

Many years ago the television series “Dallas” put Texas on the known map of many people around the world. Even today, when I tell people I am from Texas, they ask me if I ride my horse to school. As impossible as it sounds, we do have cars in Texas and none of my friends even own a horse. I left Texas three weeks ago for an internship in the 4th largest city of Brazil, Fortaleza. Ironically, in this developed city indeed I have seen horses, mules, cows, chicken, and pigs roaming the streets of various neighborhoods. Along with the loose animals there is also poorly paved or unpaved roads and poor plumbing or no plumbing (hence, sewage on the streets, poor sanitation, and terrible air quality). How can this be? Fortaleza – a city which many tourists have claimed it to be so gorgeous that they would love to return – what were these tourists referring to?

Throughout these past three weeks I have been walking the “streets” of various poor neighborhoods in Fortaleza. I would venture a guess that perhaps as much as 20% of Fortaleza is concentrated in these poor neighborhoods – often referred to as “favelas” or slums. They are all located in the periphery and depending on which “bairro” (region) you’re going to, it takes a good hour and a half to get there from our hotel. The residents of these “bairros” very rarely leave their bairro, perhaps even their neighborhood. While there is often a LAN house (internet) somewhere within the neighborhood, I would guess that few people go online – they have no access to the outside world except through their television.

The first week of training in Washington DC brought many surprises. The first of the three largest surprises was that my team would be interviewing CrediAMIGO clients in Brazil. FINCA does not yet have operations in Brazil but is interested in evaluating if there is a need. Therefore FINCA initiated contact with CrediAMIGO, the micro-credit institution operated by the Banco do Nordeste do Brazil (BNB), to work out a beneficial deal for both parties. A second surprise was the questionnaire. When I applied for the research fellowship, the description of the

research was program impact. However, while program impact is an aspect of the questionnaire, client social assessment is the overarching aspect. In view of this assessment, the questionnaire is filled with various personal questions about how much the client spends on various items, the assets they own, their family and their home. The third large surprise was that we would be conducting the random selection of clients on our own, meaning the clients had not been informed we would be coming.

CrediAMIGO services the Northeastern states plus two Southern states. It is headquartered in Fortaleza, Ceara where my team has spent the past three weeks interviewing various CrediAMIGO clients. In Fortaleza alone, there are more than 70,000 clients and in all of Brazil there is approximately 230,000 clients. The credit officers at CrediAMIGO are very busy so we are pretty much on our own. We spent the first three days at the headquarters of BNB randomly selecting clients and mapping out their locations. We were originally scheduled to visit two other cities around Brazil which were to be selected by FINCA research expert consultants. Unfortunately, the expert only decided to choose one other city, Recife in the state of Piau. CrediAMIGO staff did not find this a wise decision because this is a very dangerous city and compared to Fortaleza, there is little difference in the client type. They suggested instead the cities of Caucaia and Itapipoca – both which are easier to access from Fortaleza and have more rural-like clients.

A typical day for me is a wake up call at 6:30, breakfast at 7, and a first bus at 7:30. After two or three bus changes, I arrive at the bairro where I have chosen to interview clients for the day. I have a map and a list of addresses. I get off the bus wherever I think might be a good spot and start walking (having no idea how far down each street the clients' homes are located). From house to house I travel by foot, convincing the clients whom I happen to find at home to give me 20 minutes of their time for a very personal and probing interview. I often eat lunch at a

“marmitaria” owned by a client and start getting ready to find my bus back to the hotel at 5-5:30, as the sun starts to set. By 7:30pm I am back at the hotel. I eat a quick dinner, start cleaning my data from the day, and plan for the next day. Midnight comes around much too quickly and I must go to sleep and start the process all over again.

There are a few questions in the interview that I enjoy asking more than others. The question, “On a scale of 1 to 10, how satisfied are you with your life (1 being the least and 10 most)?” has been very revealing. The majority of clients have given me above 7 and many have even given 10s. The clients are fighters, they work hard for little return – they are, as FINCA has termed it, “one accident away from hunger”. Yet they are the ones who are the happiest. They live in crowded homes, some which look as if they might fall apart, in the midst of stinky neighborhoods with open sewage, and just last week their kids were hospitalized for pneumonia, dangué, or whatever else. Yet they are alive and for this they are thankful and happy to continue on. They often work hard for little return and don’t even have a promise of a better life ahead – but they still have hope.

Danger is always prevalent in large cities. My team has been instructed to stay indoors as much as possible between the hours of noon and 2pm because those are when it is most dangerous in the bairros we frequently visit (muggers find it an appealing time to prowl about as most people head inside for lunch and maybe a nap). We’ve also been instructed to leave before dark no matter what. We have avoided going into the bairros in which drugs are prevalent. Frankly, I walk around and while the bairros may not look safe, looks are indeed deceiving. The people are friendly, the kids play in the streets, the residents sit on their porch – it is safe. Yet even the residents are shocked to find out we are walking about by ourselves. I have concluded that Brazilians have a “mania de perseguicao” - a term that means they always feel there is

someone following them. Everyone is so suspecting of everyone else, that in many cases, their families are the only friends they have. This highly limits their economic growth potential.

I once walked past a house 3 or 4 times before I finally found it. Prior to the start of the interview, the lady complained that there were very few sales (it was a clothing store) and she thought it was because she didn't have enough merchandize. I was shocked. The reason there are few sales is because it is not a visible store. While it has an excellent location, the reason it is not visible is because all the clothing articles are stored on the corners (out of one's view from the outside window). Furthermore, there are gates around the store and they are always closed. The lady sits behind a desk in the back and when she sees someone approach the gates, she will come out to see what they want (and not in a very nice manner either – almost treating them as intruders). I believe the reason few people stop by is because one, it looks closed and two, the merchandize is not visible and therefore does not attract. I informed the lady that it took me quite an effort to find her store and that the only reason I did was because I was looking for it. I hinted that perhaps the closed gates kept people from coming closer to see the merchandize. She immediately responded that it was too dangerous to open the gates. As I see it, if she isn't selling anything, why would it matter if any of it was stolen? It is a risk she should take --- especially considering the high movement of the street with various potential clients. Yet her fear keeps her from opening up. This is the case with many of the micro-businesses. The fear of the owners, regardless of whether or not it is called for, limits their ability to profit.

Micro-credit in Brazil is helping but it has a lot of potential to help even more. This potential is ready to be unleashed but is dependent on various factors, including culture. The income distribution between the rich and poor is immense. The tourists who come to Fortaleza have probably never laid eyes on the living conditions of the poorest 20% of the population. The beautiful gorgeous Fortaleza they know is concentrated in one small area – which I saw for the

first time this past week. An area that overlooks the sea and mountains, filled with million dollar homes and the largest aquatic park in all of Latin America. The cultural stigma of rich interacting with poor inhibits both parties. The poor remain poor not for lack of willpower, not for lack of intelligence, not for lack of social skills but for lack of opportunities. Nepotism keeps out even the ones who were able to get an education. While the public school system allows students to go to school for free, the education quality is so terrible that only those who have the money to attend private schools will gain sufficient knowledge to pass the “Vestibular”, an exam which determines ones’ acceptance to a free federal university (the best universities in the country). Lula’s government is working on these issues but there is a lot of ground to cover and it won’t happen overnight. When the infrastructure, education, and cultural issues are solved, micro-credit will yield greater results in Brazil.