



# The Non-Profit Sector in Kenya

*What we know and what we don't know*

**Popular Version**

**Karuti Kanyinga & Winnie Mitullah**



THE INSTITUTE FOR DEVELOPMENT STUDIES  
UNIVERSITY OF NAIROBI

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## Acknowledgement

The idea to produce a publication on basic features of the Non-Profit Sector in Kenya evolved from the realisation that past studies have not provided a comprehensive picture of the sector. The lack of information on the basic features of the sector has contributed to the sector remaining least understood. Not even practitioners in the sector are aware about the size, structure and scope of the non-profit sector in Kenya. We embarked on this mission with generous support and advice of the Aga Khan Development Network (Geneva), through Richard Holloway, the Civil Society Director. We are grateful to Richard, and Aga Khan Development Network AKDN, for this.

Collection and analysis of data on which this publication is based has been a challenging task. Many people helped us in meeting some of these challenges. We may not be able to thank all of them here. We are grateful to Mr Sebastian Njagi, the Project Assistant, for coordinating collection of the first set of data and making substantive contribution to our writing. We are indebted to Mr Collins Omondi for assisting in updating some of the data for this publication. Special thanks to Mr Ambani Osogo for coordinating the review of outputs and organisation of forums for receiving comments.

We acknowledge the financial support provided by both the Ford Foundation and the Aga Khan Foundation in the first phase of the project under the Johns Hopkins Comparative Non-Profit Sector Project. Thanks are due to Lester M. Salamon for his advice through-

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out the first phase of the project, and the subsequent contacts and linkages that we continue to maintain with the Johns Hopkins Centre for Civil Society Studies.

We gratefully acknowledge the financial support provided by the Aga Khan Foundation to update data and produce this publication. We are in particular grateful to Richard Holloway, the Civil Society Director, Aga Khan Development Network, who facilitated the development of this publication. His advice and expert review of various drafts leading to this publication is most appreciated; he motivated and encouraged us throughout to see light at the end of the tunnel. Special thanks go to Grace Isharaza (Aga Khan Foundation, East Africa) for her support throughout the period of producing this publication. Her effort in making follow ups on many deadlines that slipped through is one thing we are highly appreciative of.

None of these people, however, bears responsibility for any errors of fact or interpretation that this publication may contain. This is our responsibility as the authors of this publication.

**Karuti Kanyinga**

October 2007



## Preface

The Institute for Development Studies (IDS), University of Nairobi, has been engaged in a study to document the size, structure and scope of the Non-Profit Sector in Kenya. The project was undertaken under the auspices of the Johns Hopkins Comparative Non-Profit Sector Project of the Centre for Civil Society Studies (CCSS) at the Johns Hopkins University. This was carried out with funding from the Ford Foundation, East African Regional Office, and the Aga Khan Foundation.

Although findings of the IDS Non-Profit Sector have been disseminated through several forums and publications, the IDS, with the assistance of the Aga Khan Foundation has found it worthwhile to produce a publication to inform the general public, policy makers, donors, development practitioners and other stakeholders about the structure, scope, size and financing of the sector in Kenya. The IDS hopes that this will serve as an important reference point for studies on the sector in Kenya. These findings, thus, provide an important entry point to a full understanding of the sector in Kenya, and further form an important base document for others wishing to study the sector.

In Kenya, the last four decades have witnessed significant changes in the development space. The developmental state occupied much of the development space in the 1960s and 1970s; the state was the main engine of development. Public enterprises led in providing social development. This changed from the early 1980s in tandem with

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declining capacity of the state to support social development. Introduction of Structural Adjustment Programmes further weakened the developmental state. Subsequent rolling back of the state under neo-liberal policies occasioned a proliferation of organised voluntary non-profit organisations. Private non-profit organisations such as NGOs and Self-Help Community Based Groups, among others, evolved to assist in the delivery of social services.

Despite this growth in number and activities, the non-profit sector has remained dimly understood. The sector has remained invisible to policy makers, the media and academics in Kenya. Interestingly, not even practitioners of development have a full understanding of the sectors' size and scope. On the whole, there have been no systematic studies on the capabilities of the sector or even on the basic features of the sector. Furthermore, there is not much knowledge about the sector's contribution to the national development process. It is this gap that has all along pushed the IDS to study and contribute knowledge in this area.

Overall, the IDS gratefully acknowledges financial support by the Aga Khan Development Network in supporting updating of the data on which this publication is based. We are grateful to Richard Holloway (Civil Society Director, Aga Khan Development Network) and Grace Isharaza (the Aga Khan Foundation – East Africa) for their advice and efforts in seeing us through the task of producing this booklet.

Finally, the IDS would like to specially thank two scholars who have been involved in coordinating this project and producing this publication – Dr Karuti Kanyinga and Prof. Winnie Mitullah. Without their efforts, it would have been difficult to reach the end. To many others who contributed in many ways, we say 'asante sana'.

**Professor Mohamud Jama**

Director, Institute for Development Studies



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# Chapter 1

## Introduction

It is widely recognised across the world, including Kenya, that the last two and half decades have witnessed unprecedented growth in number and activities of private non-governmental institutions. Some have described this growth as a 'global associational revolution'. Some of these organisations were formed to complement state services in response to the declining capacity of the state to carry out development. Some were formed to provide alternatives to the state in education, in protecting the environment, in health, economic activities, in improving local water systems, and generally in improving human welfare and development.

Different terms have been used to define these organisations. In this publication, the term Non-Profit Organisations (NPOs) is used in general. The term refers specifically to organisations that are private, organised, not primarily commercial (non-profit distributing to directors or owners), self-governing, and voluntary.

### What about the non-profit sector in Kenya?

Kenya has not been exempt from this 'global revolution'. From the late 1980s, the country has witnessed increased proliferation of organisations carrying out non-profit work. The last three decades have witnessed unprecedented growth in number and activities of these organisations. The volume of resources controlled by the sector has also grown, if activities carried out by non-profits are anything to go by.

The non-profit sector in Kenya comprises a very diverse grouping of organisations ranging from small welfare and community-based or localised traditional welfare associations, to large and secular social-economic organisations. In this study, we have divided NPOs into several different categories. These are: Non-Governmental Organisations (NGOs); Community Based Organisations and Self-Help Groups, including women and youth groups; Unions; Cooperatives; Foundations; and Trusts.

**Table 1: Example of non-profit sector organisations in Kenya**

<b>Category of NPO</b>	<b>Examples of Kenyan organisations in each category</b>
NGOs	Undugu Society of Kenya, Maendeleo ya Wanawake, World Vision, Plan International,
Cooperatives	Marua Cooperative Society, Yala Dairy Cooperative Society, Durasi Housing Cooperative Society, Kenya Small Traders and Entrepreneurs Society
Foundations/Trusts	Heart to Heart Foundation, Africa Wildlife Foundation, Chandaria Foundation, Kenya Gatsby Charitable Trust, Ratansi Educational Trust, Muslim Civic Education Trust
Unions	Machakos Cooperative Union, Wamuyu Handcraft Cooperative Union, Seamen Union of Kenya, Local Government Workers Union, Kenya National Union of Teachers, Kenya Nut Growers Union
Community Based Organisations and Self-Help Groups (Women Groups Youth Groups)	Mjini Women Group, Mathare Youth Sports Association, Tharaka Welfare Association, Woodley Welfare Association. Boro Community Based Development Women Group, Thungari Self Help Group,

Although NPOs have grown in number, diversity of activities, and in importance for fostering social change, we do not have sufficient data about them to improve our knowledge on their capability for development in Kenya. There are no systematic studies determining what their capabilities really are. Furthermore, there is little systematic information on their basic features. In particular, not much knowledge has been generated about the actual size, scope and structure of the Kenyan NPOs.

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## **What this publication is about**

The primary aim of this publication is to set the stage for deepening our knowledge of the non-profit sector in Kenya. It contains figures on the growth, scope of activities, revenue and expenditure patterns of NPOs.

This publication is based on findings of a study conducted in collaboration with Johns Hopkins Non-Profit Sector Project in the period between 2000 and 2001, and updated where possible. It is produced with support from the Aga Khan Foundation.

This is a popular version of a longer document titled “The Non-Profit Sector in Kenya – Size, Scope and Financing” also available from the Institute for Development Studies (IDS) of the University of Nairobi.

## Chapter 2

### **Growth of The Non-Profit Sector in Kenya**

The non-profit sector has witnessed a huge growth rate throughout the post-colonial period. From a few hundreds at independence in 1963, the number has increased to thousands of organisations. Table 2 shows the growth in the number of non-profit institutions from 1997 to 2005. However, we note that there are difficulties obtaining accurate and reliable data on the sector. The National System of Accounts does not have systematic data on non-profits. The source of data reported here includes administrative records of various ministries, and it is difficult to ascertain if they are complete and accurate.

A review of records for the period between 1997 and 2005 reveals that there were about 350,000 'registered' non-profit organisations (NPOs) in the country in 2005. This figure includes those registered under different laws and different ministries.

**Table 2: Number of non-profit organisations by seven categories in Kenya (1997-2005)<sup>1</sup> in order of magnitude in 2005**

	1997	1998	1999	2002	2003	2004	2005
Self-help Groups	16,208	17,805	18,651	46,288	91,139	157,458	185,722
Women Groups	85,205	97,317	107,080	122,441	127,951	133,135	135,294
Youth Groups	3,426	3,765	4,283	5,538	9,978	10,945	11,083
Cooperatives	7,500	8,669	9,151	9,928	10,204	10,546	10,867
NGOs	836	831	1,254	2,280	2,789	3,185	4,099
Foundations/Trusts	17	17	18	231	212	231	223
Unions	67	68	70	89	93	96	99
<b>TOTAL</b>	<b>113,259</b>	<b>128,472</b>	<b>140,507</b>	<b>186,795</b>	<b>172,375</b>	<b>315,596</b>	<b>347,387</b>

*Source: Administrative records of various government agencies/departments (excluding 2000 and 2001 whose records were incomplete).*

As can be seen, the largest number of NPOs are Self-help Groups, and Women Groups. These are much more numerous than the other categories.

The actual number of NPOs could be well above this figure because there is no systematic way of obtaining data on youth groups and self-help groups. Some of the districts have not been providing head offices with accurate data on annual registration of these groups. Furthermore, there are many groups that are operating without registration under any of the legal and administrative regimes. These groups, however, fit the criteria of NPOs in many respects. The figures, therefore, are indicative of what is going on, but do not tell the whole story on the size of the sector. They are, nonetheless, used here to give an idea about the direction of growth of the sector.

<sup>1</sup> Data for 2000 and 2001 is missing because of gaps in the records of different government departments. Moreover, no ministries have any data on organisations that ceased to exist.

**Table 3: Change in number of NPOs by seven categories (in 1997 and 2005) in order of amount of change**

	1997	2005	% change
Foundations/Trusts	17	223	1311
Self-help Groups	16,208	185,722	1145
NGOs	836	4099	490
Youth Groups	3426	11,083	323
Women Groups	85,205	135,294	159
Unions	67	99	147
Cooperatives	7500	10,867	144
TOTAL	113,259	347,387	307

As Table 3 shows, the number of NPOs increased threefold over a period of eight years. Foundations/Trusts increased 13 times, Self-help groups increased 11 times, NGOs increased 5 times, and Youth groups increased 3 times.

**Figure 1: Overview of annual growth of NPOs (1997 and 2005)**

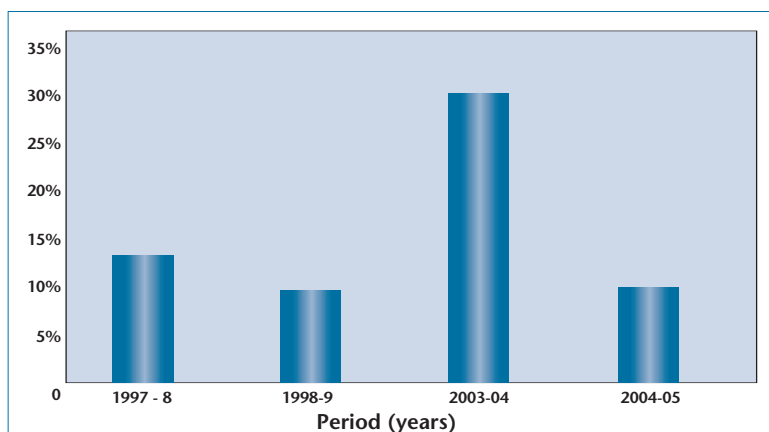


Figure 1 shows that the highest growth in number of NPOs was in the 2003-2004 period. This is also the period that witnessed the highest growth in number of Foundations/Trusts and Self-help Groups. Given

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that this is the period when a new government came to power, it is possible that the growth was the result of a new political environment.

## Explaining growth

Several factors account for the growth of NPOs in Kenya. First is the country's rich tradition of philanthropy and volunteerism, with roots in the communal relationships of an African society. *Harambee* (pooling together of resources to provide basic services) is an expression of this tradition and the spirit of volunteerism. This tradition has values that are the foundation of non-profit initiatives in the country today.

Secondly, until very recently, the capacity of the state to provide basic services has been on the decline owing to sluggish economic growth. When growth was high in the 1960s and 1970s, Kenya had a developmental state that was at the centre of service provision. Poor growth in the 1980s and donor conditionalities occasioned the introduction of Structural Adjustment Programmes. These subsequently reduced the government's ability to provide services. NPOs filled the gaps in service provision throughout the 1990s.

Thirdly, though not in relation to all the different kinds of non-profits, poor economic management and governance resulted in donors shifting their attention and increasing funding to NGOs from the early 1990s. Increased disbursements through NGOs led to the mushrooming of NGOs, who in turn used local community organisations as their entry point for development work at the grassroots. This resulted in proliferation of organisations in the development space.

Finally, the coming to power of a new government in 2003 evolved a new political environment for registration of organisations. The high numbers of Foundations, Trusts and Self-help Groups were registered especially during the 2003-2004 period.

## Chapter 3

### Size and Scope Of Non-Profit Sector

The non-profit sector is a significant economic force in Kenya. In 2000, the sector accounted for about US\$270 million in expenditure. This was equivalent to 2.5 percent of the Gross Domestic product (GDP), whose significance is illustrated in Table 4.

**Table 4: Significance of the non-profit Sector**

<b>US\$ 269.7 million in expenditure in 2006</b>	<b>2.5% of the Kenya Gross Domestic Product (GDP)</b>
<b>Representing:</b>	
The equivalent of 177,075 full time paid employees	
The equivalent of 113,873 full time volunteers	
2.1% of the economically-active population	
16.3% of those not employed in agriculture	
42.6% of those employed by the public sector	

*Source: Organisational survey*

In carrying out their activities, NPOs engage labour on a full time, part time and volunteer basis. In 2000, the sector had a workforce (both paid and volunteer) equivalent to over 290,000 full time workers. This was equivalent to 2.1 percent of Kenya's economically-active population, and 16.3 percent of its non-agricultural employment.

We can break this information down by looking at the sub-sectors in which the NPO labour works. This is listed under the categories of the International Classification of Non-Profit Organisations (see Annex 1: Main NPO Fields and Activities by ICNPO).

**Table 5: NPO employment (paid and volunteers) by ICNPO**

ICNPO	Paid employment		Volunteers	
	No	%	No	%
Culture & recreation	7,096	2.0	6,491	6.3
Education & research	20,962	5.8	10,060	9.8
Health	7,350	2.0	10,008	9.8
Social services	223,970	62.0	14,294	14.0
Environment	7,842	2.2	3,656	3.6
Development & housing	33,729	9.3	24,125	23.6
Civic and advocacy	9,434	2.6	5,659	5.5
Philanthropy	636	0.2	167	0.2
International activities	0	0.0	0	0.0
Religion	2,155	0.6	1,523	1.5
Professional associations	1,837	0.5	2,401	2.3
Others	46,478	12.9	23,887	23.4
Total	361,489	100.0	102,271	100.0

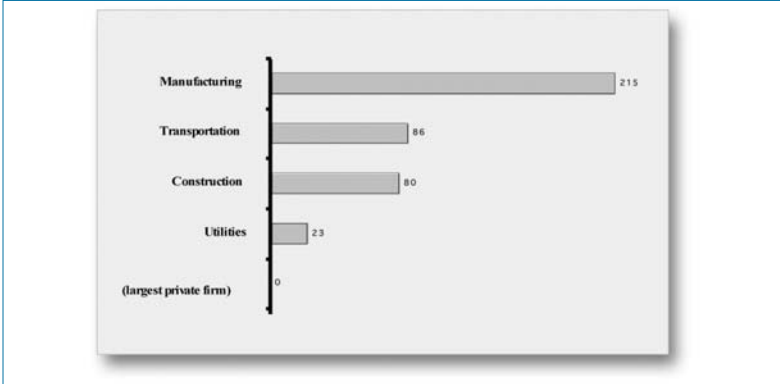
Source: Organisational survey

## Main features of the sector

### Outdistances major industries

The non-profit sector employs 43 people for every 100 people employed in the public sector. In other words, the sector employs almost half (43%) as many people as the public sector. It also employs more people than the major industries in the country – utilities, construction, transport and manufacturing, as shown in Figure 2 below

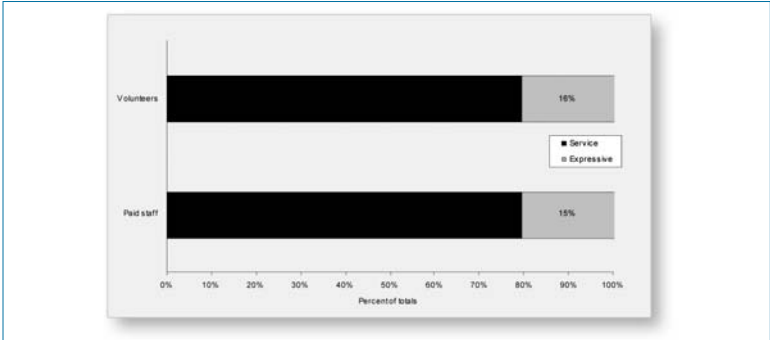
**Figure 2: The Kenya non-profit sector workforce in context**



Volunteers and paid staff engage in two basic roles: service and expressive. In the *service* role, they undertake activities in education, health, social services, development and housing. In the *expressive* role, they undertake activities in culture/recreation, professional work, union work, civic activities, advocacy, and the environment.

In Kenya, both paid staff and volunteers work much more in the service activities than expressive activities. This is common in many developing and transitional countries. The main variation in Kenya is that a much larger share of the workforce is engaged in community development and housing than is the average for other countries.

**Figure 3: Distribution of paid employees and volunteers between service and expressive activities in Kenya**



Source: Johns Hopkins Comparative Non-Profit Sector Project

## Similar to other developing countries

The Kenyan non-profit sector workforce is 2.1 percent of the economically-active population. This is larger than those in most other developing and transitional countries, where the figure is 1.9 percent. In developed countries, the non-profit sector workforce constitutes 7.4 percent. The Kenyan figure is higher than the developing and transitional country average but much smaller than those in the developed countries. Consequently, it falls well below the all-country average, which is 4.4 percent. The Kenyan non-profit sector workforce is also smaller than those in other African countries, which average 2.5 percent of the economically-active population.

**Table 6: Non-profit workforce as a share of the economically-active population by different kinds of country**

Developed countries	7.4%
Kenya	2.1%
Developing and transitional countries <sup>2</sup>	1.9%
36 country study <sup>3</sup>	4.4%

*Source: Johns Hopkins Comparative Non-Profit Sector Project*

## Attracts volunteers

The Kenyan non-profit sector not only employs a significant number of paid workers, but also involves the work of thousands of volunteers. About 114,000 volunteers made up the equivalent of 250 full time workers in the sector in 2000. These 114,000 volunteers, both men and women, illustrate the very nature of the sector; volunteerism as an important component of the sector.

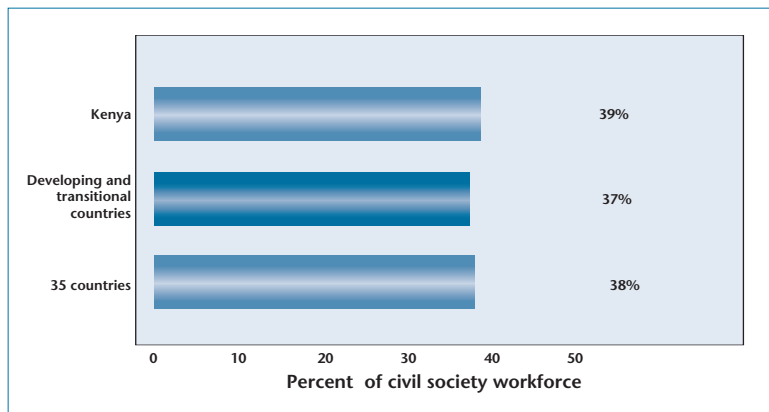
The survey data suggests that the actual number of people who volunteer is significantly higher - almost 1 million people, or approximately 6 percent of the adult population. On the whole, volunteer participation in Kenya is slightly above the developing and transitional

2 Transitional countries is used in the Johns Hopkins Study to refer to Central and Eastern Europe countries – Czech Republic, Hungary, Poland, Romania, and Slovakia.

3 The John Hopkins Study has data from the following 36 countries: Netherlands, Belgium, Ireland, US, UK, Israel, France, Norway, Sweden, Australia, Germany, Finland, Austria, Argentina, Spain, Japan, Italy, South Africa, Egypt, Peru, South Korea, Colombia, Uganda, Kenya, Tanzania, Czech Republic, Philippines, Morocco, Brazil, Hungary, India, Pakistan, Slovakia, Poland, Romania, Mexico

country and all country averages. Figure 4 compares Kenya's share of volunteers against other countries.

**Figure 4: Volunteers as a share of the sector workforce, Kenya, developing and transitional countries, and 36 countries**



*Source: Johns Hopkins Comparative Non-Profit Sector Project*

In Kenya, the majority of the volunteers are in the development and housing sub-sector, which accounts for about 23.6 percent of the total number of volunteers. Other sub-sectors with relatively high volunteerism are education and research (9.8%), health (9.8%), culture and recreation (5.5%) and environment (3.6%). The findings also show that volunteering is considered a religious and moral obligation. The majority of the volunteers do so because their religions require them to do so.<sup>4</sup>

## Huge membership

The estimate for total membership of non-profit organisations in Kenya was about 5 million members in 2000, or about 17 percent of the national population. The non-profit sector draws a wide range of members distributed among different activity areas, as can be seen in Table 7:

<sup>4</sup> See *The Giving and Volunteering in Kenya*. IDS Mimeo

**Table 7: Membership in NPOs in Kenya by ICNPO category**

<b>ICPNO</b>	<b>Estimated membership</b>	<b>% share in total membership</b>
Culture & recreation	1,096,882	21
Education & research	375,949	7
Health	695	0
Social services	831,480	16
Environment	451,709	9
Development & housing	1,567,722	30
Civic and advocacy	194,460	4
Philanthropy	1,691	0
International activities	0	0
Religion	51,811	1
Professional associations	111,034	2
Others	528,580	10
Total	5,212,012	100

*Source: Organisational survey*

### **Mission of improving the welfare of society**

Organisations in the non-profit sector engage in a variety of activities. The data from this survey reveals that economic empowerment and improvement of the welfare of communities are the main objectives of many of the organisations. Asked to state the mission of their organisations, half of the organisations (52.2%) mentioned enhancement of social and economic welfare and development of communities as their main mission. Still, others cited helping the disadvantaged and providing services to communities.

**Table 8: Mission of non-profit organisations**

Mission/activities	%
Enhancement of social and economic welfare	52.2
Helping the disadvantaged groups	10.8
Women rights advocacy and empowerment	4.3
Economic empowerment	4.4
Healthcare services	8.3
Promotion of spiritual growth	5.8
Foster welfare of professionals	3.4
Civic education and community awareness	4.1
Provide legal aid and awareness	0.8
Support small scale business	2.5
Support small scale farming	3.4
Total	100

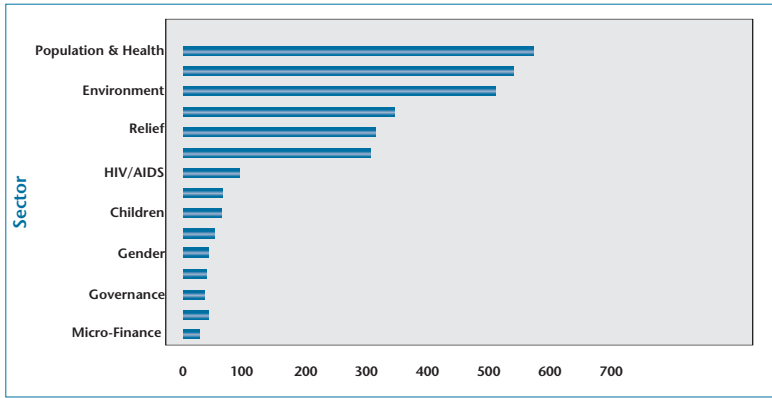
*Source: Organisational survey*

Similar responses were obtained with regard to what organisations considered to be their main activities or programme areas. Economic empowerment and social and religious services dominated (17.6% and 15.0%, respectively). About 12.5 percent consider education services as their main area of engagement. Other significant sectors include capacity building (8.7%) and business and financial (7.4%).

### **NGOs specifically**

There is a similar pattern of engagement in social development by NGOs.

Figure 5: Distribution of NGOs by sector in 2006



Source: Data from NGO Bureau

This shows a very clear picture of the areas in which NGOs work. These are possibly also areas in which donors are prepared to fund NGOs, since NGOs are dependent on donors than other NPOs.

## Chapter 4

# Sources of Revenue and Expenditure Patterns

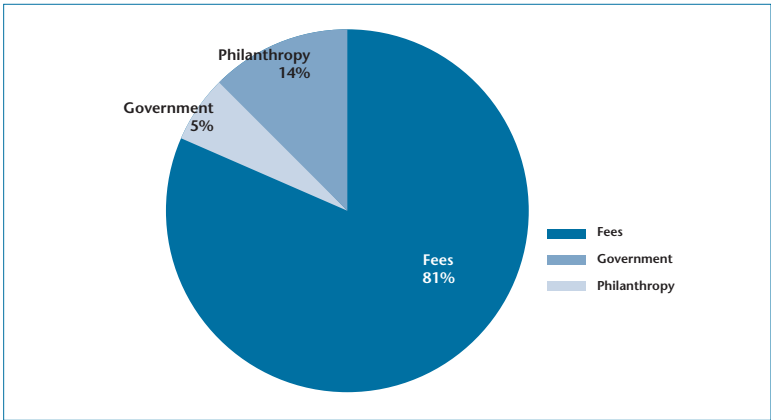
Two important measures of the size of non-profit sector are revenue and operating expenditures. However, because of lack of sufficient data in these two areas, people have often raised questions about whether the sector is sustainable. This section provides insights on the revenue structure and expenditure patterns of the non-profit sector. The findings show that external sources of funding are not significant in terms of total revenue for the sector, apart from NGOs which rely almost exclusively on external sources. Fees and charges are much more significant as a source of revenue to most NPOs.

## REVENUE

### Fees are the dominant revenue

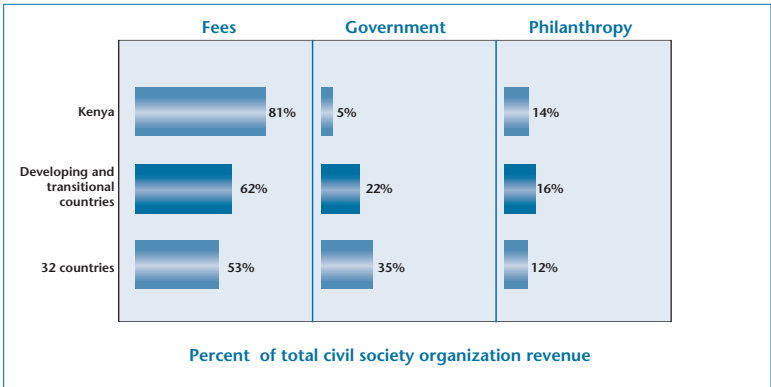
The findings show that about 81 percent of the cash revenue of NPOs comes from fees such as property income and membership fees. 14 percent comes from all sources of private philanthropy, including individuals, foundations, corporations, and foreign donors. Another 5 percent is from the public sector (Figure 6).

**Figure 6: Sources of non-profit sector funding**



Compared to other countries, the Kenyan non-profit sector relies much more substantively on fees and charges. The fees' share of the revenue is significantly larger than in other developing and transitional countries. Figure 7 shows revenue by source in Kenya compared to elsewhere.

**Figure 7: Sources of non-profit revenue, Kenya and elsewhere**



*Source: Johns Hopkins Comparative Non-profit Sector Project*

The sector receives a much smaller share of its revenue from the public sector than other developing and transitional countries (22%) and also less than is the case in all 32 countries (35%). The government's contribution to the sector is relatively small compared to elsewhere. Philanthropic sources of revenue appear to be at the same level with what obtains elsewhere.

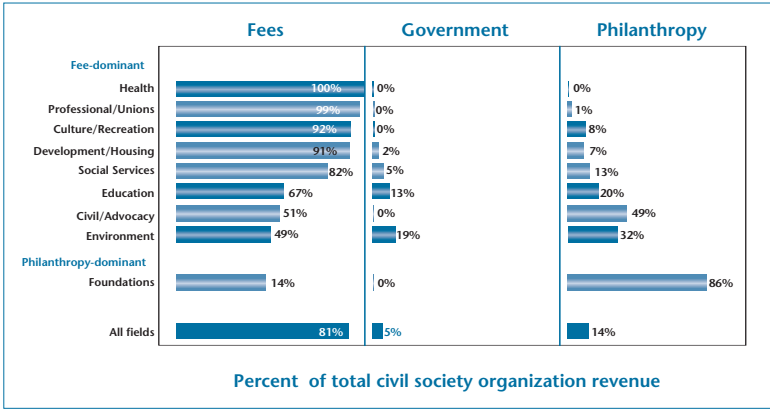
**Table 9: Sources of revenue by fields**

ICPNO	Revenue as % of total national revenue	Sources (%)		
		Government	Philanthropy	Fees
Culture & recreation	7.3	0.0	7.8	92.2
Education & research	13.6	12.6	20.1	67.3
Health	2.0	0.40	0.0	99.6
Social services	15.2	4.80	12.8	82.4
Environment	8.4	19.00	32.40	48.7
Development & housing	25.8	2.50	6.60	90.9
Civic and advocacy	3.0	0.00	48.60	51.4
Philanthropy	0.7	0.00	0.00	0
International activities	0.0	0.00	0.00	0
Religion	1.1	0.00	72.80	27.2
Professional associations	1.7	0.00	1.10	98.9
Others	21.1	0.40	10.70	89
Total	100.0			

*Source: Organisational survey, IDS Johns Hopkins Comparative Non-Profit Sector Project*

Table 9 shows that the development and housing sectors have the largest revenue base (25.8%). Social services and education follow with 15.2 percent and 13.6 percent, respectively. Environment is also significant compared to others. However, in the majority of cases, fees dominate as the main source of revenue. Fees account for about 91 percent of revenue in development and housing and about 100 percent in the health sub-sector, as we see from the graph below.

Figure 8: Sources of non-profit revenue in Kenya by field



Source: Johns Hopkins Comparative Non-Profit Sector Project

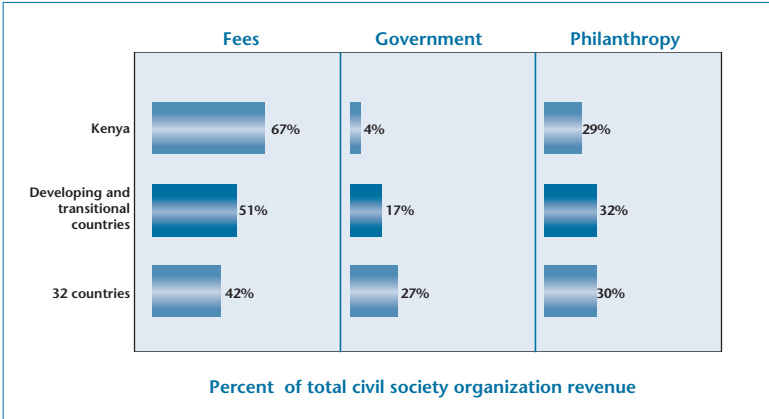
Estimates also show the relative unimportance of the government as a source of revenue for the non-profit sector in Kenya. Apart from environment, education, social services and development, the other sub-sectors receive little or no assistance from the government.

This pattern of revenue differs from what is found in other countries. The non-profit sector in Kenya relies much more on fees and dues than its counterparts elsewhere. As shown in figure 9 the fees share of the Kenyan sector is larger than in the developing and transitional countries, and in the country averages of the 32 other countries.

If we treat contributions of volunteer time as part of philanthropy, the philanthropy share of civil society support in Kenya increases from 14 to 29 percent. This is at par with what obtains in the developing and transitional country average (32%) and the all-country average (30 percent), but below other African countries (on average 46% of the total non-profit support).

Fees, nonetheless, remain significant, at 67 percent, while government support remains minimal at 4 percent, much less than developing and transitional country and much less than the 32 country average.

**Figure 9: Sources of revenue including volunteers**



Analysis by the main fields, however, shows a changed structure. With the value of volunteers added, private philanthropy becomes the main source of support in three fields: foundations and philanthropic intermediaries (875), health (675), and civic and advocacy activity (625).

**NGOs are dependent on external donors**

Of all the non-profits, NGOs tend to rely exclusively on external sources of funding. Analysis of 2005 data shows donors as the largest and the main source of their income. NGOs generate only a small share of revenue from their own sources. About 1,339 NGOs or 33 percent of the 4,099 NGOs registered by 2005 reported on their sources of funding. The total revenue was about US\$285 million. Of this amount, close to 90 percent came from donors. About 6 percent of the revenue came from ‘own sources’, while private sources (including foundations) and individuals contributed the rest. Table 10 shows the contributions by source in 2005.

**Table 10: NGOs sources of funding**

Source	Amount in Ksh	% share
External donors	17,893,628,964	88.4
Own sources	1,197,656,417	5.9
Private	819,537,088	4.0
Individuals	331,336,423	1.6
Totals	20,242,158,892	100.0

*Source: Compiled from NGOs' returns, NGOs' Bureau*

### **Self help community groups are self reliant**

Local community groups depend largely on their own sources of funding - largely member contributions. Although it is difficult to obtain adequate data on self-help groups, data on women groups for the period between 2001 and 2006 shows that 97 percent of their revenue came from contributions from members. The government contributed only 3 percent in the form of grants.

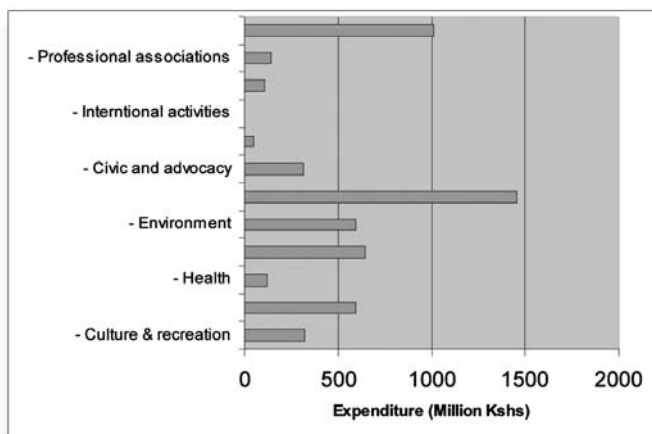
## **EXPENDITURE**

### **Expenditure patterns**

The non-profit sector in Kenya accounted for US\$270 million in expenditures in 2000. This amount represents 2.5 percent of the nation's gross domestic product (GDP), as reported below. The expenditure of all NPOs in the country is also estimated at about 2 percent of the total government expenditure in the country.

Examining the different fields, the estimates show that development and housing is by far the most important component. It accounts for about 27 percent of the total NPO operating expenditure. The other important sub-sectors, in order of their contribution, are: social services (12%), education and research (11%), environment (11%), culture and recreation (6%), civic and advocacy (6%), professional associations (2%), health (2%) and religion (2%). Philanthropy and international activities separately account for less than 2 percent of the total operating expenses. Sub-sectors not elsewhere classified account for the remaining 18 percent of the total operating expenses.

Figure 10: NPOs expenditure by field



## Chapter 5

### **Conclusions and Policy Implications**

The findings bring out important basic features of non-profit organisations in Kenya. Significantly, the findings show that Kenya has a large non-profit sector compared to other developing and transitional countries. The sector is an important employer, employing about 2.1 percent of the economically-active population. It is about 43 percent of the size of public sector. Furthermore, the workforce in the sector exceeds that of the country's manufacturing sector.

The sector provides important services to the Kenyan society. Non-profit activities are widely spread throughout the country. Most of the organisations are motivated by the need to promote economic empowerment and social development. Organisations in the sector aim at responding to societal needs.

Sustainability of the sector is not in doubt. The sector is largely dependent on fees and charges. Contrary to popular opinion – based especially on absence of data – the sector does not depend entirely on external sources of financing. Only NGOs appear to have external donors as a significant source of their funding. However, NGOs are a very small component of the whole of the non-profit sector – about one percent – and, therefore, their reliance on donors does not affect the sustainability of the sector as a whole.

It is important to underline that there have been no studies on the potential of the non-profit sector in Kenya. The findings presented in

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this study constitute an important reference point for future studies on the sector. Policy makers and practitioners will find this data an invaluable source of information on the sector.

The findings, simply put, tend to give legitimacy to the sector in terms of its contributions to development and employment creation. The sector has proven to be an important agent in facilitating economic development, providing social services and empowering different groups in Kenya. It is important that this role be fully recognised and utilised by both the government and international development partners. An enabling policy framework for the entire sector, let alone NGOs, is required to fully tap the potential of the sector.

## Appendix 1

### Main NPO fields and activities by ICNPO

ICPNO	Activities
Culture & Recreation	Visual and performing arts Media and communication Sports and social clubs Cultural shows and entertainment
Education and Research	Primary and secondary education Vocational training Adult education Social science research Policy research
Health	Hospital care, rehabilitation services Home-based care Psychiatric treatment and advice Mental health treatment Emergency medical services Public health education
Social services	Care for children, the elderly, and the handicapped Emergency and relief Assisting refugees Income and material support Temporary shelters
Environment	Environmental awareness Conservation of natural resources /erosion control Animal care Environmental beautification

ICPNO	Activities
Development and Housing	Economic and social development Construction of houses Training in construction Consumer protection
Civil and Advocacy	Lobbying and advocacy Civic education and legal services Victim support and rehabilitation
Philanthropy	Grants and fundraising Promoting voluntarism
International Activities	Cultural exchanges Relief services and disaster management
Business and Professional	Professional exchanges Business promotions
Religion	Preaching, ceremonies and associations

# The Non-Profit Sector in Kenya

Popular Version

The Institute for Development Studies (IDS), University of Nairobi, is a multi-disciplinary and a multi-purpose research organisation focusing on social-economic issues of development in Kenya and Africa in general. It was founded in 1965 to undertake development research, training, and provide advisory services on issues of development policy, practical and academic concerns in the public and private domains. The Institute provides research and consultancy services to various government ministries, development partners, international development agencies, voluntary organisations and the general public in Kenya.

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