


KIVA loans that change lives.



Connecting Microfinance Networks with Kiva Social Investors

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October 24, 2007

"Revolutionizing how donors and lenders in the US are connecting with small entrepreneurs in developing countries"






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- **What is Kiva and How it Works**
- Kiva's Progress
- Corporate and Press Support for Kiva
- Case Studies
- Partnership Requirements and Contact Information



Where Kiva Fits

	Finance needs	Sources of capital
Large Companies	>\$10 million	<ul style="list-style-type: none"> Foreign bank debt, international bonds, Development Finance Institutions (e.g. IFC)
Medium Enterprises	\$200,000 – \$ 10 million	<ul style="list-style-type: none"> Commercial Banking Sector SME Venture Funds, e.g. MekongEnterprise Fund, Grofin
Small Enterprises	\$5,000 – \$ 200,000	<ul style="list-style-type: none"> BRI (Indonesia's People's Bank) Village Owned Banks / Cooperatives
Micro Enterprises	< \$ 5,000	<ul style="list-style-type: none"> Microfinance programs run by government, NGOs, international donors Kiva Microfunds



The Kiva Microfinance Website: www.kiva.org

Sri Indiyani




The Kiva Quartet:

1. The Borrower
2. The MFI
3. The Lenders
4. The Website



Kiva Introduction

Kiva's Innovation: Linking the Internet to Microfinance



Internet Lender: Leslie, Union City, CA

Online Marketplace: KIVA

Partner Microfinance Institution: [Logo]

Small or Micro Entrepreneur: Mrs. Sri


Low interest loans →

← **High repayment rates**
Transparent impact


Kiva Introduction

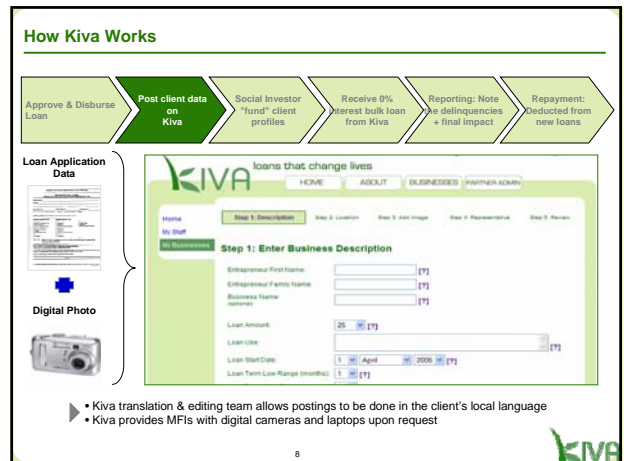
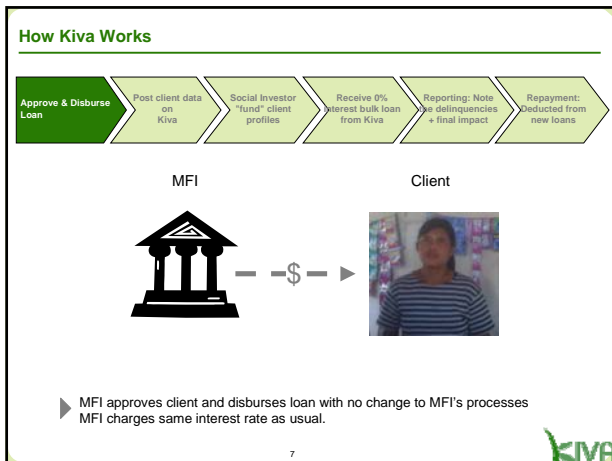
Problems Faced by Microfinance Institution's

- **Low-income households**
 - No access to financing and interest rates are high
- **Microfinance Institutions**
 - Unable to access commercial banking sector
 - Lack continuous sustainability as most MFI's were formed based on a one-time bulk grant/loan
- **Lenders from Developed Countries**
 - Difficult to see impact from charity or loans



Leslie, Union City, CA





How Kiva Works

Sri Indiyani

Status: Raised
\$125.00 Loan Request
\$125.00 Raised

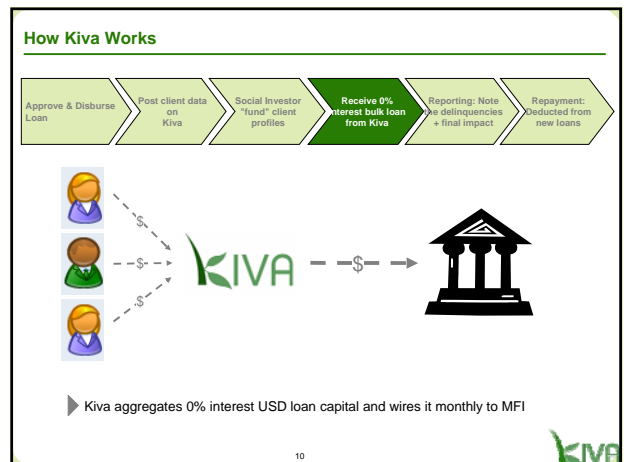
About the Entrepreneur

Name: Sri Indiyani
Location: Bandung Indonesia
Business Name: Food Mart
Activity: Food Market
Loan Requested: \$125.00
Repayment Term: 5 months - repaid monthly
Loan Use: Married Starting Working (Karyawan) dan mencari tambahan dengan di warung

About the Field Partner

Average time to 100% funding = 1.5 days

9



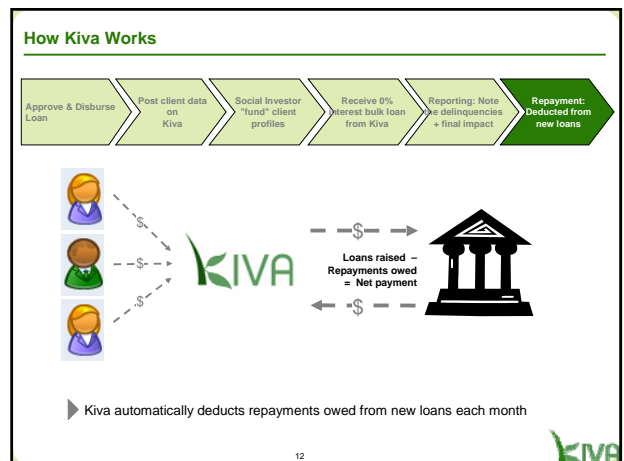
How Kiva Works

1. During the loan term MFI reports only delinquencies

On time collection auto-reported to lenders
 On time collection auto-reported to lenders
 Delinquent – manual report required

2. At the end of loan term MFI must provide a loan impact summary

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What are Kiva's benefits?



Social Investors

- Transparency ("I know where my money is going")
- Sustainability ("When repaid, I can re-lend to someone else")
- Affordability ("With only \$25 I can help change someone's life")
- Uniqueness ("Microfinance is a great tool and I can help")



Microfinance Institutions

- Low interest USD debt capital
- Low liability: Loan losses can be passed to Internet Lender
- Strong partnerships = long term access to capital
- Significant international exposure
- State of the art fund raising and reporting systems



MFI Benefit Summary

Increase profitability

- **No cost funds:** 0% interest monthly bulk loans wired to your bank account
- **No liability:** Client loan losses borne by Kiva (like a securitization)
- **Flexible currency risk policy:** MFI responsible for managing F/X risk; however Kiva Social Investors will likely forgive default if massive devaluation occurs
- **Low reporting costs:** Kiva reduces you staff and IT costs by providing:
 - Exception based reporting system and automatic monthly net billing
 - Free full time on-site interns to help train staff and post client data
 - Free digital cameras and laptops
 - Free translation, text editing

Improve transparency / global reputation

- **Exposure:** Kiva.org is the world's most trafficked microfinance website
- **Transparency:** Show client level impact/operational excellence to other funders
- **Be a part of the fastest growing MFI network:** Over 65 MFIs in 36 countries raise money via Kiva – growing at 5 MFIs a month...



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Kiva Partners

Wide range of local MFI partners

67 microfinance institutions from 40 countries have joined Kiva in first 24 months



Kiva Partners

Partial List of Kiva Partners

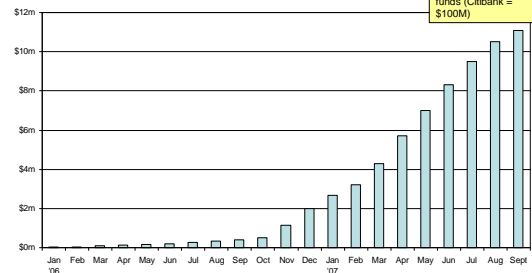
- | | |
|---|--|
| <p>AFRICA</p> <ul style="list-style-type: none"> • Microfund - Togo • Ebony Foundation - Kenya • Hluvuku-Adsema- Mozambique • Lift Above Poverty Foundation- Nigeria • Kraban Support Foundation- Ghana • Women Initiative to Eradicate Poverty- Uganda • Youth Self Employment Foundation- Tanzania • Life in Africa Foundation- Uganda • Women's Economic Empowerment Consort- Kenya • Senegal Ecovillage Network- Senegal • Village Enterprise Fund- Uganda • Rural Agency for Development- Kenya • People's Microcredit Investment Bureau- Kenya • SEED Development Group- Kenya • Action Now- Kenya- Kenya • Kisumu Medical and Education Trust- Kenya • Share an Opportunity Microfinance Ltd.- Uganda • HELP Africa- Togo • HOPE RDC- Democratic Republic of Congo • GHAPE- Cameroon • Urban Ministry- Nigeria | <p>EASTERN EUROPE & CENTRAL ASIA</p> <ul style="list-style-type: none"> • Mikrofond EAD- Bulgaria • Microinvest LLC- Moldova • Regional Economic Development Center- Bulgaria • Nadiya- Ukraine • Norwegian Microcredit LLC- Azerbaijan • Komak Credit Union- Azerbaijan • MLF MicroInvest- Tajikistan <p>LATIN AMERICA</p> <ul style="list-style-type: none"> • Fundación para la Vivienda Progresiva- Mexico • Admic Nacional- Mexico • Mifex Microfinance Exchange- Ecuador • Prisma Microfinance- Honduras / Nicaragua • Esperanza International- Dominican Republic and Haiti • IMPRO- Bolivia <p>ASIA</p> <ul style="list-style-type: none"> • South Pacific Business Development- Samoa • CREDIT MFI- Cambodia • Ariana Financial Services Group- Afghanistan • Al Aman- Iraq • MBK Ventura- Indonesia • Mekong Plus- Vietnam |
|---|--|



Kiva in Numbers

Ramping up fast: \$11.1 million raised from 133,000 lenders in 24 months

Total Capital Raised from Kiva Internet Lenders (\$m)



5 year projections
• \$130M – 280M USD
• On track to be one of the largest microfinance funds (Citibank = \$100M)



Kiva in Numbers
Ramping up fast: High Volume of Website Traffic

- Average new users each day = 9,200
- Average loans funded each day
 (Jan-Aug '07) = \$36,500
 (Sept-Oct '07) = \$61,500
- Average # of lenders each day
 (Jan-Aug '07) = 444
 (Sept-Oct '07) = 1,300
- Highest number of users in 1 day = 94,000
- Highest loans funded in 1 day = \$258,000 (>\$10,000/hr)
- Highest # lender in 1 day = 3,100
- <10% of lenders withdraw funds after repayment
- Revenue from donations = 7.5% of loan volume

KIVA

Kiva in Numbers
Borrower Statistics

- Total Borrowers : 20494
- Male : 28%
- Female : 72%
- Average Loan size : US\$ 639.99
- Average Loan Term : 10.1 months

Asia is still less than 30% of portfolio

KIVA

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KIVA

Early Results
Strong base of early supporters

 Free payment processing and employee support	 120 Million free banner impressions	 Free Google Adwords - 25% of traffic	 Free Yahoo Search Marketing and employee support
 Free promotion (Community Impact Award)	 Funding for Field Research and Development	 Free phones for cell based data upload pilot	 Free promotion of Kiva widget to bloggers
 Featured Organization	 Early Funder	 Early Funder	 Free computers and early funder

KIVA

Early Results
Strong accolades in the press and +10,000 blogs

"Innovation of the week: Kiva.org uses smart design to make a little cash go a long way."

"Revolutionizing how donors and lenders in the US are connecting with small entrepreneurs in developing countries"

2006 Year in Ideas Issue: "At Kiva.org, a schoolteacher in Kansas can partner with a seamstress in Kenya to jump-start a tailor shop."

"You too can have a big impact with a small amount of money."

"If you've got 25 bucks, a PC and a PayPal account, you've now got the wherewithal to be an international financier."

KIVA

Kiva Partners
Typical Kiva Partners

The Average MFI in Kiva has...

- Been a Kiva partner for 7.5 months
- Raised \$180,000 in capital
- Paid back \$69,000 in capital
- 215 business posted

Kiva's Risk Ranking System Avoids Creating a "Glass Ceiling"

- 7 = ☆☆☆ star partners
- 7 = ☆☆☆ star partners
- 13 = ☆☆☆☆☆ star partners
- 20 = ☆☆☆☆☆ star partners
- 18 = ☆☆☆☆☆ star partners

KIVA

Costing out Kiva's debt capital

Interest Rate Kiva Charges	0%	<p>Comments:</p> <p>Kiva passes 100% of the funds lent via social investors online. Kiva supports its low cost internet operations by charging social investors optional fees. Kiva has been a financially self sufficient 501c3 U.S. non-profit organization since November 2006.</p>
Cost of staff time to post client data	0.2% - 2%	<p>Based on time study data of MFIs using Kiva, the cost of staff time to post and maintain each client profile on Kiva.org ranges from < \$1 USD to \$10 USD. The average Kiva loan raised per client profile is \$500USD - putting the average cost as a factor of the debt capital raised on Kiva to around 0.2% - 2%.</p>
Write Off Rate	1.3%	<p>According to the MicroBanking Bulletin, the average write off ratio for all MFIs listed on the MBX is 1.3% in 2006. This number is subtracted from the cost equation since Kiva social investors bear default risk / all MFI write offs.</p>
F/X Hedging Cost	Varies	<p>Kiva's loans are in U.S. dollars and Kiva's policy is for MFIs to manage the currency risk. The cost of hedging short term loans varies by context and many MFIs simply do not hedge given the large savings spread by using Kiva.</p>
Total Cost of Kiva Capital	~0 - 1% + FIX risk	<p>For most MFIs, Kiva represents the cheapest U.S. dollar debt capital source available.</p>

Kiva's Risk Model creates an incentive to improve transparency

Inputs

- Self-reported MFI Data**
 - Organizational age
 - Gross Loan Portfolio (GLP)
 - Overall Portfolio At Risk (PAR)
 - Organizational Self Sufficiency (OSS)
 - Regulatory Status
- 3rd Party MFI Data**
 - Financial Audit Results
 - Credit Rating Score
 - Kiva Audit Results
 - Independent Evaluations
 - Outside funder Quality
 - Network Affiliation
- MFI Performance on Kiva**
 - Total Outstanding Kiva Loans
 - PAR on Kiva Loans
 - Kiva Fellows' Journaling Coverage
 - Duration of Partnership
 - Performance during Partnership

Outputs

- MFI Reputation on Kiva's site**

About the Field Partner

Field Partner: [Ebony Foundation \(E.F.F\)](#)

Field Partner Risk Rating: ★★★★★ (Learn more)

Time on Kiva: 9 months

Kiva Businesses: 603

Total Loans: \$519,625

Delinquency Rate: 0.00%

Default Rate: 0.00%
- Monthly Fundraising Limit**

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Case Study: :: MICROFUND :: (Togo)

Kiva Partner Since:	Nov 6, 2006
Total Loans Raised:	705
Total Loan Capital Raised:	\$670,000
Average Loan Size:	\$850
Average Time to Fund a Loan	1 day

Testimonial from Managing Director

- "The partnership of KIVA with MICROFUND is very excellent and today KIVA is our best partner"
- "The support of KIVA has been and is very helpful to our survival and allows us to increase considerably our portfolio"
- "Due to our partnership with KIVA, MICROFUND responds more easily to the needs in credit of its members at the great satisfaction of its beneficiaries"

- Joseph Kossi
(MICROFUND Manager)

Case Study: ADMIC (Mexico) Part of ACCION Network

Kiva Partner Since:	Aug 31, 2006
Total Loans Raised:	994
Total Loan Capital Raised:	\$557,000
Average Loan Size:	\$510
Average Time to Fund a Loan	1.3 days

Testimonial from Managing Director

- "Kiva has been an incredibly successful partner in providing us low cost funding to expand our operations"
- "Highly recommended."

Kiva Case Study: AFSG (Afghanistan)

MFI Mission Statement: To provide high quality and fair priced savings and loan products to our clients, which will increase their incomes, expand their businesses and improve their quality of life.

Kiva Partner Since:	Jan 18, 2007
Total Loans Raised:	305
Total Loan Capital Raised:	\$117,000
Average Loan Size:	\$385
Average Time to Fund a Loan:	8 hours

Testimonials from MFI

- "Kiva's loan fund has brought a significant change over AFSG's growth and productivities and huge change to clients living standard"
- "KIVA has been proved to be a powerful instrument for poverty reduction build assets, increase incomes and reduce their vulnerability to economic stress in Afghanistan"
- "AFSG and its clients are really thankful of Kiva's fund and we hope that Kiva supports AFSG continuously"

- Storai Sadat
(Executive Director)

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Does Kiva make financial sense for my MFI?

Checklist

Someone on my staff can:

- Digitally photograph clients
- Communicate via email / access the Internet regularly
- Speak English or Spanish

My MFI can:

- Legally accept US Dollar debt from a foreign lender
- Managing foreign exchange risk



Next Steps for Partnering with Kiva

MFI Partner Next Steps

1. Complete and submit Kiva partnership application
2. Receive response from Kiva regarding application status
3. If approved, work with Kiva's Partnerships team to setup a pilot program
4. Launch 1-2 month Kiva pilot program
5. Assess pilot program outcomes and scale program based on needs

Kiva Role

- Provide guidance and feedback on all application documents and requirements
- Review application materials and respond to MFIs within 1-2 weeks
- Provide all additional documents and on-going, comprehensive assistance with Kiva pilot setup
- Monitor pilot and provide on-going support
- Provide comprehensive assistance for pilot scaling and work with MFI to determine monthly Kiva funding limit

► If your MFI is qualified and you're interested in starting a Kiva pilot program or want more information contact: partnerships@kiva.org

