



Best Practices Database

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Incorporating Philanthropy as an Integral Part of Business, Mombasa Kenya

Best Practice

New for 2002

Categories:

Poverty Eradication:

- access to credit
- income generation
- job creation
- vocational training

Economic Development:

- cooperative opportunities
- enterprise development (formal and informal sectors)
- micro-credit
- training

Social Services:

- education
- health and welfare

Level of Activity: Village

Ecosystem: Coastal

Summary

The town of Mombasa is a major port for Eastern Africa and is Kenya's oldest and second largest metropolis. Club Sun N' Sand is a private, family owned beach resort located in Kikambala, a peri-urban area on Mombasa's North Coast where abject poverty prevails. The proprietors' conviction in institutionalizing philanthropy by incorporating it within their business is a challenge to other hoteliers to emulate this innovative practice toward achieving sustainable social and economic development through the creation of an enabling environment that responds to local needs, preserves local culture, empowers women to take leadership roles, and engages in sound conservation practices. By forging partnerships with the local Ministry of Health, a prominent NGO, and community-based organizations, the hotel has embarked on a number of initiatives that are having a substantial impact on improving the quality of life of the least advantaged in their area. The initiative has made a difference not only through the spillover benefits of the resort itself, but also through an unwavering commitment to participatory practices and social responsibility. It has affected over 4000 local residents where a thriving and peaceful society with access to basic health care and education within a vibrant mini economy is now well established. What was once an impoverished village is now filled with hope and opportunities to affect positive change toward a sound future for the next generation.

Narrative

SITUATION BEFORE THE INITIATIVE BEGAN

In 1971 we purchased a small 7-room hotel in Kikambala-a remote rural area on the North coast of Kenya, where the community lived day-to-day, hand-to-mouth, under poor socio-economic conditions, with no healthcare, no access to basic education, no electricity and unsafe drinking water. At the time, major developments in the hotel and tourism industry were taking place mainly on the South Coast and/or closer to Mombasa.

Women were most affected by poverty in Kikambala. Barely five percent of all the women villagers had attended school and less than one percent had attended high school. Ninety-five percent of the women were illiterate and none had received a college education. Five percent of the women had jobs outside their families, but most of the remaining women were housewives, totally dependent upon their husbands or sons and therefore had no social status.

ESTABLISHMENT OF PRIORITIES

Our vision was to establish a family owned and managed resort in Kikambala that preserved the natural beauty of the environment as well as harness the warmth, trust and hospitality of the local culture. Thus, from the outset, we established clear policies to utilize indigenous human capacity and local materials. The resort is built from local materials and is staffed by local people who are trained to provide services of international standard. Our family was driven by a simple motto:

"Work hard, provide for your family, always stay true to the ethics of your faith, And never forget those less fortunate"

Recognizing the state of hopelessness that prevailed, the hotel management and representatives of the local community set out to address various social and economic problems afflicting the residents living around the community. School enrolment rates were very low, there was a high mortality rate resulting from easily treatable/preventable diseases, lack of purchasing power stemming from poor income levels and a general state of apathy. The key points to address were: providing seed money to support small-scale micro enterprises, sponsoring education, healthcare and sanitary facilities to improve the living conditions of the residents.

FORMULATION OF OBJECTIVES AND STRATEGIES

Our initial objective was to establish and implement high standards of corporate accountability and social responsibility. Thus, we sought not only to create a successful holiday resort but also to see to it that what was merely an impoverished village of subsistence farmers and laborers surrounding the hotel develop into a sustainable, thriving, and enabling community. Our initial strategies were to:

1. Generate employment by hiring hotel staff from the surrounding area;
2. Sensitize local village communities on the value of tourism, the importance of preserving the natural environment, safety and security for tourists, and the potential for income generation activities and a better quality of life; and
3. Develop a meaningful partnership with local communities who might supply indigenous building materials for the hotel, and the fresh local produce and fish needed for the kitchen.

As we progressed we realized that there was need to go beyond the realms of corporate responsibility in order to introduce sustainability to our approach. In consultation with the community leaders the Hotel set out the following additional objectives:

1. To support local micro-financing initiatives;
2. To promote small scale enterprise development;
3. To introduce and sustain a primary health care delivery system;
4. To provide safe, adequate water supply to the community.

MOBILISATION OF RESOURCES

Financial: The hotel began to provide small-scale micro-credit facilities to assist community members

to respond to the demand due to growth. The Aga Khan Foundation provided a grant of US\$ 2,500 to a community-based and owned Early Childhood Education (ECE) Program supported by the hotel and dollar for dollar matching of up to an additional US\$ 2,500 that was raised by the community all of which is invested on the community's behalf, the income from which goes to meet the shortfall between the school's income and expenditure. Hotel guests make regular cash and in-kind donations in the form of textbooks, etc., averaging at least US\$ 5,000 per year.

The initial financial contribution by the hotel has amounted to approximately US\$ 200,000 to date and an on-going commitment of US\$ 25,000 per year to sustain all of the projects.

Technical: Through partnerships with a prominent NGO, and the local government, the hotel works closely with development professionals, physicians, teachers, and engineers to help develop local capacity to respond to identified challenges.

Human resources: The hotel staff, most of whom came from the surrounding areas, now well trained and gradually growing in number, quickly understood the mission and vision of the initiative and the potential reciprocal benefits to both the hotel as well as the surrounding community. Regular planning meetings with the staff generated a number of strategies on mobilizing local villagers to rise to the challenge to take advantage of possible opportunities. It took a few years before the communities began to respond positively to the emerging opportunities. Local women began slowly to come together to form groups to construct and supply regularly the indigenous and natural palm leaf roofing material needed for the resort; indigenous wood carvers began to supply the hotel boutique with curios, arts and crafts, and the neighboring subsistence farmers and fishermen began to supply the hotel kitchen with fish, poultry, dairy, fruits and vegetables.

PROCESS

In 1992, the Hotel staff approached the management seeking financial assistance for starting small businesses. High borrowing rates (up to 42% per annum) stifled economic growth and discouraged budding entrepreneurs from seeking loans. As a result, the Hotel management mobilized 400 hotel staff to pool their savings to create a cooperative toward the development of a micro-credit scheme. A revolving fund scheme was established to assist members in setting up small businesses and other income generation initiatives. A total of about US\$ 5,000 was raised to start the fund and an equivalent amount is now raised monthly toward this initiative. At first the cooperative was not able to manage the initiative effectively resulting in a high number of loan defaulters. The society asked the management for assistance and a number of in-house workshops were held to educate the funds committee to better manage their money. Over the years, a repayment rate of over 90 percent has been achieved. It is now easier for deserving staff to access credit at low rates. This has boosted morale and has enabled staff members to embark on a variety of income generation activities.

In August 1997, ethnic clashes erupted affecting the socio-economic environment along the Coast and eventually across the country. Vandalism, arson and violence plagued businesses and lives. That same year saw the El Nino devastate most of Kenya's infrastructure, damaging particularly the coastal region and having a drastic effect on the tourism industry. A deep recession soon set in. Many hotels closed down and thousands of Kenyans were rendered jobless. Our occupancy levels went from an average of 77% to below 40%. Interest rates rose again to unprecedented levels of up to 42% and the local currency depreciated by 50%. We convened a series of meetings with the staff, at the time numbering 450. We had to cut costs to survive. The staff participated fully in the cost cutting exercise and their response was overwhelming. Initiatives that were proposed ranged from strategies to conserve energy and consumables to ultimately withholding benefits and allowances, and a voluntary reduction in salary. In addition, our suppliers, the women's groups and farmers also offered to participate by reducing significantly their prices. As a result of the collective sacrifices, the hotel survived, managing to stay afloat.

In the East African context, ethnic communities tend to be marginalized for a variety of religious and cultural reasons. For example, in Kenya gross enrolment rates have ranged from 30% to 35% over the

last decade. In the Coastal Province, which is majority Muslim, gross enrolment in schools has been from 22% to 25%. As a result of a lack of early stimulation of cognitive and interactive skills, children from these communities have experienced problems in accessing and succeeding in primary education. Girls are particularly affected, and there are few if any professional development opportunities for women in these communities. In 1998 the Hotel partnered with the Aga Khan Foundation's community-based ECE program. The program's mandate includes developing training methodologies, teaching programmes and manuals. It emphasizes the use of low-cost, locally available indigenous teaching and learning materials, and promotes activities that integrate local motifs and narratives from oral as well as written traditions. These components ensure that pre-school education is economically, socially, and culturally accessible and appropriate. The programme helps communities to set up, fund and manage their Madrasa pre-schools to include participation from community leaders and members who must elect a school committee, identify motivated young women for training and provide a physical structure to house the school. Members of school committees receive training to manage finances, cater to the needs of Madrasa teachers and maintain school buildings. This program places a great emphasis on the need for self-sustainability. The challenges faced ranged from community expectations for "free" handouts resulting from existing non-sustainable NGO practices, to an absence of sense of ownership of the program. To overcome this a series of concomitant meetings with the villagers to explain the objectives were held, which resulted in them taking ownership of the project and a gradual disengagement by the Foundation.

Due to an acute shortage of safe drinking water - the only source being a well that provides water that is saline and contaminated - when the resort converted into an all-inclusive Club, a reverse-osmosis plant was installed to provide purified drinking water. We produce 10,000 litres/day of which only 5,000 litres/day is needed for the hotel. The remaining water is provided to the villagers. In addition, we also installed a tap supplying well-water that can be accessed 24 hours/day by the villagers, and this water is used for bathing and washing purposes. However, when the initiative began the villagers began abusing the privilege by taking drinking water in very large quantities for selling, the water tap was left running without concern for conservation, and drinking water was used for non-consumption purposes. Some of the villagers began to realize notice these abusive practices and they resolved to police themselves toward a more responsible use of the facility. Since this initiative began water-borne diseases have dropped by close to 80% in the area and the behavior toward water usage has improved significantly.

The closest health clinic is within a ten-kilometer radius from the village, which meant that the community members, including the hotel staff, would either have to walk long distances to access medical care or forgo care altogether. This resulted in loss of person hours and an increase in transport costs. In 2001, commemorating the 30th anniversary of the hotel, the District Commissioner, a senior government official of the area, inaugurated the official opening of the Sun N' Sand Public Health Clinic. The Clinic provides primary health care services (immunizations, pre and post natal support, HIV/AIDS clinic, baby clinic, etc.) for a nominal cost. The government and a local NGO (Aga Khan Health Services, Kenya) provide periodical technical and medical support. To date, over 4,000 patients have benefited who otherwise would have no access to affordable health care in the area. Twenty women from the community are being trained in health promotive practices to provide basic preventative health education within their community. This initiative will be linked also to the ECE program toward a holistic Early Childhood Development (ECD) effort.

Most beach hotels in Mombasa experience a significant problem with 'beach boys', taxi drivers and curio dealers who tend to harass tourists and hotel guests by soliciting for a range of non-formal services. Hotels respond by calling the tourist police unit to arrest the harassers. The outcome is enmity, which further compromising safety and the well-being of tourists. The Sun N Sand management team has mobilized the beach boys, taxi drivers and curio dealers sensitizing them on the social and economic costs of their practices. They have been educated on how to work effectively and amicably with tourists. As a result, the curio dealers have mobilized to establish a designated area on the beach from where they sell their artwork, the hotel has allocated space for a taxi rank, the beach boys have organized to legitimize their activities through an association that has established rules and regulation toward orderly and respectful conduct.

RESULTS ACHIEVED

The hotel has established a strict policy to purchase most if not all needed produce, dairy, fish and poultry from the local subsistence farmers (subject to them meeting certain hygiene standards). However, the demand far exceeds the supply. A pilot project is underway to provide technical and financial support to extend this initiative by encouraging communities to utilize their undeveloped arable land in environmentally conducive and sustainable ways in order to increase both the supply of produce and thereby increase their income. The hotel will provide irrigation, micro-credit facility (interest free) and technical support to help the farmers increase their yield. The hotel pays out up to US\$ 1,000 per day for fresh produce supplied.

In addition to creating employment opportunities, Club Sun N' Sand's expansion over the years has also brought about growth and creation of various types of self-employment opportunities for over 20 arts and crafts persons, thatched roof makers, and opportunities for budding entrepreneurs who can start a range of businesses (6 local restaurants, 10 grocery stores and several handy persons) to serve the variety of needs that have emerged from what is now a thriving local community. Over 100 women employees have been able to supplement their income through such entrepreneurial initiatives thereby improving the living conditions of their respective families. A further 50 women are involved, on a full time basis, in supplying the hotel traditional thatch roofing materials made from palm leaves.

The hotel is a placement center for students studying Tourism, i.e., Hotel Management, Food and Beverage, Front Office Management, etc. The hotel provides free uniforms, meals while on duty, transportation, a cash bonus and a certificate upon successful completion of the placement.

Most of the hotel staff often are the only breadwinners in their families (comprising a minimum of 10 in each household). A single income source is not enough to support such large families. A program is in place that offers families interest free financing to begin small family businesses involving the selling of second hand clothing, or establishing a local grocery shop that is supplied by the hotel at wholesale prices. The hotel disburses soft loans re-payable in 3 monthly installments (total of US\$ 5,000 per annum).

In 1998 we partnered with an NGO (AKF) to address the community's concerns to have their children well grounded in their faith and local culture while also increasing their readiness for, access to and success in later education. To date over 100 Kikambala children (40% of these are girls) have benefited from the program. Beneficiaries include girls and boys aged 3-6, women with basic education from within the community that are trained as pre-school teachers and involved in the management and decision-making process of the community through their membership in the school management committees (SMC), community members that serve on the SMC, and parents that receive training in early childhood development issues.

Due to a lack of government capacity and resources, Club Sun N' Sand introduced support projects for a local Primary school (affecting 1,300 students). Merit based scholarships area available to outstanding students who otherwise would not have the opportunity to access higher education. To-date, 20 students have benefited from this program. All hotel guests have the opportunity to sponsor students and over 30 students have benefited from guests who have donated over US\$20,000 in school supplies and literature. Teachers on vacation at the Hotel have been instrumental in creating twinning/pen pal programs thereby facilitating cultural and knowledge exchange.

The hotel introduced a reverse-osmosis plant to provide purified drinking water. The plant produces 10,000 litres/day of which only 5000 litres/day is needed for the hotel. The remaining amount is provided to the villagers at no cost. In addition, we also installed a tap supplying well-water that can be accessed 12 hours/day by the villagers, and this water is used for bathing and washing purposes. Since this initiative began water-borne diseases have dropped by almost 80% in the area.

In 2001, commemorating the 30th anniversary of the hotel, the District Commissioner, a senior government official of the area, inaugurated the official opening of the Sun N' Sand Public Health Clinic. The initiative is fully subsidized by the hotel. The Clinic provides primary health care services (immunizations, pre and post-natal support, HIV/AIDS clinic, baby clinic, etc.) for a nominal cost (100 shillings per visit). The government and a local NGO (Aga Khan Health Services, Kenya) provide the technical and medical support. To date, over 4,000 patients have benefited who otherwise would have no access to affordable health care in the area. Community members are trained in primary healthcare and these in turn helps to boost the preventative health care approach.

SUSTAINABILITY

Financial sustainability: the regular repayment of loans advanced by both the Hotel and the workers cooperative has ensured financial sustainability. The sponsors of the health clinic and education programme are in the process of disengaging from the projects and have empowered the community to take ownership.

Social and Economic: The implementation of the initiative has brought about a sound trend of sustainable community development. Kikambala's social, economic and local infrastructure is growing in concert with measures to promote gender equity and social inclusion and innovation within a local context and transferability. The local social economy and income per capita has increased considerably, and the inhabitants have finally broken the vicious cycle of poverty. Levels of education have improved markedly with improved school attendance for elementary education.

Environmental sustainability: Kenya has experienced severe droughts in four of the last ten years affecting power generation, which was reduced substantially with an evening shortfall of 50MW. An extensive load shedding program was introduced thus having the greatest impact on the hotel industry. A switch to diesel turbine generation was necessary increasing costs to unprecedented levels. Consequently, the hotel is still negotiating with APDF, the development arm of the World Bank to install a wind turbine at a cost of US\$1.5 million, a first of its kind in Eastern and Central Africa. The outcomes are will be clean power at a reasonable cost.

The hotel's organic waste is recycled for use by local farmers as feed for their animals. Hotel has also installed colour coded garbage bins all around the hotel grounds, which helps in pre-sorting recyclable garbage.

Installation of a boiler and calorific system produces enough steam to heat water for all the rooms thus reducing the need for non-renewable energy and reducing our electricity costs by over 25% per month.

Chlorinators have also been installed in all of the hotel's swimming pools to reduce the need to use industrial chlorine.

Cultural sustainability: A large number of Muslims live and work in and around the resort, and the nearest mosque is situated some 3 kilometers away. A mosque built on the hotel property is accessible to all.

A number of health education interventions in the area of HIV/AIDS are failing because of cultural and religious sensitivities, for example, the use of condoms for the prevention of HIV/AIDS transmission. A meeting with village elder's has been convened regarding the possibility of employing five to ten women to receive training on issues of HIV/AIDS and counseling who can then return to their villages and facilitate discussions within a context that respects local values, attitudes and beliefs. Eventually, an association of the three villages will be formed to work together in harmony.

LESSONS LEARNED

One of the key lessons we have learned is that development initiatives can only be sustainable at the community-level if they are fully owned by the participating communities/beneficiaries. This includes

full involvement and some investment of resources from the beneficiaries' side. In order to obtain commitment from local communities, implementation approaches must reflect local priorities and integrate local traditions, knowledge and other cultural assets. We have learned also that it is important to disseminate ideas, successes and challenges in order to motivate new ideas.

We are a small family run business, unlike the giant Corporate or NGO that can leverage significant funding for socio-economic development. Nonetheless, we have demonstrated that incorporating philanthropy as an integral part of business costs very little and can make a significant difference in alleviating poverty and improving the lives of those less fortunate. Kenyans cannot expect to rely indefinitely on external donors and aid for development. The private sector ought to form meaningful partnerships and linkages with NGOs, community organizations and the local government for establishing sound and sustainable practices toward improving the living standards of less fortunate communities.

TRANSFERABILITY

The lessons learned from Kikambala's experience are definitely transferable to other areas that are seeking to empower local communities. The initiative is fully recognized by the local leadership as well as public organizations and government ministries; notably Ministries of Public Health, and Education. Potential partners have visited the initiative's projects including country representatives from DFID, World Bank and APDF.

Corporate organizations tend to contribute significantly to charity as part of their social responsibility; unfortunately charitable handouts are usually short-term solutions to complicated problems. Responsible corporate social responsibility seeks sustainable, replicable and transferable solutions. The Club Sun Nâ€™™ Sand corporate social responsibility initiative demonstrates that donations can have a greater impact if they go to serve long-term development through capacity building and facilitating the creation of an enabling environment. It is the old adage, "give them fish and they'll eat today, teach them to fish" but we now know that teaching is insufficient if you do not have an enabling environment that address issues like, "who owns the boat? Who controls the water? How do I get a fishing rod? The creation of an enabling environment requires careful planning, and most of all a genuine desire to move from basic charity that creates dependency to sustainable development through meaningful partnerships, empowerment, involvement and ownership, and this requires thought, time and a commitment level that is no different planning for a successful business.

The synergetic partnership between the Hotel management, staff and local community has been rewarded through winning awards such as Gold Choice Award, Portland Direct Gold Medal 2001 and Gold Choice from Eclipse. The Hotel has also been honored locally by being receiving the East African Ufadhili Award (Ufadhili is a Kiswahili word for Philanthropy) - <http://www.ufadhili.org/index.htm>.

Key Dates

1971 - ENVISIONING AN OPPORTUNITY IN A RURAL AREA

1994 - EMPLOYEE NUMBER 450 JOINS THE FORCE

1997 - ETHNIC CLASHES/EL NINO DEVASTATES TOURISM

1998 - PHILANTHROPY INCORPORATED INTO THE BUSINESS

2001 - 30TH ANNIVERSARY OF SUN N' SAND

Contact

MR. MAHMUD VISRAM
 PO BOX 2 KIKAMBALA
 VIA MOMBASA,
 KENYA
 TEL: 254-125-32621
 FAX: 254-125-32402
 EMAIL: ADMIN@SUNNSAND.CO.KE

Type of Organization: Private Sector

Nominating Organization

Same as above

Partners

MADRASA RESOURCE CENTRE
 MRS. NAJMA RASHID
 PO BOX 42409, MOMBASA, KENYA
 TEL: 254 11 228135
 FAX: 254 11 226585
 EMAIL: MADRASA@AFRICAONLINE.CO.KE

Type of Organization: Community-based organisation (CBO)
Type of Partner Support: Financial Support

HIBATUL ILM SCHOOL MANAGEMENT COMMITTEE
 CHAIRMAN
 PO BOX 2 KIKAMBALA VIA MOMBASA, KENYA
 TEL: 254-125-32621
 FAX: 254-125-32402
 EMAIL: ADMIN@SUNNSAND.CO.KE

Type of Organization: Academic/Research
Type of Partner Support: Administrative Support

MINISTRY OF HEALTH
 DISTRICT MEDICAL OFFICER,
 KILIFI DISTRICT, KENYA

Type of Organization: Local Authority
Type of Partner Support: Technical Support

Financial Profile

Year	Total Budget (US\$)	Partner A (% of the budget)	Partner B (% of the budget)	Partner C (% of the budget)
1998	50,000	2.0%	N/A	N/A

1999	50,000	N/A	N/A	N/A
2000	50,000	2.0%	2.0%	N/A
2001	75,000	N/A	N/A	5%

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