



Enterprise loans through Kiva



Purpose

To provide Nexus member organizations with access to small-scale, affordable finance.

Kiva and Nexus

Kiva is the world's most popular crowdfunding platform with a mission to alleviate poverty by connecting people through lending.

Crowdfunding is an alternative way to fund a project or individual that lacks access to affordable finance. Here's how it works. An organization in need of capital to expand or grow its business posts its project on the Kiva website. Kiva lenders can then support projects with as little as \$25. For example, it will take 1,200 people lending \$25 each to pledge a loan of \$30,000.

When enough people decide to support the project and its fundraising target is met, the individual contributions are transferred to the project via a Kiva Field Partner. After a period of time, the organization will repay the loan to the Field Partner, who transfers repayments back to the individual Kiva lenders. Kiva lenders can then decide to invest their money in a different Kiva project, or withdraw.

In 2014, Nexus partnered with Kiva as a Field Partner and has since raised and disbursed \$50,000 worth of loans to Nexus members. In 2016, Kiva expanded Nexus' credit limit, allowing Nexus to provide an additional \$350,000 to its members in SME finance.



For more information visit
www.kiva.org.

TerraClear scales up with Kiva

In 2014, Nexus' member TerraClear faced the challenge of how to transport their water filters to the most remote rural communities in Laos.

To make clean water accessible to even more people they needed a truck with more storage capacity, but there was no budget or funding to purchase it. So together with Nexus, the social enterprise turned to crowdfunding. In just 24 hours on the Kiva platform, lenders provided TerraClear with small loans totaling the \$35,000 needed for a new truck. It was so successful that another campaign was launched in 2015.

Thanks to Kiva crowdfunding, TerraClear now benefits from two new trucks, saving the company time and money, and making water filters and clean drinking water more accessible throughout the country.

Eligibility criteria

- Focus on technologies and services to provide access to sustainable energy, clean water, improved sanitation, and climate friendly agriculture solutions
- The impact of the loan should contribute to achieving positive social and/or environmental outcomes that can be easily monitored (e.g. time and monetary savings, reduced environmental impact)
- To make the project as appealing as possible to prospective lenders, loans must be used for a specific purpose, such as a truck or new facility
- Loan can't be transferred from Nexus member to a third party

Loan terms

- Interest rate: approximately 8% depending on size of the loan
- Duration: three years or less
- Repayment schedule: variable
- Individual loan size: \$10,000 to \$50,000
- Repayment in USD only, with potential for Kiva to absorb all currency losses greater than 10%

A Kiva loan through Nexus

In partnership with Kiva, Nexus has an approved credit line to provide loans to its members. If you think your enterprise or project is eligible for a Kiva Loan, Nexus will begin its due diligence process. This process consists of five steps, which will take eight to 10 weeks to complete:

1. Initial interest from Nexus member confirms eligibility criteria are met
2. Member completes the loan application form
3. Nexus staff review application and negotiate terms of the loan with the member
4. Nexus and Kiva make the investment decision concerning the project
5. The loan is posted and monitored on the Kiva website

After the loan is approved, the member provides Nexus with high-resolution photographs, videos, and logos, that tell the compelling story behind the project to be posted on the Kiva platform.

Once a loan is published on the Kiva website, it has a maximum of 30 days to fundraise. It will expire if it doesn't receive 100% of the requested funding. Kiva cannot guarantee that loans posted on their website will be funded.

Nexus will assist members in drafting up online content and will post your project on the Kiva website. To help spread the word about your Kiva fundraising, Nexus will promote your campaign through its network, newsletters, and social media. During the fundraising period as well as after the loan is collected and disbursed, Nexus will ask members to monitor and report on key indicators that will help show the positive impact of the loan, such as monetary and time savings, increases in productivity and customer outreach, and more.

More information

Would you like to apply for a loan, or do you have any questions about the Kiva process? Contact our Program Development Manager Nodira Akhmedkhodjaeva n.akhmedkhodjaeva@nexusfordevelopment.org.

