



Kiva.org Overview

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Premal Shah
premal@kiva.org

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



What is Kiva?

Online marketplace connecting social investors to MFIs and their clients

Internet
Lender



Online marketplace



Kiva - Microsoft Internet Explorer

loans that change lives

HOME ABOUT

Entrepreneur: Mercy Njoki Kiny
Business Name: Njoki Grocery
Location: Muranga, Kenya
Activity: Grocery Store [LOAN >>](#)
Start Date: June 1, 2006
Loan Amount: \$225.00
Status: Raising funds

Entrepreneur: Purity Mbeere M
Business Name: Pure Smart
Location: Muranga, Kenya
Activity: Textiles [LOAN >>](#)
Start Date: June 1, 2006
Loan Amount: \$225.00
Status: Raising funds

Local Field Partner
(Microfinance Institution)



Developing World
Entrepreneur



Low interest loans

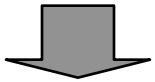
Transparency of impact

What are Kiva's benefits?



Social Investor

- ❑ Transparent (“I know where my money is going”)
- ❑ Sustainable (“If repaid, I will re-lend to someone else”)
- ❑ Affordable (“I only need \$25 to change someone’s life”)
- ❑ Unique (“I love microfinance and I want to participate”)



Microfinance Institution

- ❑ Low interest USD debt capital
- ❑ No liability: Client loss borne by Internet Lender
- ❑ Flexible repayment terms
- ❑ Financial assistance and incentives for transparency



Early Results:

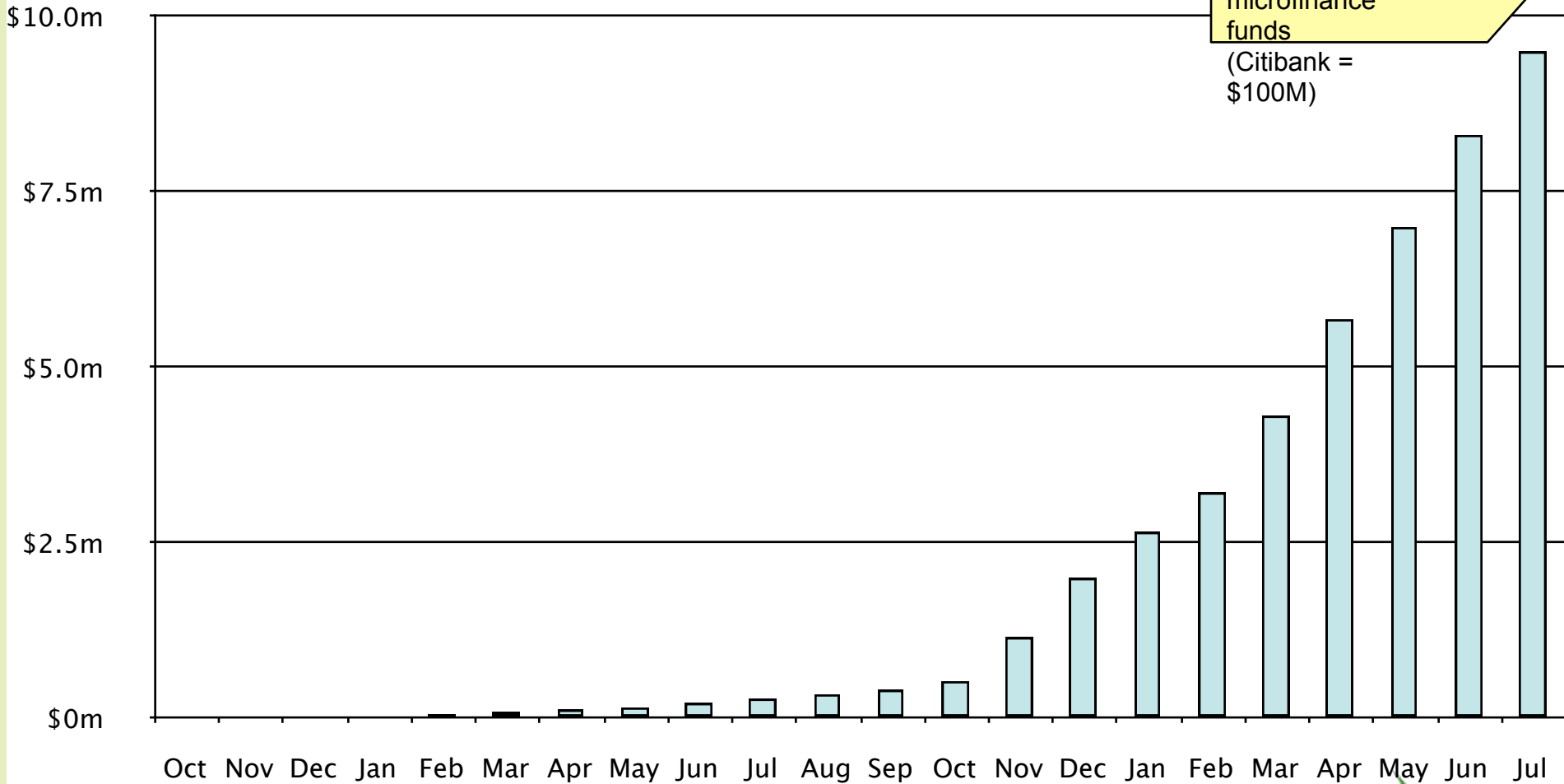
+\$11 million from +100,000 internet lenders – and ramping up fast

5 year
projections

- \$130M – 280M USD
- On track to be one of the largest microfinance funds

(Citibank = \$100M)

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



Early Results:



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

Early Results:

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

BusinessWeek



"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.

The New York Times Magazine

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

THE WALL STREET JOURNAL

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



Early Results:

Strong adoption with local field partners

70 microfinance institutions from 40 countries have joined Kiva in less than 2 years



Early Results:

Partial list of MFIs

AFRICA

- 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

EASTERN EUROPE & CENTRAL ASIA

- Mikrofond EAD- Bulgaria
- Microinvest LLC- Moldova
- Regional Economic Development Center- Bulgaria
- Nadiya- Ukraine
- Norwegian Microcredit LLC- Azerbaijan
- Komak Credit Union- Azerbaijan
- MLF MicroInvest- Tajikistan

LATIN AMERICA

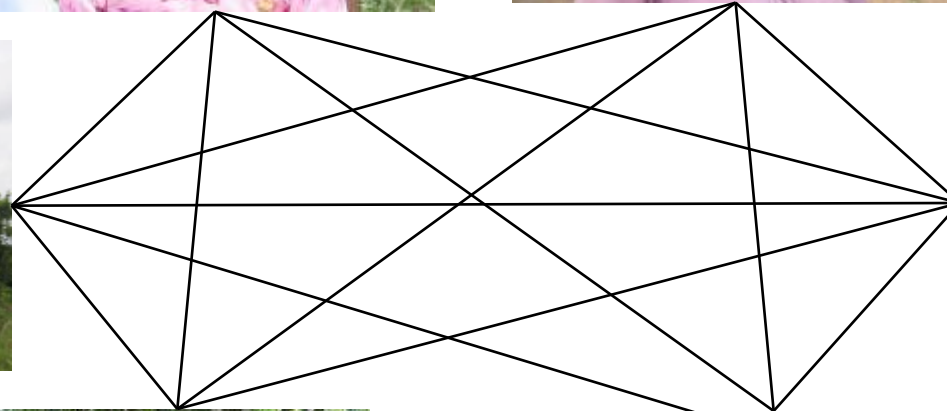
- Fundación para la Vivienda Progresiva- Mexico
- Admic Nacional- Mexico
- Mifex Microfinance Exchange- Ecuador
- Prisma Microfinance- Honduras / Nicaragua
- Esperanza International- Dominican Republic and Haiti
- IMPRO- Bolivia

ASIA

- South Pacific Business Development- Samoa
- CREDIT MFI- Cambodia
- Ariana Financial Services Group- Afghanistan
- Al Aman- Iraq
- MBK Ventura- Indonesia
- Mekong Plus- Vietnam

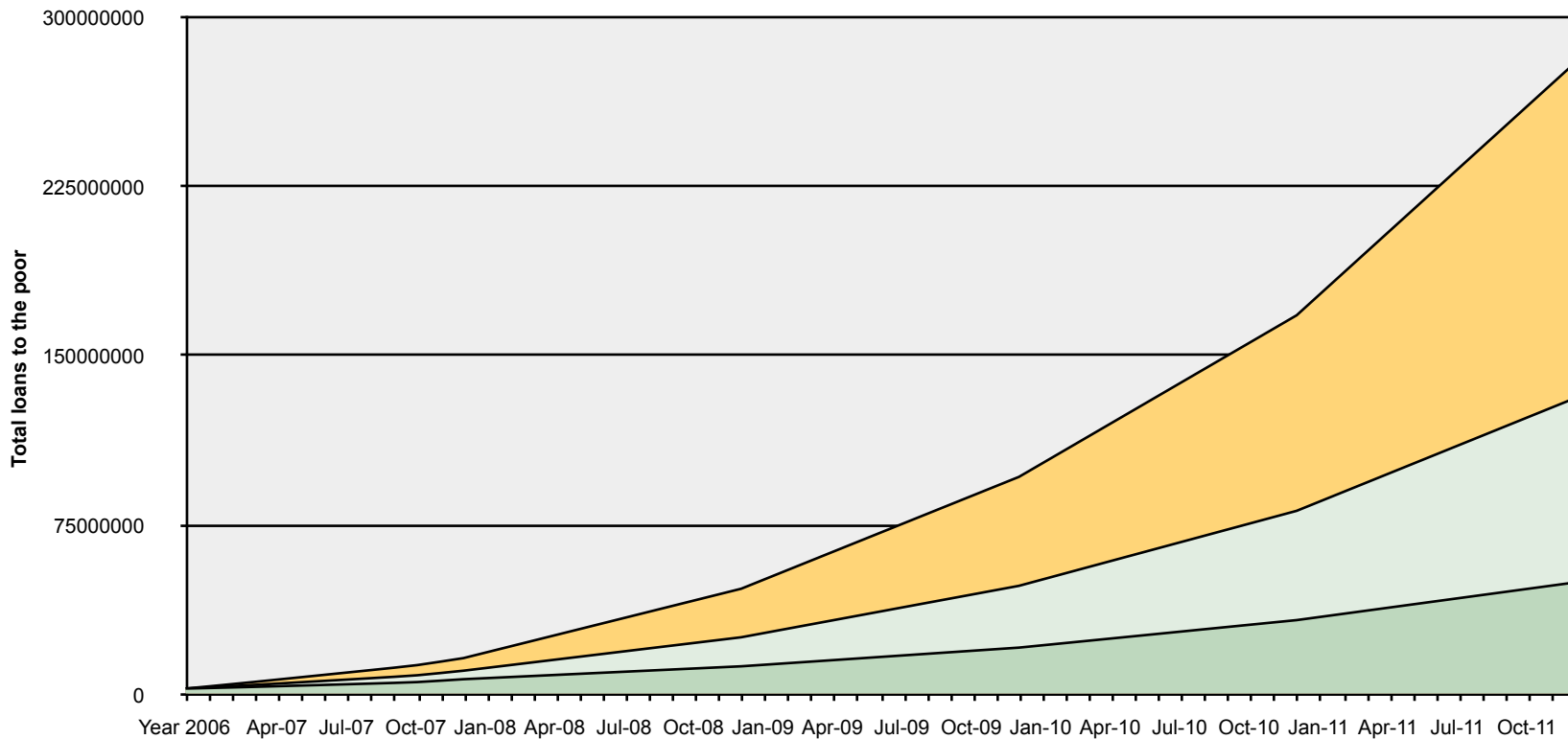
Early results: Priceless

Kiva has become a virtual bulletin board in Tororo, Uganda



5 Year Performance and Financial Projections

Cumulative Loans to the Poor (5 year projection) Conservative, Base, and Aggressive Scenarios



5 year estimates

Total Loans to the Poor:

Total Lenders:

Year 1 → 5 Revenue Take Rate

Sustainable Break-Even Year:

Donor Capital Needed to Break Even:

5 Yr Leverage Ratio*:

Worst Case

\$49M

281K

6% → 17%

Est. 2014

\$10-15M

3 : 1

Base Case

\$130M

573K

8% → 18%

2009

\$5M

26 : 1

Best Case

\$278M

974K

10% → 20%

2008

\$1.5M

185 : 1

* Leverage Ratio = The total loans raised on Kiva's internet platform for every \$1 in donor capital needed to operate the platform. Once break even is reached, leverage ratio becomes infinite.



Kiva Growth Performance:

Key Metrics: Q1 2007

	January	February	March
Est. Total Lenders	31,372	36,885	42,399
Actual Performance	32,318	36,482	45,036
Est. Cumulative Loans	\$2.57M	\$3.01M	\$3.60M
Actual Performance	\$2.66M	\$3.22M	\$4.00M
Est. Total Revenue	\$209K	\$255K	\$300K
Actual Performance	\$263K	\$297K	\$384K
Est. Total Costs	\$259K	\$348K	\$432K
Actual Performance	\$213K	\$260K	\$326K

Key Growth Risks:

- #1 risk is execution
- Key infrastructure needs:
 - Risk management and due diligence
 - Technology / Product Development
 - Accounting & Legal



▶ Your early donation helps bring down execution risk

Our Vision:

Build the world's largest database of micro-enterprise investment opportunities

Find Businesses [\[-\] Show fewer options](#)

Status: In Need Raised Active Paid Back All | Sort By:




Region:
Africa
Asia
Central America
Eastern Europe

Sector:
Agriculture
Arts
Clothing
Food

Gender:
Female
Male

You can select multiple items using (CONTROL/SHIFT) + Click

Result: 560,000 Businesses Found

Entrepreneur/ Activity	Loan Info	Country/Partner	
 Grace Wangai Grocery Store	Active \$300.00 10% repaid	Kenya Women's Economic Empowerment Consort	<i>July 7, 2006</i> Grace was given a loan of USD300. This money came as a blessing because she had received a tender of supplying vegetables in 3 hotels in Muranga To... <input type="button" value="MORE >>"/>
 Alexander Bulgarive Musical Performance	Raised \$650.00 100% funded	Bulgaria REDC Bulgaria	<i>Alexander is a musical jack-of-all-trades. Having studied at an institution in Bulgaria, Musical Academy "Tschakovsky" in Sofia, he plays all sort...</i> <input type="button" value="MORE >>"/>
 Loyce Waithe Mwaniki	Active \$700.00	Kenya Women's Economic	<i>July 12, 2006</i> My name is Nicholas Easley. I am a student from Eureka College in Eureka, Illinois and I am an intern for Kiva. While traveling through East AFri...

Imagine if one day...

- Lenders could make a rate of return and track micro-entrepreneurs like a true investment
- MFIs use Kiva as their accounting software
- Entrepreneurs use Kiva as a credit score
- Researchers use Kiva as a rich data source
- 3rd grade teachers use Kiva in the classroom
- Institutional investors use Kiva to discover 'rising star' MFIs
- Kiva connects millions of people across the planet who all work for a living...



How you can help build Kiva

- Go to the field as a Kiva Fellow
 - Spend 10 weeks – 1 year with a specific MFI
 - Help train, report and build capacity
- Volunteer as a translator or editor
- Work at Kiva (see Jobs section of the site)
- Make a \$25 loan
- Donate to Kiva
 - One of the most efficient ways to do good.

APPENDIX

Leadership

Management Team

Matt Flannery | Co-founder & CEO*

Matt is a former TiVo engineer with experience in website design and usability. He graduated with a BS in Symbolic Systems and a Masters in Analytical Philosophy from Stanford University.

Premal Shah | President*

Premal is a 6 year PayPal veteran and spent his last year researching technology and microfinance. He previously worked at Mercer Management Consulting in New York and has a B.A. from Stanford.

Olana Khan | Chief Operating Officer

Olana is a 6 year Google veteran who led the scaling of their international sales support operations. She previously worked at AOL, Netscape and the Economist and holds a B.A. from Univ. Michigan.

Board of Directors

Reid Hoffman | Co-founder & CEO, LinkedIn

Named one of the [“Top 50 People Who Matter” by CNN Money](#) (Reid was #22, Bill Gates was #21, Oprah was #37), Reid has invested / provided board insight to many successful ‘Web 2.0’ companies.

Geoff Davis | President and CEO, Unitus

Geoff helps run Unitus, one of the most respected organizations in microfinance. He was an early employee at the Grameen Foundation USA and has worked in microfinance worldwide since 1995.

Jenny Schilling Stein | Executive Director, Draper Richards Foundation

As a recognized leader in the Foundation / Social Entrepreneurship community, Jenny sits on the Board of several of the world’s most innovative non-profits. She received her MBA from Stanford.

Jessica Flannery | Co-founder, Kiva

As Kiva’s co-founder, Jessica has worked in rural Kenya, Tanzania, and Uganda with Village Enterprise Fund. Jessica is currently pursuing an MBA at the Stanford Graduate School of Business.

Tabreez Verjee | Founding Partner, Global Asset Capital

Tabreez is a founding partner of Global Asset Capital, a firm managing over \$500 million in assets. He is an accomplished investor and repeat entrepreneur and started his career at Bain & Company.

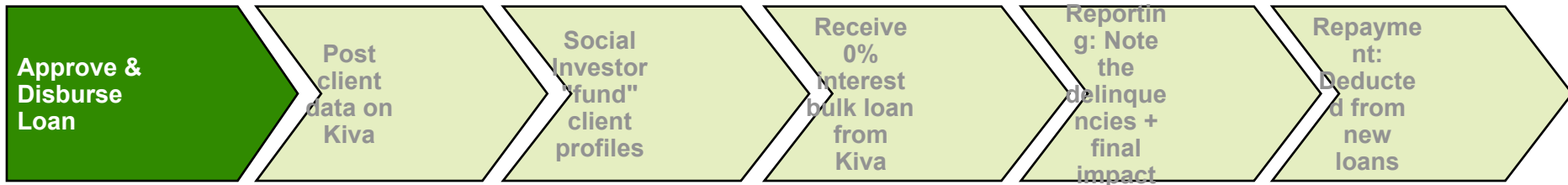
Alex Edelstein | CEO, Gemstone Development

Alex has held key roles at Netscape, Microsoft and Inktomi and has invested early in Google, TellMe and Shopping.com. He is the first outside funder of Kiva.org. Alex received a B.A. from Harvard.

Team Background



How Kiva Works (1 of 6)



MFI

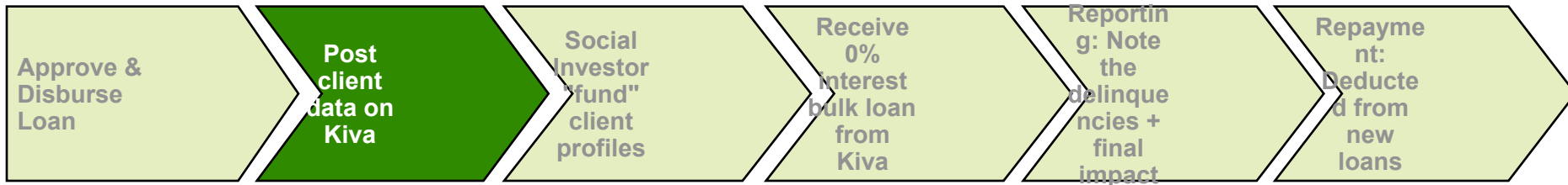


Client



- ▶ MFI approves client and disburses loan with no change to MFI's processes
MFI charges same interest rate as usual.

How Kiva Works (2 of 6)



Loan Application Data



Digital Photo



KIVA loans that change lives

HOME ABOUT BUSINESSES PARTNER ADMIN

Home My Staff My Businesses

Step 1: Description Step 2: Location Step 3: Add Image Step 4: Representative Step 5: Review

Step 1: Enter Business Description

Entrepreneur First Name: [?]

Entrepreneur Family Name: [?]

Business Name: (optional) [?]

Loan Amount: 25 [?]

Loan Use: [?]

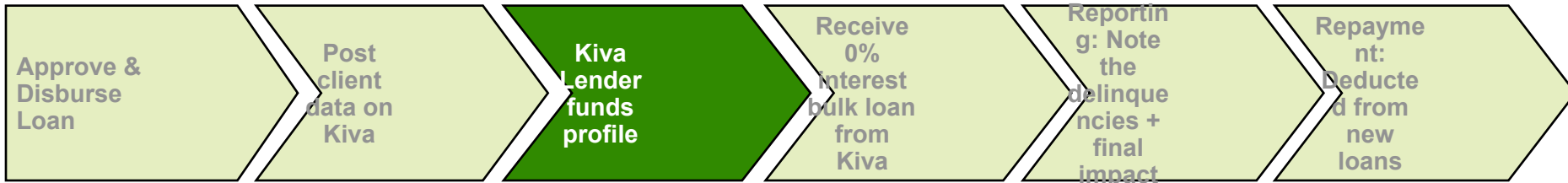
Loan Start Date: 1 April 2006 [?]

Loan Term Low Range (months): 1 [?]

- ▶ Kiva translation & editing team allows postings to be done in the client's local language
- ▶ Kiva provides MFIs with digital cameras and laptops upon request



How Kiva Works (3 of 6)



Esther Muthoni
Esther Muthoni



Location: Kangema, Kenya
Activity: Agriculture
Loan Amount: \$75.00
Loan Use: She would like to buy a hybrid goat.
Loan Repayment Term Range: 10-12 months
Status: raising funds
Partner Rep: Barbara Muturi
Partner: [Women's Economic Empowerment Consort](#)

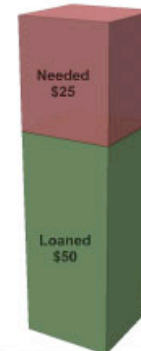
Esther is a hard working lady, a mother of 7 and a member of Mercury Women Group. She is a typical subsistence farmer and that's where she gets her income to support her family. She has 3 dairy cows, goats and she sells milk to Kangema town. She also grows tea and has coffee trees on half acre of land. The tea board of Kenya buys her tea at \$ 35 per month while coffee's income comes twice a year around \$80 per harvest. This loan will assist her because she wants a hybrid goat, which will improve the local breed, which grows very fast, and thus, she will realize her returns as soon as possible.

Make a loan

\$50 loaned so far
 \$0 in other baskets
\$25 still needed

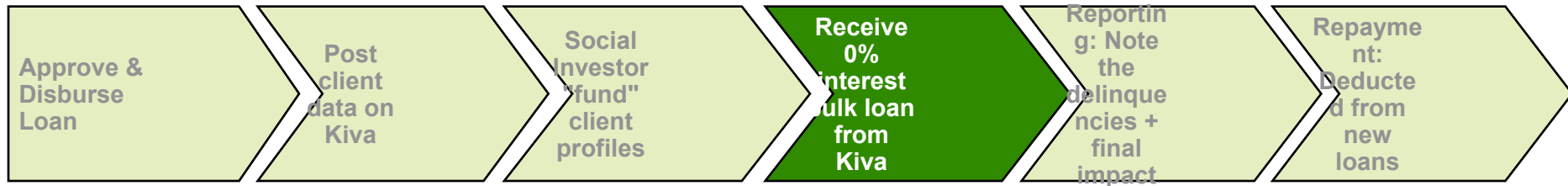
\$25

LOAN NOW



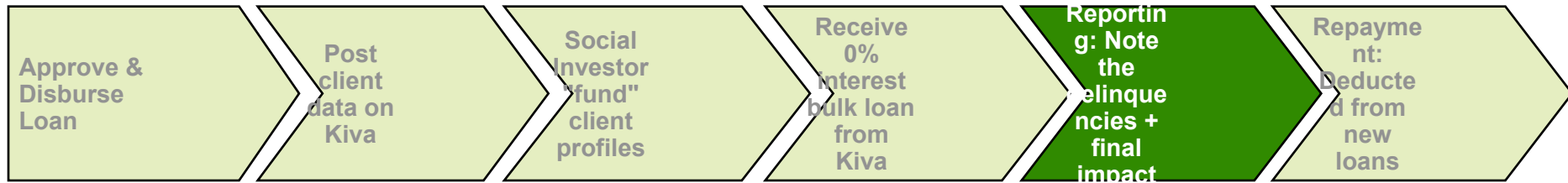
Average time to 100% funding = 1.5 days

How Kiva Works (4 of 6)



► Kiva aggregates 0% interest USD loan capital and wires it monthly to MFI

How Kiva Works (5 of 6)



1. During the loan term MFI reports only delinquencies



On time collection auto-reported to lenders



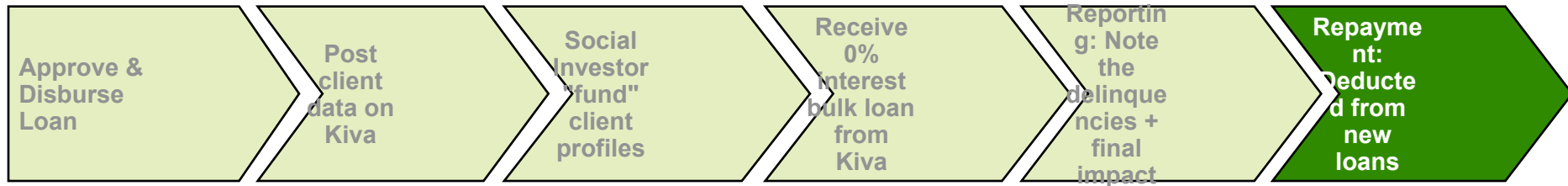
On time collection auto-reported to lenders



Delinquent – manual report required

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

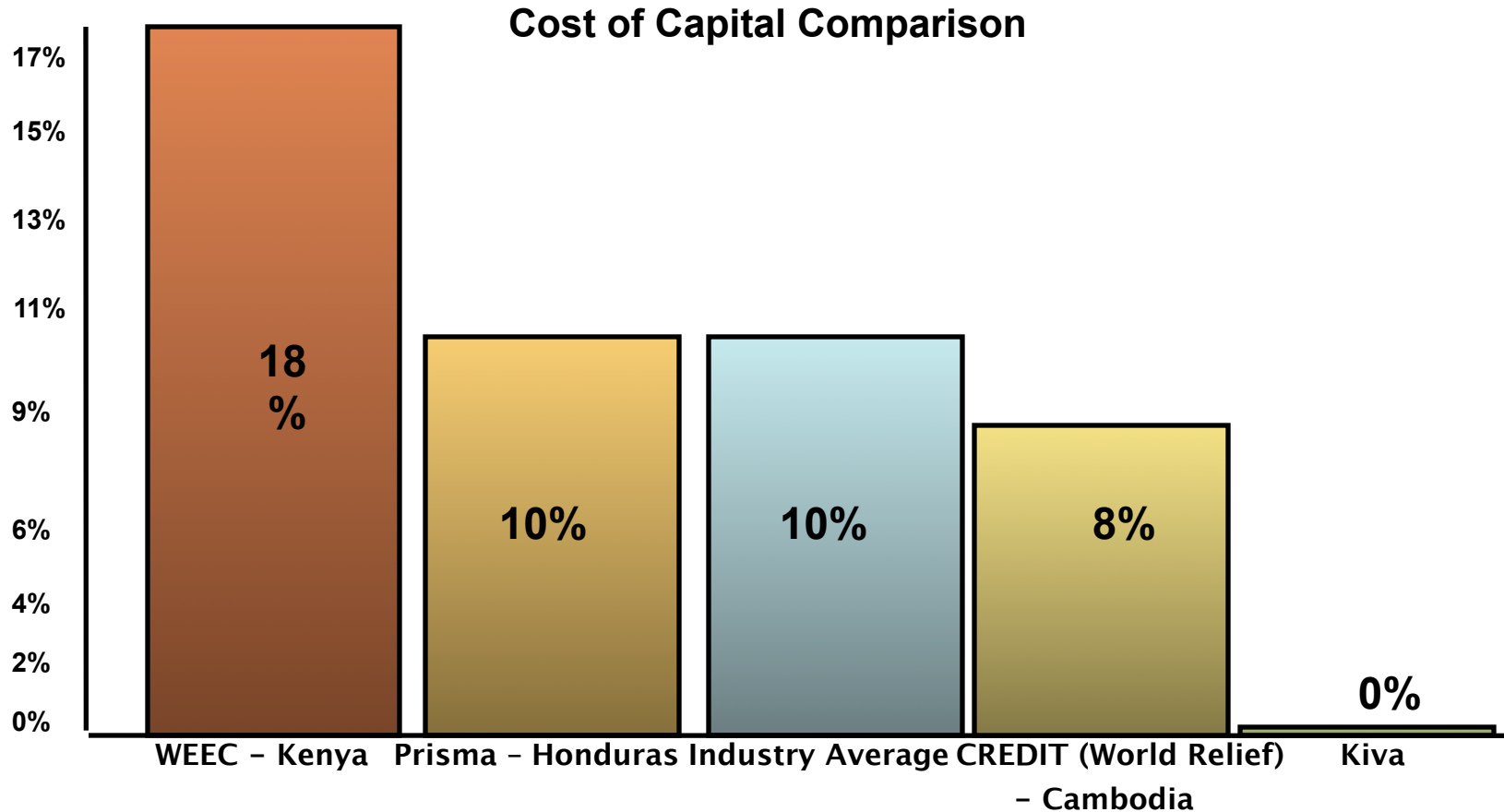
How Kiva Works (6 of 6)



► Kiva automatically deducts repayments owed from new loans each month

MFI adoption of Kiva driven by cost savings

Kiva's is much less expensive than alternative capital sources for MFIs



Total Cost of Kiva Capital =

[Financial Cost] + [Cost of Staff Time] + [F/X risk] – [Write Off rate]

Kiva's Risk Model helps manage risk on Kiva's platform and creates an

Inputs

1) Self-reported MFI Data

- Organizational age
- Gross Loan Portfolio (GLP)
- Overall Portfolio At Risk (PAR)
- Organizational Self Sufficiency (OSS)

2) 3rd Party MFI Data

- Financial Audit Results
- Credit Rating Score
- Kiva Audit Results
- Outside funder Quality
- Network Affiliation Quality

3) MFI Performance on Kiva

- Total Outstanding Kiva Loans
- PAR on Kiva Loans
- Kiva Fellows' Journaling Coverage



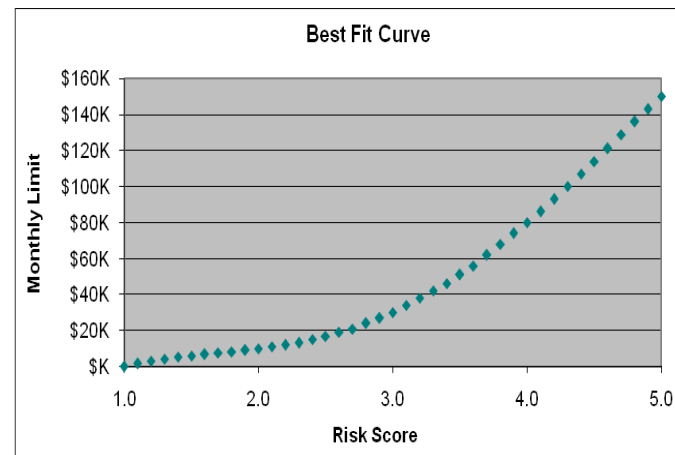
Outputs

1. MFI Reputation on Kiva's site

About the Field Partner

<u>Field Partner:</u>	Ebony Foundation (Eb-F)
<u>Field Partner Risk Rating:</u>	★ ★ ★ ★ ☆ (Learn more)
<u>Time on Kiva:</u>	9 months
<u>Kiva Businesses:</u>	603
<u>Total Loans:</u>	\$519,625
<u>Delinquency Rate:</u>	0.00%
<u>Default Rate:</u>	0.00%

2. Monthly Fundraising Limit

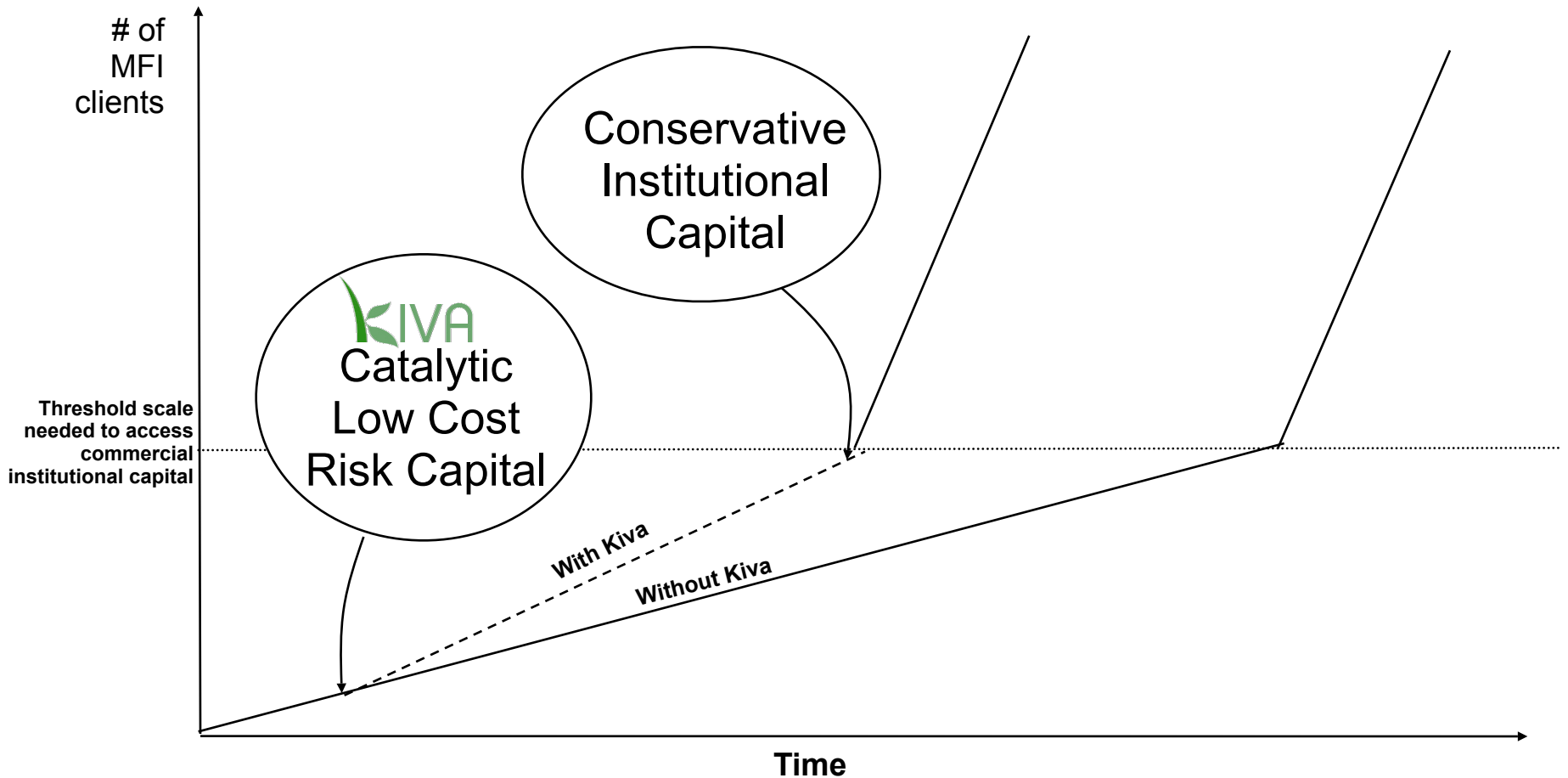


3. Kiva Audit Prioritization



The problem Kiva attempts to solve:

Until MFIs achieve a certain scale, capital can be a serious growth constraint



Individuals can provide risk capital where commercial institutions won't

- Emotional return reduces need for risk adjusted financial return
- No overhead cost structure to support (vs. bank) further reduces need for return

Costing out Kiva's debt capital

Comments:

Interest Rate Kiva Charges

0%



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.

Cost of staff time to post client data

0.2% - 2%



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%.

Write Off Rate

1.3%



According to the MicroBanking Bulletin, the average write off ratio for all MFIs listed on the MIX is 1.3% in 2005. This number is subtracted from the cost equation since Kiva social investors bear default risk / all MFI write offs.

F/X Hedging Cost

Varies



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.

Total Cost of Kiva Capital

~0 - 1%
Excluding F/X risk

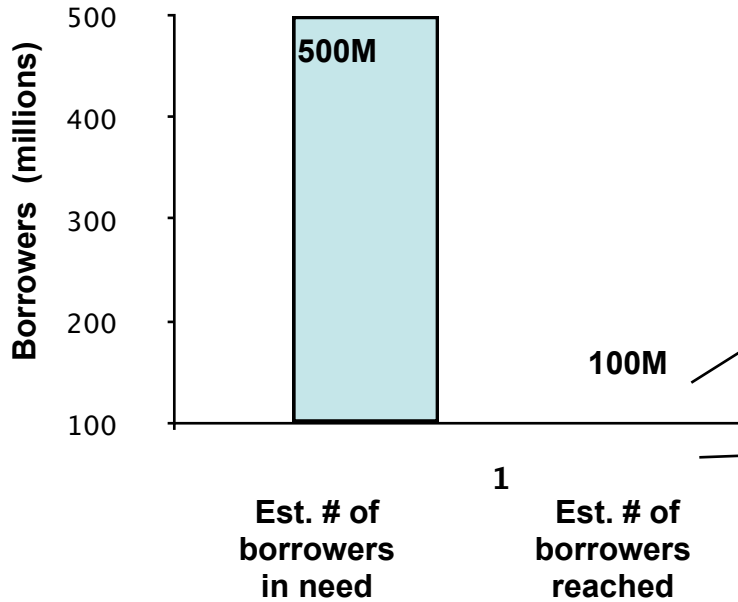


For most MFIs, Kiva represents the cheapest U.S. dollar debt capital source available.

The problem Kiva attempts to solve:

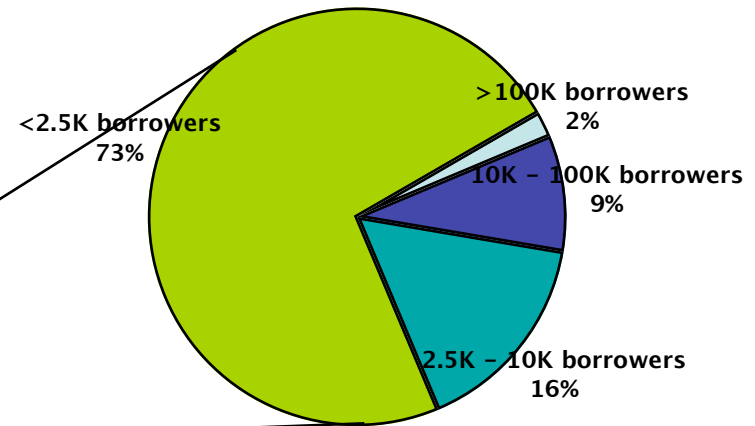
Less established MFIs have a hard time access capital

Microfinance Demand vs. Supply ¹



MFIs by # of Borrowers Reached ²

of MFIs worldwide = 10,000



80% of the demand is still not met...

...expansion within the 'long tail' of small MFIs requires access to more low cost risk capital ³

1. CGAP, Microcredit Summit Campaign and UN Population Division data

2. BlueOrchard website; Microcredit Summit Campaign data, 2006

3. CGAP and Microfinance Information Exchange survey of 191 MFIs ranked "Lack of funding" as the biggest constraint to growth, with biggest barrier to funding being "not enough contact with social investors / donors".

