



# International Journal of Community Currency Research

VOLUME 19 (2015) SECTION D 6-17

## TERRITORIAL DEVELOPMENT AND COMMUNITY CURRENCIES: SYMBOLIC MEANINGS IN BRAZILIAN COMMUNITY DEVELOPMENT BANKS

Marie Fare<sup>1\*</sup>, Carlos de Freitas<sup>2</sup>, Camille Meyer<sup>3</sup>

<sup>1</sup> *Université Lumière Lyon 2- Triangle Laboratory*

<sup>2</sup> *Palmas Institute Europe And FMDV (Global Fund For Cities Development)*

<sup>3</sup> *Université libre de Bruxelles, CEB-CERMi, FNRS-FRESH grant holder*

### ABSTRACT

Brazilian community development banks (CDBs) have established various coordinated financial mechanisms aiming to restructure poor and peripheral local economies. Their development strategy includes an instrument to facilitate access to microfinance and a community currency, combined with the definition of vocational training programmes and support for business start-ups. Put together, these different activities constitute the endogenous and resilient territorial development strategy defined by CDBs. Little scientific literature has been devoted to the study of community currencies in this process. This article presents an overview of the symbolic meanings conveyed by the currency of Banco Palmas, the first and most prominent CDB. First, we present some historical and territorial characteristics of Banco Palmas. Second, we analyse the symbolic role of its currency: money as a bond/link (the building of the community on its territory); money as a medium for institutionalisation (of the community itself and to the exogenous actors, as to define a federative project); and finally money as a vector-catalyst (when the plasticity of money allows to explore its different formats and so, to adapt it to the new perspectives of community and territorial development).

### ACKNOWLEDGEMENTS

We thank the Palmas Institute, especially Joaquim de Melo, Sandra Magalhães, and Asier Ansoarena, and the Federal University of Bahia, especially Genauto Carvalho de França Filho, and Leonardo Prates Leal, for helping us in data collection.

---

\* Email: [marie.fare@ish-lyon.cnrs.fr](mailto:marie.fare@ish-lyon.cnrs.fr)

## INTRODUCTION

The concept of territorial development is becoming increasingly widespread in the world of research and among development actors and civil society. In this regard, the territory cannot be confined to “*a piece of the nation*” (Courlet, 2008: 12) or “*a piece of the land*” (Talandier and Davezies, 2009: 64); it must be understood as the social construction of a multidimensional collective space, where economic and social activities are “located” (Sack, 1986). This is core to the approach to the territorial economy. It allows the construction of the territory by local stakeholders to be taken into account (Pecqueur 2000; Courlet, 2008). Though the territory must be analysed as “*a system made up of actors who are linked together by social relations, dynamic relations that evolve over time depending on the relations, interactions that are established between them*” (Courlet, 2008: 10). This “complex system” is made of up various actors who interact depending on a specific choice of location for their relations and exchanges, which thus generates the territorial dynamics. Consequently, development is no longer considered as being only exogenous, but now depends also on “*a territory’s capacity to endogenise its development*” (Courlet, 2008: 47). The territory is activated and revealed by stakeholders who cooperate to seek solutions in order to solve common problems. The territorial vision underscores the capacity of stakeholders in the territory to bring about a dynamic of endogenous sustainable development, especially *via* a bottom-up approach.

The territory is consequently a “*collective creation*” (Courlet, 2008: 35), but how can this construction be promoted and the actual capacity of territories to develop their wealth and trigger sustainable territorial development be improved? To achieve this, territories develop dedicated tools at their level. Community and Complementary Currencies (CCCs) happen to be one of these tools and seem to meet the requisites for this imperative *collective creation* of sustainable wealth (Fare, 2011).

By CCC, we mean a specific accounting unit that complements the official currency and has been developed on the initiative of a group of agents that have formed a network or operate in a defined territory, with a view to accounting for and regulating exchanges of goods and services.

This text will focus on Banco Palmas, the first and most prominent Brazilian community development bank (CDB). CDBs have set the specific objective of promoting endogenous territorial development in order to create employment and income for the members of their community. CDBs have adopted a specific community currency in each territory (França Filho *et al.*, 2012). Today, with over 100 CDBs nationwide, these community institutions are a major phenomenon in Brazil’s solidarity economy and microfinance sector (Neiva *et al.*, 2013). However, there is very little scientific literature devoted to CDBs, and even less to their CCCs.

We focus on the symbolic dimension of money; a dimension that is central in heterodox and sociological approaches of money (Ingham, 2004; Théret, 2007; Servet, 2012). Indeed, for institutional and socioeconomists,

money is understood as being a fundamental social institution for all societies, whether or not they are market-based (Aglietta and Orléan, 1995, 1998; Théret, 2007). This point of view leads to understand money as a « total social fact » because money is related to the whole society, encompassing social, political, cultural, religious and economic spheres.

The Palmas currency seems to illustrate particularly the symbolic function of money. Indeed, it represents the symbolic response of an excluded community that issued its own currency. Tied up to the development strategy of Banco Palmas, this currency participates in asserting the community as an actor for the development of its territory. By doing so, this community currency challenges the traditional understanding of money as issued by state central banks.

Then, we wonder why and how the Palmas currency constitutes a symbol of affiliation to the same political, economic and social entity? To what extent does this currency represent territorial belonging and mobilise actors for local development? Considering the Palmas example, this article examines the social nature of money through its political, symbolical and economical dimensions.

We adopt a single in-depth case study approach (Yin, 2014). We focus on Banco Palmas (BP), as it is generally considered an example of successful CCC by the literature. However, the scientific literature on Banco Palmas is quite limited, with the exception of some national publications (França Filho *et al.*, 2012; Neiva *et al.*, 2013; Scalfoni Rigo, 2014). No international research focuses on the community currency, and its contribution to territorial development has not been clearly defined. Hence, this article proposes to fill this gap by presenting a descriptive case study that investigates associations between the symbolic meaning of the Palmas currency and the collective mobilisation for territorial development. The article does not determine causal relationships, but rather describe the characteristics of the progressive development of a poor area and the construction of a complementary currency system in this perspective.

One of the authors conducted an ethnographic fieldwork of three months (from September to December 2011) in Banco Palmas. He collected qualitative data through participant observation, face-to-face semi-structured interviews, and collecting secondary sources. Interviews have been conducted with eight Banco Palmas directors and managers selected for being involved in the organisation for a long time and possessing relevant knowledge on the topic. The interviews questionnaire consisted in three parts. The first part was related to the evolution of Banco Palmas and its partnerships with external organisations (mainly Central Bank, federal government, and public banks). The second part dealt with questions on the development strategy of Banco Palmas and its vision of territorial development. The third part focused on the role of the currency in the development strategy, its sustainability, and its articulation with the other financial and non-financial services provided by the organisation. These interviews were recorded and transcribed. We coded the data into two categories corresponding to our research questions: 1) the interactions of Palmas CCC with other services provided by

Banco Palmas, for mobilising local stakeholders, 2) the symbolic meaning of the currency. We also consulted national inquiries accomplished on Banco Palmas (França Filho et al., 2012; Neiva et al., 2013; Scalfoni Rigo, 2014; Silva Junior, 2008) and confronted it with a study realized by one of the authors (Meyer, 2012). These studies analysed Banco Palmas and its CCC from different points of view. However, crossing data and results allowed us to increase the construct validity of our analysis.

First, we shall begin by presenting some of the general characteristics of CDBs and look at Banco Palmas' history and community roots. Second, we shall focus on the symbolic meaning of the Palmas CCC: first, money as a bond/link, second, money as a medium for institutionalisation; and finally money as a vector-catalyst.

### **THE COMMUNITY DEVELOPMENT BANK (CDB) STRATEGY: AN INTEGRATED VISION OF TERRI- TORIAL, ENDOGENOUS AND COMMUNITY DEVEL- OPMENT**

CDBs are solidarity finance organisations created and managed by civil society (Melo and Magalhaes, 2008). Following the definition given by the network of CDBs, they *"are interweaved solidarity financial services, of an associative and communitarian nature, directed towards job creation and income generation within the perspective of reorganising local economies, having as its foundation the principles of the solidarity economy"* (Neiva et al., 2013, p. 108). They conceive "development" as something that strengthens and gives potential to the neighbourhood's endogenous energies: it involves promoting territorial capacities by creating and boosting solidarity networks of local producers and consumers, called "prosumholders" (*i.e.* identifying the inhabitants of the neighbourhood as *producers, consumers and stakeholders* in the development of their territory *via* their daily exchanges, support to and involvement in the CDB activities and structure).

The feeling and sense of territorial belonging are the cornerstone of the action of CDBs, as they coordinate various instruments that aim to build both an environment favourable to the development of local micro-enterprises, and an environment of trust, solidarity and well-being for the inhabitants of the neighbourhood (França Filho, et al., 2012). They achieve this by facilitating access to various banking and financial products that are tailored to the specific needs and realities of low-income communities, such as microcredit for production and consumption, correspondent banking and CCCs (Hudon and Meyer, 2014). The aim is to boost inclusive and converging socioeconomic development for all territorial stakeholders. The economic and social activities are grounded in values of cooperation that aim to strengthen a *social-territorial capital*.

For full consideration to be given to CDB schemes, it is necessary to look at the context in which they emerged, were implemented and then deployed in Brazil. The rapid growth that the Brazilian CDBs' movement is experiencing

today is inseparable from the history of the first CDB, *Banco Palmas*.

### **A gradual empowerment of the Conjunto Palmeiras' community**

Banco Palmas is located in the *Conjunto Palmeiras*, a neighbourhood of 36,000 inhabitants among the poorest and most violent of the City of Fortaleza in Northeast Brazil (Borges, 2010). It came into being as part of the collective action and popular association movement that emerged with the first projects to develop this former favela (which only obtained official district status in 2007).

The territory of the *Conjunto Palmeiras* was initially made up of palm trees and dense vegetation. When the first inhabitants arrived in 1973 – they were displaced by force by the local authorities from different locations on the sea front, located 22 km from the Conjunto – there was no urban infrastructure available at the time (França Filho and Silva Junior, 2005). The new *favelados* were literally "dumped" in this no man's land from the trucks that transported them. They were consequently obliged to build everything themselves, without financial or social support from local authorities. The inhabitants were supported by priests from the Liberation Theology who "informed/educated" them in terms of their own capabilities and organisational skills.

In the following years, the *Conjunto Palmeiras Dwellers Association* (Asmoconp), in partnership with other neighbourhood organisations, regularly launched collective mobilization activities to demand access to water, sanitation, public transport, health centres, etc. from public authorities. The inhabitants created this association in 1981 as part of a community-based struggle against exclusion and the denial of the community's fundamental rights by public authorities. The action of Asmoconp and community leaders during the 1980s and 1990s built local capacity to urbanize the neighbourhood to a certain extent, and made a marked improvement to living conditions.

However, poverty remained endemic despite the development of the favela. Inhabitants were not able to bear the increase in the cost of living due to this urbanization (water, sanitation and electricity bills, and property taxes). In 1997, Asmoconp consequently set out to find alternatives to the negative externalities of its local development projects by organising 96 popular assemblies, along the lines of those that served to make the major development decisions in the past. Based on the observation that local wealth (human and monetary wealth) was being drained out of the community, these collective discussions identified the need to strengthen the local economy and facilitate the generation and circulation of income within the neighbourhood: indeed, as shown by the first local consumption mapping (1997), only 20% of household consumption was made in the neighbourhood, against 80% outside (Melo and Magalhães, 2008).

Banco Palmas came into being as a result of these analyses and debates. It was founded in 1998 and was initially designed as an Asmoconp project on the basis of available

information in the solidarity networks – without further research – on Grameen Bank's activities in Bangladesh. Banco Palmas was therefore intended to pool local energies, in addition to Asmoconp's mobilisation activities, in order to create employment and income for inhabitants. It relied on the experience and technical, economic and financial skills acquired by community leaders *via* the access to specific empowerment cycles and the self-management of neighbourhood development works, conducted over the past decade, with financial support from partners such as the German development cooperation agency.

### A system based on territorial experience

In this respect, and after several progressive improvements to meet both needs and opportunities, the architecture of Banco Palmas' functions provides a response to a proactive structuring of the different sectors of the local economy. On the one hand, it allocates microcredit to producers in order to strengthen local provision and the neighbourhood's entrepreneurial dynamics. On the other hand, local consumption was boosted by recourse to various intermediation processes for trade services and community monetary transactions: initially via the credit card called Palmacard, subsequently via a barter club using the CCC Palmares and, finally, via the CCC Palmas (Melo and Magalhaes, 2005; Melo, 2009; Neiva et al.:108). The PalmaCard served as a manual credit card for giving families a weekly or monthly cash advance. The value of the Palmacard ranged between R\$ 20 and R\$ 100 (7 to 35 current euros) and allowed goods and services to be paid for in neighbourhood shops registered with Banco Palmas (Melo and Magalhaes, 2005). At the end of the month, debtors and creditors went to Banco Palmas for paying and withdrawing the value of the exchanges. In relation to the first Palmares currency, this was created in the context of a barter club based on the Argentinian model (Melo, 2009). The CCC Palmares – highly symbolically named that way as homage to a famous quilombo (community of fugitive slaves) in Northeast Brazil – served as a mean of exchange in the barter club organised by the Asmoconp. The barter participants collectively determined the prices. After having lasted four months, the barter club gradually lost strength due to the fact that families mainly came to swap their products for staple foods, which no one in the club had: the goods there consequently often shared the same characteristics (small handicrafts, clothes, cakes...).

The Palmas was created in 2002 on the basis of the results of the Palmares: it was designed as a barter club for which BP managers "broke down the walls" in order to include local shops and therefore provide the members of this club with a real diversity of products that they needed for their consumption. The Palmas is issued at parity with the national currency (1 Palmas is worth 1 real) and can only be reconverted into reais by retailers who do not manage to spend their community currencies in the local production and marketing circuit.

Right from the start, the objective was to prevent community wealth from being drained by the "outside" ("plugging the leaks"), particularly the city centre shops and neighbouring districts. The social, economic and financial tools, products and services that were created

were designed to both strengthen territorial capacities and to create its own local economic circuit and a coordinated network of local producers and consumers living in the neighbourhood.

This coordination among local actors also includes other community institutions (schools, churches, traders', sports and cultural associations...). Indeed, Asmoconp and Banco Palmas have defined a "local public space" (Fraisie, 2011) in which inhabitants and their representatives collectively deliberate, in a direct participatory way, on the directions and projects to be supported and implemented by the community bank (and Asmoconp). This *local economic forum* (named FECOL) allows the institution to have an effective foothold within the realities of the neighbourhood.

Along these lines, the notion of "replicability" in other communities enhances the territorial quality of the CDB system. Since 2003, the latter began to be "transferred" to other communities living in favelas or rural areas who asked to join the same system of organisation, which is in line with their aspirations for local development. Instituto Palmas, a non-profit civil society association, is therefore the formal entity that provides visibility and opportunities for new partnerships with the community, particularly with several public banks. An initial agreement was established in 2005 with Banco Popular do Brasil, as part of the National Directed Productive Microcredit Program organised under the first Lula presidency. It also allowed Banco Palmas to develop its banking correspondent role, to reinforce its bank management and though to increase its legitimacy in the domestic financial landscape. Today, it has a microfinance portfolio worth over R\$ 3 million (EUR 1.2 million) from the partnership with the Brazilian national development bank (Banco Nacional de Desenvolvimento Economico e Social, BNDES).

Furthermore, it works with the National Secretariat for the Solidarity Economy, international organisations (foundations, networks, NGOs), local authorities (cities, Federated States) and a number of national and international universities. The aim is to establish and strengthen new CDBs all over Brazil, and to promote the innovative joint venture between CCCs, microcredit, social programmes and bottom-up territorial development planning.

### THE SYMBOLIC ROLE OF THE PALMAS COMMUNITY CURRENCY

The Palmas CCC was introduced in 2002 with initially two main objectives: localising consumption in the territory and stimulating reflection on the role the currency plays in territorial development (França Filho *et al.* 2012; Melo and Magalhaes, 2005). The core strategy relies on combining easier access to microcredit, vocational training, support for business start-ups, with a dedicated CCC. Indeed, a currency can be an engine that can boost grassroots territorial development. By linking up stakeholders in the territory, CCCs activate forms of proximity and creates synergies between them for a common objective. The active participation of citizens and all the socioeconomic and public stakeholders in the territory is indeed core to the process of defining and implementing a territorial

project (Fare, 2011).

As we presented in the previous section, Asmoconp and Banco Palmas have been built on the social capital made up of mutual assistance and solidarity during the first construction projects in the neighbourhood (Melo, 2009). The approach based on confrontation with the public authorities thus created a community united around issues related to improving living conditions over the long term: BP was, indeed, founded in 1998, 25 years after the creation of the favela from scratch.

When a CDB is launched, the CCC is the first element of both "media coverage" (relations with the press and institutional stakeholders) and community mediation (co-construction process and exchanges within and by the community) to be pointed out by the local stakeholders who are interviewed<sup>1</sup>. This is why we decided to identify and question the different senses of symbols that money carries.

After presenting the theoretical requirements, we will show how the Palmas currency strengthens the empowerment of the community. Then, we will analyse how the Palmas currency helps unite local stakeholders around a project of endogenous territorial development. Finally, we will study how the Palmas and its new variations draw new perspectives of territorial dynamics and mobilisation.

### Money as an expression of the "social totality"

Confidence building is a key element for institutionalising the use of money as a symbol. As defined by Aglietta and Orléan (1998), confidence is results from several dimensions that are self-reinforcing.

Confidence is first and foremost based on symbols, collective representations and values of the payment community, which relies on the "*symbolic authority of the system of collective values and standards, which provides the basis for social belonging*" (Théret, 2007 : 25). It is a question of the collective adhesion to a set of values and representations at the centre of the social belonging, rooted in the Aglietta and Orléan's "*ethical confidence*" (1998). Here, the CCC is based on the social capital built up during the mobilisation for the construction of the neighbourhood and is strengthened by the development and empowerment objectives conveyed by Banco Palmas.

Secondly, "*methodical confidence*" results from routine and from the safety provided by the daily payment relations. This type of confidence emanates from daily lives and results from the implementation of procedures that reduce uncertainty and secure transactions.

These two forms of confidence are mutually self-reinforcing. Based on these two confidences, the understanding money as a symbolic system induces to interpret it as an horizontal relationship between users. Neverthe-

less, Aglietta and Orléan (1998) pointed out that, as appropriation, control, and power object, money should also be considered as legitimate through a "hierarchical confidence" and vertical relationships.

The latter is based on the third party, the sovereign authority or the collective authority, which provides an absolute guarantee of the acceptance of the money. The confidence in money is therefore widely dependent on the confidence given to its issuing entity. This hierarchical confidence is embodied, in our case, in the Banco Palmas institution, which "*defines the rules for using the money and provides the means for the ultimate settlement*" (*ibid.*: 28). BP therefore acts as a guarantor for the monetary relationship by developing principles of democratic and participatory governance (FECOL and Asmoconp). This space for internal debate should make it possible to determine the rules for the conditions of the issuance and circulation of the currency, i.e. to institutionalise it. As so, the FECOL forum has an empowerment function, as it allows an active learning about citizenship and provides a space for free debate for people who are traditionally excluded from the public space and whose voices are never listened to or taken into account in the definition of public policies and their implementation instruments. Consequently, over 90% of inhabitants think that BP is a source of new information and learning. Approximately 87% also feel that it is a place where community issues can be discussed, and for 98%, it is a space that helps people (Neiva et al., 2013 : 169).

Money puts simultaneously in relationship both "individuals together and with collective bodies representing the sovereignty of the group membership" (Théret, 2007 : 38). Then, money is attached to both its horizontal and vertical dimensions. The horizontal dimension serves to underline the links created by the currency within community members. The currency consequently tends to preserve this social capital, while strengthening it, since it represents a social convention specific to the neighbourhood inhabitants. The vertical dimension emphasises the legitimacy of BP in *representing* the social totality. The currency is the *expression* of the social totality: it reflects a membership link that connects every individual to the social whole. The currency is thus "an operator of social cohesion depending on a confidence that creates the recognition of belonging to a payment community" (Aglietta and Orlean, 2002 : 293).

The combination of these three forms of confidence is constitutive of money as an institution. The hierarchical confidence ensures the methodical confidence, to the extent that the sovereign authority has the power to change the rules that govern the methodical confidence. But the hierarchical confidence would be nothing without the ethical confidence, which legitimizes the hierarchical confidence.

These three forms of confidence are the prerequisites for acceptability and monetary use and therefore allow diverse symbols to be conveyed through the currency circulation within a community and/or a territory.

<sup>1</sup>See, for example, extracts from television reports on the ribbon-cutting ceremonies for Brazilian CDBs on the YouTube channel: <http://www.youtube.com/playlist?list=PL1CF162F1DCD1A149>.

## A currency for empowering the community

We have seen that the Palmas currency is deeply linked to Conjunto Palmeiras' and Banco Palmas' history, and constitutes a strong sign of community' emancipation vis-à-vis the abandon of the territory by public authorities. As one of CDB's founding transgression (see the lawsuit filed – and lost – by the Brazilian Central Bank in 2003 for « counterfeiting money »), the CCC appears as the expression of the local community to reclaim and assert sovereignty in order to regain control over its territory and destiny. Thus the strategy deployed by Banco Palmas carries a political project of social transformation: by naming it a "local social circulating currency", the Palmeiras' community claims a political conception of money and builds its own identity through contesting the state sovereignty over the monopoly on money issuance.

Following Pickerill and Chatterton arguments (2006), it is possible to describe the territory built around the use of money and Banco Palmas as an "autonomous geography" in the sense that the objective is to create "spaces where people desire to constitute non-capitalist, egalitarian and solidaristic forms of political, social, and economic organisation through a combination of resistance and creation" (2006 : 730). At the heart of movement is the concept of autonomy, concept stated in the Conjunto Palmeiras via the principles of self-determination, community empowerment and self-organization conveyed by the Liberation Theology.

Thus, the participatory mode of governance applied for the definition of the rules for the currency, during the popular assemblies and the FECOL, allows the "construction of social ties and a form of citizenship to be learned via discussions and debates on the group's internal rules" (Blanc 2006: 179). These discussions are based on a rationale to democratise the economy (Laville, 2011), as it is the users themselves who define their rules and produce their conventions. Consequently, the meetings allow members of the community to exercise greater control over their economic decisions and underscore the fact that the money is a common creation "imbued with the collective spirit". In other words, "a community currency is simply a measure of exchange whose supply is limited only by the willingness of participants to trade" (Hart, 2006: 139). The debates on money and its role in economic life therefore make it possible to learn more about economic concepts and financial mechanisms. This form of financial education is crucial in the context of a conscious reappropriation of the local economy by territorial actors.

This conceptual change involving the affirmation of the community's sovereignty over its future (and over the forms of its implementation) is concomitant with a change in social representations. The underlying system of values is indeed constantly turned towards the collective level and cooperation. These values depend upon a past that has been continually mobilised by Banco Palmas as a "reference" value. The aim is to make the change visible and embody it, and to integrate community action into a historical continuity, while regularly projecting it into a future defined on the basis of the continuous innovation of the socioeconomic programmes "tested" within the neighbourhood prior to being disseminated towards the

outside.

In addition, the monetary plurality in the territory of the *Conjunto Palmeiras* and the discussions on the CCC make it possible to rethink the role of money and its impacts on territorial development (Fare, 2011). The Palmas thus has an educational and informative nature in terms of the currency being a vehicle for cooperation and mutual support, in contrast to its potential for exclusive self-enrichment.

In that perspective, development was clearly defined by Conjunto Palmeiras' community as being first of all *endogenous* because it mobilises local stakeholders for a common project supported by socioeconomic and financial instruments defined and created *ad hoc*. As this common project is built collectively, the related economic decisions and process are embedded in the structures (and tools) for the social organisation of the neighbourhood.

The Palmas currency is closely assimilated to the CDB system, for which it symbolised, as soon as it was created (including *via* its previous forms, the PalmaCard and Palmares), a change of attitude towards the economic sphere by promoting citizen intervention in economy and finance, thus reappropriation of development key-instruments and strategies, and a solidarity-based orientation for the community development process (Melo and Magalhaes, 2005).

These collective and participatory aspects consequently promote a change in the attitude of the multiple territorial stakeholders (inhabitants, retailers, producers, thematic associations for women and youth), which define themselves -and thus reappropriate- their own and common socioeconomic strategy (Fare, 2011). The CCC Palmas constitutes a symbol of the community's empowerment and reappropriation of the territory, insofar as it represents a socioeconomic convention that is specific to the neighbourhood, and designed by the community itself.

Its value depends on both the confidence in Banco Palmas (BP) and the solidarity bonds that are established in order to build the neighbourhood cohesion. Its geographical demarcation gives the neighbourhood distinctiveness, as it is different from its adjacent districts. The act of consuming using a CCC is therefore partly a citizen act of community affirmation and of the will to collectively build a shared territorial project.

The creation of a local currency is one of the core examples of sociability and trust brought about by BP (a "proximity of mediation"). The use of a specific currency as an agreement for the exchange and the redefinition of the status of "exchangers" determine new social ties. By the combination of these local relations, the CDB tends to create a multidimensional trust embedded in the territory perspective.

The symbolic dimension of the Palmas currency strengthens the empowerment of the community especially vis-à-vis the outside by creating a "symbolic universe" specific to the community and territory. In this sense, money institu-

tionalises the community. Once built and institutionalised, the community can develop a unifying and federative project.

### Exploiting the Palmas symbolic meaning for territorial development

*The complementary currency as a symbol of the appropriation of the territory*

The development strategy implemented by Banco Palmas is based on the collective construction by the territorial stakeholders: it involves an endogenous development process supported by local capacities. In this respect, the Palmas is the symbol of the rallying and belonging to this territory and represents the symbol of this common project. Consequently, the CCC underscores this construction process for community identity in that it emerges from the community *via* collective discussions. As Sandra Magalhães, one of the funder of Banco Palmas, points out, the process for democratic appropriation is initiated in all the territories where a new CDB is established:

“When we go to a municipality or community, we talk with the people about the meaning of money, why we work with a community currency, what are the benefits and challenges of working with money. From there, there is one thing that I find fascinating is the process of defining, how it will be called, why, what design it will be.” (quote, interview – December 1st, 2011)

Furthermore, CCCs acquire their territorial character in onomastics and iconography (see figure 1):

“The definition of the name of the Bank and the Currency usually leads a discussion on what characterizes the community, what differentiates it, what makes it unique. This process impulses building a common identity and memory in which appear the most important battles, heroes and heroines, challenges and conquests. [...] The result of this collective construction [...] must express an identity, belonging and sense of pride.” (Instituto Palmas 2011: 13).

The name Palmas clearly refers to the territory of the *Conjunto Palmeiras*, which was initially dotted with palm trees. The CCC consequently reflects the very name of Banco Palmas and its history, struggles and conquests (Melo, 2009). The name “Palmas” is indeed commonly used by inhabitants to refer equally to Asmoconp, Banco or Instituto Palmas, and the CCC.



Figure 1: Palmas currency for Banco Palmas

The currency has quite a simple design: the “Palmas” palm tree is on the front – it is the symbol of Banco and Instituto Palmas – with the monetary value, and on the back there is a horn of plenty, the bar code and the banknote number, along with a short text describing the role of the currency. The Palmas, the first CCC of a CDB, today appears as having a rather simple iconography. The CCCs of more recent CDBs indeed aim to be more representative of the territory’s cultural characteristics. There may be natural elements (a crop plant, a specific bird...), popular festivals or people who have taken part in the construction of the neighbourhood (see figures 2 and 3). Consequently, the CCC as such constitutes a very strong social and community symbol, as Sandra Magalhães points out:

“The ability to create yourself your own money, to have this power, that it is here because we decided that it would be like this, is great. And after you take this money and go buy the goods, this is a fantastic thing! We feel that people are surprised with this power.” (quote, interview – December 1st, 2011)



Figure 2: Cocais currency for Banco dos Cocais – São João do Arraial (Carlos de Freitas, personal collection)

Consequently, 95% of the people interviewed (Neiva *et al.*, 2013 : 171) think that Banco Palmas’ activities and its presence in the territory have improved the image of the community, notably with the community bank’s reports on television. 98% of the community members interviewed by Silva Junior (2008 : 43) affirm that Banco Palmas contributed to the development of the district and 90% affirm that it contributed to the improvement of the living conditions of the district.



Figure 3: CDD currency for Banco Cidade de Deus – Rio de Janeiro (Carlos de Freitas, personal collection)

In addition, Henry and Rafael, two inhabitants in the community, highlight the importance of Banco Palmas and the currency in the process for territorial construction and community mobilisation (Silva Junior, 2008):

“The currency represents development. I do not know how it is financed, but people speak positively about it. It promotes development as it circulates in the Conjunto Palmeiras, and if it is spent in the community, it produces income for the latter.” (Henry – quoted in Silva Junior, 2008)

“Banco Palmas provides a way to transform the neighbourhood via culture and the solidarity economy [...] The circulation of the currency is interesting as in addition to being practical, it makes it possible for purchases and sales to be made in the neighbourhood.” (Rafael - quoted in Silva Junior, 2008)

This positive vision contrasts with the traditional image of violence and poverty carried in this peripheral neighbourhood. The Palmas currency therefore raises the self-esteem of neighbourhood inhabitants, as declare the microinsurance manager Elias Lino dos Santos who grew up in Conjunto Palmeiras:

“In my view, the currency [Palmas] is an extremely powerful symbol. [...] Poor people from around here, the community, the peripheral region of the Northeast region, which is the poorest region of a poor country [...] can create their money. This creates a lot of self-esteem and this self-esteem contributes to the BP being accepted and to the adherence of the community.” (quote, interview - November 25<sup>th</sup>, 2011)

Based on a deep analysis of the local stakeholder CCC practices, the recent research conducted by Scalfoni Rigo (2014) confirms the preliminary results presented in this article. According to Scalfoni Rigo, the Palmas currency has the “capacity of influencing the dynamic of the local socio-

economic relationships and contributing significantly in the transformations for improving the inhabitants living conditions in territories” (2014: 248). Then, the Palmas currency carries pedagogical, symbolical and political meanings that valorize the territory, its community, its history and culture.

*The complementary currency as a symbol of the territorial development project*

The understanding of the currency as a symbolic link between the members of a community and the territorial development project is highlighted by the practices of CDBs. The symbolic function of the currency is indeed also expressed by its impacts. The CCC seems a vector and catalyst for territorial development by redirecting consumption towards the local level. It has made it possible to “embody” this transition and raise the awareness of the community members in terms of purchasing in the neighbourhood – a mission that has been accomplished since the inhabitants now mainly consume inside the neighbourhood (see Figure 4) and the share of local consumption has stabilised in recent years (Neiva *et al.*, 2013). Consequently, the Palmas currency continues to be a crucial tool in raising the awareness of the relation to the economy and is a vehicle for greater social cohesion. Its success is primarily determined by the changes in economic behaviour that it has strengthened and the social convention between users that it represents.

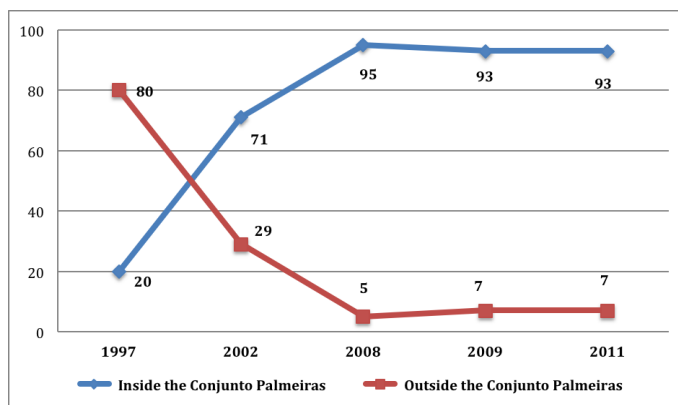


Figure 4: Gradual internalisation of consumption in the Conjunto Palmeiras (as a %) Sources: Melo (2011)

While the Palmas currency, in its current form, was introduced in the same year (2002), the reasons for the increase in internal consumption cannot be detached from an extensive mobilisation and awareness-raising campaign for inhabitants organised over the same period. The phenomenon of the localisation of consumption can indeed be put down to the joint communication operations of Asmoconp and Banco Palmas. From 1999 onwards, the two institutions developed the campaign “Compre no bairro, é mais emprego” (Buy in the Neighbourhood for More Employment)<sup>2</sup> which complemented the availability of two

<sup>2</sup> This campaign comprised educational work based on video films, a play and a photo novel. These materials were dissemi-



other Palmas avatars: *PalmaCard* and *Palmares*. This internalisation of consumption, the main objective of BP and the CCC, was subsequently scaled up in the following years and reached 93% of purchases inside the neighbourhood in 2011. In other words, while the currency is one of the tools for territorial mobilisation, it is closely in line with the overall strategy for endogenous development defined by Banco Palmas.

### New projects for mobilising the community

Despite the gradual internalisation of consumption in Conjunto Palmeiras, the use of the Palmas currency is decreasing (Scalfoni Rigo, 2014; Meyer, 2012). According to Joaquim Melo, coordinator of the Instituto Palmas, there are two main reasons to explain this reduction. First of all, the neighbourhood inhabitants are now used to making their purchases in the *Conjunto Palmeiras*. It is therefore no longer necessary to physically use the currency to stimulate internal consumption, as the change in behaviour – initial goal of the CCC – has been widely adopted. Secondly, the decrease of use of the CCC is partly due to the different devices of financial inclusion provided by Banco Palmas, such as the possibility of opening a bank account through the correspondent banking role BP plays for public banks (Meyer, 2012; Scalfoni Rigo, 2014).

The increase of private credit cards and the cash transfer program Bolsa Familia also contributed in decreasing the demand for consumption credits in CCC. Consequently, neighbourhood inhabitants have had more access to conventional currency mainly through an increase of income, and access to traditional financial services. We can also point out the abandon of communication campaign from Banco Palmas, in opposition to the many instruments used at the launch of the Palmas currency to publicise its role within the community (popular campaign, booklets, photo-story, etc.).

It is therefore no longer the use of the CCC, but the symbol it conveys that matters. In this respect, and in this particular case, it is because the currency has become “invisible” that it would indeed show that it is completely integrated into the territory and into the collective conscience of the members of the community. The Palmas thus appears as the territorial symbol for the sense of belonging for the community members: it still constitutes a vector and catalyst for community’s expression and ability of differentiation and innovation. It has also highlighted the leading role of the Banco Palmas in territorial development. This is shown by “*the social integration process [which] can be summarised as an emergence process for a social confidence and the socialisation of confidence*” (Blanc, 1998: 456).

---

nated during community events and in public spaces (such as associations, schools...) and showed inhabitants that they could find all the products they needed in the neighbourhood, without having to get them from outside – with the related waste of time and money. Furthermore, various wall paintings showed – and still show – these messages throughout the neighbourhood.

Three elements highlighted by Scalfoni Rigo (2014 : 12-13) illustrate these considerations. First, on the 90 inhabitants she interviewed, 79 lived in the neighborhood for more than five years; out of which 90 per cent knew the existence of the Palmas currency. Despite the lack of Palmas circulating (and the lack of impact on sales for traders), the acceptance network of retailers for payments in Palmas is still significantly wide today. Second, it offers great legitimacy to Palmas and to its issuer, the BP. The fact of belonging to the neighbourhood issuing its own currency still *justifies* the membership to this acceptance network. Third, given the actual context of diversity for means of payment provided to the community thanks to the BP’s activities since its creation, most of the residents interviewed answered having no interest in using the currency (38%) or not having felt the need to use it (17.7%). Therefore it could be possible to stimulate new interests by identify news needs or news forms in which a renewed use of the Palmas could be considered.

Consequently, the symbolic role of the currency continues to be a tool that is mobilised, particularly as part of the pedagogy and awareness for territorial development. In this respect, Banco Palmas has defined three projects for new community currencies in recent years (2012/2013). Indeed, once the community is instituted via symbols (including the Palmas currency) and the territorial project is defined collectively, and when trust is established (via all symbolic dimensions) and the legitimacy of the BP is confirmed, then positive conditions exist for using the currency-symbol to mobilise local actors on other projects.

First of all, the *Palminha* is a CCC created in May 2013 for children between the age of five and eight. It aims to transfer this culture of local consumption, as well as the heritage of past struggles, to the new generations. It aims to be a bridge between the different generations and a tool to transfer values and representations promoted by the Palmas “social technology”. Joaquim Melo underlines that its “*concern is for the new generation: children who become adolescents and who have not been part of all this process (...) The Palminha is a community currency for children. They can buy sweets, small inexpensive items; (...) to work on the concept of local consumption*” (quote, interview - December 12<sup>th</sup>, 2011).

A thousand children in the neighbourhood are taking part in this programme. It includes introducing the currency (15,000 Palminhas, from 5 to 50 centimes, which can be used in neighbourhood shops that accept the Palmas), the creation of a play and songs to raise awareness, as well as a solidarity fair where it is possible to buy educational and recreational products in Palminhas (notebooks, pens, rubbers, etc.).

In January 2012 – and for a year – Banco Palmas also developed a new medium of exchange in electronic format. It allowed payments to be made from mobile phone to mobile phone, but only in the geographical area of the *Conjunto Palmeiras*. This implementation was made possible through partnerships with the public bank *Caixa Economica Federal*, the phone company *Vivo* and the *Mastercard* payment system. Following disagreements with the project partners over the flexibility, quality of support and communication required for the penetration of the

programme within the community, particularly with retailers, Banco Palmas decided to end the project in late 2012 in order to improve the development more independently *via* the Palmas Lab, Instituto Palmas' innovation and research laboratory for solidarity finance created in August 2012 to facilitate the BP management, and consequently the Palmas. These electronic currency programmes may allow a wider and cheaper dissemination of the CCC and, at the same time, the collection of data on the bottlenecks to its circulation, the circuits at work in the transactions between inhabitants and retailers, etc.

This also highlights the plasticity of the currency to the extent that the technical choices or forms of money (see Palminha) will direct the use of money to achieve the objectives for the resilience of the community and its constant innovation.

Finally, as part of the community mobilisation, which started in 2010 for the exceptional international events that Brazil are hosting in 2014 and 2016 (the Football World Cup and Olympic Games, respectively), the Banco and Instituto Palmas have decided to launch a programme "Banco Palmas Na Copa" (BP in the Cup). It aims to attract tourists who will go to the sports events held in Fortaleza, towards local communities by promoting their production and also by communicating on the Palmas CCC and its objectives to strengthen a solidarity economy and endogenous local development. In this respect, a first series of events took place in June 2013 as part of the Confederations Cup: a seminar, a reception desk for tourists at Fortaleza international airport where it was possible to exchange international and national currencies for the Palmas (in the context of the negotiation with certain hotels on the seafront for them to accept the Palmas) and a caravan linking up CDBs around Fortaleza. The aim was to promote a "Cup currency" in order to raise the awareness of the tourists and promoters of these international events in terms of the consequences that this type of event has on local communities.

As we see, Banco Palmas stimulates an in-depth examination of the role of the money in our societies and the opportunities for the reappropriation by citizens of this everyday instrument.

## CONCLUSION

In this article, we intended to illustrate the symbolic functions conveyed by the currency with the example of Palmas. In this sense, community currencies are a vehicle for mobilising and creating networks for territorial stakeholders through the symbolic values they carry (territorial and community identity, emancipation, institutionalisation and empowerment, base for co-involvement of stakeholders, marketing for alternative values and local development paradigm...).

For us, the combination of three forms seem to highlight the symbolic dimensions of Palmas currency : first, money as a bond/link unifying a community in a territorial building process; second, money as a medium for institutionalising the community itself and to the exogenous stakeholders and defining a federative project;

third, money as a vector-catalyst since the plasticity of money allows to explore its different formats and so, to adapt it to the new perspectives of community and territorial development). This view of the money clearly refers to approaches to the money as a social link: as an operator of social belonging, it symbolises the society as a totality, by actively contributing to its construction and its reproduction (Théret, 2007).

Here, the Palmas currency plays a key role since, on the one hand, it strengthens the links between neighbourhood stakeholders and, on the other hand, it mobilises them around a common project. We then assist to a self-reinforcing phenomenon.

This mobilisation thus products a "coalition for development" that survives even the *leverage* tool used to create the dynamic: the CCC itself that tends to "disappear". In this sense, currency "*Far from being an irreversible cut-off [...] again contributes to forging solidarity among the members of the groups to which, unlike communities in the past, individuals freely adhere by seeking together what could be the common good. At many levels, these uses can here and now help to find, reconsider and redefine the interdependence of societies and of their members thanks to a renewed spirit of reciprocity*" (Savet, 2012: 374).

However the currency, if it appears as a necessary condition for territorial development process, is not sufficient. In other words, the currency came after the project (and therefore it was implemented to serve the strategy of the Banco Palmas) and has been (and still is) manipulated to serve the social and collective construction of territories and a political project of inclusive territorial development. Therefore it had the effect of placing Banco Palmas and its strategy for inclusive territorial development as the main reference, the main local institution and collective objective, inside the community but also outside, in front of national and international public and local authorities, academics, NGOs.

In our opinion, two lessons can be extracted from this analysis.

First, the process of territorial development requires ownership by local actors. This ownership can be promoted through symbols, including a currency. What is important is not the currency in itself, but what it represents and the political project it carries.

This process highlights the very nature of money. It is this "universal social [link] sharing a political, economic, and symbolical nature" (Théret, 2007 : 38). This highlights, on the one hand, the plasticity of money: it is oriented by defined goals but also by the need of creating a collective sense of belonging. As such, it is continuously updated in its forms and uses in relation to the life in the community. Thus, the original objective of locating consumption in the territory being reached, a new definition of the symbolic functions of the Palmas currency is necessary. In this sense, according to the Instituto Palmas coordinator: "the social currency is not an instrument, a piece of paper; it is a philosophy" (quoted in Scalfoni Rigo, 2014).

Second, it illustrates the necessity of adopting a socio-economic and a monetary approach that examine actual monetary practices (and not merely abstract monetary

functions). An approach of this sort thus mobilises socio-economic methodology to reveal the multidimensional nature, the logics and the impacts of the monetary facts and practices being examined. It mobilises a comprehensive set of tools, starting with observation of monetary practices, and progressively formulating theoretical concepts and elaborating them on the basis of experience. This orients research towards production of highly contextualised primary data generated directly by the actual practice of fieldwork.

Finally, this empirical research illustrates the necessity of mapping and determining precisely how CCC are accepted, interpreted and used by local stakeholder. If Banco Palmas and its currency are usually considered as an example, other CDBs are also worth of scientific investigation. For example, Banco dos Cocais or Banco Maricá are currently experimenting new forms of CCCs by linking the latter to a public policy agenda. In these cases, other dynamic and symbolic meanings shall be carried by the currencies, and would probably offer complementary perspectives on the results summarised in this article.

## REFERENCES

- Aglietta, M. and A. Orléan (Ed) (1998) *La monnaie souveraine*, (Paris: Odile Jacob)
- Aglietta, M. and A. Orléan (Ed) (1995) *Souveraineté, légitimité et confiance*, (Paris: AEF / CREA)
- Aglietta M. and Orléan A. (2002) *La monnaie entre violence et confiance*, (Paris: Odile Jacob)
- Blanc J. (1998) 'Les monnaies parallèles. Approches historiques et théoriques' Unpublished Doctoral Dissertation, (Université Lumière Lyon 2).
- Blanc, J. (2006) *Exclusion et liens financiers: Monnaies sociales - 2005-2006 Report*, (Paris: Economica), pp. 11-23.
- Borges, A. (2010a) 'Banco Palmas como uma plataforma de desenvolvimento comunitário'. In Morais, L. and Borges, A. (Coord.) *Novos paradigmas de produção e consumo. Experiências inovadoras*. (São Paulo: Instituto Polis) pp.249-294.
- Borges, A. (2010b) 'Banco dos Cocais. Uma experiência inovadora de bancos comunitários'. In Morais, L. and Borges, A. (Coord.) *Novos paradigmas de produção e consumo. Experiências inovadoras*. (São Paulo: Instituto Polis) pp.295-341.
- Davezies, L. (2009) 'L'économie locale « résidentielle »'. *Géographie, Économie, Société*. Vol 11 (1) pp.47-53.
- Fare, M. (2011) 'Les conditions monétaires d'un développement local soutenable: des systèmes d'échange complémentaire aux monnaies subsidiaires' Unpublished Doctoral Dissertation, (Université Lumière Lyon 2).
- Fraisse, L. (2011) 'La démocratisation de l'économie'. In Laville, J.-L. (Coord.) *L'économie solidaire*, (Paris: CNRS Editions), pp.113-130.
- Franca Filho, G., A. Scalfoni, J. Silva Junior and C. Meyer (2012), 'L'enjeu de l'usage des monnaies sociales dans les banques communautaires de développement au Brésil: étude de cas de la Banque Palmas'. *RECMA - Revue internationale de l'économie sociale*. Vol 324 pp.70-86.
- Franca Filho, G. (2005) 'Une dynamique associative emblématique du Nord-Est brésilien'. In Laville, J.-L., Magnen, J.-P., França Filho, G., and Medeiros, A. (Eds.) *Action publique et économie solidaire, une perspective internationale*. (Ramonville Saint-Agne: Erès) pp.105-121.
- Hart, K. (2006) 'Richesse commune: construire une démocratie économique à l'aide de monnaies communautaires'. In Blanc, J. (Ed.) *Exclusion et liens financiers: Monnaies sociales, 2005-2006 Report*. (Paris: Economica) pp.135-152.
- Hudon, M., & C. Meyer (2013) *Microfinance and common goods: A study of Brazilian community development banks*. Université libre de Bruxelles, working paper CEB, n°13-049.
- Ingham, G. (2004) *The Nature of Money*, (Cambridge, Polity Press)
- Instituto Palmas (2011) *Cartilha para multiplicadores na metodologia de bancos comunitários*. Material pedagógico de apoio, (Fortaleza: Instituto Palmas).
- Laville, J.-L. (2011) *Agir à gauche, l'économie sociale et solidaire*, (Paris: Desclée de Brouwer)
- Melo, J. (2009) *Viva Favela! Quand les démunis prennent leur destin en main*, (Paris: Michel Lafon)
- Melo, J. and S. Magalhaes (2005) *O poder do circulante local. A moeda social no Conjunto Palmeira*, (Fortaleza: Banco Palmas)
- Melo, J. and S. Magalhes (2008) *Bairros pobres Ricas soluções. Banco Palmas ponto a ponto*, (Fortaleza: ASMOCONP/ Banco Palmas)
- Meyer C. (2012) *Les finances solidaires comme biens communs durables: étude de cas de la Banque communautaire de développement Palmas (Brésil)* Unpublished MSs, (Université Libre de Bruxelles).
- Neiva, A., C. Nakagawa, D.J. Tsukumo, J. Braz, R.M. Silva, and T.S. Mascarenhas (2013) 'Banco Palmas: Resultados para o Desenvolvimento Comunitário e a Inclusão Financeira e Bancária'. In Melo, J. and J. Braz (Eds.) *Banco Palmas - Resistindo e Inovando*. (São Paulo: A9 Editora) pp.105-178.
- Pecqueur, B. (2000) *Le développement local. Pour une économie des territoires*, (Paris: La Découverte and Syros (2nd ed.)).
- Pickerill, J. and P. Chatterton (2006) 'Notes towards autonomous geographies: creation, resistance and self-management as survival tactics'. *Progress in Human Geography*. Vol 30(6) pp.730-746.
- Sack, R.D. (1986) *Human territoriality: its theory and history*, (Cambridge: Cambridge University Press)
- Scalfoni Rigo, A. (2014) 'Moedas sociais e bancos comunitários no Brasil: Aplicações e implicações, teóricas e práticas' Unpublished Doctoral Dissertation, (University Federal of Bahia).
- Servet, J.-M. (2012) *Les Monnaies du lien*, (Lyon: Presses Universitaires de Lyon)
- Silva Junior, J. (Coord) (2008) *Avaliação de impactos e de imagem: Banco Palmas - 10 anos*, (Fortaleza: Universidade Federal do Ceará)

Talandier, M. and L. Davezies (2009) *Repenser le développement territorial? Confrontation des modèles d'analyse et des tendances observées dans les pays développés*, (Paris: La Documentation Française and éditions du PUCA), n° 198.

Théret, B. (Ed.) (2007) *La monnaie dévoilée par ses crises. Crises monétaires d'hier et d'aujourd'hui*, (Paris: Editions de l'EHESS)

Yin, R (2014) *Case study research: Design and methods*, (London: Sage publications) Last Name, First Name. "Book Title or Reference Title." City: Publisher, Date.