

Microfinanzas PR Puerto Rico

Corporación para las Microfinanzas - Puerto Rico (Microfinanzas PR) was created in 2008, through a collaborative agreement between the BBVA Microfinance Foundation and the Economic Development Bank for Puerto Rico and began operating in 2010. It was the country's first microfinance institution to provide funding for low-income people in Puerto Rican society so that they could develop their productive activities and thus encourage self-employment.

Martin Alberto Mcinnis López

Outstanding areas of initiative in 2015

Microfinanzas Puerto Rico has developed a program to train students and communities close to the university campus in order to provide incentives for sustainable entrepreneurial activity, out of its belief that education is a growth driver for the country.

Microfinanzas PR

Puerto Rico

La Corporación para las Microfinanzas Puerto Rico (Microfinanzas PR) was created in 2008, the result of a cooperative agreement between the BBVA Microfinance Foundation and the Puerto Rican Economic Development Bank (BDE), and started operating in 2010. Microfinanzas PR is the country’s first microfinance institution, set up to provide funding for people with low incomes in Puerto Rican society to develop their productive activities and promote self-employment.

In 2013 it became the first social enterprise in Puerto Rico to be registered as a Community Development Financial Institution (CDFI). This accreditation and recognition guarantees that it is a company that complies with the parameters and requirements established by the United States Treasury Department for originating loans and credit

to low-income communities on the island, contributing to improving the economic reality of micro-entrepreneurs in these communities.

Microfinanzas PR provides help to sectors that are especially precarious and without access to banking services, such as women who are the main breadwinners, people who have been to jail and have come back into society, the unemployed and farmers. The institution has 20 employees.

Microfinanzas PR currently looks after over 1,100 clients, who generate over 1,400 jobs in their businesses, as well as their own, thus constituting a significant growth driver in Puerto Rico, where there is a high level of unemployment and a low rate of participation in the labor force.

Management team and board

Management Team	Board
Annette Montoto President	Ramón Feijóo President
Eduvino López Sales Manager	Ramonita Otero Vice-President
Fernando Fernández Finance and Operations Control Manager	Margarita Correa Member
Nirlia L. de Jesús HR and Administrative Manager	Mercedes Canalda Member
	José Joaquín Villamil Member
	Alberto Maldonado Member
	Joey Cancel Member
	Ángel Torres Member



Azuree Dee Baez

Microfinanzas PR Stories of Hard Work and Achievement **Azure Dee Baez**

The Taino
craftswoman
who succeeded in
creating her own
art enterprise.

Azure Dee Baez is a Puerto Rican painter who was born in San Juan, Puerto Rico. She specializes in painting subjects reflecting the culture of her country and its Taino roots. She studied Graphic Arts at Atlantic College High School and has a certificate in Advanced Painting from the University of Puerto Rico. Azure uses watercolor, acrylic and gouache to express Taino culture's references to the supernatural world, the three dimensional and the subjective. Her work also reflects the abstraction of continuous contemplation and the fusion of cultures.

In 2008 she set up her microenterprise "Di Azul Art Designs" after losing her job. To overcome this crisis, she began to invest in her art business and attended classes at a talent and modeling school until she became pregnant.

Azure suffers from a cerebral illness diagnosed in her teens which requires daily medication. She had to leave her job to

look after her health and that was when her cash-flow problems began. After surmounting a number of problems, amongst them the loss of her car, she decided to reinvent herself and began to sell her work at prices that range from USD 4 to USD 30.

2012 marked the beginning of a new phase of her productive activity, when she received her first loan from Microfinanzas PR for USD 600, which Azure used to buy materials and inventory with which to make her artistic creations. Since then and up to now she has taken out eight credits, for a total of USD 4,950.

Thanks to the funding from Microfinanzas PR, she has managed to develop a successful business, selling her artistic creations at town fairs and festivals. She also has business customers who commission larger numbers of pieces, including well-known stores which sell souvenirs from Puerto Rico to foreign visitors.

To complete her income she also works part time in a fast-food restaurant. Although her business is going well, having a steady wage is helpful when her sales are less buoyant. **With eight loans from Microfinanzas PR she has succeeded in expanding her micro-enterprise and doubled her inventory. But what Azure values most, above everything, is that she has succeeded in improving the quality of life for herself and her family.**

Microfinanzas PR

Outstanding Areas of Initiative in 2015

Microfinanzas PR promotes the expansion of self-employed productive activities and micro-enterprises among the university population. It is the institution's contribution to Puerto Rico's economic development, convinced of the value of education as a driver of economic growth.

Microfinanzas PR in universities

Microfinanzas PR, in partnership with the Ana G. Méndez University System, has developed a program so that young university students can contribute to Puerto Rico's economic development, bringing the value of education as a driver of the country's economic growth. This program runs workshops and educational seminars in all universities, at which it trains students, faculty staff members, both academic and administrative, as well as the communities where the campuses are located when these are in disadvantaged areas. The goal is to provide incentives for the growth of self-employed productive activities and micro-enterprises, as well as educating people about the financing opportunities that exist for the sector.

Microfinanzas PR

Awards and Honors 2015

Front Line Management

- Annette Montoto, President of Microfinanzas Puerto Rico, was awarded the “Top Management Award” in the Banking & Finance category in January 2016. The **Top Management Award** is one of the highest distinctions conferred in Puerto Rico on senior managers from different disciplines who have made significant professional or ethical contributions, for the prestige this lends both to their profession and the industry in which they work. The award is given by the Sales and Marketing Association.

Puerto Rico

Macroeconomic Context

A decade of recession and major financial difficulties have marked Puerto Rico.

Puerto Rico’s economy has been suffering a lengthy recession for the last ten years; in 2015 the economy is estimated to have shrunk by more than 1%, in a year scarred by partial defaults on debt, which stands at USD72 billion, 70% of GDP, in a territory which lacks the legal protection enjoyed by US states that would enable a debt restructuring. In August it defaulted on USD 58 million and is now in a dead end, moving funds from one creditor to pay the next, a problem which will be exacerbated at year end and in the first quarter of 2016.

This situation has generated a sharp fall in investor and consumer confidence, reflected in the fact that the island is not reacting favorably to macroeconomic variables such as the drop in interest rates and oil prices, as it would have done in the past. The response has been a sharp contraction in private and public investment.

The issues facing the island are apparent in the non-arrival of new investments and the lack of expansion of existing ones. The challenging fiscal scenario means that public investment, a growth factor in the past, is completely paralyzed at all levels of government: state, municipal, federal and local corporations.

In earlier decades, Puerto Rico was helped by a fiscal system which enabled companies to repatriate all their profits to the US at a zero tax rate. This allowed the island to

become the producer of 50% of the medications consumed in the US, doubling the weight of the industrial sector in its economy. But, by virtue of an agreement between San Juan and Washington, that system began to be phased out in 1997 and disappeared completely in 2006, the very year in which the long recession period began.

The positive effects looked for by laws 20 and 22, focused on the arrival of new investors and service firms to the island in the tourism sector have yet to be seen, ditto strategic projects to replace the drop in the industrial sector.

Emerging sectors such as aerospace, clusters, farming and biotechnology have not expanded enough, or provided the momentum for public and private investment, to substitute the sectors which have been lost. The economy in general has moved out of step with the US.

After nearly a decade between recession and low growth, the population has diminished noticeably. 11 years ago the population of Puerto Rico was 3,826,878; in 2015 the latest census available put the population at 3,474,182 people, a 10% fall over the period.

The exodus of Puerto Ricans has accelerated in the last few years and the trend suggests that it will continue. Between 2010 and 2014, the average annual number of

Puerto Rican migrants was 53,000, accompanied by a net exit of foreigners.

The migrations have mainly been by young people, contributing to the aging of the population and a higher proportion of people depending on government subsidies. Federal subsidies currently represent about 17% of GDP.

This change in the population has in turn meant that less taxable income is being generated because of the fall in the number of taxpayers which, taken with the lowered economic activity and the fall in employment have produced a real gap between the government’s revenue and expenditure in 2015 of USD 8.5 billion, i.e. about 8% of GDP.

Meanwhile, debt servicing absorbs 16% of the consolidated budget, nearly double

that assigned to education and healthcare, revealing a trend of fiscal non-sustainability and the unlikelihood of being able to conduct an expansive fiscal policy to underpin economic activity.

Puerto Rico also suffers from 14% unemployment and has an active population of only 40.1%. Puerto Rico’s total employment fell by 1.5% last year, while the rate of participation in the labor force shrank by 0.3 points.

20% of all employment is self-employed, with the informal economy making up 25% of GDP, suggesting that a significant proportion of the population works in this sector. All these factors indicate that major difficulties await Puerto Rico in the next few years and with them, increasing vulnerability on the part of its population.