PD MICROFINANCE · IMPACT COLLECTIVE

Microfinance
Learning Kit

10 Lessons · High School Edition

Powered by Kiva · Built for Student Changemakers

WHAT YOU'LL LEARN

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LESSON
1

What is Microfinance?

Financial access for all — why it matters

THE BIG IDEA

Imagine needing just $50 to buy seeds for your farm or restock your small shop — but every bank in your town turns you away because you don't have a credit history or collateral. That's the reality for over 1.4 billion people worldwide. Microfinance exists to close that gap.

$300B+	140M	1.4B	99%
global loan portfolio	borrowers worldwide	adults without banking access	median repayment rate

KEY TERMS

Microfinance
Small-scale financial services — loans, savings, insurance — for people excluded from traditional

Microloan
A small loan, often $25 to a few thousand dollars, given without collateral to low-income borrowers.

Financial Inclusion
Ensuring all people have access to useful, affordable financial products and services.

Collateral
An asset pledged to secure a loan. Most microfinance borrowers don't have this — that's

HOW IT WORKS — THE SIMPLE VERSION

A microfinance institution (MFI) lends small amounts of money to entrepreneurs who can't access traditional banks. Borrowers use these funds to grow their businesses — buying inventory, tools, or livestock — and repay in small installments over 6–18 months. Repaid funds get lent out again, creating a cycle of opportunity.

■ Real Example

Maria runs a tortilla business in El Salvador. She needs $1,000 to buy corn, gas, and firewood to increase production. Her local bank won't lend to her — no credit history, no collateral. A microfinance institution partners with Kiva to post her story online. 32 lenders each contribute $25–$50. Her loan is fully funded. She buys her supplies, grows her income, and repays every installment. The same dollars get lent to the next entrepreneur.

■ DISCUSSION — THINK ABOUT IT

- What would your life look like if you had no access to a bank account?
- Can you think of a business idea that would only need $50–$200 to launch?
- Why might a bank refuse a loan even when someone is reliable and hardworking?

LESSON 2

Who Needs Microfinance?

The people behind the loans

MEET THE BORROWERS

Microfinance borrowers aren't statistics. They're farmers, artisans, shopkeepers, and mothers building a better life one loan at a time. Here's who they typically are:

Farmers

Rural farmers in Africa, Asia, and Latin America who need funds for seeds, tools, or irrigation before harvest season brings income.

Artisans & Makers

Weavers, tailors, and craftspeople who need materials and equipment to scale their handmade goods to local or export markets.

Shop Owners

Small market vendors who need working capital to restock inventory, keeping their businesses running between sales cycles.

Women Entrepreneurs

About two-thirds of all microloans go to women — a targeted strategy because women reinvest 90 cents of every dollar earned back into their families.

Students

In some regions, microloans fund education, uniforms, and supplies — breaking cycles of poverty through learning.

WHERE KIVA WORKS

Kiva operates in over 80 countries across Africa, Asia, Latin America, the Middle East, and even within underserved US communities. Some of the most active regions include Kenya, Philippines, Ecuador, Cambodia, and Peru.

Case Study: Kenya

A Kiva lending partner study in Kenya found that farmers who received microloans saw a 40% rise in income. With a $300 loan, a farmer could afford drought-resistant seeds and a small irrigation pump — turning an unreliable harvest into a consistent income source. The same $300 was later relent to a teacher buying classroom supplies.

✏️■ ACTIVITY — BORROWER PROFILES

- Browse kiva.org/lend and find one borrower whose story resonates with you.
- Write 3 sentences: who they are, what the loan is for, and what success looks like.
- Share with the group — what surprised you about their story?

LESSON

3

How Kiva Works

From borrower to lender and back again

THE KIVA CYCLE

Kiva uses crowdfunded microloans as a force for good. Instead of one big donor giving everything, hundreds of small lenders each contribute as little as $25 to fully fund a loan. When the loan is repaid, those dollars go right back into lenders' accounts — ready to be lent again.

1 **Borrower applies**

An entrepreneur applies for a loan through a Kiva lending partner (MFI) in their country.

2 **Partner disburses & posts**

The MFI often provides the loan upfront, then posts the borrower's story on Kiva.org to recover costs.

3 **Lenders contribute $25+**

You and other lenders browse Kiva and each contribute small amounts toward the full loan.

4 **Loan is fully funded**

Once 100% funded, Kiva sends the full amount via wire transfer to the lending partner.

5 **Borrower invests**

The borrower uses the funds to grow their business — buying supplies, equipment, or inventory.

6 **Repayments flow back**

As the borrower earns income, they repay in installments. Kiva passes these back to lenders.

7 **Relend!**

Lenders can relend their repaid funds to a new borrower — the same $25 could help dozens of people over time.

THE POWER OF RELENDING

■■ Your $25 can change more than one life

With Kiva, you can use the same dollars over and over. One $25 loan might help someone open a salon, then support a child's education, then fund community solar panels, then buy seeds for a farm. Kiva has funded over $2 billion in loans through this relending model — with the same dollars cycling through the global economy again and again.

KEY NUMBERS

$2B+	96.4%	80+	$25
in loans funded	repayment rate	countries	minimum loan

■ EXPLORE KIVA

- Go to kiva.org and browse loans by category — agriculture, education, housing.
- Pick a loan that's almost fully funded. How many lenders have contributed?
- Calculate: if each lender gave $25, how many lenders does it take to fund a $500 loan?

LESSON 4

MFIs vs. Banks

Two systems, very different missions

WHY THIS MATTERS

Traditional banks and microfinance institutions both provide financial services — but they operate on completely different models, serve different customers, and have very different goals. Understanding the difference is key to understanding why microfinance exists in the first place.

	MFIs	Traditional Banks
Goal	**Social & financial inclusion**	**Profit maximization**
Loan Size	$50 – $50,000	Thousands to millions
Borrower Income	Under $10,000/year	$30,000+/year
Interest Rates	Higher (non-profit MFIs: 0%)	5–15%
Collateral Required	No — based on trust/group	Yes — assets required
Credit History	Not required	Required
Support Services	Education & counseling	Product information
Funding Source	Donations & crowdfunding	Customer deposits

A CLOSER LOOK AT INTEREST RATES

MFIs often charge higher interest rates than traditional banks — not because they're predatory, but because serving rural or remote borrowers with small loans is operationally expensive. Staff travel to villages, loans require more relationship management, and the cost per dollar lent is higher. Non-profit MFIs like those on Kiva offer 0% interest to borrowers.

■ Why Kiva Loans Are Interest-Free to Lenders

When you lend on Kiva, you don't earn interest — and that's intentional. Kiva is a 501(c)(3) nonprofit funded by donations and grants, not interest income. Borrowers may still pay interest to their local lending partner to cover field costs, but lenders on Kiva.org lend purely for impact.

CRITICAL THINKING

- If you needed $100 to start a business, which institution would you approach and why?
- Is it fair that MFIs charge higher rates? Argue both sides.
- What would happen to the 1.4 billion unbanked people if MFIs didn't exist?

LESSON
5

Microloans in Action

Real loans, real repayments, real impact

HOW A MICROLOAN WORKS — STEP BY STEP

Microloans are typically short-term — 6 to 18 months — and repaid in small, regular installments, often weekly or bi-weekly. This structure helps borrowers build credit while managing cash flow. Here's what a real loan looks like from start to finish.

■ Sample Loan: Amara's Vegetable Stall — Kenya

Loan amount: $200 | Duration: 8 months | Installments: Every 2 weeks

Amara uses the $200 to buy a cart, a scale, and initial inventory of vegetables at the wholesale market. Each week she earns $60–$80 in sales. Every two weeks she repays $26 toward her loan while keeping the rest for restocking and living costs. After 8 months, her loan is fully repaid. Her stall now turns over three times the original inventory.

→ The $200 is relent to the next borrower on Kiva.

REAL REPAYMENT SCHEDULE EXAMPLE

Installment	Due Date	Amount	Balance Remaining
1 of 8	Oct 30, 2024	$26.00	$174.00
2 of 8	Nov 15, 2024	$26.00	$148.00
3 of 8	Nov 30, 2024	$26.00	$122.00
...	...	...	...
8 of 8	**May 30, 2025**	**$22.00**	**$0.00 ✓**

WHAT HAPPENS AFTER REPAYMENT?

Once a loan is repaid, lenders have three options:

■■ **Relend** — Put the repaid funds toward a new borrower — the most impactful choice.

■ **Withdraw** — Transfer the money back to your bank account.

■ **Donate** — Donate the funds to Kiva to support their operational costs.

MATH ACTIVITY

- If you lend $25 and relend every time it's repaid over 5 years, how many borrowers could you help?
- At a 99% repayment rate, how many of 100 loans would you expect to fully recover?
- Calculate total impact if your chapter lends $500 and relends 4 times over 2 years.

LESSON

6

Types of Lending

Individual, group, and sequential models

THREE WAYS TO LEND

Not all microloans work the same way. Depending on the region, community structure, and level of trust, MFIs use three main lending models. Each has its own strengths and is suited to different situations.

1■■ Individual Lending

Borrowers take out loans on their own and are solely responsible for repayment. No group needed.

Example: A small farmer in rural India receives a loan to buy seeds and tools. Only they are responsible for paying it back. Higher risk for the lender, but simpler for the borrower.

Best for: urban borrowers with some income history or repeat Kiva borrowers.

2■■ Simultaneous Group Lending

A group takes out loans together. Everyone repays at the same time. Group members support each other.

Example: Grameen Bank in Bangladesh pioneered this. A group of women starting small businesses all receive loans together. If one struggles, the group rallies to help — peer accountability drives high repayment.

Best for: communities with strong social networks and shared goals.

3■■ Sequential Group Lending

Borrowers in a group take turns receiving and repaying loans one by one.

Example: Person A gets their loan first. Once A repays, Person B gets theirs, and so on. Each person's ability to borrow depends on the previous person repaying — creating a powerful chain of accountability.

Best for: areas with limited contract enforcement, where accountability is built through sequence.

■ ROLE PLAY ACTIVITY

- Split into groups of 4. Simulate a group lending scenario — assign roles: borrower, MFI officer, 2 group members.
- What happens if one person can't repay on time? How does the group respond?
- Debrief: which model feels fairest? Which creates the most accountability?

LESSON 7

Women & Financial Inclusion

Why two-thirds of microloans go to women

THE GENDER GAP IN FINANCE

Women make up more than half the world's population — yet they own less than 20% of the world's land, earn less, and are far more likely to be denied a bank loan. This isn't just unfair. It's economically costly. When women have access to capital, entire communities benefit.

67%	90¢	500M+	3x
of Kiva loans go to women	of every $1 reinvested in family	women entrepreneurs globally	return on women's education

WHY WOMEN FIRST?

Research consistently shows that women invest a higher proportion of their income back into their families and communities than men. Educating a girl increases national productivity. Lending to a woman multiplies impact across generations.

■ Fatima — Morocco

Loan: $350 for a weaving loom

Fatima now exports handwoven scarves to three countries. Her two daughters both attend secondary school on her income.

■ Sunita — Nepal

Loan: $150 for dairy farming equipment

Sunita's milk cooperative now supports six other families. She repaid her loan in 5 months and relent to a neighbor.

■ Maria — El Salvador

Loan: $1,000 for tortilla production

Maria's sales tripled. Her family no longer relies on remittances. Her son is the first in their family to attend college.

REFLECTION

- Find a woman borrower on Kiva. What does her story tell you about barriers she faced?
- Research: what is the 'multiplier effect' of lending to women?
- How could your school chapter specifically target funding for women entrepreneurs?

LESSON
8

Global Trends in Microfinance

Where the industry is headed

THE INDUSTRY TODAY

Microfinance has grown from a radical idea in 1970s Bangladesh to a $300+ billion global industry. But it's still evolving fast — driven by technology, policy changes, and a growing focus on measuring real impact.

Digital Transformation

Mobile banking platforms like M-Pesa in Kenya allow borrowers to receive and repay loans via phone — no branch visit needed. This dramatically lowers costs and reaches remote communities.

Impact Measurement

MFIs are moving beyond repayment rates to measure social outcomes: Did income increase? Did kids stay in school? Did health outcomes improve? This data shapes future lending.

Regulatory Changes

Governments worldwide are introducing interest rate caps and consumer protections. Responsible lending practices are becoming a requirement, not just a value.

Climate & Agriculture

Climate-linked loans help farmers adapt to unpredictable weather — funding drought-resistant crops, solar pumps, and insurance products.

Crowdfunding & Partnerships

Platforms like Kiva have made microfinance participatory. Anyone with $25 can be a lender. Schools, corporations, and communities are forming lending teams to amplify impact.

THE BIG OPPORTUNITY

1.4 billion adults still lack access to basic financial services.

That gap is the entire opportunity for microfinance in the coming decades. As mobile penetration grows, AI makes credit scoring more accessible, and student-led chapters like yours multiply — the next generation of microfinance looks radically more distributed and democratized.

■ **RESEARCH ACTIVITY**

- Look up 'M-Pesa Kenya' — how did mobile money change microfinance in East Africa?
- Find one country that has introduced interest rate caps on microloans. What was the effect?
- Predict: what will microfinance look like in 2040? Write a one-paragraph future scenario.

LESSON

9

Starting a School Chapter

Your Kiva team from idea to first loan

WHY STUDENT CHAPTERS MATTER

PD Microfinance started as one student's idea at one school. Within a year, it had funded over $3,000 in microloans — entirely through student-run businesses and lending teams. Your chapter can do the same. Here's how to get started.

STEP-BY-STEP: LAUNCH YOUR CHAPTER

01 Register on Kiva

Create a Kiva lending team at kiva.org/teams. Name your team, set a goal, and invite members. A faculty advisor is helpful but not required.

02 Recruit your core team

You need at least a president, treasurer, and lending officer. Clear roles from day one prevent confusion later.

03 Set your first lending goal

Start small — $100–$250 is a realistic first goal. Choose a specific borrower or cause to rally your team around.

04 Fundraise or use business revenue

Host an event, run a digital campaign, or direct profits from a student business toward your lending fund. See the fundraising playbook for tactics.

05 Make your first loan

Browse Kiva together as a team. Vote on which borrower to fund. Make it a moment — post about it, celebrate it, track the repayment.

06 Track and share impact

Use a tracker (like LendLedger) to log loans, repayments, and relends. Share monthly updates on social media to grow your community.

07 Grow and replicate

Once you have a system, help another student at another school start their own chapter. That's how the network scales.

PD MICROFINANCE — THE MODEL

■ From Frostbite to $3,000 in Loans

PD Microfinance at Providence Day School launched when a student redirected revenue from their shaved ice business, Frostbite's Frozen Ice, toward Kiva microloans. No donation drives. No bake sales. Just business revenue becoming lending capital. Within a year, five student businesses at the school were contributing to the same fund.

■ CHAPTER LAUNCH CHECKLIST

- Create your Kiva team page and name it.
- Recruit 3 founding members and assign roles.
- Set a $200 first-loan goal and identify your first fundraising event.
- Post your first borrower story on social media — tag it with your chapter name.

LESSON

10

Your Impact Action Plan

Put everything together and take action

YOU'VE MADE IT THROUGH 10 LESSONS.

Now the question isn't just what you know — it's what you're going to do with it. This final lesson is about turning knowledge into action. Every big movement started with one person deciding to begin.

WHAT YOU NOW KNOW

- ✓ What microfinance is and why 1.4 billion people need it
- ✓ Who the borrowers are — farmers, artisans, women entrepreneurs
- ✓ How Kiva crowdfunds microloans and cycles the same dollars globally
- ✓ How MFIs differ from banks in goal, size, and who they serve
- ✓ What a real repayment schedule looks like and what happens after
- ✓ The three types of lending models and when each is used
- ✓ Why women are the primary focus of microfinance — and why it works
- ✓ The trends shaping the industry's future
- ✓ How to launch and run your own school lending chapter

YOUR 30-DAY ACTION PLAN

Week 1 Learn	Share one thing from this kit with someone who doesn't know what microfinance is. Teach it back.
Week 2 Connect	Create or join a Kiva lending team at your school. Get one other person on board.
Week 3 Fund	Make your first loan — even $25. Browse Kiva, pick a borrower, and do it as a group.
Week 4 Amplify	Post about the loan on social media. Share the borrower's story. Start the conversation.

Your school could be next.

Microfinance isn't something that only happens in other countries or at big nonprofits. It happens in school hallways, at fall fests, and at card tables selling shaved ice. The network is growing. Your chapter, your business, your $25 — it all counts.

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