



EGERTON UNIVERSITY

ENDOWMENT FUND POLICY

Revised November 2019

PREAMBLE

An Endowment is a fund which retains its capital and uses only the investment income earned to support a variety of activities in keeping with the mission of an institution. Donations which are endowed have an impact over a long period of time as opposed to expendable donations which are used immediately and have an impact over a set period of time, according to the size of the gift and how swiftly it is dispersed.

This Policy sets rules and guidelines for the management, investment, and distribution of endowment funds. Its objectives and guidelines are intended to govern the overall management of the University's endowment funds. This Policy also aims to establish administrative processes to accept and administer gifts in a fiduciary prudent and efficient manner.

The endowment capital is held and invested, and the investment earnings are spent for the purposes intended. Endowment funds are restricted funds which must be used in accordance with the purposes specified by donors or by the University Council and are not available for use in support of general operations.

Prof. Rose A. Mwonya

Vice Chancellor

VISION, MISSION, PHILOSOPHY AND CORE VALUES

Vision

A world class University for the advancement of humanity.

Mission

To offer exemplary education to society and generate knowledge for national and global development.

Philosophy

Egerton University innovatively influences human development through generation, acquisition, preservation and dissemination of knowledge and skills in Agriculture and related disciplines guided by the core values.

Core Values

The University's activities and decisions are guided by the following core values:

- i. National unity and social fairness
- ii. Integrity, transparency and accountability
- iii. Professionalism
- iv. Internationalism
- v. Passion for excellence and devotion to duty
- vi. Teamwork
- vii. Passion for environmental conservation
- viii. Innovativeness and creativity

DEFINITION OF TERMS AND ABBREVIATIONS

Endowment: An endowment is a fund where the principal amount is held for investment and the interest on the principal is available for spending as directed by the donor, or by the source of the original funds.

Donors: Individuals or entities that provide a financial contribution to the endowment fund.

Trustees: The group of persons or legal entity responsible for oversight of the endowment fund.

UMB: University Management Board.

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1.0 INTRODUCTION

1.1 University Profile

Egerton University is the oldest institution of higher learning in Kenya. It was founded as a Farm School in 1939. In 1950 it was upgraded to an Agricultural College. In 1986 Egerton Agricultural College was gazetted as a constituent college of the University of Nairobi and in 1987 it was established as Egerton University through an Act of Parliament. It was awarded a new Charter in 2013 following the repealing of the Egerton University Act, Cap 214, and the enactment of the Universities Act No. 42 of 2012.

The University offers a wide range of programmes at undergraduate and postgraduate levels in its faculties that are located in Njoro main campus, Nakuru and Nairobi campuses. It has a dedicated pool of academic staff who offer quality education to students and engage in research in various fields.

Egerton University innovatively influences human development through holistic education and generation, acquisition, preservation and dissemination of knowledge and skills, with emphasis on agriculture and related disciplines. The University provides equal opportunity in producing competitive and hands-on graduates who contribute to national and global development.

Endowments are such an integral part of academic institutions that the size of an institution's endowment can be a fair measure of its well-being. They enable colleges and universities to fund their operating costs with sources other than tuition and ensure a level of stability by using accumulated endowment funds during emergencies.

1.2 Endowment Types

There are four different types of endowments: unrestricted, term, quasi, and restricted.

- I. Unrestricted endowments are assets that can be spent, saved, invested and distributed at the discretion of the institution receiving the gift.
- II. Term endowments usually stipulate that only after a period of time or a certain event can the principal be expended.
- III. A quasi-endowment is a donation by an individual or institution, given with the intent of having that fund serve a specific purpose. The principal is typically retained while the earnings are expended or distributed per specifications of the

donor. These endowments are usually started by the institutions that benefit from them via internal transfers or by using unrestricted endowments already given to the institution.

- IV. Restricted endowments have their principal held in perpetuity, while the earnings from the invested assets are expended per the donor's specification.

Egerton University Endowment Fund shall be flexible and take any of the four types as guided by the source of funding, and the Endowment Fund Code of Conduct and Ethics Policy, 2011.

1.3 Institutional Mandate and Strategic Plan

One of the university's mandate as stipulated by the Universities Act no. 42 of 2012 is the advancement of knowledge through teaching, scholarly research and scientific investigation. The University's Strategic Plan 2018 – 2023 under strategic goal no. 5 identifies the need for resource mobilisation to finance enhancement of current programmes, and future development initiatives. One of these strategies is growth of the Endowment Fund.

2.0 POLICY STATEMENT AND OBJECTIVES

2.1 Policy Statement

This policy is intended to give guidance on the management and prudent utilisation of the Endowment Fund for the intended purpose. The purpose of the University Endowment Fund is to provide a steady and increasing income stream to support the mission and objectives of the University.

2.2 Policy Objectives

The objectives of this policy are:

1. To identify potential contributors or donors to the Egerton University Endowment Fund,
2. To provide guidelines for establishing, investing and managing the University Endowment Fund.
3. To support implementation of selected University goals financially, including scholarships and capital projects.

2.3 Scope of the Policy

This Endowment Policy is intended to provide long-term support for the attainment of higher levels of quality in teaching, research, capital development, increase support for needy students, initiate pioneering research, develop stronger teaching programmes and invest in new technologies and innovations.

2.4 Citation

This Policy will be known as the Egerton University Endowment Policy.

3.0 ESTABLISHMENT AND OPERATIONS

The Policy envisions that the Endowment Fund will be established and managed by trustees within the framework for endowments anchored in Kenyan laws.

3.1 Sources of Funds

Egerton University has a rich heritage that attracts many external groups annually. The following mechanisms will be used to raise resources to support the Fund:

- (i) Engaging in fund-raising
- (ii) Charitable donations by donors
- (iii) Alumni
- (iv) 50% of the charges levied to different visiting schools and other organizations
- (v) 1% of the surplus from Income Generating Units.

3.2 Management of Funds

The Fund will be managed by a Board of Trustees comprising of the following:

- (i) Chair of the Finance, Human Resources and General Purposes Committee of the Council
- (ii) One other member from Council
- (iii) The Vice-Chancellor
- (iv) The Deputy Vice Chancellor (Administration, Planning & Development)
- (v) Finance Officer
- (vi) Senate Representative
- (vii) Alumni Representative

The Senate and Alumni Representatives will be elected by the respective members and shall hold office for a period of three years (renewable once).

The University will appoint a dedicated Secretariat not exceeding three people to co-ordinate the Fund.

3.3 Investment of the Funds

There will be an endowment account for the management of the Fund. The funds will be invested in accordance with the existing University practices and strategies to best meet the Fund's objectives and to maximise benefits available from the endowed resources. The investment must be in compliance with the existing laws and regulations pertaining to trust funds.

3.4 Utilization of Funds

The purpose of the endowment is to provide funding in perpetuity for University programmes. The amount of this funding each financial year will be in accordance with donor designated guidelines or by the Board of Trustees of the Fund as stipulated in this Policy in article 2.3. Any utilisation of the funds shall be done upon approval by the Fund Management Committee (Trustees).

3.5 Life Span of the Fund

The Egerton University Endowment Fund is an unrestricted endowment with perpetuity.

3.6 Life Span of the Policy

This Endowment Policy shall be reviewed after every three years or when need arises.