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Kenya Community Development Foundation



For more information about KCDF
and the endowment or other programmes, please contact:
The Chief Executive Officer

Kenya Community Development Foundation
Corner of Pamba/Chai Road, Pangani
P.O. Box 10501-00100 GPO, Nairobi, Kenya
Tel +254 020 762538/763002/351106
Mobile: 254 722 512701
fax: +254 020 762538
Email: info@kcdfound.org

Visit our website at <http://www.kcdfound.org>

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Annual Report 2002

“The truth is that development means the development of *people*. Roads, buildings, the increase in crop output and other things of this nature are *not* development.

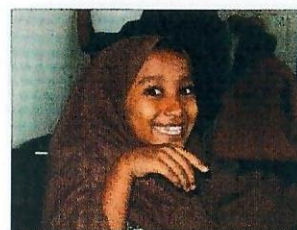
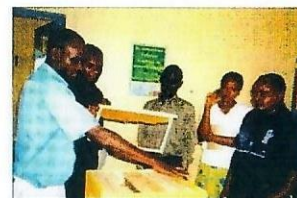
“Development brings freedom, provided that it is development of people. But people cannot be *developed*. They can only develop themselves. There is only one way in which you can cause people to undertake their own development, that is by *education* and *leadership*”

*Julius K. Nyerere,
then President, United Republic of Tanzania*

“No single person can perpetuate and sustain widespread atrocity. He must have accomplices and a compliant society.”

*Mutuma Mathiu,
Sunday Nation, August 22, 1999*

Annual Report 2002



Contents

Message from the Chairman	2
Message from the Director	3
KCDF Trustees	5
KCDF Board of Directors	6
Tribute to a True Philanthropist	8
News Updates	9
Endowment and Asset Building	11
Community Development Support	14
Report of Accounts	22



Message from the Chairperson



Dr, Mohamed Abdullah

The transition set off by the election of a new government in 2002 no doubt provides an unprecedented opportunity for Kenyans to reflect afresh on the most effective approaches to inclusive and equitable national development. 40 years after independence, the time is indeed ripe for us to ask ourselves why the vast majority of our brothers and sisters still live in extreme poverty in a country with such vast and diverse natural resources.

At KCDF, we see the national transition as an additional opportunity for Kenyans to directly assist those in need with renewed confidence that what they will give will be well managed and protected for the benefit of the needy. Our conviction is driven by the belief that all communities, particularly those considered to be "poor" have resources that they can harness to address their most pressing development needs. All communities have assets, potential strengths and existing capabilities to realize their own development. Collaboration at the community

level therefore should enable communities to recognize latent assets and resources that they already have and to sustainably utilise them for their benefit.

In Kenya's short history since independence, the Harambee spirit in many ways served as a demonstration that individual citizens are willing to invest personal resources in order to make a positive impact in changing the quality of life of those in need. Unfortunately and as most Kenyans now know, the Harambee spirit has been much abused. One therefore welcomes the sentiment by some of our leaders who have come out to encourage Kenyans to think long term in their Philanthropic endeavours. The Speaker of the National Assembly, Hon. Ole Kaparo as chairman of Starehe Boys Endowment Fund, recently called for more emphasis on endowment funds that last forever as opposed to harambees that are like sugar that gets used only once. The appointment in April 2003 of a task force to review Harambees by Minister for Justice and Constitutional Affairs Hon. Kiraitu Murungi, should also be seen in the same light.

At KCDF, we believe that these leaders are speaking and acting at the right time. This makes us even more committed to our vision to see **"All Kenyans giving and working together with permanent resources for equitable development."**

Challenges associated with the apparent failure to organize and structure our Philanthropic practices are not solely attributable to poor management and abuse of the Harambee spirit. The past decade has seen poverty increase to unprecedented levels. Poverty statistics now show that close to 60 per cent of Kenyans live below the poverty line¹. The number of would-be givers has therefore dropped accordingly.

We are challenging Kenyans as individuals, organisations, community groups, scholarship or bursary funds and indeed any type of development initiative to consider building their endowments with KCDF. The Foundation matches shilling-for-shilling endowments invested with us. Together, we shall build a formidable pool of permanent resources for addressing the various dimensions of poverty.

(Footnotes)

¹ Poverty Alleviation Strategy Paper, Ministry of Planning and National Development, Government of Kenya



Monica Mutuku

Message from the Director "Beyond Fishing" and "Behind the Well": KCDF's Development Approach

As Kenyan's question their achievements after 40 years of independence, one remembers the country's achievements during the first 20 years of independence with nostalgia. The change from colonialism to independence gave us 20 years of pride and achievement: 95% in school enrolment for Standard 1, the average Kenyan at a 5 kilometer walk to a well equipped health facility with well trained staff, good infrastructure and an average Gross Domestic Product (GDP) growth of more than 6%. This, nevertheless, was no guarantee against the 20 years that followed, which were marked as we know by **corruption, injustice, stagnation and run-down** vital infrastructure.

In facing the challenge of sustainable development, we have to accept the centrality of power in the dynamics of development and acknowledge the extent to which poverty is a lack of resources caused by the structure of society. Our strategies, of necessity must address the need for our willingness to deal with the paradoxes of power. We needed to end colonialism to get the power to rule ourselves but our liberators became powerful rich rulers and forgot what the fight for independence had been all about. While accepting that the major course of stagnation in the last 20 years was poor governance, many Kenyans are willing to admit that **'we allowed it to happen'**. As one Kenyan commentator noted, "no

single person can perpetuate and sustain widespread atrocity, he must have accomplices and a compliant society" (Mutuma Mathiu - *Sunday Nation* August 22, 1999).

As we savour the increasing freedom and democracy brought about by the NARC Government, the reality we cannot ignore is the large percentage of poor Kenyans struggling for a fair share of resources and dignity. Yet, as happened at independence, the change from KANU to NARC changed faces not the societal structure. Poverty could continue to increase. Those of us gaining more directly from the new Kenyan order may feel tempted to dismiss the grumbling of the more than 50% Kenyans living below the poverty line as cheap politics and an irrelevant work of detractors. "The poor will always be with us." We quote the Bible or some relevant religious literature and proceed to enjoy the spoils provided by the system to those with access, forgetting the glaring mal-distribution of opportunity and lack of equity in our lopsided distribution of resources.

"Beyond Fishing"

These were the critical issues for KCDF as the Foundation formulated objectives for its programme and development agenda: It was easy deciding to become a grant-making organisation to get development resources to disadvantaged communities, but grants for what?

Clearly the options were between more uncompleted and poorly sustained projects or **building capacities of the communities** in order to give them the tools they need to bring about the necessary change and transformation.

Addressing the "people versus things" in the development dichotomy, the Foundation recognised that while growth increases things, development on its part should, ideally, give people the capability to change the constraining structures. This is in order to create the space, time and environment required for them to bring about their own transformation. The need to enhance the capacity and power Kenyan communities need to undertake their own development can therefore not be over emphasised. In this regard, the Foundation examined the development adage: **"Give a man a fish and you feed him for a day, but teach a man to fish and you feed him for a lifetime."** The adage has been used by international development agencies to promote their own transition from a "relief" to a "development" approach. Locally, most Kenyan NGOs use it to train endlessly without providing communities with the tools required to utilize the newly acquired skills. KCDF found it wanting since it fails to address "control" and "sustainability" of the development activity. This is the basis on which the Foundation created its own motto of going **"Beyond fishing"** (see box next page).

Our fisherman/woman needs to be empowered with as much **control** as possible over all those factors that affect his/her ability to fish. When applied to a community, then, the people must believe in their own ability to effect circumstances; this may require a shift from "playing victim" to "exerting control". As Julius Nyerere once noted, *Development is about people not things because people cannot be developed. They can only develop themselves and [to do so] they will act for themselves and in their own interest once convinced obstacles can be overcome by their own effort.* As KCDF reflected on what I will call "the Story of Kenya," we noted a people [Kenyans] watching

helplessly as their 20 years of development achievement were reduced to a one-way spiral to obscurity and saw the need for a "people-centered" approach to development.

Development is the story behind the Well (Kisima)*

The Foundation then adopted another metaphor: **The story behind the Well (Kisima)**. This approach requires that we change the emphasis from project completion to the implementation process. For to believe in the need to empower and give control to the people, we need to look at all the run-

down, non-functioning and partially completed development projects and question the process in the current development paradigm. **Decision-making:** *how were the decisions made? How were the discussions organised and held? Were some sections left behind? Gender (women & men) the poor, the youth? How was the work organized, supervised and done? Were the unique skills, talents and community resources utilized? Does the whole process represent a growing capacity and organisation: or, has independent thought been sacrificed on the altar of an "implementation schedule" possibly set-out by the donors?*

What about the following questions that are rarely not asked? *How many lies were told and truths withheld? Are there political careers at stake depending on the success or failure of the project? Is failure preferred to success if credit might go to opponents regardless of cost to the community? Finally, has the process promoted better leadership, governance and improved local capacity for production? Is a growing desire to protect human rights and an increasing ability to get what the community needs becoming evident? Because only then will development, become a sustainable and an inalienable natural process that is Kenyan life itself. KCDF's grant-making and endowment building offers both sustainability and community empowerment.*

* "Behind the Well" is adapted from "Anonymous" a paper given to KCDF by Lily Presbetry from COPE, an Organisation promoting Community Organising in the Philippines.

"BEYOND FISHING"

Over the years, numerous approaches to development have been taken, some more successfully than others.	And we seem to have learned from our limitations and setbacks as well as from our successes.	For example, we have learned that good intentions are not a substitute for sound management and capacity.
In general, development efforts have moved from charitable "doing for" communities to giving skills so they can do more for themselves.	But, have we gone far enough?	If we give a man a fish, it will satisfy his hunger today. But we will need to continue providing fish for him to survive.
So, we teach him to fish. This will solve the problem until someone pours toxic waste into the river. Then what?	He needs to be empowered to sustainably control all those factors which affect his ability to fish.	In summary, three possible levels of activity with the fisherman are: • Give him a fish • Teach him to fish • Empower the fisherman
At KCDF, we want to go beyond fishing—building capacity of the fisherman by helping him to gain access and increased control over resources to which he has a right.	For this, he will require vision, information/learning, appropriate technology, linkages, organization, resources and an enabling environment.	Are you ready to join hands with us at KCDF and go "beyond fishing"?

Trustees' Profiles



Dr. Mohamed Said Abdullah

He is a specialist Physician, Aga Khan Hospital and Chairman of KCDF Board. Dr. Abdullah has been in practice for 26 years and has held leadership positions in national organisations including chairman of the Kenya Medical Research Institute (KEMRI) and the National Aids Control Council (NACC).



Eng. Isaac G. Wanjohi – Civil Engineer

Engineer Wanjohi was the founder of the Wanjohi Consulting Engineers in 1978, the first indigenous civil engineering consulting firm in Kenya. The firm is a recipient of an ISO 9000 award for quality and integrity. He has influenced a number of housing and construction projects in Nairobi to provide for the special requirements of the needy in the community.



Mr Mohamed Muin Ahmed Malik

A lawyer, Mr Muin Malik possesses a B.A. (Hons) in political science from Reading University, UK and is a Solicitor of the Supreme Court of England and Wales. He is also an Advocate of the High Court of Kenya.



Mr Amin Habib

He is currently the Corporate Director for Barclays Bank of Kenya. Prior to joining Barclays, Amin headed the Corporate Unit for Citibank in Kenya. Amin is a graduate of the University of California, Berkeley.



Mrs. Vijoo Rattansi

She is a Director/Trustee of Rattansi Educational Trust, Michael Blundell Trust, Jamii Zetu Africa and a Board member of the Slums Information and Development Resource Centre (SIDAREC).



Mr. Aleke Dondo (see under KCDF Board of Directors)



Atia Yahya

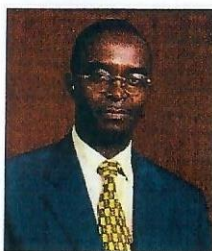
(see under KCDF Board of Directors)

KCDF Board of Directors



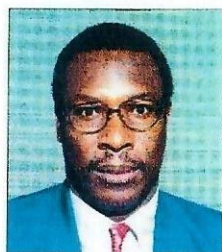
Dr. Mohamed Said Abdullah

(See under The Trustees).



Mr. Arthur R Namu

He is the African region Special Advisor to the Chairman, ACE –Audit Control & Expertise, SA, an international risk management and credit support organisation based in Geneva, Switzerland. He is also a Director of the Institute of Economic Affairs and a Trustee and Vice-Chairman of Wanjiru Kuniya Asthma Trust Fund. He holds a Masters degree in Economics and Finance from Harvard University (1984) and a B. Comm. (Accounting) from Nairobi University (1976).



Mr. Aleke Dondo

He is the Vice Chairman of KCDF and Deputy Managing Director, Kenya Rural Enterprise Program (K-REP), a Kenyan, non-governmental organisation (NGO) specialising in small-scale credit and micro-enterprise development.



Dr. Malek Bhaloo

She is a specialist in obstetrics and gynaecology and was the first Muslim woman doctor in Tanzania. Dr. Bhaloo has worked as a private practitioner and served on a part-time basis with numerous voluntary and community support agencies including being Chair of Women for Sustainable Development, a consultative forum.



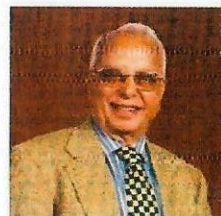
Mrs. Elvina Mutua

She is a training consultant specialising in community-based programs and micro-enterprise development. She was founder and Executive Director of Tototo Home Industries, a Kenyan NGO based in Mombasa that focuses on improving the quality of life of women.



Ms. Atia Yahya

She is the Director of Health Division, Apollo Insurance Co. Ltd and is currently the Chair of KCDF's Asset Development and Communication Committee. She is an Associate of the Australian Insurance Institute and has over 20 years experience in the Insurance Industry.



Mr. P S Shah

Mr Shah is a Chartered Accountant with over 45 years post qualification experience in India, England and Kenya. He is a specialist in cost control in various industries and community initiatives.



Dr. Joyce Malombe

Senior Social Researcher, World Bank. Now based in the USA.



Mr. Elkanah Odembo

He is the Director, Ufadhili Centre for Philanthropy and Social Responsibility and a past Chairperson of the National Council of NGOs.



Mrs Jane Kiano

Mrs Kiano has held various leadership positions as Chairperson or president in various organisations the most notable being the nationwide Maendeleo Ya Wanawake (Kiswahili for Women's Development) Organisation (MYWO). Her interest is to work with the disadvantaged members of the society and she is a strong believer in gender equality.



Lady Justice Mary Ang'awa

She is a Judge of the High Court of Kenya. She has been a magistrate, the Chairperson of the Rent Restriction Tribunal and a Commissioner of the Advocates Control Commission. She possesses a Bachelor of Laws degree (LLB Hons) from the University of Nairobi, a Post Graduate Diploma in Legal Studies from the Kenya School of Law. Lady Justice Ang'awa has been attached and has undertaken specialized courses at universities in the UK and the US.



Mr. Rajesh Kumar Rawal

He has a long-standing experience and participation in community work and philanthropy. He is the current director of Abacus Computer Systems Ltd, and a past Director of Universal Group of Colleges. Mr. Rawal possesses qualifications in Business Administration and is a member of the Association of Business Executives (UK) and the British Institute of Management (UK).

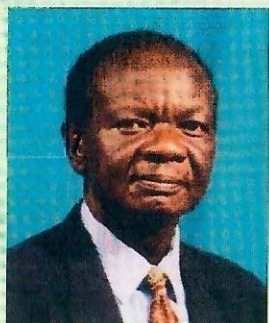


Thomas Miller

Development Consultant

Mr Miller, who was based at the Ford Foundation office for Eastern Africa was very instrumental in helping lay a firm foundation for KCDF, through his invaluable advice and exchange of experiences.

A Tribute to a True Philanthropist



The late Harry Mugwanga

The passing away of Harry Mugwanga, the first Board Chairman of KCDF, dealt a huge blow to the Foundation. Harry passed away on March 4, 2003 in Ahmedabad India after undergoing a kidney transplant. His input in the development of KCDF as a member of the original Advisory Committee greatly helped to mould the Foundation in its early years, a process that required a delicate balance of leading the Management Committee while addressing the needs of funding partners.

His commitment to KCDF remained unquestionable right from the conceptualisation process, which started in

1994, to the time the organisation's office was opened in 1996 as a Project of the Agha Khan Foundation. Harry's experience in organisational and institutional development, which he often said was "not for quitters," proved to be one of the cornerstones underlying KCDF's success. His willingness to contribute time, even during the period he was clearly ailing, attests to his character of selflessness and commitment to the welfare of those in need.

As it was noted following his passing away, those who knew Harry speak of his special qualities namely deep honesty, strong discipline, hard work and total devotion to the cause of the poor and of poverty eradication. His greatest wish was for the continuation of his work and vision of sourcing for material means and channeling them to initiating programmes and activities to assist the poor and help uplift their economic standards. The mark he left at KCDF is truly indelible.

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KCDF Hongera, Tujenge Kenya Pamoja

Sana tumeiurahika Kuja kuwatembelea
Mengi tumetaidika Yote twalojioneva
Sote tume elimika Makwetu tutatumiya

KCDF Hakika Kuja kuwa tembelea
Hongera hii twataka Hava mlotufanyia
Sana tumeiurahika Ndeni mutapokea

This *Shairi* (Poem) was dedicated to KCDF by Star of Hope, Malindi when representatives visited KCDF offices on April 1, 2003.

News Updates

Hope Trust Starts Endowment with KCDF



Hope Trust Director, Catherine Ciki Gachukia, hands over a cheque for the Trust's endowment fund to Monica Mutuku, KCDF's CEO at a ceremony to launch the fund

The latest participant at KCDF's Endowment Challenge is the Hope Trust Fund. Set up by a group of Kenyan Professionals in 2002, the Hope Trust Fund has a charitable mission with a commitment to making a personal and sustainable difference in the fight against HIV/Aids. Hope Trust Fund expects to start making grants from its endowment by 2004. For the current list of KCDF's endowment fund builders contact KCDF directly or visit the website.

Policies Drawn Up to Facilitate Endowment Challenge

In order to ensure the smooth management of KCDF's Endowment, critical policies have been set as detailed below:

Gift Acceptance Policy

In light of the fact that KCDF can accept a variety of gifts for the Endowment, a comprehensive Gift Acceptance Policy has now been developed. According to the Policy, KCDF

can accept cash, marketable securities, stock in privately owned companies, stock in publicly owned companies, unencumbered real estate, tangible personal property and life insurance policies.

Accepting a wide variety of gifts creates an opportunity for a larger number of people and agencies willing to give for causes of their own choice.

Exit Policy

Given that KCDF's endowment funds are matched, fund builders expressing the wish to withdraw before funds mature (typically after five years) need to understand that endowment funds are meant to grow over the long term and preferably in perpetuity. However, in cases where special circumstances arise, a specific procedure through which this can happen has been set out in the form of an Exit Policy.

Donor Recognition Policy

To acknowledge their willingness to build endowments for the benefit of communities in Kenya, KCDF strongly believes in the need to appreciate this spirit by donors/fund builders. The Foundation has therefore developed a policy for recognising various categories of donors for their giving. These are the following:

Founder Members and Lake Victoria. These are those who give Ks. 1,000,000 and above. They are listed in KCDF's Permanent Honour Roll of Founder members. These donors belong in the Lake Victoria category.

Other categories of donors are Lake Nakuru (Kshs. 500,000 - 1,000,000), Lake Naivasha (Kshs. 250,000-500,000), Lake Baringo (Kshs. 100,000-250,000) and Lake Elmentaita (Kshs. 10,000-50,000). Where possible, sponsors are given the recognition they desire (e.g.

naming project after a person/ company), subject to KCDF's Board approval.

Investment Policy

The Minimum amount required to start an endowment fund with KCDF is Kshs. 500, 000 (five hundred thousand shillings). However, the Foundation receives contributions that are less than the stated amount for the fund as long as the amount of Ks. 500, 000 will be reached within two years.

A schedule showing how the contributor will build up their fund within the stipulated time is required as an attachment to the fund agreement. Upon failure by the contributor to raise the required minimum, the fund balance at the end of the two

years is transferred to an existing fund held by the Foundation as indicated in the fund agreement between the contributor and KCDF.

Spending Policy

Once a fund is set up, it is recommended that a portion of the earnings (30%) always be ploughed back to ensure that the principal is protected against uncertainties such as inflation and interest fluctuation. 50% of the earnings is available for the preferred development project of the fund builder while 20% is retained by KCDF for administering the Fund.

The detailed policy documents are available at KCDF offices or through the website www.kcdfound.org

Endowment Challenge kicks off as KCDF Trust is registered

The KCDF Trust was officially registered on May 31, 2002. The Trust, made up of a Board of Trustees, is the custodian of KCDF's endowment fund and has the task of appointing the investment agency for the funds. Entrusting the Endowment to the Trust helps create checks and balances as the Foundation owns the Fund but the Trust is the custodian. The creation of the Trust is an additional expression of KCDF's determination to ensure that endowment funds are completely safe. See section on *KCDF Trustees' profiles*

Endowment and Asset Building

Beyond Harambee to endowment and asset building

There is increasing debate regarding whether Harambee as a concept is the most effective approach to building resources from local sources for national and community development. Over the past 40 years, huge amounts of funds have been mobilized from individuals and other well wishers such as private companies, family funds and organized groups to support a wide range of community development initiatives through Harambees. Amazingly however, there is not much to show for these colossal amounts of money save for an occasional building or "revolving fund" in the few cases where Harambee funds were prudently invested.

As for Harambees conducted by the various government agents such as the provincial administration (PCs, DCs, chiefs and the assistants) and politicians, most Kenyans have depressing stories to tell about the exploitation they have experienced by having their hard earned money literary extorted from them ostensibly for Harambees and other types of "development funds."

During the previous administration, it became quite common to hear of cases where the provincial administration made contributing to Harambees a precondition for provision of vital government

services. Clearly, the new spirit of renewal resulting from a new government dispensation offers us a chance to review Harambees. This should be done with a view to harnessing the original spirit behind them to develop more organized forms of giving for community development and poverty alleviation. This is the only way that Kenyans, who are otherwise willing to give, will stop feeling betrayed and frustrated by lack of reliable avenue to give for needy causes.

Endowment and asset building

The Kenya Community Development Foundation (KCDF) has over the seven years since inception undertaken a thorough assessment of the status of Kenyan philanthropy. Simply defined as the act of voluntary giving for the public good, philanthropy has been managed in other societies to very high and positive effect with regard to poverty alleviation and advancement of communities. KCDF's experience is that Kenyans are willing to give part of what they possess to alleviate the suffering of those in need and to offer something back to the community that has supported them to make and keep their assets. This willingness is evident in the very common practices of tithing, sadak, Harambee, and the spontaneous handouts that people give to those in extreme need such

as street people, orphans and persons with disabilities.

The Foundation has found that the main problem with this type of giving is the fact it is not organized or structured. As a result, those giving are not able to know exactly what the money they gave achieved. Even more fundamental is the fact that the funds given out provide only temporary reprieve of the problem, yet many causes for which Harambees and "relief funds" are built tend to recur over time. This is why the concept of endowment and community asset building needs to be explored vis a vis Harambees.

What then are endowment funds?

Simply defined, endowment funds are resources invested with the aim of utilizing the earnings accruing for development projects over a mid and long term period. They are permanent because the principal amount is never spent and grows with time (by being invested one behalf of the fund builder) hence ensuring that resources for development are always available.

Asset building entails building endowments in partnership with communities to ensure that assets to address the development needs of those communities are always available. Assets include money, skills, professional time,



Launch of KDCDF: from left, Monica Mutuku, KCDF CEO, Aleke Dondo, KCDF Vice Chairman and Katharine Pearson, the then Ford Foundation East Africa Representative.

Kenya's First Community Foundation is Formally Launched

In an occasion marked by pomp and celebration, the Kenya Community Development Foundation was officially launched on 27 November 2001 in Nairobi. The launch was officiated by the then Vice President, Prof. George Saitoti, who however was represented by his Assistant Minister, Hon. Wycliffe Osundwa.

In his speech, Prof. Saitoti noted that the launching of KCDF was timely as it sought to compliment the Government's development goals by providing opportunities and services for philanthropists in Kenya and abroad to build an endowments to benefit Kenyan communities. "I share your sense of accomplishment that the Foundation has in its very short time of existence given development grants worth more than Kshs. 45 million," Prof. Saitoti said in his speech read before a diverse audience of development partners, civil society, Government representatives and the representatives of the philanthropic world.

natural resources, property, land, livestock and knowledge/information.

An important distinction between Harambees and endowments is that resources given to build endowments can be tracked and monitored to ensure that they serve the purpose for which they are intended. Endowment funds unlike most Harambee collections are professionally invested to ensure not only that they last for ever but also that they grow and bear earnings that can be "ploughed back" to protect the endowment from uncertainties such as those posed by inflation and market fluctuation. The owners of the funds (the fund builders) are then able to draw from the earning of their fund to finance their development. Fortunately, it is possible, and this should in fact be encouraged, to

build endowments with funds mobilized through Harambees.

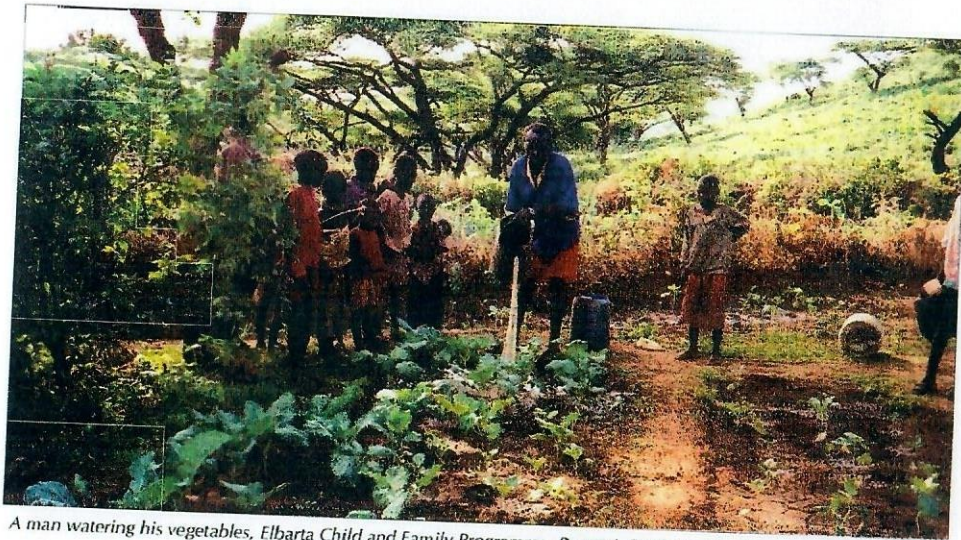
An example here would suffice.

Many of us have heard of highly successful relief funds that have been collected in recent times. Common relief funds are those initiated to address famines that keep arising in different parts of Kenya following periods of protracted draught. The most common process of mobilizing such funds is to run massive public appeals through the media and other public forums and to open bank accounts to which direct cheque or cash donations are made. The appeals almost always result in enormous positive responses from the public, the corporate sector and the government. The money so accumulated is then used to buy and to transport the food to the afflicted. The bank account is subsequently

closed. These initiatives quite effectively serve to address the adverse effects of the famine, until another part of the country experiences draught and the whole process begins again.

Endowments as Permanent Solutions

In the scenario above, there is the obvious pressure of addressing the immediate need of famine and the associated human suffering. However, there is also the reality that the solution offered by these commendable relief efforts is still temporary. Should the relief initiative consider the option of investing even part of the collection into endowments, it is easy to see how the generosity of Kenyans and their philanthropic objectives can be harnessed to build a permanent national famine relief fund.



A man watering his vegetables, Elbarta Child and Family Programme, Baragoi, Samburu District.



Watering a "Kitchen garden" in Baragoi, Samburu District.

The earning from such a fund would then be utilised to assist not only victims of future famines but also to plan a long-term and well coordinated effort for famine alleviation. After all, the endowment fund would produce earnings every year giving reserves that can be used for famine alleviation since it is rare for famines to occur every year and the principal fund can be built into perpetuity!

KCDF's Endowment Challenge

As an organisation, KCDF has a mission to effectively mobilise resources for building permanent funds for grant making towards the development of communities. In line with this mission, KCDF has launched an "Endowment Challenge" to encourage communities to build endowments and

therefore have permanent resources to address their development priorities. To participate in the challenge, community, corporate and individual initiatives need to accumulate a minimum amount of Kshs. 500,000 (five hundred thousand shillings) in order to build an endowment fund with KCDF. The amount is then invested in one of the Foundation's restricted endowment funds. Each year, the fund builder has access to an agreed proportion of the accrued earnings for grant making, while a portion of the earnings is ploughed back to prevent the principal amount from depreciation and to enable the fund to grow.

The KCDF Shilling-for-Shilling Match

Currently KCDF offers a shilling-for-shilling match with all our fund builders on a first come first served basis. This means that KCDF matches, on 1:1 basis, the principal investment amount from a minimum of Kshs. 500,000. Once a fund builder chooses to set up an endowment with KCDF, the Foundation invests a similar amount in the fund. This arrangement is permanent and the fund builder continues to enjoy the benefits of the KCDF match as long as their funds are invested with the Foundation. This is an exciting opportunity for communities and development agencies in Kenya. For more information, visit:

"<http://www.kcdfound.org>"

Community Development Support

KCDF works towards its vision of "all Kenyans giving and working together with permanent resources for equitable development" through grantmaking and other support for local organisations. All of the grants made by KCDF must, in some way, contribute to sustainable community development. With the conviction that people's participation is the key to successful and sustainable development, KCDF aspires to increase the effective participation of people in the development of their own communities. The grantmaking process is supported by careful selection of partners, assessment of needs, and ongoing monitoring, supervision and support to ensure the maximum possible benefit, from the grants, to the communities served. During 2002, KCDF continued with earlier partnerships with 11 organisations for long-term Community Capacity Building initiatives, and to nine organisations for short term interventions related to 'Civic Engagement for the Empowerment of Marginalized and Vulnerable Groups'. Funding for five of the capacity building grants (Ilishe, SIDAREC, El Barta, and Nyuat) was sourced from the Bernard van Leer Foundation in the Netherlands. Other capacity building support was from the Ford Foundation. The project on Civic Engagement was supported by the World Bank.

Community Capacity Building Support

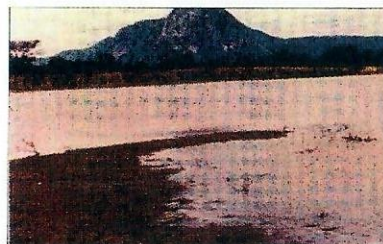
During 2002, KCDF worked with the following organisations for strengthening of those organisations and empowerment of the communities with whom they work.

Arid Lands Resource Development (ALRED) –

Arid Lands Resource Development (ALRED) is a local NGO that works with the agro-pastoral community of Obbu division of Moyale District in Eastern Province. The organisation was formed in 1993 to work towards alleviation of poverty resulting from recurrent drought and insecurity.

The organisation works in the areas of community based health care, water resources, food security, livestock marketing, environmental conservation and community organisation/trainings. Some of its major achievements include construction and desilting of three earth pans, construction and renovation of water tanks, conducting over 30 HIV/AIDS workshops, strengthening of management capacities of 50 emergency committees on disaster preparedness, and initiation of a community health insurance scheme.

A grant from KCDF helps to strengthen the internal capacity of the organisation



Ramatta Water Pan, de-silted through a collaborative effort organized by ALRED and the Sololo Water Users' Association

by supporting staff and board development; acquisition of equipment and supplies; enhancing the community level program through support for hiring of a community mobilizer; and training and exchange visits for sectoral committees and community groups.

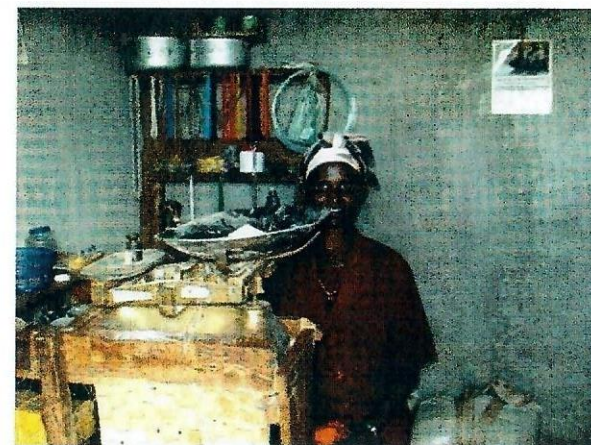
El Barta Child and Family Project – El Barta is a community based organisation operating in Baragoi Division of Samburu District. With a goal of enhancing community participation and self-reliance, El Barta is involved in health, water and sanitation, basic education, and early childhood development.

A major focus in the organisation is improving the lives of children. Activities that directly support children include provision of facilities and equipment for schools, establishment of a library, provision of fees, uniforms and bursaries for schoolchildren, health check-

ups, immunization, de-worming and medical referrals for enrolled children, and an Early Childhood Development (ECD) Programme

In designing the ECD programme, the organisation considers the child before and after birth, and works with the parents on childcare practices, early stimulation, and preventive measures. Activities are built upon the positive traditional childrearing practices in the Samburu and Turkana cultures. The organisation runs six daycare facilities. The name given to the facilities differs across areas, but is based on traditional childcare approaches whereby the grandmothers would look after children during the day. The centres are filled with home made toys and play equipment, and children's play materials take the place of the houses and livestock pens found in the traditional homestead. They are lively places, very much at the centre of the community, with parents walking in and out, and older children coming to visit. El Barta plays a facilitative role, but the parents are the driving force of the programme, identifying and clearing land, making play equipment, and selecting a committee to oversee the activities. In a period of two years, over two hundred children have graduated to pre-schools, nutritional status of the children has improved, and parents have been able to perform other duties for the development of their families, knowing that their children are left in the hands of experienced caregivers in the centers.

A grant from KCDF helps to strengthen the internal capacity



A loan from El Barta, supported through the KCDF grant, helped this woman to improve her small business.

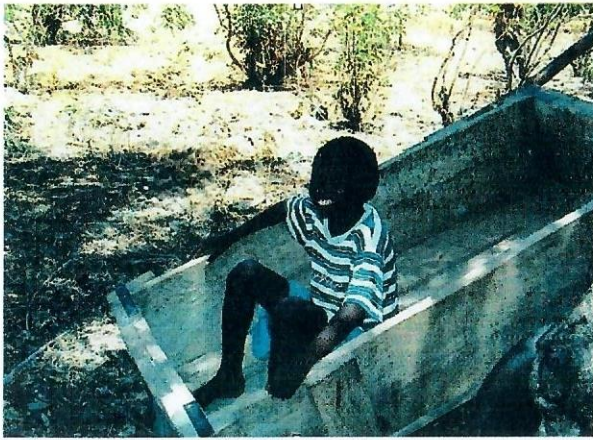
of the organisation by supporting board and staff development, and purchase of supplies and equipment including a wind power system and computers, and enhances the community programme through facilitation of community mobilization, purchase of water pump for well repair and construction, and training and exchange visits for committees and community groups.

Ilishe Trust – ILISHE was founded in 1993, initially as a legal awareness program. It is a membership organisation composed of groups and communities in and around Mombasa district. The objective is to promote democratic and good governance, social equity and justice, empowerment towards alleviation of poverty, and values of a good and happy society. Activities have expanded to include community mobilization, civic education, savings and credit

initiatives, and early childhood development.

An ECD Programme addresses the needs of children from 0 to eight years, beginning from the time of conception, with advice to mothers on nutrition, immunization, and other aspects of ante-natal care. In two communities, nurseries have been started.

A grant from KCDF strengthens the internal capacity of the organisation through support for central committee and staff development, and office rent and administrative requirements. KCDF funding also enhances the community development programme through facilitation of community mobilization, and training and exchange visits for committees and community groups, and provision of a motorbike for improved ongoing support of community activities.



Ilishe encourages community groups to start income generation activities. A youth group in Majaoni uses this cart for a transport business.

Nyuat Integrated Program

This Community Based Organisation in Maralal, the district headquarters of Samburu District, began as a girls' hostel project of the Roman Catholic Church in 1978, with the purpose of protecting the pastoralist girl. Objectives gradually broadened, and in 1986, the administration of the project was handed over to the local people. Samburu is an arid and semi-arid district, facing problems of poverty, illiteracy, human and livestock diseases, malnutrition, environmental degradation, and, around Maralal town, slum encroachment. The programme currently carries out activities in the areas of health care, education, early childhood development, farming and income generation.

A grant from KCDF strengthens the internal capacity of the organisation supporting board and staff development, providing computers to

improve monitoring systems, and enhancing community outreach through community mobilization, training, and networking.

Slums Information and Development Resource Centre (SIDAREC)

SIDAREC is based in Pumwani Division, Majengo Slum, one of the earliest and largest slums in Nairobi. SIDAREC was started in April 1997 by a group of young people, both men and women, from Pumwani Slum (Majengo, Kanuku, Kitui, Kinyago and Kiambiyu) in order to combat problems of apathy, unemployment, poverty, illiteracy and environmental degradation in the area. Ironically, the element of human resource as a powerful tool to handle some of these needs had almost totally been ignored. The founders noted the potential and talents that the area youths possessed, and their willingness to improve their living standards if given

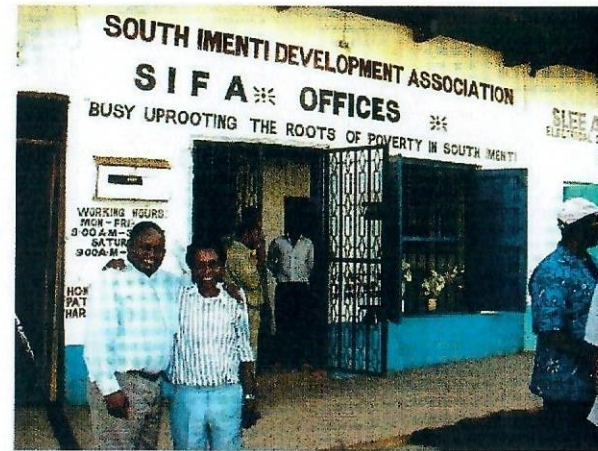
a chance. Thus the process of group formation began. The organisation has reached out to other groups in the area and jointly has undertaken a range of program activities geared towards uplifting the standard of living for the Pumwani residents, including:

- Young Mothers Credit Program
- Early Childhood Development and Recreational Program
- Grassroots Media Initiative and Internet service
- Youth and Reproductive Health
- Community Service Program
- Arts and Culture Program.

A KCDF grant supports the organisation in board formation and development, staff and community training, community mobilization, and office support including furniture and equipment.

South Imenti Development Association (SIDA) – South Imenti Development Association is a membership association committed to uprooting (alleviating) poverty in South Imenti in Meru Central, by mobilising people to organise themselves to pool their resources for efficient use.

Major activities of SIDA, so far, include organisation of communities for physical improvements such as road repairs, bridges, and water pipes, training of community members and groups on relevant development topics, establishment of the South Imenti Financial Association (SIFA), agricultural projects such as dairy goats project and soya



One important initiative of SIDA is the South Imenti Finance Association

beans project, establishment of an education bursary fund, and awarding of scholarships to students from the area. The development activities have improved income of the people, therefore improving the standards of living of families. The Financial Association gives loans for school fees, and for various income generating activities, while dairy goats and soya beans projects improve the nutritional status, as well as contributing to family income.

A grant from KCDF strengthens the internal capacity of the organisation through support for board development, staff allowances, and basic supplies and equipment, and facilitates community empowerment through support for community mobilization and training.

Welfare Advisory Committee (WAC) – WAC operates under Dandora Catholic Church in Nairobi. It seeks to work, in a participatory way, with community members of

Dandora and the environs, towards improvement of the environment and the conditions of life in general. WAC addresses urban poverty reduction through programmes in small business support, community organisation, youth development, and community health education.

A KCDF grant supports enhancement of knowledge and skills of WAC staff and board through workshops, retreats, and educational visits, promotes smoother operations through provision of office equipment and transport, and facilitates community education through purchase of communications equipment, support of the resource centre and newsletter production.

As a result of WAC training, community youth groups that formed to earn an income through dancing and rap, now have expanded their vision, and see the importance of the opportunity they

have to make an important contribution to quality of life in the community. Visits made to other communities have inspired community members to form the Dandora Residents' association which enables them to work together to address problems such as health, sanitation and crime, and to approach city authorities with greater strength to demand services to which they are entitled.

Anglican Church of Kenya

(ACK) Eldoret Region – Christian Community Services – The ACK Eldoret Christian Community Services was established in 1984 to integrate response to social concerns of the people with the preaching of the Word of God and enable them to discover their potential to achieve a dignified life and a just society. The organisation covers seven districts: Nandi, Uasin Gishu, Keiyo Marakwet, Trans Nzoia, West Pokot and Turkana. Projects undertaken include Integrated Rural Development, Development Awareness, Small Scale Business, Water and Sanitation, and the Christian Intermediate Technology Centre. Additionally, through a programme known as Child to Child Training in 40 project areas in the region, teachers are trained to do training in general health issues, environmental sanitation, personal and household hygiene, and causes of serious diseases, especially HIV/AIDS.

A KCDF grant gave institutional support in two important areas: computerization of accounting and management of information systems for more efficient documentation, organisation of

information, and accountability, and participatory policy development and monitoring and evaluation, giving communities more control over their own development processes.

Jengana-Kenya - This Community Based Organisation, based in Misikhu (Bungoma District), operates in Ndivisi, Kimilili, and Webuye divisions in Bungoma District. Jengana was registered in 1988, with a vision of improved life and environment for the poor. It was founded by a small group of retired civil servants and teachers, and soon attracted large numbers of individuals. Membership now consists of 300 individuals and 58 groups.

Board members, representing member groups, volunteer to carry out most of the organisation's activities, strengthening self-help groups through training in leadership,

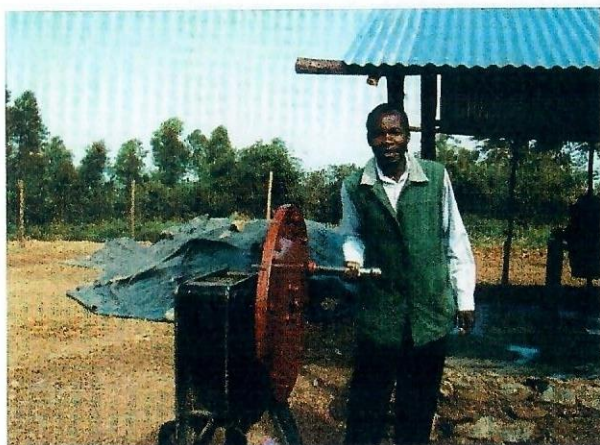
group administration, bookkeeping, agriculture and other sectoral skills, organisation of exchange visits, and assistance with harambee fundraising. Member groups consist of women groups, youth groups, or other self help groups involved in activities such as merry-go-round, home improvement, fish ponds, bee-keeping, dairy cows, poultry keeping, agriculture, brick making, carpentry, savings and credit, sunflower oil production, and nursery school. Other activities include stimulation of income generating activities through loans given by the Financial Services Association and advice and training by Jengana-Kenya for groups involved in diverse activities including fish ponds, poultry keeping, horticulture, brickmaking, and buying and selling of grains, have, in particular, made a difference for the better.

A grant from KCDF provided institutional support, and funding for activities that empower the community such as training and exchange visits, and the establishment of a village bank, owned and operated by community members.

Lake Region Community Development Programme (LRCDP) - Lake Region Community Development Programme is a Community Based Organisation in Nyatike Division of Migori District, Western Kenya that started as a church development programme in 1993 under the Katena Mtakatifu Church and later became a full fledged organisation registered with the Department of Culture and Social Services. It is an umbrella organisation promoting group initiatives, and working with groups to reduce poverty and powerlessness within the community. The organisation currently runs two major projects, Capacity Building, and Children Affected by AIDS (CABA).

The CABA project focuses on the nursing/clinical care, counselling, educational and material support to children affected by HIV/AIDS.

A KCDF grant contributed to institutional support, enhancing the organisation's community extension services, including training for community based organisations in business skills, and supporting the organisation's sunflower oil production project.



The Lake Region Development Programme in Nyatike has facilitated gold mining in the area. The use of a gold ore crusher is demonstrated in this picture.

Maasai AIDS Awareness Programme (Maa-P) - MAA-P is an indigenous non-governmental organisation operating in Kajiado district, and based in Isinya. It is an initiative of the local Maasai, themselves, who became alarmed at the double tragedy of disease and ignorance in their home area. The organisation aims to raise awareness on HIV-AIDS among the Maasai people, and the district population in general. They see the problem as interacting with poverty, and so, have a broader strategy of improving the social and economic environment as well. MAA-P works towards building people's capacity for self-sustained development by strengthening the socio-economic position of the rural population, with special emphasis on the position of the disadvantaged and vulnerable groups through improved services.

A grant from KCDF supported institutional strengthening and training, workshops and visits for staff, board and community members, leading to increased awareness about HIV/AIDS and community development in general.

Civic Engagement for the Empowerment of Marginalized and Vulnerable Groups - funded by the World Bank

Alemun Pastoralists Environmental Initiative:

Working in Lokichar, Katilu, and Kainuk Divisions in Turkana District, and based in Lodwar, this organisation focuses on environment and Development.

APEI aims to develop and strengthen sustainable institutional and community based activities for environmental management and development. It encourages partnerships at all levels to be able to mobilize and maximize on the use of local resources for self reliance. Some of their major achievements include formation of community focal groups run by local committees, organisation of two major trainings for members and seven information sharing meetings, mobilizing four community groups to register and set up neem tree nurseries for income generation, and partnering with ALIN for information dissemination.

A grant from KCDF is helping them to train board members on fundraising and financial management, train focal groups on group organisation and management, and hold community dialogue meetings on environmental conservation and land use management.

Helpage - Kenya

Helpage - Kenya, operating nationally, is a charitable organisation dedicated to improving the quality of life and prospects of the disadvantaged older persons throughout Kenya. They accomplish their objectives through diverse activities including sponsorship of eye cataract operations, ongoing training for older persons, research on viability of income generating projects for olderpersons, educational campaign about HIV/AIDS and health rights of olderpersons, adopt-a-granny programme, and, in certain areas, initiatives that benefit the whole community such as flood relief, water projects and cattle dips.

A grant from KCDF is helping the organisation to develop a three year strategic plan, and draw up implementation schedule and budget of activities to be presented to potential donors.

Kayole Jua Kali Association

Working in Embakasi Division, Nairobi, Kayole Jua Kali Association aims to promote private enterprise and market oriented programmes geared towards benefitting members of the jua kali community. They have conducted a number of training programmes, provided non-motorized transport for members for purchase of raw materials and are involved in slum upgrading and a voucher training programme.

KCDF's grant is helping them to strengthen the organisation and membership through board development for their

management committee members, conducting a training needs assessment among members, and trainings on financial and business management skills.

Mission of Hope

Working in Gatundu North and South Divisions, Mission of Hope aims to reduce poverty through a variety of initiatives including savings, environmental conservation and goat upgrading. They have formed seven community based groups with a membership of 194 members, held a poverty reduction seminar for community leaders, and facilitated loans to members.

KCDF's grant support is helping the organisation to strengthen its capacity through a leaders' sensitization seminar, seminar on planning and management of community based projects for board members, field visits for members, and entrepreneurial training for leaders of community groups.

Organisation for Assisting Hearing Impaired Persons

Working in Ngong Division, Kajiado, the Organisation for Assisting Hearing Impaired Persons conducts civic education among the hearing impaired and rehabilitation of the deaf and mentally handicapped at Tania Integrated School. They have been able to rehabilitate a number of deaf persons by teaching them speech and sign language, and have organized sponsorship programmes in schools for the handicapped.

A grant from KCDF enabled them to teach social and health workers in the district basic sign language so that they would be able to disseminate information (including HIV/AIDS information) to the hearing impaired, thus, enabling them to participate more fully in community life.

Outreach Medical & Counselling Association

Working in the Kibera Slums, Nairobi, Outreach Medical and Counselling Association provides health education, and does visits and home based care in the community, and encourages voluntary counselling and testing for HIV.

A grant from KCDF was used to train community health workers on Medical aspects of STI/HIV/AIDS, basic nursing skills, counselling skills, and infection control, and to give them practical experience in home-based care for persons living with HIV/AIDS through supervised fieldwork.

Pastoralist Integrated Support Programme (PISP)

Working in Marsabit District, Pastoralist Integrated Support Programme serves communities by acting as an interface between the pastoral nomadic community and the outside world. They focus on sustainable improvements to water access as a means of enhancing household food security and life, in general, for the pastoralists. They have built underground tanks for collecting rain water off sloping ground in the Gabbra community, and have built

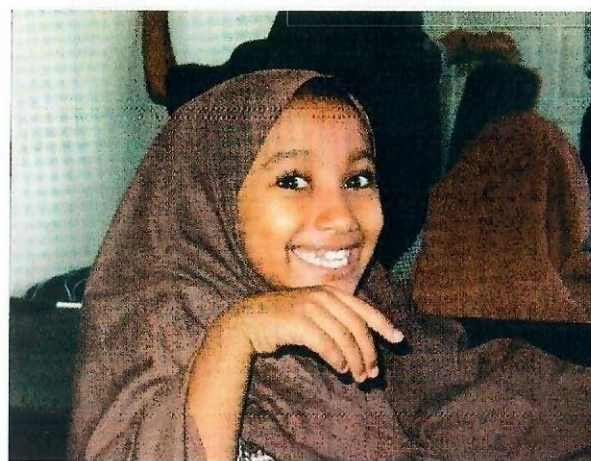
25 rain harvesting water tanks in Maikona. During drought periods, they have rehabilitated boreholes and ferried water to communities. They also build capacity of water users associations to manage water points on behalf of communities. The organisation also collaborates with other stakeholders in the district in peace-building activities.

With a grant from KCDF, PISP held a workshop for staff and board to review their constitution, and trained board members in strategic planning and management.

People Living with AIDS in Siaya Group (PWASI)

Working in Karemo Division, Siaya Township, PWASI is a Community Based Organisation with membership open to HIV positive people who have undergone pre and post test counselling at a recognized hospital. The group supports its members and other Persons living with AIDS to lead a normal and longer life, sensitizes members on avoiding re-infections, cares for patients at home, and supports members and other organisations and government agencies in search of a lasting solution to the pandemic.

A grant from KCDF helped the organisation to train the executive committee on their roles, financial management, gender issues and community mobilization, and to carry out home based care activities.



In Malindi, Tahdhib Muslim Integrated Nursery and Primary School, where this young girl is learning, was built through community contributions.

Samburu Community Support Programme

Working in six pilot communities of Samburu District, Samburu Community Support Programme is involved in integrated programs aiming to help communities to achieve improvement in their livelihood. They support income generating activities with both men's and women's groups, and provide civic education in four locations.

A small grant from KCDF helped the organisation to develop funding proposals related to priority needs with six communities.

Research

In addition to grantmaking activities, KCDF was involved in Community Development Support through the initiation of research on local philanthropy through support of the

Rockefeller Foundation. The objective of the ongoing study is "to contribute to the awareness and participation of individuals and communities alike in local philanthropy that effectively and sustainably addresses poverty by meeting people's felt needs in ways acceptable to them". The research will result in publication of case studies of philanthropic initiatives that have the potential to stir other groups and communities into action, illustrate common issues and challenges of local philanthropy, and show how they may be handled. During 2002, a research team visited potential case study organisations to collect data, and produced draft reports on five initiatives. An experience-sharing workshop was held with representatives of those five organisations as well as eight KCDF partner organisations. The participants learned from one another's experiences in philanthropy as well as

community development, in general, and made plans for visits to one another's organisations, as a follow-up to the workshop. Four organisations currently under study are Star of Hope, Malindi, Rabour Sinaga Development Trust, Siaya, South Mmenti Development Association, Meru, and Community Action for Rural Development (CARD) in Kakamega. The research is to be completed in 2003, however, some of the emerging lessons so far are as follows:

- In order to enhance local philanthropic giving, one must understand the motivating factors in a particular community, for example, religion.
- Inclusiveness of differing community groups in a particular project enhances giving.
- There are vast untapped resources for community development for most communities, including the business and corporate sector, and elite and professional persons from the area but living outside the community.
- Many individuals living in the community are willing to give, but they must be asked, must trust the implementing organisation, and must see visible results of their contribution.
- Non-financial support such as contributions in kind and labour form an important component of philanthropic giving.

**REPORT AND ACCOUNTS
FOR THE PERIOD ENDED 31 DECEMBER 2002**

Legal form and reporting period

Kenya Community Development Foundation (KCDF) was formed on 17 January 1997 as a Project of the Aga Khan Foundation (Kenya) and continued to operate as a 'Project' until 14 August 2001 when it was incorporated under the Companies Act as a 'Private Company Limited by Guarantee and not having a Share Capital'. The assets and liabilities of the 'Project' were transferred to the newly registered company at book value on 1 November 2001, the date the Company commenced operations. Hence, these financial statements relate to the 14-month period ended 31 December 2002. The financial statements do not include a cash flow statement and comparative information since this is the Company's first period of operation.

Report of the Directors

The directors have pleasure in submitting their report together with the audited financial statements for the 14-month period ended 31 December 2002, which disclose the state of affairs of the company. The financial statements were approved at a meeting of the directors held on May 28, 2003

Report of the independent auditors to members of KCDF

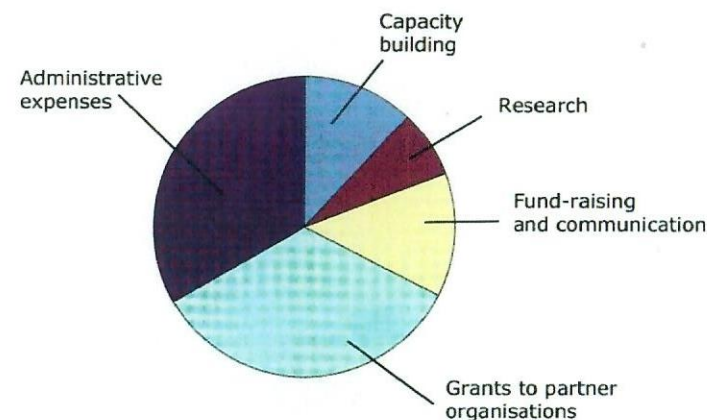
"We have audited the financial statements set out below, which have been prepared on the basis of the accounting policies set out in Note 1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit and to provide a reasonable basis for our opinion. The financial statements are in agreement with the books of account. We conducted our audit in accordance with International Standards on Auditing. We believe that our audit provides a reasonable basis for our opinion. Proper books of accounts have been kept and that the financial statements give a true and fair view of the state of the company's financial affairs at 31 December 2002 and of its operating results for the 14-month period then ended in accordance with International Financial Reporting Standards promulgated by the International Accounting Standards Board and comply with the requirements of the Companies Act."

KPMG-Kenya, KCDF Auditors

**Income and Expenditure Account
for the 14-Month Period Ended 31 December 2002**

	Endowment Fund KShs	General Fund KShs	Total KShs
Income			
Grant income	-	27,236,995	27,236,995
Interest income	<u>428,322</u>	<u>976,023</u>	<u>1,404,345</u>
	<u>428,322</u>	<u>28,213,018</u>	<u>28,641,340</u>
Expenditure			
Capacity building	-	4,311,202	4,311,202
Research	-	2,586,512	2,586,512
Fund-raising and communication	-	4,868,137	4,868,137
Grants to partner organisations	-	12,305,358	12,305,358
Administrative expenses	-	<u>11,989,901</u>	<u>11,989,901</u>
	-	<u>36,061,110</u>	<u>36,061,110</u>
Surplus/(deficit) for the period	<u>428,322</u>	<u>(7,848,092)</u>	<u>(7,419,770)</u>

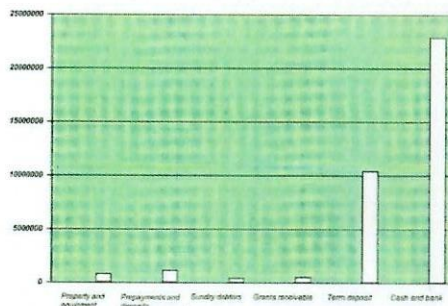
Expenditure



Balance Sheet as at 31 December 2002

	KShs
Non-current assets	
Property and equipment	540,823
Current assets	
Prepayments and deposits	877,650
Sundry debtors	155,132
Grants receivable	277,050
Term deposit	10,152,971
Cash and bank	<u>22,658,282</u>
	<u>34,121,085</u>
TOTAL ASSETS	<u>34,661,908</u>
Fund balances	
Endowment fund	5,446,921
General fund	<u>3,907,090</u>
	<u>9,354,011</u>
Current liabilities	
Creditors and accruals	2,439,590
Deferred grant income	7,478,618
Grants payable	<u>15,389,689</u>
	<u>25,307,897</u>
FUND BALANCES AND LIABILITIES	<u>34,661,908</u>

The financial statements set out below were approved by the Board of Directors on and were signed on its behalf by the Chairman and the notes elsewhere in this report are an integral part of these financial statements.

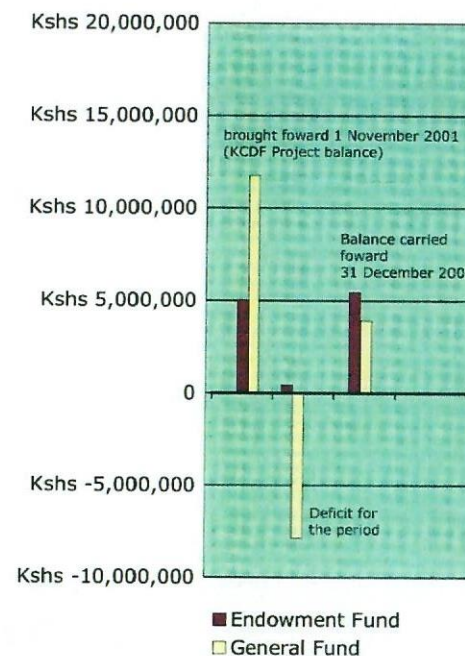


Statement of Changes in Fund Balances For The 14-Month Period Ended 31 December 2002

	Endowment Fund KShs	General Fund KShs	Total KShs
Brought forward 1 November 2001 (KCDF Project balance)	5,018,599	11,755,182	16,773,781
Surplus/(deficit) for the period	<u>428,322</u>	<u>(7,848,092)</u>	<u>(7,419,770)</u>
Balance carried forward 31 December 2002	<u>5,446,921</u>	<u>3,907,090</u>	<u>9,354,011</u>

The Endowment Fund comprises amounts set aside for permanent unrestricted capacity-building activities and is separately invested in an interest-earning instrument. The increase of KShs. 428,322 is as a result of interest earned.

The General Fund is an unrestricted fund which is available for use at the discretion of the Directors in furtherance of the general objectives of the Company and which has not been designated for other purposes.



Additional Details of the Report and Account

14-month period to 31 December 2002

	KShs
GRANT INCOME	
Rockefeller Foundation	1,641,506
World Bank	1,730,750
Bernard Van Leer	6,579,384
Ford Foundation (through the Aga Khan Foundation)	<u>17,285,355</u>
	<u>27,236,995</u>
GRANTS TO PARTNER ORGANISATIONS	
Maasai Aids Awareness Programme	9,000
ACK Eldoret	15,061
Jengana	95,197
Lake Region	137,852
Nyuat	614,405
South Imenti Development Association (SIDA)	1,170,767
World Bank Grants	1,505,000
Arid Lands Resource Exploitation and Development (ALRED)	1,528,459
Ilishe Trust	1,805,700
Slums Information Development and Resource Centres (SIDAREC)	2,126,960
El Barta Child and Family Programme	<u>3,296,957</u>
	<u>12,305,358</u>
ADMINISTRATIVE EXPENSES	
Staff costs	8,299,207
Staff development	32,000
Office utilities and telephone	1,456,915
Office supplies and miscellaneous	645,914
Vehicle running and maintenance	443,370
Board Expenses	332,423
Depreciation	312,973
Audit fees	250,000
Repairs and renovations	30,187
Generator expenses	39,580
Bank charges	99,427
Insurance	30,460
Travel	<u>17,445</u>
	<u>11,989,901</u>

DEFICIT FOR THE PERIOD

The deficit in the General Fund has been arrived at after charging:

Director's emoluments	14,917,176
Staff costs	312,973
Depreciation	250,000
Auditors' remuneration	<u>250,000</u>

The number of employees at 31 December 2002 was 7.

Staff costs have been included in the financial statements under various expense lines namely:

Administrative expenses	8,299,207
Capacity building	3,214,404
Research costs	1,223,435
Fund-raising and communication costs	<u>2,180,130</u>
	<u>14,917,176</u>

PROPERTY AND EQUIPMENT

	Computer equipment KShs	Equipment, furniture and fittings KShs	Motor vehicles KShs	Total KShs
Cost:				
At 1 November 2001 and 31 December 2002	<u>1,426,032</u>	<u>1,702,274</u>	<u>1,340,535</u>	<u>4,468,841</u>
Depreciation:				
At 1 November 2001	1,325,843	948,667	1,340,535	3,615,045
Charge for the period	<u>100,189</u>	<u>212,784</u>	-	<u>312,973</u>
At 31 December 2002	<u>1,426,032</u>	<u>1,161,451</u>	<u>1,340,535</u>	<u>3,928,018</u>
Net book value:				
At 31 December 2002	-	<u>540,823</u>		<u>540,823</u>

Fully depreciated assets include computer hardware and accessories, and one motor vehicle, all of which are still in use.

31 December 2002

GRANTS RECEIVABLE

United Nations Development Programme (UNDP)	<u>277,050</u>
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TERM DEPOSIT

Standard Chartered Bank 10,152,971

The term deposit has been placed on a one-month renewable term and accrues interest at 5% per annum.

CASH AND BANK

Bank balances include an amount of KShs 5,446,921 comprising the Endowment Fund balance above. This fund balance was previously held in a fixed deposit account and has been invested in Treasury Bonds subsequent to the balance sheet date. Cash and bank balance as at year-end was high due to maturity of treasury bills just before year-end.

DEFERRED GRANT INCOME

31 December 2002

	KShs
Bernard Van Leer	2,318,516
Rockefeller Foundation	<u>5,160,102</u>
	7,478,618

Deferred grant income comprises grant receipts that are intended to fund future expenditures.

During the year KShs 8,897,900 was received from Bernard Van Leer and KShs 6,579,384 has been expended. It is expected that balance of KShs 2,318,516 it will be utilized by August 2003, the project completion date. The amount received from Rockefeller Foundation is KShs 6,801,608 (US\$ 87,127) of which KShs 1,641,506 has been expended. The initial project duration was 1 November 2001 to 30 October 2002. An extension of the grant period to April 2003 has been granted and the unspent KShs 5,160,102 deferred.

31 December 2002
KShs

GRANTS PAYABLE

El Barta Child and Family Programme	4,195,905
Ilishe Trust	3,907,068
Welfare Advisory Committee (WAC)	2,121,308
Arid Lands Resource Exploitation and Development (ALRED)	1,824,153
Slums Information Development and Resource Centres (SIDAREC)	1,437,510
Nyuat	960,510
South Imenti Development Association (SIDA)	913,235
Jengana	<u>30,000</u>
	15,389,689

Grants are approved by the Directors and are all for a period of three years. The amounts listed above relate to funds chargeable to expenditure as at 31 December 2002 but have not been disbursed principally due to delays in the implementation of project activities by grantees.

About KCDF

The Kenya Community Development Foundation (KCDF) was founded in 1997. It is the first public community foundation in Kenya serving three distinct constituencies: donors (local and international), non-profit organisations and Kenyans. A community foundation is a philanthropic vehicle for people of all means to make a lasting difference in the community through charitable giving.

KCDF Vision

All Kenyans giving and working together with permanent resources for equitable development.

KCDF Mission

To effectively mobilise resources for building permanent funds for grant making towards the development of communities.

Governance

The Foundation is governed by a voluntary Board comprising Kenyans of integrity and track records in their own fields and a diversity that is representative of Kenya. All Board members are involved in different forms of philanthropy. A Board of Trustees is in charge of the direct management of KCDF's Endowment and is the custodian of the Funds.