

Contigo Argentina

Contigo Microfinanzas delivers microcredits to low-income entrepreneurs, encouraging the expansion of their enterprises and their household incomes. Created in 2010, the institution promotes financial education among its clients for the purpose of advising them in an ethical and responsible manner about the financial decisions relating to the advancement of their productive activities.

Ricardo Pérez

Outstanding areas of initiative in 2015

Promoting clients' enterprises in social media

Program that harnesses the power of digital communication as a platform to publicize entrepreneurs' enterprises and create awareness in society of the entrepreneurial achievements of vulnerable people.

Financial Education program via mobile phone

Training that optimizes the potential of mobile telephony to offer financial education to clients.

Contigo Argentina

Contigo Microfinanzas S.A. (Contigo) has been operating in Argentina since 2010. Its mission is *to improve the standard of living of low-income entrepreneurs and that of their families*. Over this period Contigo has originated over ARS 50 million in microcredits to low-income entrepreneurs, encouraging their enterprises and their family incomes to grow.

The institution has continued to support its clients’ productive development in a regulatory and macroeconomic environment that has been hostile to the sector’s development, subject to a heavy fiscal and inflationary burden. Contigo has managed to adapt to these prevailing uncertain and volatile conditions.

The institution has promoted Contigo’s value propositions in social media, instruments which have enabled the institution to promote its clients’ financial education and to serve as a platform to broadcast awareness of its clients’ enterprises.

In 2015 two Contigo entrepreneurs were honored in the annual “Micro-entrepreneur” awards. This is the third year, in the five years since the awards were set up, that entrepreneurs supported by the institution have been recognized.

Management team and board

Management Team	Board
Javier Lombardi General Manager	Ramón Feijóo President
Lucas Cardozo Sales	Guillermo Tripoli Vice-President
Diego López Administration	María Inés Silva Director
María Belén Lorenzo Collections	
Sabrina Arzani Human Resources	



Ricardo Pérez

Scan the QR code and watch the video about Ricardo.



Contigo Stories of Hard Work and Achievement **Ricardo Pérez**

“We work with garbage; thanks to trash, we make a living”.

Ricardo Pérez is proud of taking his plastic recycling business forward and at his 46 years of being able to give his children the opportunity to be their own bosses. The Pérez family has been working for itself for over 10 years in plastics recycling. **Nearly the whole family works in the recycling business, his wife and two of their four children, and he is proud to be able to give them jobs.** They get most of the material for recycling from the packaging of materials sold in stores. These products used to be thrown away, but Ricardo and his family buy them from the stores to recycle them.

His business helps to generate wealth for his community, because several people live from collecting the plastic which they then sell on to Ricardo. “This is a chain; in the same way as the people in the stores often make things easier for us, we also give a hand to all those who are selling plastic on the street. People know that we buy, so whenever someone brings us something, we give them a hand and buy from them”

explains Ricardo. **“I am very grateful to Contigo Microfinanzas for believing in me and in my family when they gave us the ARS 28,500 microcredit. Thanks to them we can carry on improving our business”.**

His next ambition for the business is to get a bigger clumping machine, which can recycle 2,000 kilos of clumped plastic a day. The clumping machine he is using at the moment can process only 800 kilos a day, so this would improve his business performance considerably. He also wants to be able to make plastic pellets, which requires a different machine. Ricardo shares his story with us. “You could say that we work with garbage, thanks to this we can make a living. It sounds tough when I say it like that, but it’s true. And what’s more, we make the place cleaner; otherwise, everything would be thrown away all over the place”.

Ricardo comments “At one point all four children were working with us but the two older ones went on to set up their own business and preferred doing that. Luckily the two younger ones help me, my wife and my daughters-in-law”.

Mirta, Ricardo’s wife, says “I always say to my children that they have to be better than us, to grow, to get on, to find something else to do, but they don’t want to leave their father alone with this business”. **Ricardo for his part adds that this enterprise is what he can leave his children, that he is doing it for them, so that they have something in the future.**

Contigo Outstanding Areas of Initiative in 2015

Communication with clients is reinforced and personalized by using social media, which enables Contigo to show Argentine society how setting up an enterprise is an effective way for people in vulnerable situations to climb out of poverty.

Promoting clients' businesses in social media

Contigo is rolling out a social media program that harnesses the power of digital communication as a platform to publicize the work being done by its entrepreneurial clients to the wider society. Clients' enterprises are promoted easily and effectively, harnessing the immediate nature of social media, providing visibility to these businesses, mainly in their local environment, at zero cost for the entrepreneur.

Increasingly clients (and their children) are users of social networks, so they can do their own promotion, making it easier to give their enterprises exposure. Social networks also serve to communicate with suppliers and clients, whether current or potential. This tool is transforming how entrepreneurs do business, and is also the way in which Contigo communicated with them.

Contigo also makes the most of networks to share its entrepreneurs' stories, so that other people can see that with hard work and commitment, people in vulnerable groups can set up activities which improve

the standard of living of the entrepreneur and those close to them. Hearing about case studies directly from entrepreneurs encourages others to overcome their concerns about innovating, and also enables the wider society to understand the impact of microfinance on the lives of entrepreneurs.

Financial education program via mobile phone

Contigo is developing a financial training program that harnesses the potential of cell phones to provide financial education to entrepreneurs and their communities.

One of the tools used in this program is sending SMS texts that distil an idea, useful piece of advice or information so that the entrepreneur can carefully consider the financial decisions they have to take in their enterprise. The main goal is for the financial understanding provided by the institution to enable the entrepreneur to improve the profitability of their enterprise.

Financial education in 140 characters: The financial training program uses SMS so that the entrepreneur can improve their business profitability, providing tips and useful information about financial decisions.



Enrique Sombra and Elizabeth Oliver

Contigo Awards and Honors 2015

Clients

- Two entrepreneurs who are clients of Contigo Microfinanzas were honored at Argentina's **Micro-entrepreneur Awards**, which represent an opportunity for society to learn about how being an entrepreneur enables people to carve out their own future and get ahead, by recognizing their work.

Ricardo Pérez won the **Gold Award in the "Services" category**. Most of his family works in his plastics recycling business -his wife, two of his four children and two daughters-in-law- and he is proud to be able to provide employment for them.

Adriana Triviño received a Special Mention. Her eponymous fashion school is a source of great satisfaction, the result of much effort over the years to make her dream come true. Her business gives private dressmaking classes (she currently has over 15 students) so that other people can also set up on their own. She also makes garments for private clients, schools, dance schools and tailors in the area. A third side to her business activity is the sale to her students of fabrics, thread and other materials needed to make garments.



Gabriel Martorelli

Argentina

Macroeconomic context

Low growth and significant distortions in the financial markets.

The Argentinian economy has been suffering significant distortions which reveal low growth, high inflation, a major fiscal deficit partly financed by monetization on the part of the central bank, together with multiple exchange rates involving major distortions. These punish exports and investments while encouraging imports, all within a framework of legal problems with its external debt which has raised the country's risk to levels of an economy in default.

The economy went into stagflation principally because of the fall in its four key sectors: trade, construction, industry and financial services, which represented the engines of economic growth before 2011, together accounting for 40% of GDP and 46% of jobs in the formal economy.

The key drivers affecting the Argentinian economy have been, on the one hand, its exchange rate and financial instability, and on the other its lower growth trajectory and the drop in employment levels.

In this scenario, after growing 0.5% in 2014, the Argentinian economy performed better in 2015, registering growth of 2.2% in the first half, after achieving a degree of stability in the exchange rate tensions, closing 2015 with growth at close to 1.5%, because of the growth in public consumption and investment in construction, despite the limited increase in private spending.

Investment in general continued to be seriously affected by exchange rate uncertainty, which grew more acute in the months leading up to the presidential elections. In the run-up to elections, fiscal policy was expansive in order to provide momentum for an economy with a deficit close to 6% of GDP, the result of a sharp expansion in spending.

The sectors with most momentum were farming and stockbreeding (12.3%) and construction (7.4%), while manufacturing industry fell back a little (-0.2%), struck particularly hard by the fall in automotive manufacturing (-12%), which had in turn been affected by the drop in demand from Brazil.

The sharp contraction in the Brazilian economy, the main source of the country's manufacturing exports, and the fall in the international soybean price, its main export product, had a negative impact on the Argentine external sector. This caused the balance of payments to report a 2.5% reduction in GDP, due to a 16% fall in the exports of goods and services, whereas imports only shrank by 10%.

The distortions in the exchange rate have been the determining factors in how the economy has performed. The gap between the official exchange rate and the parallel exchange rate reached 68%. At year end, the central bank began the process of unify-

ing the foreign exchange market by establishing a single exchange rate for all kinds of operations, the flow of current transactions was freed up and only minimal restrictions were retained on capital transactions. This forced a sharp correction in the exchange rate, with the new exchange rate converging towards the parallel rate. The official dollar rose from ARS 9.83 to ARS 15, a hike of 52%, but closed the year at ARS 12.95, because of central bank intervention, bringing the rise down to 40%.

The high inflation that has characterized the economy continued against this backdrop, up to over 30% annually in the last few years, only surpassed in the Region by the hyperinflation suffered by Venezuela.

The labor market performed well, with the unemployment rate standing at 5.9% of the Active Population, down by 1.6 percentage points (pp) from 2014. The employment rate came in at 42.2% of the population, while the labor force remained practically the same as the year before, at 44.8% of the population. The rate of underemployment was 8.6%. The unemployment rate came in at 11.8%, a fall of 2pp from 2014.

The rate of informal employment was 33% among waged employees, unchanged from the year before. There was more momentum in the rate of formal job creation, with the private sector playing a bigger role in

the annual generation of jobs, accounting for 73% of the whole. Among the sectors driving this performance, construction, mining and public services were the best performers.

Wages went up by 25% from December 2014, with accumulated rises of 29% in public sector wages and of 23% in the remuneration to workers registered in the private sector, slightly below the level of inflation.

25% of the workforce works for themselves and/or are micro-entrepreneurs and their principal obstacle is financial exclusion. In Argentina half the population has no account in the financial system and only 10% report having asked for a loan in the preceding year.

According to independent reports, poverty in Argentina hovers around 20% to 25% and there is a high level of vulnerability among a wide swathe of the population, making it very sensitive to adverse shocks; a large part of those sections of the population that are outside the financial system cannot carry out activities due to this lack of access: this makes them more vulnerable than the others.