Public Disclosure Authorized

92581
December 13, 2005

CrediAmigo: Providing Financial Services for the Poor in Northeast Brazil

Northeast Microfinance Development Project "CrediAmigo"

Banco do Nordeste (BNB), a large public bank active in the Northeast of Brazil, established CrediAmigo in November 1997 with technical assistance from the World Bank. Given the strong commitment of BNB's senior management to develop a sustainable microfinance program, in May 2000, the World Bank provided a US$50 million loan to strengthen the CrediAmigo program.

The project is part of the Bank's program of targeted assistance to the Northeast region of Brazil, which constitutes the largest concentration of poverty in the country. The project addresses poor people's lack of access to formal financial services, an important constraint to improved productivity and incomes.

This objective is being achieved by:

- expanding the microfinance **loan portfolio**;
- strengthening the **institutional capacity** of CrediAmigo for sustainable growth; and
- evaluating the **impact** of CrediAmigo on microenterprise dynamics and household welfare.

Today, CrediAmigo offers loans to established micro-entrepreneurs for the financing of their working capital and fixed asset needs. Loans are collateral-free, but are extended using the solidarity group technique to small groups of three to five borrowers who cross-guarantee each others' loan. To cater to the evolving demands of its clients, CrediAmigo also offers individual loans and investment loans, and is currently piloting a village banking model to serve rural clients.

CrediAmigo has about 189,029 active clients and is active in more than 1,000 municipalities in the Northeast of Brazil. About 61% of its clients were women in 2005, up from 50% in 2003. Half of its clients have less than 4 years of schooling.

Updated: December 2005

President Wolfowitz visits Banco do Nordeste - Dec. 16, 2005
Photos

President Wolfowitz visits Brazil
Full coverage

Financing

Total cost: US$100 million

Sources of funding:
IBRD loan amount: US$50 million
Other: US$50 million

Implementing agency

Banco do Nordeste

More details

- Full project information & documents

Public Disclosure Authorized