

BAM BREAKFAST MEETING HELD ON THURSDAY 17TH MAY 2007 AT ACK GUEST HOUSE FROM 7:30AM.

The meeting was opened prayer at 7:30AM. Participants thereafter introduced themselves. Luke Kinoti who led the meeting, reminded participants about the objectives of the meeting namely;

1. Promote the concept and practice of BAM
2. Provide a platform for information sharing such as: emerging business opportunities and BAM success stories
3. Connect practitioners with potential practitioners
4. Connect young businesses with mature and established businesses

The speaker for the day was Lydia Koros, chief executive of Faulu Kenya, one of the largest microfinance institutions in the country. She explained that Faulu Kenya was started by Food for the Hungry international and has since grown to a national organization. Faulu is unapologetically Christian in its mission and core values. It is motivated by the mission of Christ and serves the interest and welfare of the underprivileged in Kenya. Her presentation is attached.

Hannah Njenga of *Aloe Life Products* shared the testimony of how she begun a business a year ago of making detergent, *Hannah's Pride*, that can be sourced in major retail outlets. Her inspiring story is attached.

After the presentations, a discussion followed whose salient points are captured below.

There was also a testimony from Claver Karakura, CEO of Hope Fund, Burundi. He has been residing at the ACK Guesthouse while in Nairobi on business, and was invited to the BAM meeting by Grace Wambua, the manager of the of ACK Guesthouse.

The closing prayer was done by John Ngatia, a missionary with Life Ministry in Garissa.

Issue for discussion	Response, way forward
<p>About the Microfinance Act and the pyramid schemes.</p>	<p>In 2000, MFIs came together to seek a formal recognition by the government, and developed a bill which was passed into law in 2006. It seeks to regulate the activities of the various MFIs in Kenya and protect the public.</p> <p>Pyramid schemes: people should ask the investors where they invest the funds they collect from the public, so as to get the high returns they promise. This would help protect the public from unscrupulous people.</p>
<p>Need to redeem the image or perception of men. They are seen as responsible as women, many waste their resources so that the families are left destitute, and the <i>fundis</i> and contractors are seen as generally undependable. This has also caused aggrieved Christians to source for business outside the household of faith.</p>	<p>BAM can provide a forum for businesspeople can be accountable to each other. This would protect the reputation of the industry.</p> <p>It is true that men have been bashed and rightly so: they have neglected their God-given responsibilities and duties in society. More and more, they are receding from the public scene, from taking high positions. A way needs to be found for men to be accountable so that they can hopefully increase their integrity. The church can help redeem this situation through its various ministries.</p> <p>Christians need to also hold each other accountable for acceptable standards in service delivery. This would also increase the amount of business in Christian circles since more business would go round.</p>
<p>There is concern about availability of school fees for needy students in secondary school, especially where the parents are inconvenienced financially.</p>	<p>Faulu works with churches, with the loan officers even church workers. They can explore providing support for small businesses for the needy communities.</p> <p>Some training may be needed to educate the parents and communities about the need to make effort to educate their children.</p>

Issue for discussion	Response, way forward
<p>Could <i>Faulu</i> consider decreasing the interest rates on loans, since many institutions including banks are now revising their lending rates downwards and targeting lower income groups? They could reduce their operating expenses by increasing electronic operations, thus an incentive to lowering their interest rates.</p>	<p>Faulu has a graduated scheme for offering loans to the public, for those who have either much or less risk. It is true; their rates tend to be a bit high.</p> <p>The rates will lower over time, maybe 5 years, as they increase the amounts of money that they will collect from the public.</p> <p>Faulu has considered going electronic but this would cut out the personal touch, which is a major part of their core values. They would like to retain this and remain in business.</p>
<p>Testimony by Claver Karakura, CEO of Hope Fund, a microfinance institution in Burundi.</p> <p>He discovered that construction is not a good business during a civil war. Once while in prayer, he got the idea of a MFI for Burundi. He began with \$4,000. Today one of the fastest growing MFIs in Burundi.</p> <p>Challenges:</p> <ul style="list-style-type: none"> – It is quite difficult for church groups to repay loans. – Lack of enough dynamic business ideas that can create jobs. 	<p>Lessons learnt.</p> <ol style="list-style-type: none"> 1. While churches and Christians are a challenge to deal with at first, <i>Faulu</i> is committed to working with the church so as to impact society. 2. A group called 'Men of God' comprised of 10 pastors who run businesses at the coast have been faithful in repayments. They also keep <i>Faulu</i> accountable to its pledges. 3. <i>Faulu</i>'s default rate is 2%, while the global is 5%.