Good afternoon.

Today we are TASKED TO SHARE with you how we, at NWTF have taken ADVANTAGE of what is becoming a POPULAR TREND not only in the field of microfinance but also in the mainstream markets – CLOUD FUNDING ---- using social media to raise funds.

We hope that at the end of our presentation you will have a good overview of this new funding source and how you can use it for your organizations.
Cloud Funding, which is also known as crowd funding is defined by wikipedia as the collective cooperation, attention and trust by people who network and pool their money and other resources together, usually via social networking and the internet, to support efforts initiated by other people or organizations.

Crowd funding is not a new phenomenon. ---
- Every time you chipped in to buy a friend or a family member a gift in the past, you were practicing crowd funding.
- When we ORGANIZE EVENTS TO RAISE FUNDS, that is crowd-funding too.

What IS new, is how technology the internet and social media are being HARNESSSED TO REACH ACROSS CONTINENTS to raise funds so that we can continue to help people move themselves out of poverty.
is a non-profit organization with a mission to connect people through lending to alleviate poverty. Leveraging the internet and a worldwide network of microfinance institutions, Kiva lets individuals lend as little as $25 to help create opportunity around the world.

Source: http://www.kiva.org/about

Kiva is one of the INNOVATORS of this NEW FUNDING SCHEME.
Kiva provides a PLATFORM that CONNECTS the would-be lender and the entrepreneur.

Kiva opened a whole new world of opportunities for us in our war against poverty.

Now we don’t have to rely on the PHILANTHROPY of LARGE CORPORATIONS or WEALTHY INDIVIDUALS.

On the Kiva website, anyone from anywhere can lend a minimum of $25 to an entrepreneur of his choice in another part of the world. Kiva aggregates the funds until a microloan is fully funded, then sends it to the entrepreneur through a field partner like NWTF.

Kiva partners with micro–finance institutions and non–MFI social businesses, schools, and other non–profit organizations.
is a non-governmental organization that allows people to lend money via the Internet to students in the developing world. Headquartered in Seattle, Washington, USA, Vittana focuses on student loans because student loans are nearly unavailable in developing countries.

Source: http://en.wikipedia.org/wiki/Vittana

With a $25 microloan, you can help a student in a developing country complete their education and reach their dreams.

Source: www.vittana.org

Wednesday, September 26, 12

Vittana works very similarly like Kiva.

The DIFFERENCE is that Vittana focuses mainly on providing funding for EDUCATION LOANS so that students can continue to go to school and ultimately help their families progress out of poverty.
was founded in 1984 as a non-governmental organization to help women achieve self-sufficiency and self-reliance, particularly those in the low income and depressed urban and rural communities.

To make sure that the funds are managed well, Kiva and Vittana work with FIELD PARTNERS like NWTF.

As a micro-finance institution, NWTF already has the INFRASTRUCTURE and the SYSTEM to MANAGE the FUNDS.

The organization also has the local know-how and existing relationship with the entrepreneurs.
Cloud-funding will work successfully if the 4 key players work together:

- The FUNDERS who provide the funds
- The ENTREPRENEUR who borrows and uses the money to improve her family’s quality of life
- The WEBSITE that provides the crowd-funding platform
- The FIELD PARTNER who manages the funds sustainably and efficiently.

The process will only work if each player cooperates and does everything with integrity, transparency and accountability.
Why it works
THE MOTIVES OF EACH PLAYER

Let us examine WHY each player takes part in the process and WHAT inspires them to join in this activity?
What motivates the funders?

🌟 They want to help the less fortunate;
🌟 With as little as $25 they can make a difference;
🌟 It’s a loan: they can revolve the same funds and help more people;
🌟 It’s a Social Investment

1. According to KIVA beliefs, people are BY NATURE GENEROUS and WOULD LIKE TO HELP – whether as PAYBACK FOR GOOD FORTUNE or simply WANTING TO HELP.

2. FEEL-GOOD FACTOR of having made an impact in someone’s life across the globe for as low as $25.

3. It is a LOAN and NOT a DOLE OUT. They can get their MONEY BACK, or they can REUSE the same funds to help more people – creating a LARGER IMPACT over time.

4. With the INTEREST RATES offered by some banks today, putting their money to work to help others –even at zero interest – is for many people a BETTER INVESTMENT than letting their money sleep in the bank. They BENEFIT from SATISFACTION of HELPING OTHERS IMPROVE THEIR LIVES.
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.

We believe providing safe, affordable access to capital to those in need helps people create better lives for themselves and their families.

Source: http://www.kiva.org/about

The quote – if you build it, they will come – from the movie FIELD OF DREAMS is something that the people at Kiva believe in.

By BUILDING THE PLATFORM and constantly REFINING THE PROCESS,
– studying WHERE they can OPEN NEW OPPORTUNITIES for the poor,
– and CONNECTING PEOPLE to CHANGE LIVES FOR THE BETTER are Kiva’s reason for being.
Vittana believes that providing ACCESS to FUNDS FOR EDUCATION is the key that will open new doors for students in developing countries.

Giving young people OPPORTUNITY THROUGH EDUCATION is what inspires the people at Vittana to pursue their mission.
They aspire for a better life for themselves and their families.

The micro-entrepreneurs participate in the program because:
- they need ACCESS TO WORKING CAPITAL to sustain their BUSINESS ACTIVITIES that will enable them to improve their lives.

Some clients also consider having their profiles posted on the Internet an HONOR and an ACKNOWLEDGEMENT by the MFI of their HARD WORK.
At NWTF, our mission is to provide sustainable financial and client-responsive developmental services to the poor.

To achieve this, we need to be CREATIVE & INNOVATIVE in how we SOURCE THE FUNDS we need to sustain our projects.

Donations and grants are scarce these days – and there is a lot of competition for what little grant money there is. Credit is available. But, to mitigate risk, we have to be conservative about how these funds are used.

The zero interest funds from Kiva lowers our cost of money. This allows us to PASS ON SAVINGS TO OUR CLIENTS through services such as MORE MEDICAL & DENTAL MISSIONS, CLIENT WORKSHOPS & TRAININGS, and more.

In Vittana’s case, the zero-interest loan allows us to pass on the savings to the students through lower interest rates. ALL INTEREST EARNED is used to cover our OPERATING EXPENSES.

Also, since funders shoulder the risk, we don’t have to pay back the crowd-source funders any unpaid balance of the principal if a borrower defaults on her loan. This lessens our risk burden because all we lose is the unpaid interest income.

Having a presence in internationally popular websites like Kiva and Vittana also gives us the opportunity to highlight our innovations.
Because we advocate a triple-bottom line, we also promote the use of green products to our clients.

For clients in off-grid areas, we encourage them to use solar lamps in place of kerosene lamps, providing them with a brighter light source and reduces their exposure to kerosene fumes.

We also promote the use of ENVIROFIT COOKSTOVES designed by engineers at the Colorado State University. The stove uses:
- 80% less emissions
- 60% less fuel (firewood)
- Reduces cooking time by 50%

Kiva gives us a platform to highlight these innovations by tagging them as GREEN LOANS.
Student loans are not readily available in the Philippines. Being able to offer it to our clients' children through Vittana is a big step towards the achievement of our goals.

Partnering with Vittana allows us to offer low-interest loans to children of our clients who want to enroll in short vocational course, such as Welding, so that they can increase their income capacity as skilled workers.

This year, we rolled out the education loan for college students. The loan product provides our clients a separate source of funding for their children's schooling, rather than using funds earmarked for their business.
HOW IT WORKS
THE LOAN PROCESS -
FROM FUNDER TO LENDER AND BACK
The process visible to the lender is simple:

1. First, we, the field partner disburse funds to the client.
2. Then we post her business profile on the Kiva website.
3. Once published on the Kiva website, individual lenders can fund the loan request in increments of $25.
4. Kiva aggregates the funds raised on their website each month and wires the money to us.
5. We collect the weekly repayments following our normal process.
6. At the end of each month, we report to kiva the amount collected from the client.
7. Kiva then updates repayment to the lender in the proportion of his contribution in the client’s loan.

When the lender gets all his money back, he has the option to withdraw the money through Paypal, or donate it to Kiva to support its operations, or to lend it to another (or the same) entrepreneur.
On the lenders side, many have formed themselves into teams to fund particular loans of their choice.
This month's leaderboard

<table>
<thead>
<tr>
<th>Team Name</th>
<th>Members</th>
<th>Country</th>
<th>Category</th>
<th>RAISED THIS MONTH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tim Ferriss' 35th Give-Back Birthday</td>
<td>945</td>
<td>United States</td>
<td>Birthday</td>
<td>$11,182</td>
</tr>
<tr>
<td><em>Welcome to my Give-Back Birthday! In lieu of gifts this year, my birthday wish is to help a gene...</em> more</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LGBT (Lesbian, Gay, Bisexual, Transgender) Vittanians &amp; Friends</td>
<td>105</td>
<td>United States</td>
<td>Common Interest</td>
<td>$6,317</td>
</tr>
<tr>
<td><em>We are out, proud &amp; know what it is like to face barriers. We are privileged to help these students...</em> more</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Apple</td>
<td>Current &amp; Former Employees</td>
<td>Cupertino, California, United States</td>
<td>Business</td>
<td>$3,726</td>
</tr>
<tr>
<td>Pagerise</td>
<td>12</td>
<td>Singapore</td>
<td>Business</td>
<td>$2,902</td>
</tr>
<tr>
<td>Atheists, Agnostics, Skeptics, Freethinkers, Secular Humanists and the Non-Re...</td>
<td>154</td>
<td>United States</td>
<td>Common Interest</td>
<td>$2,283</td>
</tr>
</tbody>
</table>
Kiva and Vittana virtually follow the same process. I will be showing slides from the Kiva website, but the procedure for our student loans on Vittana and business loans on Kiva are the same.
At NWTF, the loan application processing is just like any regular loan. When a particular client is identified to be suitable for Kiva, the Loan officer talks to the client and asks permission for her profile to be uploaded to the web. It is important to us that the client understands what Kiva is and how her profile, and what information will appear on the Internet. The client has a choice to become a Kiva borrower or not. Once permission is given by the client, the loan officer fills up the Kiva Client Data Sheet, and takes a photograph of the client with her business. Then she has to sign a waiver to prove that she agrees to have her photo, business profile and loan details made available on the Kiva website.

The loan officer submits the client data sheet and the photo to the Kiva project staff who composes the story, uploads the photo and repayment schedule to the Kiva partner site. To ensure that the story is coherent and consistent, we have several volunteer editors at the NWTF head office who review the story drafts before we submit them to Kiva for publication. Before the story becomes available on the Kiva website, a team of volunteers on the Kiva side also review the stories and perform a consistency check. This ensures that there are no duplicating profiles, and postings are error free. The Kiva editors also make sure that the profiles do not violate the agreed policies on client protection, transparency and client privacy.
Meanwhile, back in the field, the loan process continues as usual – following the same collection procedure as any NWTF loan. The only difference is that at the end of each month, we are expected to submit a collection report to Kiva to let the lender know that the borrower paid her monthly installment.

Kiva offsets the repayment for the month from the total amount raised on their website, and sends us the balance. If we collect more than what was raised on the Kiva website, we wire the difference to Kiva.

Before a loan gets fully repaid, we are expected to write a short journal update about how the loan was used or how it helped the borrower improve her life.
Some Challenges we encountered

LESSONS LEARNED

Wednesday, September 26, 12

As with any other project, we had to iron out a few kinks at the start. Let me share some of our learning experiences.
Early on, we realized that without clear direction, proper instruction and training, our field staff did not know what kind of photos to take. Before we piloted the project in 6 branches we thought that maybe they could just use their cellphone cameras but when they submitted pictures with beer frames and women posing for i don’t know what, we realized that we needed to conduct a workshop to teach them basic photography and discuss the project’s objective.
After the workshops, the photos were vastly improved and we learned that posting well composed pictures with our clients’ business profiles made them popular with the lenders, and raised funds quicker than profiles with photos that had no context or photos that did not tell a story.
Making it work

- Develop a plan of action/system
- Provide rules and implementing guidelines
- Use templates and forms to improve efficiency
- Keep Project-specific staff to a minimum
- Track the cash flow and keep costs down
- Buy good point-and-shoot cameras
- Work with the Field Specialist/ Relationship Manager
- Utilize partner Fellows
- Constantly review the processes

In the 3 years that we've been partners with Kiva and one year with Vita we've learned that:

1. Developing an efficient business process and setting up a system that integrates well with existing processes is important to the successful implementation of the project.
2. Providing implementing rules and guidelines such as what businesses are attractive and popular to lenders, and what we should not post on the Kiva website (e.g. Funds for fighting cock raising, fireworks manufacturing, logging, etc.)
3. Using templates and forms make it easier for the field staff to achieve their targets and get things done more quickly.
4. Identifying problems is also easier when forms are unified across the whole organization.
5. If the process is efficient, you don't need to hire additional people just to sustain your project operations.
6. Monitoring the online fundraising and the repayment schedule must be done constantly to make sure that there is cash inflow at the end of the month.
7. Investing in good point-and-shoot cameras can make a big difference in how fast your clients' profiles get funded – they do not have to be the latest model and they do not have to be expensive.
8. Working with the assigned Field Specialist or Relationship Manager can be beneficial – they are always ready to help improve productivity and efficiency.
9. Vittana and Kiva Fellows are skilled volunteers who can make a difference especially when you are starting to roll out your project. When you are scheduled to host a Fellow, ask if they can send someone who has the special skills and knowledge that you don’t readily have in your organization – this way you not only improve your Kiva or Vittana processes, you also benefit from their professional expertise.
10. Lastly, we realized that it was essential to periodically review our processes to check if they are still relevant or if there are ways that we could improve our efficiency.
Working with Kiva and Vittana has certainly helped NWTF. To date, we have raised over 4 million US dollars on the Kiva website and published the profiles of over 10 thousand clients, many for 2 or 3 times since we started with Kiva. And many of our Vittana-funded students who graduated from the short Welding courses were able to find jobs that earned them 4x more than they were earning before they underwent the training.

In addition to the zero interest funds, Kiva has also increased our standing in the international arena. They gave us a 4.5 star risk rating (out of a possible maximum of 5) after conducting a full due diligence to ensure that our organization is managed well.

Kiva requires partners to undergo a Social Performance review to ensure that there is no mission drift. If we hired a third party company to do this, it would cost an organization of our size at least US $20k. Instead, Kiva assigned a Fellow to conduct the Cerise audit on social performance for us and the result of her work are those 5 badges that recognizes our social performance strengths.

Working with partners is not always easy – it requires all parties to be transparent, responsible and accountable to each other. This is especially true with cloud-funding sources because individual lenders want to make sure that their money is contributing to the development of a better world.

So why should you jump into the crowdfunding bandwagon?
- it provides zero interest/ low cost funding
- it uses social media to expand your reach, increasing public awareness of your advocacy.

I hope that this presentation gave you some perspective of what is involved in cloud-funding and how you can take advantage of this new avenue for fund sourcing.
Questions?