soap and it was selling fast. The water catchments they had dug up made it easier to water and care for their animals.

If they put their hearts into the work they would find the money. "We settled on contributing one shilling because everybody can afford one shilling; whether you are a widow or you live with a disability or you are rich, everybody can contribute," Assumpta added.

More than anything else, the Kitulani women were happy about the independence that an endowment fund would give them. "That money is ours. Whatever we decide to do with it is final. We don't have to consult anybody on how to use it," Assumpta said.

They agreed to use the money to educate their children. "It will not matter whose child it is, provided he or she is from Kitulani. Those with the best results in the Kenya Certificate of Primary Education will get a bursary or scholarship to pursue and complete secondary school education and, perhaps go all the way to university. Hopefully these children will use the knowledge they get to give back to the community," she added.

Building a Local Following

The enthusiastic response the pioneers of the Kenya Development Foundation had expected from Kenya's wealthier individuals had not been forthcoming, and it was not clear why. This setback vexed the Board.

It was true the focus of their efforts had been at the community level for much of the time that the institution had existed. With some strategic coaxing, it was no surprise then that they were seeing communities coming forward to create their own endowments, and it was important to build those collaborations. Genesis and MCDA had joined, as had the South Imenti Development Association (SIDA) and Othaya Development Association. There were also individual organisations, such as Starehe Girls' Centre, Omega Child Shelter and the Good Samaritan Children's Home, all set up to support children from disadvantaged backgrounds, and the church-based ACK Eldoret Christian Community Services.

A group of young professionals calling themselves The Hope Trust Fund had inspiringly been among the first to set up an endowment fund and quickly raised three million shillings, which the Foundation matched. Their fund had matured and they were now giving grants to groups living in the informal settlements of Nairobi. The young professionals were soon joined by the Kenya Professional Women in Agriculture and Environment, who set up a fund to help girls and women to gain access to science education.

What the Foundation's Board now needed was more money going into the endowment programme. That was the fund that would allow discretion in grant making; it would not be tied to a particular geographical region, ethnic community or interest, but would be given where need was felt most.

The Board members were very aware of the fact that almost a half of the wealth in Kenya was in the hands of just ten per cent of the population.

Some wealthy Kenyans of Asian heritage had made contributions, but not even 100,000 shillings had been received

from the rest of Kenyans. The Foundation had held cocktail parties and swanky events, to which dozens of affluent individuals were invited and KCDF's vision explained to them, but this had not made a difference. Not even one significant donation came in. Curiously when the same individuals were asked to raise money for their ethnic community's efforts, they would go the extra mile to mobilise funds from friends, family, church and professional colleagues and contribute large sums.

Connie Ngondi-Houghton perfectly captured this deeply ingrained attitude in her book, *Philanthropy in East Africa: The nature challenges and potential*; when she observed that most people still considered community their primary reference. Nation and country did not move Kenyans in the same way. She wrote: "This could be attributed to the dilution of nationalism and the deterioration of patriotism as a result of the repression under past regimes, and the increase in poverty and destitution among East African populations."

She also observed that corruption and poor governance and management had left non-governmental organisations with a bad reputation; the public simply did not trust civil society or government as intermediaries. Companies and individuals preferred to give directly to charitable bodies and individuals that they personally knew and trusted, whether on a regular basis or as a one time contribution.

In an effort to address this setback, the Board's Chairman, Prof Mohammed Abdullah, wrote in the Foundation's newsletter: "We would like to throw a challenge to Kenyans to recognise that KCDF is their foundation, and support its work by helping to strengthen its endowment fund."

Deep Roots of Mistrust

The pioneers had faced cynicism and apathy from Kenyans from the early days of the Foundation, when they began to share the vision of mobilising funds for posterity.

Being Kenyans themselves, the Board members could understand what must be on the minds of each person they approached. Kenyans had survived successive experiences of abuse of trust and time would be the only proof of the sincerity of new initiatives. In addition to the abuse of the harambee spirit, there had been the banking crisis of the 1980s in which thousands lost their savings, businesses were bankrupted and public institutions, including the National Social Security Fund, lost billions of shillings in mind-boggling scams.

January 1985 had opened with the alarming decision by the High Court to put a local bank, Rural Urban Credit Finance Company, under receivership. This triggered events that turned the spotlight on the whole banking industry. Inspectors from the Central Bank of Kenya said Rural Urban Credit Finance Company owed 140 million shillings in deposits that had matured but had not been paid. About 10,000 customers who held accounts with the institution were directly affected.

The scrutiny highlighted a wave of indebtedness that resulted in the collapse of four major banking institutions in just two years. Rural Urban Credit closed in 1985, Continental Credit followed in July, 1986 and Union Bank and Pioneer Building Society in December 1986. Three more closed soon afterwards.

The events led to the creation of a deposit insurance scheme to protect depositors, especially the small ones, against a repeat of such eventualities. Banking laws were revised and the government raised the minimum capital required to open locally incorporated commercial banks and finance houses.

At the time there were 43 financial institutions operating in the country, with less than a third of them owned by Africans. Yet all except one of the banks that collapsed were African owned. It did

not help that the owners of the failed institutions were politically connected through influential Kenyans, one of them an assistant minister in the government.

It was now such a long time ago but Kenyans remembered this crisis vividly. Long queues had formed from the closed doors of the banks as depositors waited for days, that turned into months, hoping to get back some of their savings. No-one was ever punished.

Decades would pass before the public would trust indigenous banking institutions again. Foreign owned banks, on the other hand, were unable to cope with the impossible numbers of those seeking banking services and turned away small depositors.

Now as new indigenous banks were established they could sense a return of confidence in local institutions.

In celebration of the Foundation's tenth anniversary in 2006, two funds were launched that the Board members were sure Kenyans identified with, and a huge communication effort began. The Girl Child Fund would provide a permanent resource for addressing the many difficulties that girls faced in getting an education. And no-one could question the need for the Food Security Challenge Fund, given the repeated cycles of food shortage brought on by an escalating incidence of floods and drought that wiped out crops. Every other year there had been a call to raise funds for people affected by hunger, and Kenyans always made donations. Would people contribute to a permanent fund for the same purpose? They could only wait for the response.

Opportunities Abound

There were dozens of opportunities and as the Kenya Community Development Foundation moved into a new decade the Board members knew they must now nail them.

It was ironic that the largest local non-governmental organisations which had huge budgets, continued to ignore the Foundation. Perhaps ignore was too strong a word. The history of Civil Society Organisations (CSOs) made them so donor-controlled in mentality that few were interested in looking for local solutions to their challenges. The East-West polarisation of global politics of the 1960s to 1980s introduced easy aid money from the North. The CSOs had begun on the wrong footing, looking outward for support.

For most of these organisations, their financial sustainability lay in the next proposal or the next report that they would churn out from their laptops. They paid more attention to bilateral and multilateral donors and the Western foundations that financed them than to the communities they said they represented. They were least interested in the hard path to independence.

It was a challenge the Foundation would have to tackle. It had to change the mind-set of CSOs that their accountability was to the North, and get them to examine the local accountability that would keep them relevant and supported by their local communities. As Prof Abdullah often said, the Foundation was engaged in changing perspectives, in cultivating the resolve of people to make a difference for the long-term.

There were also opportunities with the newly launched Constituency Development Fund that put about sixty million shillings at the disposal of communities in each of the 210 constituencies.

Newspapers were replete with reports from across the country about misuse of the funds and it was clear that the Fund was not being used strategically. In some constituencies it appeared to have become the personal fund of the Members of Parliament, who picked members of the committees to oversee the funds, and dictated to

what use the cash should be put. No-one seemed to be thinking about what was critical for the community. No-one was thinking about the long-term. There was a possibility of the Foundation influencing the use of CDF money.

The private sector was another obvious opportunity. The Foundation needed to have serious discussions with the resisting corporate sector and persuade it to come on board.

The Way to a Bank

The women of Kitulani had never had to worry about keeping money safe. There was no money to keep. The few shillings that came in after selling the surplus from harvest, or from relatives working in town, were quickly spent. There was always a debt that needed to be cleared; school fees, some medical need or a bill at the local kiosk. In fact, the villagers often said their money never touched their palms. Now it was different. They had savings with the Kenya Community Development Foundation and the soap and animal projects put money in their hands all the time.

What they needed now was a bank. The villagers had approached K-Rep Bank, which they had learnt had set up a village bank in Makutano, to set up one in Kitulani, but their plea was rejected; there was no suitable building to house a bank in the village and the costs of running a mobile bank were too high. If K-Rep had said No, it was unlikely the big commercial banks would come this way any time soon. They had turned their backs on small accounts decades ago.

The Kitulani residents were still counted among the poor, even though they saw themselves on the way to riches. In just one week in late 2006 they had sold twenty-two goats from the herd that they raised together. That sale earned them more than forty thousand shillings and they still had about a hundred-and-forty goats left.

Bishop Mutua, now one of their customers, grumbled: "Now you are selling your goats at a very high price." The price had more than doubled from just a year ago. The Kitulani women laughed off his complaint. As Executive Director of Genesis Community Development Assistance, it was the bishop who had insisted that they strengthen their marketing skills. The trainer had told them to always check the going price at major slaughter houses before a sale. They found that the price for a goat in most areas was more than two thousand shillings, and adjusted theirs upwards. There would be no more exploitation by traders. The money was coming to them.

The Kitulani women were also looking for a more reliable supplier of raw materials for their aloe vera soap. The small batches they made always sold out immediately. Imagine how much money they might make if they could produce more.

Where to keep the money had become a big problem. Some of the money would eventually be contributed to the shilling-a-day project; some would be re-invested in maintaining the water projects or expanding the goat and soap projects. Still they had extra, and wanted to save. "We really need a bank now. We can't hold this amount of money," Assumpta said. "Even the amount of money we are keeping at home individually is growing".

A few weeks later more than a hundred-and-fifty women gathered for their annual general meeting. It was more than a meeting. It was their time together as they slaughtered goats from their own flock and cooked a special meal as a treat for themselves. The treasurer told them about the response from K-Rep Bank. "They have not said "No", but we are not very hopeful," she said.

"Then we will build a bank ourselves," Assumpta said, and laughed aloud at the audacity of her thoughts.

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In 1993, The Ford Foundation, keen to find out what lessons could be learned and to develop new ideas that would help it to be more effective, embarked on a review of its work in Kenya. The Foundation involved partner organisations in assessing the development field. The result of the review was alarming: Poverty was growing despite the existence of many donor organisations working in the development field. Communities were getting more impoverished as the aid coming through was not making much of an impact on the ground. The situation was worrying.

An urgent meeting bringing together six representatives of some of the organisations that had been involved in the review and a parallel study with similar results was held. Most of them were heads of non-governmental organisations. Individually, each had worked for many years with people in rural communities or with the poor in urban centres. As development workers, the reality they now faced was horribly painful. They were supposed to make things better, to make a difference. Would they? They asked themselves difficult questions, and then sought the answers. How would they confront poverty and the ineffectiveness of many donor funded projects? Why did most initiatives end with the end of donor money? This marked the beginning of serious debate on the sustainability of development efforts in Kenya. The Kenya Community Development Foundation was borne of this debate. The Foundation is a milestone in unlocking the potential of local communities to resource their own development.



Kenya Community Development Foundation
Corner of Pamba/Chai Road
Pangani, Nairobi
P.O. Box 10501-00100 GPO, Nairobi, Kenya
Tel: (254) 20 6763002, 6761243/5
Cell Phone: (254) 722 168480, 736 449217
Fax: (254) 20 6762538
Email: info@kcdfoundation.org



Allavida, Office for East Africa
Rattansi Educational Trust Building,
3rd Floor Koinange Street
P.O. Box 10434-00100 GPO, Nairobi, Kenya
Tel: 254 020 310 526; 254 (0) 721 561 479
Fax: 254 020 310 525
Email: info@allavida.or.ke