

What is Kiva & How Does it Work?



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Topics covered in this toolkit

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- What is Kiva?
- Who created Kiva and why?
- How does it work?





What is Kiva?

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Kiva is a non-profit organization with a mission to connect people through lending to alleviate poverty.

Kiva acts as a micro-lending platform, or a place where people who need a loan and people who want to loan money can find and connect with one another.

Bonus Info: Non-profits are organizations that use their revenue or the money they make to achieve goals, instead of keeping the profits or dividing it among the people who created or support the organization.

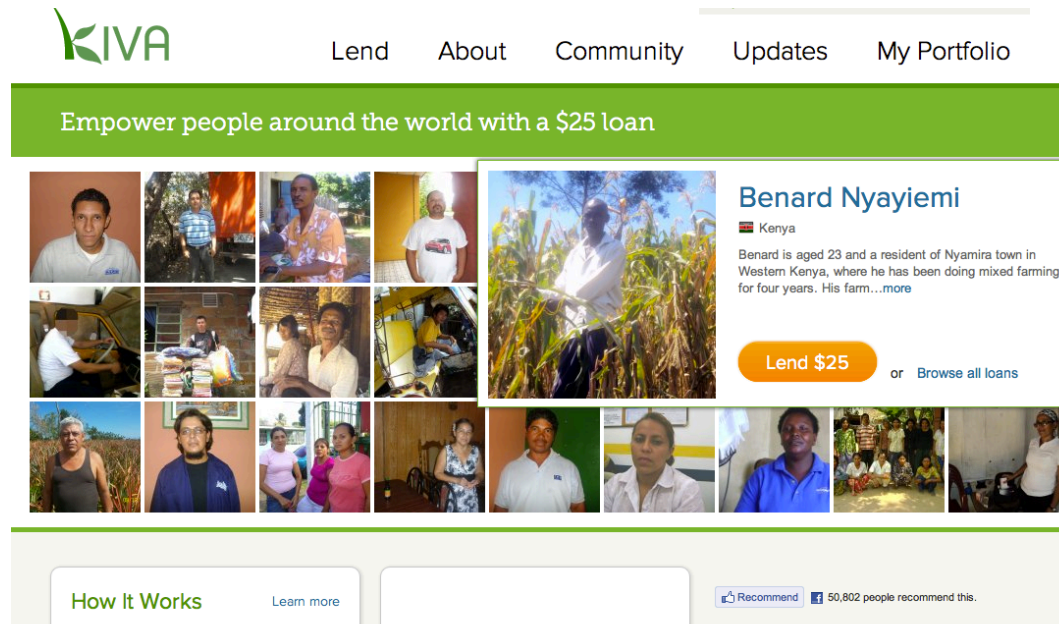


We envision a world
where **all people**
– even in the most remote
areas of the globe –
hold the power
to create opportunity
for themselves and others.

How does it work?

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Kiva.org is a website which allows anyone to lend to an entrepreneur who needs a loan.



The screenshot displays the Kiva.org homepage. At the top, the KIVA logo is on the left, and navigation links for "Lend", "About", "Community", "Updates", and "My Portfolio" are on the right. Below the navigation bar is a green banner with the text "Empower people around the world with a \$25 loan". The main content area features a grid of small photos of various entrepreneurs. A larger, detailed profile for Benard Nyayiemi is highlighted on the right. His profile includes a large photo of him in a field, his name, a Kenyan flag icon, and a brief bio stating he is 23 years old and a resident of Nyamira town in Western Kenya, engaged in mixed farming. Below the bio is an orange "Lend \$25" button and a link to "Browse all loans". At the bottom of the page, there is a "How It Works" section with a "Learn more" link, and a "Recommend" button with a Facebook icon and the text "50,802 people recommend this."

Who created Kiva & why?

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Now that we know what Kiva is,
let's talk about who created it and why.



Who created Kiva & why?

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Over half of the world's population lives in poverty.

This means it is probably difficult for them to get basic things they need like:

Food



Shelter



Education



Who created Kiva & why?

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It also means they likely do not have access to basic financial services.

This is often because formal financial institutions consider them to be, “**unbankable.**”

People can be considered to be, “unbankable” for many reasons:

- *No collateral*
- *No credit history*
- *Transaction size*
- *Geographic location*
- *Illiteracy*



Who created Kiva & why?

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But these people **need financial services** just like anyone else, so they often end up being forced to get them in informal, often unsafe ways:

- Borrowing money from loan sharks with interest rates so high that it may be impossible to ever pay back.
- Savings kept in the home or with neighbours or family members, vulnerable to theft or loss.

Who created Kiva & why?

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Better financial options were needed by people all around the world to help break the cycle of poverty, while the field of microfinance was proving to be a viable option.

However, the **technology to connect people** who wanted to lend with people who wanted to borrow and facilitate worldwide loans did not yet exist.



Who created Kiva & why?

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Kiva was founded in 2005 when Matt Flannery, Kiva's CEO, went to Uganda and met some amazing entrepreneurs – people who had started their own businesses.



Who created Kiva & why?

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A few people in Uganda asked him for loans to **invest in their business.**

He lent them the money, they paid him back, and when he came back to the United States, **he realized the impact he could have** if he could connect people he met in Uganda to his friends and family at home.

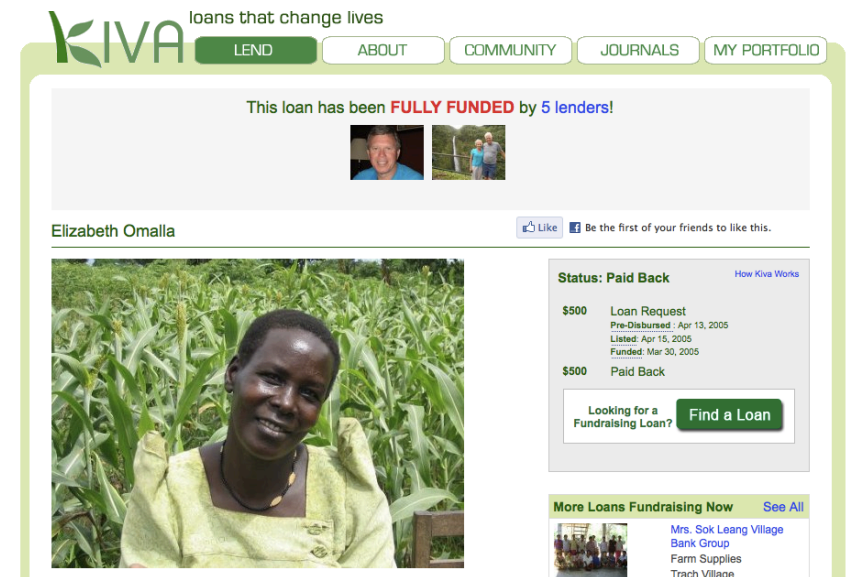


Who created Kiva & why?

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So, he created the website, **Kiva.org**, and he put up pictures of some of the entrepreneurs with descriptions of what they hoped to use a loan for.

Kiva was very small, so his friends and family went online and funded the loans.

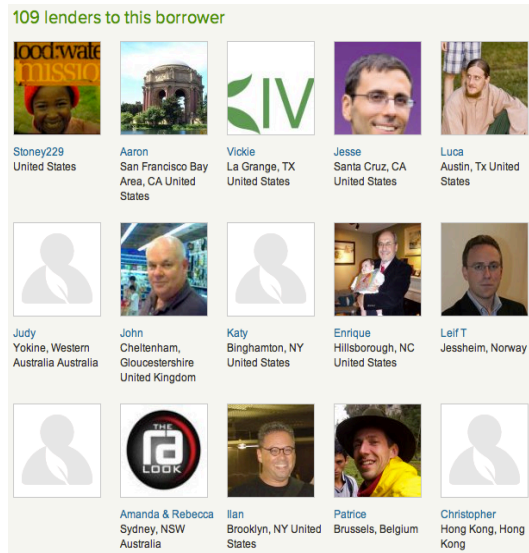


First loan made in Uganda in 2005

How does it work?

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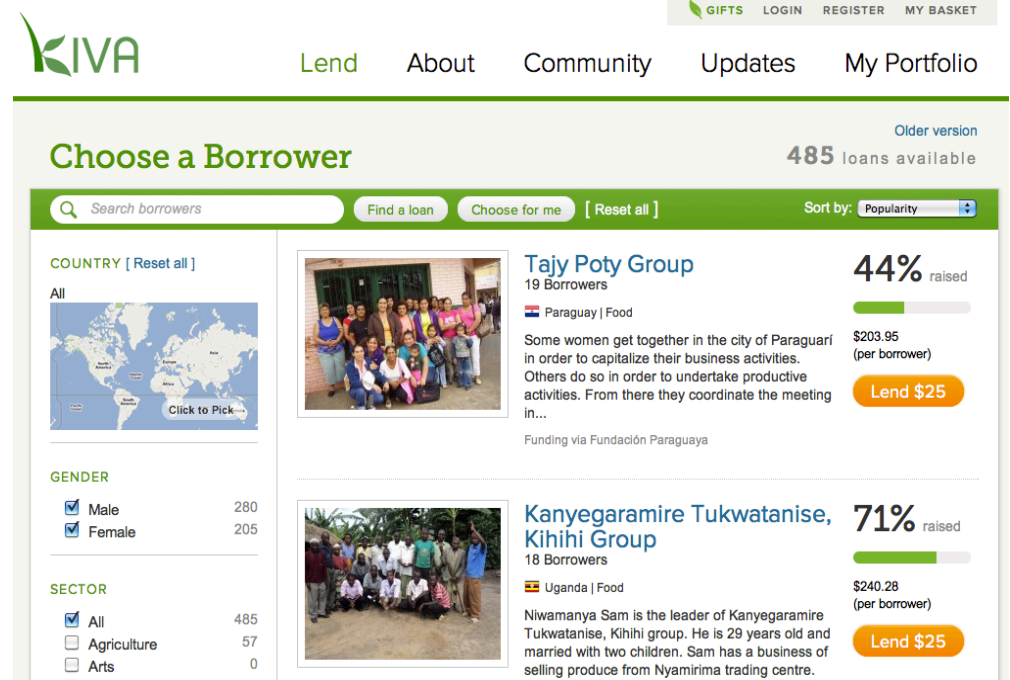
Kiva connects people who want to lend money (Lenders) to people who want to borrow money (Borrowers).



K How does it work?

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The Kiva website lists loan requests which you can browse, just like browsing items on eBay.



The screenshot displays the Kiva website's 'Choose a Borrower' page. At the top, the Kiva logo is on the left, and navigation links for 'Lend', 'About', 'Community', 'Updates', and 'My Portfolio' are on the right. A secondary navigation bar includes 'GIFTS', 'LOGIN', 'REGISTER', and 'MY BASKET'. The main heading 'Choose a Borrower' is prominently displayed, with a note that '485 loans available'. Below this, a search bar and filters for 'COUNTRY', 'GENDER', and 'SECTOR' are provided. The 'COUNTRY' filter shows a world map with 'All' selected. The 'GENDER' filter shows 'Male' (280) and 'Female' (205) with checkboxes. The 'SECTOR' filter shows 'All' (485), 'Agriculture' (57), 'Arts' (0), and 'Business' (12) with checkboxes. The main content area lists two loan requests. The first is for the 'Tajy Poty Group' in Paraguay, with 19 borrowers, 44% raised, and a 'Lend \$25' button. The second is for the 'Kanyegaramire Tukwatanise, Kihiki Group' in Uganda, with 18 borrowers, 71% raised, and a 'Lend \$25' button. Each listing includes a photo of the group and a brief description of their business activities.

KIVA Lend About Community Updates My Portfolio

GIFTS LOGIN REGISTER MY BASKET

Choose a Borrower 485 loans available

Older version

Search borrowers Find a loan Choose for me [Reset all] Sort by: Popularity

COUNTRY [Reset all]

All

GENDER

☒ Male 280

☒ Female 205

SECTOR

☒ All 485

☐ Agriculture 57

☐ Arts 0

☐ Business 12

Tajy Poty Group 19 Borrowers

Paraguay | Food

Some women get together in the city of Paraguari in order to capitalize their business activities. Others do so in order to undertake productive activities. From there they coordinate the meeting in...

44% raised

\$203.95 (per borrower)

Lend \$25

Funding via Fundación Paraguaya

Kanyegaramire Tukwatanise, Kihiki Group 18 Borrowers

Uganda | Food

Niwamanya Sam is the leader of Kanyegaramire Tukwatanise, Kihiki group. He is 29 years old and married with two children. Sam has a business of selling produce from Nyamirima trading centre.

71% raised

\$240.28 (per borrower)

Lend \$25


How does it work?

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You connect with an entrepreneur:

Each borrower profile includes a picture of the borrower, their story, information about what they want a loan for, how much money they are requesting, over what period of time they will pay it back, and information about the Field Partner that disburses the loan.

Benard Nyayiemmi
Nyamira, Kenya Agriculture | Dairy[Recommend](#)



Benard Nyayiemmi

A loan of \$325 helps Benard Nyayiemmi to purchase and insure a dairy cow

7% raised, \$300 to go

Select amount to lend

\$25 [Lend \\$25](#)


Repayment Term:	18 months (more info)
Repayment Schedule:	Monthly
Pre-Disbursed:	Feb 18, 2011
Listed:	Mar 8, 2011
Currency Exchange Loss:	Possible
Default Protection:	Not Covered

Your funds will be used to backfill this loan. Repayments will go to you.

Benard is aged 23 and a resident of Nyamira town in Western Kenya, where he has been doing mixed farming for four years. His farm produce of milk, beans and maize are sold to the local market. He has employed one farmhand. He gets additional income from his timber business.

Benard has requested a loan of 25,000KES from Juhudi Kilimo to purchase and insure a dairy cow. He is focusing on managing the income from this loan to help him start a family and buy more dairy cows. He reckons that heavy rains are the greatest challenge to farming, especially for beans, because they can be destroyed before harvesting.

ABOUT THE FIELD PARTNER

 **Juhudi Kilimo**

Juhudi Kilimo (JK) administers this loan.
[Learn more](#)

How does it work?

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1. **Field Partners** disburse loans and upload the loan requests to Kiva.



2. **Kiva lenders** fund the loans and **Kiva** sends the funds to the **Field Partner**.



3. The **borrowers** make repayments to the **Field Partner**, the **Field Partner** sends repayments to **Kiva**, and **Kiva** repays the **lenders**.



4. **Lenders** can re-lend, donate to Kiva, or **withdraw** the money.

How does it work?

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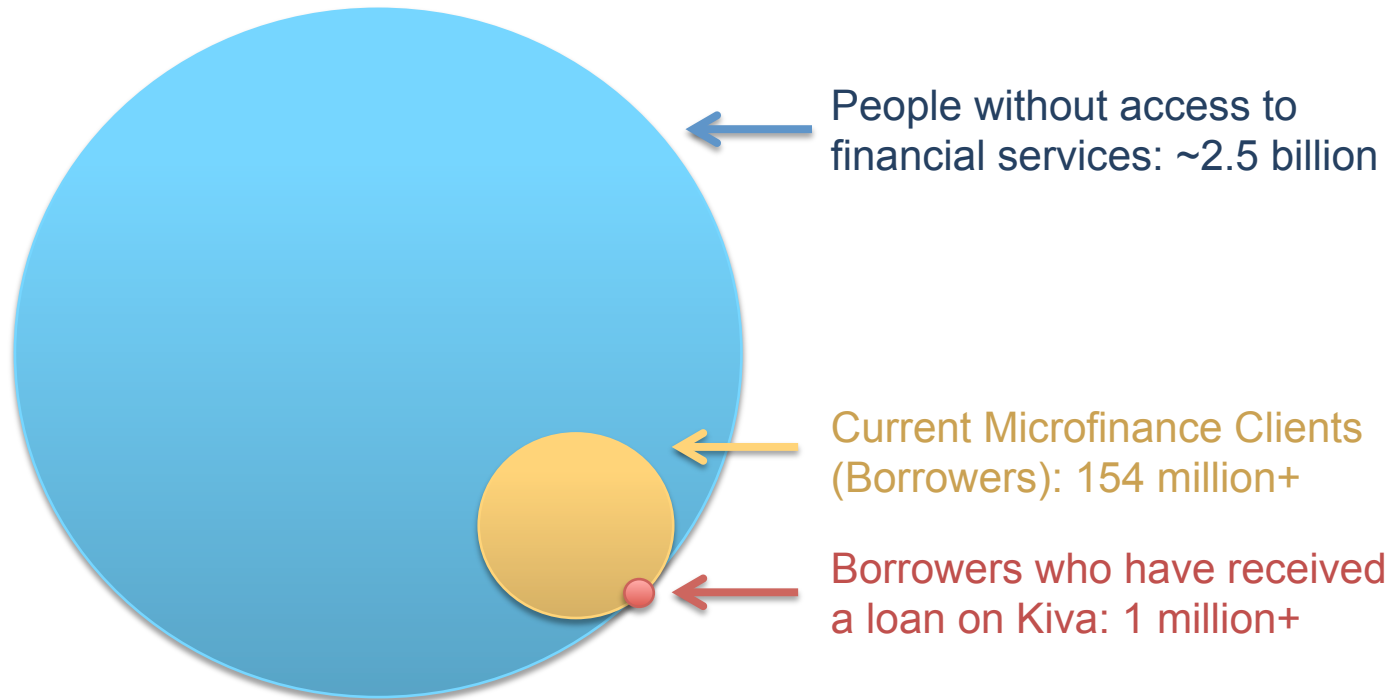
Kiva has lent over \$400 million in loans to over 970,000 entrepreneurs in 67 countries!



How does it work?

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There are still many more people to reach:





Together, a solution is possible.