

## A Division by Zer0

A bug in the code of the universe.

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0

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anarchism

#3

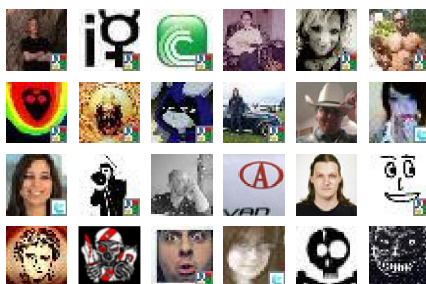
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## Disappointing: Kiva is hosting loan-sharks

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I was a cautiously-neutral to the service of Kiva. Even though I was excited when I first discovered it, the criticisms of micro-lending and the fact that such a service is impossible to make any actual change and serves mostly to give a "feel-good" feeling to people in the developed nations made me lose a lot of that excitement.

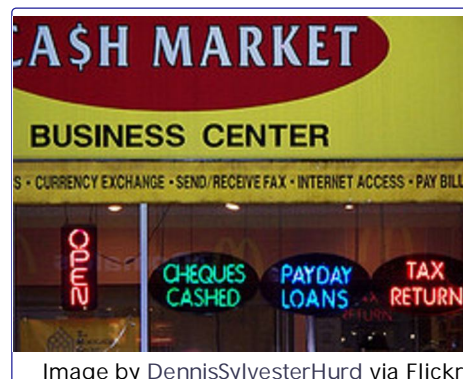


Image by DennisSylvesterHurd via Flickr

Still I still had made a few loans at the beginning, and as those were paid back, I simply re-loaned them to people who would be charged as close to 0% interest as possible. Unfortunately. Kiva makes this selection extremely hard. Harder than it needs to be. Not only do they not display the interest the partner will charge to the person you are considering giving a loan to, but the interest rate charged by a partner is also the last thing you'll find about them. It's like Kiva is consciously trying to cover up the absurd fees some of their partners are charging. They do not even provide a search function based on interest rates which would at least come extremely handy.

But still, until now I was tolerant to the idea of Kiva mostly because even though most of their partners were charging a high amount, it was still lower than the median rates of their area. However this has now changed for the worse. Not only do most partners now seem to hover around the median, but I've just seen one of the most disgusting examples I could find within Kiva

Borrowing Cost Comparison (based on 2008 data)	This Field Partner	Median for MFI Peers in Country	All Kiva Partners
Average Interest Rate and Fees Borrowers Pay (Portfolio Yield)	60%	35%	35.43%
Average Partner Return On Assets (Average Profitability)	6.01%	3.94%	-0.18%
Average Loan Size (% of Per Capita Income)	20%	62%	53.31%

This partner charges double the interest and makes double the profit that most lenders in their country. This is a loan-shark put simply. And yet. This is a Kiva partner. Pathetic. I don't even know if this partner existed like this from the beginning of Kiva or if they increased their interest rates later on. Their URL number seems to indicate that they were one of the earliest.

This is the last straw for me. I can't even remain neutral in the face of how Kiva uses the mutual-aid sentiments of people to support the debt-enslavement and debt-abuse of the most unfortunate. Until Kiva can provide a way where people can discover those partners which charge close to 0% interest (Do you have any anymore Kiva?), then I would suggest you stay away from it. It seems Kiva is simply becoming a useful tool in the hands of those who only wish to profit on the backs of the poor.

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## Comments

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+1



JohnAtKiva 1p · 80 weeks ago

Hello db0 - I work at Kiva and saw your post. I wanted to highlight a couple of things.

1) The Average Loan Size at SAT is much lower than the median in Ghana.

You can see what I mean in the table you uploaded earlier: <http://dbzer0.com/wp-content/uploads/2010/06/kiva...>

It's much more expensive to offer small loans to poorer borrowers, than it is to offer larger loans to a richer clientele. Smaller loans require higher interest rates. Here is a good post by a non profit called MF Transparency on the subject:

"When considering other factors that affect the price of small loans, it is imperative to incorporate the effect of loan size as well. With larger loans it is often the case that the effect of loan amount can be largely discounted, and the focus can be put solely on other factors, such as the effect of the riskiness of the loan on loan price. Of how profit margin relates to loan price. However, for microloans, it is first necessary to control for loan size <http://www.mftransparency.org/pages/2010/05/14/25....>

2) SAT serves poor rural communities

SAT is extending into the north of Ghana where poverty runs deeper and infrastructure is poor. This also increases costs. When our team visited Ghana, they spent four hours on dirt roads going from West to East in the northern portion of Ghana.

Serving poor rural communities is much more expensive than cherry-picking urban communities with dense populations. SAT is a non-profit though, so they're able to maintain their focus on serving the poor even though it's not as profitable.

3) Return on Assets should be adjusted for inflation

Ghana has a high inflation rate (2008 estimate is 19.6%). If you adjust SAT's ROA of 6.01% for inflation, the rate of return is 2.94%. That rate of return is consistent with a sustainable MFI...

4) Microfinance Institutions should be sustainable organizations.

After reading your post, I realized that we shouldn't be comparing our field partners to the median for all MFI peers in a country - since several of them are bleeding cash and are not charging enough interest to even break even. We will look into focusing our median stats on MFIs that are charging sustainable interest rates. That should give a much more accurate picture of whether or not our field partners are charging appropriate interest rates.

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Finally, I wanted to respond to your question about whether or not Kiva can "provide a way where people can discover those partners which charge close to 0% interest."

I'd like to add a sortable field for Portfolio Yield (i.e. fees and interest) to our list of Partners: <http://www.kiva.org/partners/>

While we look into that, I wanted to clarify that microfinance has a very cost-intensive model: loan officers often visit borrowers at their homes, and spend hours traveling over dirt roads in rural populations. This blog post by one of our Kiva Fellows highlights some of these issues: <http://fellowsblog.kiva.org/2010/01/07/bad-roads-...>

The industry is making huge strides towards becoming more efficient and lowering interest rates. According to CGAP, interest rates for sustainable microlenders average 26% and have been falling by 2.3% annually: <http://www.cgap.org/p/site/c/template.rc/1.9.9534...>


One last thought: you may be interested in some blog posts written by our Kiva Fellows who have worked in Ghana and/or at SAT:

\* <http://fellowsblog.kiva.org/2010/05/26/sinapi-aba...>

\* <http://fellowsblog.kiva.org/2009/07/17/on-committ...>


\* <http://fellowsblog.kiva.org/2009/09/11/last-thoug...>

**2 replies** · *active 8 weeks ago*

0  Daniel Travolto · *29 weeks ago*

you people are all id\*\*ts. if you got the cash go to these places and talk to these people instead of comparing your di\*\*s here


**Reply**    **1 reply** · *active less than 1 minute ago*

0  Jdu · *47 weeks ago*

From what I understand the employees of the loan companies wages are paid through the interest that is charged on the loan. If they charged 0% interest there would be no employees and therefor no Kiva. These loar also appear to need a high level of loaner participation which also requires someone be paid to teach loanees about loan and business practices. That all costs money. It isn't like the Western world where we are all already familiar with business and the information is readily available.

**Reply**

Kiva is a fraud, a criminal enterprise, and perhaps more... « Check Your Premises  
[...] UPDATE 2: Also read db0's criticism of Kiva. [...]

0  Stewart Paterson · *81 weeks ago*


Ah man that sucks

I have KIVA loans thru this partner, and only yesterday I helped a friend with a KIVA gift certificate make a loar and the person they chose was under this partner.

On MY recommendation too. I pointed out how they could check the partners' reliability etc. but didn't check the rate being charged

Grrrr!

**Reply**    **2 replies** · *active less than 1 minute ago*

0  Krn · *81 weeks ago*

People like you always like to complain sitting behind their nice computer desk pretending to be a champion for the needy. What have you ever done for somebody in need? What do you know about going for days without food? Have you even ever been to an underdeveloped country?

**Reply**    **3 replies** · *active 81 weeks ago*

+1  Francois Tremblay 40p · *81 weeks ago*

FINALLY! Someone else joins me in my crusade against Kiva! DB0, I'm so glad it's you buddy!

**Reply**    **2 replies** · *active 81 weeks ago*

0  zulusafari · *81 weeks ago*

It's clear none of you live in the developing world or know much about banking. While your one example seems quite legit, using 'as close to 0%' is ignorant. You do know that there are many middlemen to make any operation work, especially KIVA's model, and they have to make money somehow. If anything, using the median interest rate would be most appropriate. Microloans will by definition, default more often than the usual larger loans, making them more risky, increasing their interest rates (they also more often occur in more remote locations, adding expense to the process). There are some microloan organizations that are not set up like mini-banks and are built around community trust (usually the paid back loans go directly to the next applicant in line, so if the first defaults, the second never gets the loan), these can be close to 0% or often times have no interest, but that's completely different than Kiva.

Because your average westerner, including most of you and myself, doesn't have the time to do the research and find out what a fair market interest rate is in any given country (much less, way out in the bush of that same country) it seems appropriate that they would hide that from the Kiva donors. I know that's kind of anti-western (give us all the info and we'll decide for ourselves) but in this case, you all are proving you can't make the right decision with the information.

I PRAY that Kiva is on top of this and handling it so that there are not outrageous interest rates charged in the areas where it is inappropriate. At some point, you have to give TRUST to the middleman. That's what they are there for. If you don't trust them, then call them out on it.


I hope that you actually attempted to discuss this with Kiva before writing your post about this.

**Reply** 4 replies · active 81 weeks ago

+1  sitakali 34p · 81 weeks ago

If you haven't read this yet, it's interesting, explaining why the microfinance industry is so attractive to the West. Not all poor people are entrepreneurs - <http://socialentrepreneurship.change.org/blog/vie...>

**Reply** 1 reply · active 81 weeks ago

+1  bile 8p · 81 weeks ago

Have you contacted Kiva regarding the inability to sort on partner's interest? Or on the interest by that particular partner? Perhaps it's an opportunity for someone near them to fund a new partner?

**Reply** 2 replies · active 81 weeks ago

+1  vjack 103p · 81 weeks ago

That is disappointing indeed. I know many atheists who have flocked to Kiva as a way of showing that atheists do indeed support charitable giving. It sounds like there are better options to consider.

**Reply**

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### Insightful

Feminists don't think all men are rapists. Rapists do. (240)

What would an Anarchist society look like? (21)

You're not an underdog fighting "political correctness". You're just a bigot. (14)

### Funny

How to decode the US political terminology (13)

How I spent my afternoon yesterday. (11)

Feminists don't think all men are rapists. Rapists do. (8)

### Informative

Feminists don't think all men are rapists. Rapists do. (18)

Bebook Review: This e-Reader rocks my socks (17)

I Survived /r/anarchism's ShitStorm of 2010 and I Didn't Even Get a Lousy T-Shirt. (15)

### Convincing

Feminists don't think all men are rapists. Rapists do. (48)

Was the USSR Communist? (21)

The Internet has a well known liberal bias (15)

### Helpful

Feminists don't think all men are rapists. Rapists do. (8)

Finally a way for the reader to provide feedback easily (4)

DELETE FUCKING EVERYTHING! (4)

The last comments for  
**How to decode the US political terminology**

 prom dresses 22p

Boys usually dress in black or white formal wear, regardless of the time of the event, sometimes paired...

» 1 day ago

The last comments for  
**SWTOR is just WoW with Lightsabers**

 Rocco

I've played WoW since launch in Dec 2005. I still have an active account. Used to play WC2 1v1 over...


» 3 days ago

The last comments for  
**Καλο & Κακό**

 db0 111p

Κάλα, μην μπριζώνεσαι...

» 3 days ago

 Υποφαινόμενος

Ναι καλά παίξετε το έξ&ups...

» 4 days ago

The last comments for  
**Just to remind you why Right-"libertarianism" is intellectually bankrupt**

 db0 111p

The best I've achieved is to get them to tell me they'll try to think of a counter. I guess...

» 4 days ago

Comments by IntenseDebate

## Zoulapia

### On why rape jokes aren't funny

I quoted in the past about rape jokes and how they reinforce rapists, but now I've found an excellent post which goes in length into this, speaking from a personal experience as a rape victim, no less, and how it affects them.

laughing at/telling rape jokes is a pretty clear indicator of how little you can personally identify with the very real consequences of a very real act, just like laughing at/telling lynching jokes is a pretty clear indicator that you're so so so white, and have never known and will never know somebody who was lynched (though you might know somebody who did the lynching).

Wholeheartedly suggested.

Also this.

So, here is my challenge for those who want to tell rape jokes:

Ask every woman in your life if she has been sexually assaulted. Ask her to tell you her story. This means your mother, your sister, your girlfriend, your grandma.

Once you have heard all their stories, go watch a movie with a rape scene in it. One you didn't mind before. One you thought people were overly offended by.

Now tell me a joke.

Quote of the day: [Rape culture in Reddit](#)

Quoth Breakfast\_Champions:

If anyone ever doubted rape culture exists, this whole incident is the proof. Talking about an experience of being raped leads to being criticized in the harshest terms and accused of being a faker. Posting proof of the rape leads to walls of text with upvotes about how the *real issue* in all this is false rape accusations. And then there are massively upvoted posts after the fact about how she basically deserved that response for even bringing it up.

That is rape culture. Where rape jokes are considered funny, actually being raped is your own private shame, and any attempt to talk about rape with either lead to harsh criticism, or a shift of the discussion towards false rape accusations. Reddit shows a window into a fundamentally rape-friendly society.

I won't go into the details of this story as Manboobz and Jezebel have already analyzed it and provided the appropriate link. I'll just say that this is par for the course for the larger Reddit community. It's only funny because how much redditors think they're some enlightened class, somehow above sexism.

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