2016
SosteNica
Program Report
Sustainable Development Fund of Nicaragua
SosteNica Program Report - 2016

- SosteNica Financial Overview
- Microcredit Program
- EcoCentro Programs & 2016 Developments
In 2016, SosteNica’s Board and management team decided to begin rebuilding its portfolio to allow it to serve more needy borrower’s and support a growing set of programs in Nagarote.

As a result, the size of the portfolio, which had declined in 2015, stabilized.

SosteNica remains focused on serving its mission in Nicaragua; nearly 85% of all expenses fund programs or repay lenders for the temporary use of their capital.

Our very low borrowing cost in 2016 of less than 3% reflects the social mission of our lenders.

Since its inception in 2000, SosteNica has built a strong foundation with equity capital at the end of 2016 of $507,000.
Microcredit Program

<table>
<thead>
<tr>
<th></th>
<th>TOTAL</th>
<th>CEPRODEL</th>
<th>FUDEMI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan Balance ($000)</td>
<td>2,381</td>
<td>2,021</td>
<td>360</td>
</tr>
<tr>
<td>Number Loans</td>
<td>3,835</td>
<td>3,281</td>
<td>554</td>
</tr>
<tr>
<td>Average Loan ($)</td>
<td>542</td>
<td>523</td>
<td>645</td>
</tr>
<tr>
<td>Delinquency Rate (90 days +)</td>
<td>2.5%</td>
<td>2.9%</td>
<td>0.4%</td>
</tr>
</tbody>
</table>

- 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 was strong in 2016, reflecting the improving economy in Nicaragua and the diligent underwriting of our microcredit partners.
Our microcredit partners make loans that support Nicaraguans in for general areas: Personal, Commercial, Agricultural, and Housing. Personal loans help families secure school uniforms and supplies, pay tuition, and procure basic necessities. Commercial loans are similar to the first loan made by SosteNica to a women’s cooperative in León, to support small business people. While our microcredit partners occasionally provide home mortgages, most of the housing loans are for essential home improvements. 61% of our borrowers are women.
EcoCentro Programs

- The SosteNica EcoCentro experienced significant growth in staff and programs in 2016

- SOS Productivo is the core program of the EcoCentro and focuses on agroecology services (training and resources) and market development

- In addition to the 2016 program achievements described on the following pages, SosteNica initiated a delegation program to connect public health students with communities in need around Nagarote
School Gardens

- The EcoCentro has provided a comprehensive school garden program for several years.
- The program trains 20 students at each school 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 2016, we expanded our School Garden program to begin serving seven schools in the communities of La Chilama and Silvio Mayorga.
After six months of development, under the umbrella of the SOS Productive program, the EcoCentrao began a “Campesino Mercadito” (farmers market) to expand markets for produce and other goods produced by small farmers and improve access to healthy, locally-grown food in Nagarote.
Clean Cookstoves

- The EcoCentro has long been a demonstration site for a variety of eco-technologies including drip irrigation, composting toilets, and earth construction.
- In 2016, SosteNica and the EcoCentro initiated an effort to expand the eco-stove program in consultation with the Yale School of Forestry & Environmental Studies and School of Public Health.
- Staff, delegation volunteers, and our partners constructed nearly 100 fuel efficient cook stoves ("eco-stoves") using locally sourced renewable materials, significantly improving indoor air quality and reducing deforestation.
- Our eco-stoves use a unique design and are built entirely with local materials and waste products (empty bottles).
While agriculture remains a focus of the EcoCentro, SosteNica recognizes that there is a significant need for broader economic development and job opportunities in Nagarote.

In 2016, SosteNica renovated an existing building on the EcoCenter property to support a 2yr ‘young entrepreneur’ training program in partnership with Cooperación Italiana, CEPRODEL and Caritas de Nicaragua.

The program is intended to provide skills (and some capital) for young people to work together to start small businesses in Nagarote, contributing to the local economy and reducing emigration to Managua and outside Nicaragua.
Investments & Direct Lending

- SosteNica’s model is based on providing information and capital in Nicaragua, but traditionally has provided funds through partner organizations.
- In 2016, SosteNica started a direct lending program in Nagarote, providing funds for well improvements needed to address acute water shortages due to the extended drought.
- We also made several joint investments to help small producers start new crops.
Thank you for your support!