

ENSafrica

1 North Wharf Square
Loop Street Foreshore Cape Town 8001
P O Box 2293 Cape Town South Africa 8000
doceX 14 Cape Town
tel +2721 410 2500 fax +2721 410 2555
info@ENSafrica.com ENSafrica.com

The Mail & Guardian
Attention: Lloyd Gedye
Per email: lloydgedye@gmail.com
Also to: ombud@mg.co.za

G van Niekerk

15 December 2015

our ref
your ref
date

Dear Sir

MAIL & GUARDIAN QUERY RE: INYATHELO & NOZIZWE MADLALA-ROUTLEDGE

We write to you on behalf of Ms Shelagh Gastrow, Ms Amanda Bloch and Gastrow Bloch Philanthropies.

We have been instructed to respond to the questions and queries raised by you in your email dated 10 December 2015 addressed to our clients.

At the outset we record that the facts, comments and conclusion made by you and/or your source are false and defamatory. You publish at your peril.

We also note that you have seen fit to circulate the allegations widely. All our clients' rights are reserved. The fact that you have done so under the guise of seeking comment does not exempt you from liability.

Before dealing with your specific questions and queries we deal with some general comments and background information.

We are instructed as follows:

General

Shelagh Gastrow established Inyathelo in 2002 together with a colleague with the purpose of assisting South African universities as well as organisations in the non-profit sector to strengthen their financial sustainability through a concept they termed "advancement".

At the same time our client recognised that it was important to grow a philanthropic movement in South Africa to ensure that civil society and institutions would be resourced when international funding dried up.

Inyathelo is a highly esteemed organisation, both locally and internationally, for its impact and innovation.

The establishment, work and effort put into building Inyathelo to the organisation it is today, involved a lifetime's work by Ms Gastrow, and other staff members who have made major contributions towards the organisation. It is of great concern that her legacy is at risk of being broken down by the serious, and unfounded, attack by the current CEO Nozizwe Madlala-Routledge on the reputation of our clients as well as that of Inyathelo.

Ms Gastrow had actually identified Ms Madlala-Routledge as a possible successor as CEO at Inyathelo with great enthusiasm, and as a result she was headhunted by the organisation and subsequently appointed as the CEO.

Ms Gastrow supported her candidacy for the post in good faith, encouraged the board to consider her application, and made every effort to ensure that the new leadership of Inyathelo would be in a position to take the organisation to new heights.

Specific questions

In the interests of transparency we are instructed to respond to your questions and queries as follows:

1. Why is Madlala-Routledge being suspended?

Ms Gastrow is no longer involved as a member of the board of Inyathelo. Our clients have no knowledge of the reasons for the suspension of Ms Madlala-Routledge and therefore cannot comment.

2. She claims it is because she has asked questions about the board resolution signed on the 27 August 2014?

Our clients have no knowledge of the reasons for the suspension of Ms Madlala-Routledge and are therefore unable to comment.

3. Madlala-Routledge says the board misled her about what exactly Mr Wilson was investigating and that the chairperson did not have the executive power to hire him to do the investigation, please comment?

Our clients have no knowledge of the reasons for the suspension of Ms Madlala-Routledge and/or the investigation by Mr Wilson, nor can they comment on the "executive power" of the board to hire Mr Wilson.

4. The M&G understands that the resolution from August 2014 was not signed at a board meeting, but by individual directors separately and not on the same date either. Please comment and if this is true what is the explanation for this irregular process?

One would have thought it is standard process for a resolution to be taken by the board of an organisation by way of a round robin where appropriate. Why do you term it an “irregular process”?

5. Madlala-Routledge argues that this resolution was counter to fiduciary duties to Inyathelo, please comment?

It is a far-reaching and evidently unsubstantiated allegation to make. Has she advanced any basis for saying so? As best we know, the resolution only contains the decision made by the board of Inyathelo. It does not constitute a minute of what was discussed between the board members and Ms Gastrow prior to taking of the decision. Our clients do not agree with Ms Madlala-Routledge’s argument and bland assertion. It appears Ms Madlala-Routledge has misconstrued the resolution and the reasoning behind the decisions made.

6. Why did the board approve a R1,5-million golden handshake for leaving CEO Shelagh Gastrow?

Ms Gastrow did not receive a golden handshake of R1,5 million.

She received an amount equal to her annual salary, a much more modest amount than the sum provided to you.

This payment was in lieu of thirteen years of service, from 2002 to 2015, as a founder of Inyathelo and its executive director. During all these years she received no pension benefit, received only inflationary increases in salary, and never did any private consultancy work for her own account, but rather requested clients to make payment to Inyathelo for work done by her and which fell outside of the services rendered by Inyathelo.

The board recognised that Ms Gastrow had reached retirement age of 66, and therefore resolved that a modest payment be made to her.

Furthermore, it wasn’t simply a payment without any concomitant commitment. The package still requires Ms Gastrow to render ongoing services to Inyathelo during the twelve months following her resignation (i.e. 15 June 2015 to 14 June 2016). The suggestion of a “golden handshake” is risible.

7. Inyathelo insiders say that Gastrow did not meet the obligation laid out for this R1,5-million payment?

This is denied.

The obligations outlined in Ms Gastrow’s exit agreement were as follows:

“That during the twelve months as from the date of her resignation, Shelagh Gastrow undertakes to provide the following services to Inyathelo if requested to do so:

- *Strategic advice to the new Executive Director*

- *Introductions to existing donors if required and assistance with maintenance of donor relationships*
- *Clinic services at twelve sessions over the twelve month period*
- *Training/workshop facilitation at three sessions over the twelve month period"*

The period within which the abovementioned obligations are effective and enforceable against our client will only terminate in June 2016.

The services and/or obligations listed above are required "...if requested to do so...". It is therefore not an ongoing or daily obligation to render services to Inyathelo, but only as and when our client is requested to render any of the abovementioned services.

Our client has consistently responded to such requests, and she complied with her obligations as listed above as and when requested to do so by Inyathelo. In particular:

- a) She introduced Ms Madlala-Routledge as the new executive director to existing donors during a visit to Johannesburg in the week of 23 June 2015;
- b) She assisted in arranging a significant number of meetings for Ms Madlala-Routledge in New York and Detroit during her visit to the USA in November 2015 including a reception hosted by one of Inyathelo's key donors, The Atlantic Philanthropies;
- c) She worked with Ms Madlala-Routledge and representatives of Atlantic Philanthropies to draw up the invitation list;
- d) To date she has already provided nine (out of the required twelve) clinic services requested by the Inyathelo clinic;
- e) She has facilitated one training session for Inyathelo on 6 October 2015 as requested.

8. Why did the board approve Shelagh Gastrow setting up a philanthropy consultancy while still employed as CEO, surely this was a conflict of interest?

Great care was taken during Ms Gastrow's exit period to make sure all decisions were taken properly and especially given that the establishment and growth of Inyathelo involved more than a decade's work and dedication by Ms Gastrow. It was important to her for the legacy to endure into the future.

The resolution of the board of 27 August 2014 came about after a lengthy process of negotiation with the board to ensure a smooth transition.

Ms Gastrow disclosed at the outset of the negotiations relating to her exit from Inyathelo, in the interests of transparency, that she wanted to play a new role as a philanthropy consultant through a consultancy firm. The board in fact agreed that Ms Gastrow could start the process of establishing her new business so that by the time a new executive director had been identified and appointed,

she would have a viable business to enter, rather than spend another year without any income. Keeping in mind that throughout this process Ms Gastrow assisted Inyathelo to make sure that the transition to new leadership, which took nearly a year, goes as smooth as possible.

Ms Gastrow's new business is in any event not in competition with Inyathelo as Inyathelo is not in the business of providing philanthropy advisory services. Hence there is no conflict of interest. Inyathelo's programmes rather promoted philanthropy and the growth of a philanthropic movement in South Africa. This difference is important as the advisory service is specific to individual clients and the other focuses on awareness raising through events and the media.

9. Why did the board agree to outsource the work around the Private Philanthropy Circle to Gastrow's new consultancy?

The Private Philanthropy Circle (PPC) was an informal network of philanthropic foundations and private philanthropists that met four times a year, one meeting of which was either a symposium or a conference.

It is not and has never been an Inyathelo programme. The PPC contracted Inyathelo to serve as its secretariat.

Inyathelo charged a fee to supply this service and also charged VAT, not only on the secretarial fee, but also the membership fees. This demonstrates that PPC is not controlled by Inyathelo but an entity that engaged Inyathelo as a service provider.

During Ms Gastrow's exit discussion with board members, she indicated that she would like to continue to work with the PPC as she had a real passion for the work. Inyathelo itself had no skilled staff available with the capacity to service PPC.

They therefore agreed that should the PPC continue to contract Inyathelo to serve as the secretariat, Inyathelo would then sub-contract that work to Ms Gastrow's new consultancy.

However, this issue is now moot as the PPC no longer exists.

Its membership decided to establish a new entity which is a fully independent association with an elected Council that makes its own decisions and is not attached to any NGO.

- 10.

10.1. Ms Madlala-Routledge has informed the board that in early 2015 Shelagh Gastrow had instructed that Inyathelo's philanthropy website be closed down.

This is denied.

Early in 2015 all of Inyathelo's websites (of which there were five) had to move over to the Joomla open-source software.

The Communications Manager, Sarah Nicklin, wanted to rationalise the five websites and requested that the Philanthropy website be closed down.

Ms Gastrow objected on the basis that it was a strategic decision which should be considered and taken by the new executive director. The record of this decision can be found in the minutes of the Extended Executive Management meeting of the time.

Ms Gastrow is not aware of the exact date when the website was closed and by whom, and only became aware of the closure after leaving Inyathelo's services.

- 10.2. Donor advisory services had effectively been "decimated" within the organisation "apparently deliberately" and had been "effectively handed over to the departing ED's private consultancy"?

Inyathelo's programmes promote philanthropy through the Inyathelo Philanthropy Awards, through its philanthropy website, and the philanthropy newsletter. It also currently has a major research project on the size and scope of philanthropy, paid for by the National Lottery. None of these has been handed over to Ms Gastrow's consultancy.

On the other hand, Inyathelo has never provided any donor advisory services to private philanthropists.

Ms Gastrow, as the founder and executive director, was never aware of any staff who provided those services or of a philanthropist who received such services or that such a unit or service existed within Inyathelo.

11. Madlala-Routledge has told the board that she inherited an organisation in a "shocking" state that was in "complete disarray" and "seriously dysfunctional". She says "things are very unwell in the land of Inyathelo."?

When Ms Gastrow left Inyathelo it was in the following shape:

- a) It had three key functioning programmes:
- a. The Kresge Inyathelo Special Initiative that focussed on advancement in higher education. This programme was fully funded by the Kresge Foundation through to February 2018 and made a significant contribution to the organisation's overheads. The programme was led by a very capable Programme Director, Nazli Abrahams, who had been with the organisation for ten years and had excellent connections in the higher education sector. In addition, Inyathelo was working with Rhodes Business School to

establish a post-graduate diploma in advancement. This is a measure of the respect by Rhodes Business School for the work of Inyathelo.

- b. The Inyathelo Non-Profit Organisations clinic that was fully funded by a variety of donors and provided coaching, mentoring and advisory services to Inyathelo non-profit clients at no cost. In addition, within the clinic various training programmes took place.
- c. Promotion of philanthropy, detailed above and which included (and still includes) the Inyathelo Philanthropy Awards and a fully funded research project into the size and scope of philanthropy in South Africa. The Philanthropy Awards had always been problematic in their funding and this was pointed out to the new Executive Director during Ms Gastrow's handover period. Decisions always needed to be made as to how it would be funded through donor income, sale of tables or whether some funding should come from the Inyathelo reserve. The Awards have been made for nine years and Inyathelo has embraced and successfully dealt with these challenges every year without fail.
- b) Inyathelo had about twenty staff, most of whom had been with the organisation for a long period, some for close to ten years or more. They were very good at their work, the programmes ran efficiently and effectively and there was substantial institutional memory within the staff complement.
- c) Donor relations were outstanding and our donors had confidence in the organisation and how it was run.
- d) Inyathelo had a reserve fund of about R48 million. This was built up over time through conscientious financial discipline and outstanding financial management and planning. This kind of reserve provided Inyathelo and its staff with the security they needed to invest in innovative projects or to cover any lean period if donor funding was not forthcoming. In the history of Inyathelo since 2002, the reserve had never needed to be used and all income from interest and dividends was reinvested. Occasionally small amounts were used to cover strategic payments where necessary.
- e) Inyathelo purchased a brand new 1,100 sqm property in Woodstock which had been refurbished in 2014 with funding donated by The Atlantic Philanthropies. Ms Gastrow was intimately involved in the negotiations relating to the acquisition of the building as it was a long term dream of hers for the organisation to have premises of its own. Its current estimated value is about R20 million. The organisation moved into this space in January 2015. It has offered civil society in South Africa a hub for innovation, networking and training as well as income generating potential through rentals and a conference centre. Inyathelo's assets therefore are in the region of R68 million, quite unusual for a non-profit organisation, but proof that the theory of advancement and

Careful financial management advocated by the organisation does work. The 2015 Inyathelo annual report (you can find it on the website) contains all the relevant financial information.

f) Page 15 of the 2015 Inyathelo annual report reflects the views of Inyathelo stakeholders and beneficiaries regarding Ms Gastrow's departure from the organisation.

12. The working environment at Inyathelo under Gastrow has been described as "toxic" by many Inyathelo insiders, which seems backed up by various human resources reports on the organization?

This is denied.

Every organisation and company goes through a change of management process at some time in its lifetime. In 2013 a decision was taken at Inyathelo to enter into such a process, taking into account that a shift to the new Inyathelo hub may result in complaints from staff.

Management took all the criticism and complaints received seriously which resulted in a changed process which included counselling support during 2014.

13. Madlala-Routledge claims that the handover when she began the job was negligent and that she faced serious resistance from senior staff, who obstructed her work, please comment?

Ms Gastrow made every effort to ensure that the handover was conducted professionally and in good faith and has no knowledge about the resistance from senior staff.

In fact, on 9 October 2015 Ms Madlala-Routledge wrote to Ms Gastrow:

I had wanted to thank you for the support you have given me since my appointment as Executive Director of Inyathelo in June. The transition so far has been smooth due to your generosity to create the space for me to lead the organisation.

14. Inyathelo insiders say that the board is "not strong" and dominated by Chairperson Zenariah Barands. They say the board doesn't play the oversight role it should?

Our clients are unable to comment since Ms Gastrow left the organisation and no longer sits on the board.

15. A breaking point in the relationship between Gastrow and Madlala-Routledge is said to be a trip to the USA to meet philanthropy funders, where Madlala-Routledge refused to take Gastrow with as she was clearly going to do work for her consultancy while there?

We refer to what is stated hereinabove regarding the trip to the USA.

Ms Madlala-Routledge had never refused to take her with to the USA

Below is the record of the emails exchanged between Ms Gastrow and Matlala-Routledge on 9 October 2015 on this issue which illustrates that there was no animosity from Ms Madlala-Routledge at the time.

As is evident from the emails, Ms Madlala-Routledge reported to Ms Gastrow that she felt sufficiently empowered to go on her own. Ms Gastrow was relieved not to accompany Ms Madlala-Routledge as she had other commitment in South Africa, including preparation for a conference soon after she was scheduled to return from the trip from the USA.

Dear Nozizwe,

Thank you for your message. In some ways it is a relief as I have so much on my plate. Good luck with the trip. I am sure you will find everyone most welcoming.

Warm regards

Shelagh

Sent from my Samsung device

----- Original message -----

From: Nozizwe Madlala-Routledge <Nozizwe@inyathelo.org.za>

Date: 09/10/2015 11:37 (GMT+02:00)

To: Shelagh Gastrow <shelagh@gbphilanthropies.co.za>

Cc: Zenariah Barends <zenariah.barends@inl.co.za>

Subject: Thank you

Dear Shelagh

It was good seeing you at Inyathelo this week, for the Rhodes Advancement and Resource Mobilisation Course. I had hoped to speak to you this morning but Dianne says you are running a workshop and not available until next Tuesday. I had wanted to thank you for the support you have given me since my appointment as Executive Director of Inyathelo in June. The transition so far has been smooth due to your generosity to create the space for me to lead the organisation. After a full four months I am now fully prepared for the task of leading Inyathelo and building on the fantastic foundation you laid. I am excited about the response from funders and civil society to the vision I am developing for Inyathelo going forward. I therefore wish to indicate that I need to be given a chance now to prove myself and therefore wish to notify you that in consultation with Kresge and in the interest of saving

funds for Inyathelo, I will not be asking you to join me for the visit to the US to meet the funders in November.

Nozizwe Madlala-Routledge

Whilst in New York, Ms Madlala-Routledge also sent the below email to Ms Gastrow, which fails to show any break in their relationship:

----- Original message -----

From: Nozizwe Madlala-Routledge <Nozizwe@inyathelo.org.za>

Date: 17/11/2015 14:32 (GMT+02:00)

To: Shelagh Gastrow <shelagh@gbphilanthropies.co.za>

Cc: Sarah Nicklin <Sarah@inyathelo.org.za>

Subject: Ford Proposal

Dear Shelagh

Greetings from New York. This has been a fruitful and most invigorating visit and it has given me a picture of the relationships you had developed over time. I am writing to ask you for the original funding proposal submitted to the Ford Foundation. As you know, we had been asked by Nicolette to synthesise it with the OSF proposal and re-submit with a budget. Kindly send me the original funding proposal for R3 million over two years.

Nozizwe Madlala-Routledge

16. Insiders also argue that Amanda Bloch, Gastrow's current partner, used to charge Inyathelo an "exorbitant amount" as a consultant to do very little work for the PPC?

Amanda Bloch was a consultant at Inyathelo from 2010-15. She was contracted by the then Programme Director, Gaby Ritchie, to undertake the work which we outline below. The remuneration paid under the contract agreement was not an "exorbitant amount", but was in line with the remuneration of other co-ordinators working at Inyathelo.

Her duties included the following:

- a) Co-ordinate the Philanthropy Conference in 2010.
- b) Co-ordinate the activities of the Private Philanthropy Circle from 2011-15. This included three workshops a year and a symposium/conference. Organising four events required a significant amount of preparatory work, besides attendance at the events themselves. People involved in philanthropy in the current climate expect excellent outcomes, especially when they are paying fees for a service. In addition, Amanda Bloch frequently met with

members (clients) to ensure that the services offered were in line with their requirements and to assist in growing the Circle. She also oversaw the content and design of the reports that emerged from the conferences/symposia and participated in a process whereby the network met with Treasury and SARS on several occasions to support a more enabling environment for philanthropy. She briefed lawyers to prepare a submission to SARS and oversaw this process which took nearly two years.

- c) Co-ordinated a philanthropy advisors support group which was made up of various entities that provided support to philanthropy, such as banks, financial management companies, accountancy firms and consultants.
- d) Organised the Inyathelo Philanthropy Awards in 2014, a major event held at the ZipZap Circus venue, whilst assisting to obtain financial support or in kind support for the event.

The responsibilities undertaken by Amanda Bloch in terms of the consultancy agreement constituted a challenging role, which necessitated close engagement with a variety of agencies and individuals, to bring to a successful conclusion.

Press Code

We are constrained to remind of the strictures and prerequisites imposed upon you by the Press Code.

In terms of article 2 of the South African Press Code the press shall take care to report news truthfully, accurately and fairly. News shall be presented in context and in a balanced manner, without any intentional or negligent departure from the facts whether by distortion, exaggeration or misrepresentation, material omissions, or summarisation.

Article 2.3 provides further that: only what may reasonably be true, having regard to the sources of the news, may be presented as fact, and such facts shall be published fairly with due regard to context and importance. Where a report is not based on facts or is founded on opinion, allegation, rumour or supposition, it shall be presented in such manner as to indicate this clearly.

Where there is reason to doubt the accuracy of a report and it is practicable to verify the accuracy thereof, article 2.4 provides that it shall be verified.

In terms of article 4.7 the press shall exercise care and consideration in matters involving dignity and reputation. The dignity or reputation of an individual should be overridden only by a legitimate public interest and in the *inter alia* the following circumstances: the facts reported are true or substantially true; or the article amounts to fair comment based on facts that are adequately referred to and that are true or substantially true.

Conclusion

It is clear from our clients' comprehensive response to your questions and queries that the facts with which you have been briefed by Ms Madlala-Routledge are inaccurate and in certain instances simply false. There is accordingly and undoubtedly reason to doubt the accuracy of the report and information received from her.

Furthermore, the comments made by her and repeated in your email addressed to our clients are defamatory. It does appear that you have been taken on tow to promote a particular agenda. You should take care to verify the facts before you publish.

We reiterate that you publish at your peril.

Having been advised of our clients' response, we will bring the contents of this letter to the attention of the Press Ombudsman if you publish nevertheless, as an aggravating factor.

There is one last aspect.

We understand that you have approached several people including some leading philanthropy organisations with these scandalous and malicious rumours for comment. To the extent that you have provided them with a one-sided version of the facts, we require you in the interests of accuracy and fairness to put our clients' version as set out above to each and every person whom you have approached. They are entitled, as are our clients, to a comprehensive version, particularly where they are required to comment.

Any suggestion that you are unable to do so for lack of time is rejected. There is no need to publish this story urgently. Our clients' rights are crucially compromised by the defamatory allegations being distributed by you.

We require confirmation from you once you have done so.

All our clients' rights are reserved.

Yours faithfully,

ENSafrica

Per:

George van Niekerk