What is Kiva & How Does it Work?
Topics covered in this toolkit

• What is Kiva?
• Who created Kiva and why?
• How does it work?
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.
Kiva.org is a website which allows anyone to lend to an entrepreneur who needs a loan.
Now that we know what Kiva is, let’s talk about who created it and why.
Who created Kiva & why?

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
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*
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.
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.
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.
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?

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
Kiva connects people who want to lend money (Lenders) to people who want to borrow money (Borrowers).
How does it work?

The Kiva website lists loan requests which you can browse, just like browsing items on eBay.
How does it work?

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.
How does it work?

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?

Kiva has lent over $400 million in loans to over 970,000 entrepreneurs in 67 countries!
There are still many more people to reach:

- People without access to financial services: ~2.5 billion
- Current Microfinance Clients (Borrowers): 154 million+
- Borrowers who have received a loan on Kiva: 1 million+
Together, a solution is possible.