2017
SosteNica
Program Report

Empowering Nicaraguans
Growing a sustainable future
SosteNica Program Report - 2017

- SosteNica Financial Overview
- Microcredit Program
- EcoCentro Programs & 2017 Developments

Our Mission: SosteNica empowers the people of Nicaragua to achieve healthy lives within vibrant, sustainable communities.
Financial Overview

- Several important decisions were made in 2017 that impacted portfolio growth and future funding for SosteNica.
- SosteNica has decided to change the basis of its financial offering to investors. As a result, the portfolio declined during the year as we wait to begin our new offering later in 2018.
- Administrative costs (primarily related to the formation of a legal entity in Nicaragua) needed to establish a solid foundation for future growth combined with continued program expansion contributed to an operating deficit in 2017.
- SosteNica has begun a focused fund development program to support continued program growth.
- Since its inception in 2000, SosteNica has built a strong foundation of equity capital though the operating deficit reduced the level to $492,534 at year-end.

SosteNica is now a registered legal entity in Nicaragua and remains a US 501(c)(3)
## Microcredit Program

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<tr>
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<th>TOTAL</th>
<th>CEPRODEL</th>
<th>FUDEMI</th>
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<tbody>
<tr>
<td>Trust Balance</td>
<td>$2,295,933</td>
<td>$1,715,933</td>
<td>$580,000</td>
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<tr>
<td>Number of Borrowers at Year-end</td>
<td>3,429</td>
<td>2,656</td>
<td>773</td>
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<tr>
<td>Average Loan ($)</td>
<td>$670</td>
<td>$591</td>
<td>$741</td>
</tr>
<tr>
<td>Delinquency Rate (90 days +)</td>
<td>3.2%</td>
<td>3.3%</td>
<td>2.8%</td>
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<tr>
<td>Percentage Woman Borrowers</td>
<td>67%</td>
<td>64%</td>
<td>75%</td>
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- SosteNica makes microcredit loans through Trusts administered by its partners, CEPRODEL and FUDEMI. SosteNica began working with FUDEMI in July of 2016.
- FUDEMI is required to replace loans that are delinquent for more than 30 days.
- The Trust administered by CEPRODEL holds assets in reserve to protect from losses.
- Microcredit loan performance has remained strong in 2017.
Our microcredit partners make loans that support Nicaraguans in four general areas: Personal, Commercial, Agricultural, and Housing. Personal loans help families secure school uniforms and supplies, pay tuition, and procure basic necessities. Commercial loans, similar to the first loan made by SosteNica to a women’s cooperative in León, support small business people. While our microcredit partners occasionally provide home mortgages, most of the housing loans are for essential home improvements. SosteNica’s direct lending program targets the agricultural sector, an area that is not effectively funded by our microcredit partners.
The SosteNica EcoCentro continued to experience growth in staff and programs in 2017, most notably:

- Emphasis on the construction of clean cookstoves with over 30 completed and plans to reach 100 in 2018.
- Addition of a new school to our School Gardens program.
- Completion of training program for Young Entrepreneurs and initial funding for business start-ups.
- Expansion of direct lending to fund harvest storage and other equipment to improve farm economics.
SOS Productivo

- SOS Productivo remains the core program for the EcoCentro, providing agroecology-based education, technical services, and access to sustainable technologies and markets.
- In 2017, we had 41 farms participate in this intensive program.
- We also formalized the creation of “Fomento Productivo”, a smaller group of farmers ready to take the next step in sustainable agriculture through the introduction of new crops and land management practices, and increased capital investment.
SOS Productivo – Summary of Farm Data

In 2017, the EcoCentro collected production, treatment, revenue and expense data from our farmers to help them with management decisions and help SosteNica assess program impacts.

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<thead>
<tr>
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<th>Average</th>
<th>High</th>
<th>Low</th>
<th>Change</th>
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<tbody>
<tr>
<td>Production per MZ (000lbs)</td>
<td>3.2</td>
<td>4.0</td>
<td>2.5</td>
<td>Data is not yet available but will be captured and reported beginning in 2018</td>
</tr>
<tr>
<td>Revenue per MZ ($)</td>
<td>364</td>
<td>462</td>
<td>298</td>
<td></td>
</tr>
<tr>
<td>Expenses per MZ ($)</td>
<td>224</td>
<td>350</td>
<td>161</td>
<td></td>
</tr>
<tr>
<td>Income per MZ ($)</td>
<td>140</td>
<td>201</td>
<td>20</td>
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- A manzana (MZ) is a common unit of land management and is equal to 1.74 acres in Nicaragua. The participating farmers have just over 2MZ of land under active crop management, on average.
- Data has been supplied by ½ of our SOS Productivo participants; those with whom we work most closely.
- As data is collected over time, SosteNica will use the information to assess the effectiveness of farm changes and quantify the impact of those changes.
The EcoCentro has long been a demonstration site for a variety of eco-technologies including drip irrigation, composting toilets, and earth construction.

In late 2016, the EcoCentro initiated a program focused on building clean cookstoves for clients and their communities.

The program began in earnest in 2017 when we built more than 30 stoves in Nagarote.

In addition, we hired experts on stove design from Mexico to assist with a redesign of our cookstove and offer a regional stove building training program at the EcoCentro.
Young Entrepreneurs

- While agriculture remains a focus of the EcoCentro, SosteNica recognizes the need for broader economic development and job opportunities in Nagarote.
- In 2017, SosteNica completed the nine month classroom training component on the ‘young entrepreneur’ program in partnership with Cooperación Italiana, CEPRODEL and Caritas de Nicaragua.
- SosteNica initiated a fundraising campaign to create a revolving fund to support the establishment of new businesses and employed seed funding of $11,000 from its partners to support 7 new enterprises in Nagarote.
School Gardens

- The school garden program trained 120 students across six primary schools in all aspects of gardening and small-scale ecologically-sustainable farming including soils, planting, crop and pest management, water conservation, and nutrition.

- EcoCentro staff assist the children in the establishment and management of their garden.

- In 2017, we expanded our School Garden program to serve an additional school, installed irrigation systems at 2 schools, and replaced a failed well and pump.
Investments & Direct Lending

- The SosteNica-EcoCentro direct lending program continued to grow in its second year, providing funds for well improvements, irrigation systems, fencing, harvest storage, and establishment of new plantings.

- In addition, we began a program to fund the installation of small bio-digesters to convert pig and cow waste into usable methane gas and solid/liquid fertilizers.
Thank you for your support!