

Community Development Banks

A network under the supervision of the
Community

Responsible: Instituto Banco Palmas de Desenvolvimento e Socio Economia Solidaria

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Introduction

This text was written primarily to support the debate in three strategic moments:

- I. The workshops completed in the states of Ceará and Maranhão for the creation of new Community Development Banks (CDB);
- II. The seminar "Community Development Banks – a strategy of solidarity finance to generate jobs and income in Ceará" as part of the launching of the CDB network of the state of Ceará.
- III. The third meeting of the Brazilian Network of Community Development Banks

At the moment, our Network is still in the beginning stages, thus many of the concepts and much of the information that can be found in these pages is still being discussed. The appearance of CDBs in Brazil is quite recent. The great majority of them have less than two years of existence. Therefore, we feel it is essential that we continue writing, keeping track of our experiences, taking up past ideas and thinking and rethinking about our actions.

That's why it has been really exciting. Everything is built from a bottom-up approach and in a collective manner. It is and on going process, everything is in constant movement and it is done with large amounts of adrenaline. In other words it is the essence of life.

Like all of our writing, the public to which we are committed are the residents and the popular leadership of the different neighborhoods and municipalities of Brazil, which are at the front of the march towards the Solidarity Economy.

We hope you enjoy the reading and that you have a great discussion!

Getting back to the issue

The adventure began in January of 1998, with the inauguration of Banco Palmas (the first Community Development Bank) in the neighborhood of Conjunto Palmeira, Fortaleza, Ceará. By 2003, the solidarity finances methodology of CDBs is being discussed in several municipalities as an effective instrument in the generation of income for the poor. One year afterwards, in September of 2004, the second CDB is opened with the name of Banco Par, in the municipality of Paracuru, Ceará, 70 Kms away from Fortaleza.

By 2005, two more banks are established in the state of Espiritu Santo – Banco Bem (Municipality of Vitoria) and Banco Terra (Municipality of Vila Velha). Year after year more banks are established taking us to our current number of 46 CDBs and growing. All CDBs are spread over the states of Pará, Maranhão, Piauí, Paraíba, Bahia, Espiritu Santo, São Paulo, Mato Grosso do Sul and Minas Gerais.

At the beginning we only used the term Community Bank. As time passed we continued to reflect on the name and thanks to the large immersion of the banks in the territorial development, the banks began to be referred to as Community Development Banks. The initials CDB were used in this publication only to facilitate the writing.

Confronted with that reality the National Secretariat of the Solidarity Economy – SENAES/MTE, in accordance with their solidarity finances strategy, signs a partnership with Instituto Banco Palmas, in order to support the consolidation of the Community Banks methodology, encouraging the establishment of new Banks in Ceará and in other states of Brazil, which culminated with the creation of the Brazilian Network of Community Development Banks.

In January of 2006, Banco Popular do Brasil ¹ became a partner of the Brazilian Network of Community Development Banks as a guarantor of credit lines to the CDBs, based on the criteria from PMNPO (National Program Oriented to Productive Microcredit). During that same year, Petrobras decided to support the establishment of new CDBs in two other municipalities; adding up to twelve working CDBs in Brazil by the end of 2006.

¹ Banco Popular do Brasil is part of the parent institution Banco do Brasil, which is the largest public bank of the country. Banco Popular do Brasil is the entity that is in charge of the financial inclusion strategy for the poor.

Term of Reference

What are the Community Development Banks?

Community Development Banks provide solidarity finances services in a network of associative and communitarian nature, directed towards the generation of jobs and income, having at its base the principles of the Solidarity Economy.

What are the main characteristics of the Community Development Banks?

1. the community itself decides to create the bank, becoming its manager and proprietor;
2. it always acts with two credit lines: one in Real currency (R\$) and another one in circulating social currency;
3. its credit lines stimulate the creation of local production and consumption networks, promoting the endogenous development of the area;
4. it supports enterprises, as a commercialization strategy (solidarity shops, fairs, central office for commercialization etc.);
5. it acts in areas characterized by a high degree of exclusion and social inequality;
6. it is aimed at a public characterized by a high degree of social vulnerability, in particular the beneficiaries of governmental programs;
7. it aims to become financially sustainable in the short term, obtaining subsidies justified by their social utility.

What is the objective of a Community Development Bank?

Promote the development of low income areas, through the encouragement and creation of local production and consumption networks, with the support of the economic initiatives of the Solidarity Economy and its diverse scope. For instance: socio-productive enterprises, service provider, support for commercialization (markets, solidarity fairs) and consumer organizations.

What is the management structure of the Community Development Bank?

CDBs are managed from within the structure of the community organizations (associations, councils, forums etc...) and other type of civil society initiatives that are recognized within the community (unions, NGOs, Church). Thus, its functioning involves the establishment of a team in charge of the executive coordination at the heart of the associative organization itself. Accordingly, its management involves a shared dimension with strong components of local social control, based on the mechanisms of direct democracy.

How do you finance Community Development Banks?

Its financing is done through access to public resources as well as a solidarity fund for community investment. This fund is formed by multiple sources of funding, from private donations from people and/or legal entities, membership fees (person or

legal entity), commercial services provided that face no competition and other types of services provided.

The idea of commercial services that face no competition makes reference to a sort of service which is delivered against payment (hence the idea of a service that is commercialized). However, it still is a singular service, which is only delivered by a very specific type of organization, due to the special characteristics of such a service, which only that type of organization can deliver (in the case of CDBs it refers to non-profit activities and moreover a type of solidarity finances which involve close relationships in the area, confidence between people as a way to guarantee the return of credit, among innumerable other aspects that should be mentioned). It is precisely this singularity in the service delivery which makes it unique and thus faces no competition. This means, other organizations cannot deliver it (commercial banks and businesses, for instance) either because they lack the expertise or because they lack the effective social insertion in the territory where the organization functions. This particular aspect of the delivered service (by a CDB, for example) can be characterized as having a social utility and thus, justify the government support independently of bidding rules.

Who are the main potential customers of Community Development Banks?

CDBs are aimed at a public characterized by a high degree of social vulnerability. In particular, because of its condition as a citizen's initiative focused on the development of the area. Such experiences should also involve other types of publics in some specific market segments, for instance: women, the youth, merchants, new entrepreneurs, etc.

What is the scope of Community Development Banks?

Primarily in communities of up to 50,000 inhabitants, allowing the methodology to work properly. It is possible to have more than one functioning CDB in the same community or neighborhood.

Understanding the relevance of Community Development Banks

The community development banks assure financial and banking services to different communities

CDBs offer financial services to the community. Some of these services are provided by the bank itself and some through partnerships with public banks. At the moment without any legal framework for solidarity finances the CDB functions in partnership with a public bank characterizing itself as a banking correspondent (of Banco Popular do Brasil and Caixa Económica). This partnership allows the CDBs to bring banking services to the most remote communities. Services that otherwise would only be available at the conventional banks. If it were not for the CDBs it is unlikely that there would be any financial services in these communities.

A commercial bank is not interested in establishing a branch in hard to access areas, characterized by poverty, with specific populations (retired, indigenous people, quilombola² communities) organized in small groups. Commercial banks need to have profits and those branches would not generate the return expected from a financial institution. The CDB reaches those areas, and places the community as the manager of those services. Established within the headquarters of the community associations, unions, community halls, forums, councils and other social organizations, the CDB contributes to humanizing the process, making the access to financial services available to all, when it used to be a privilege of the few, and furthermore without bureaucracy.

In addition, the CDBs not only deliver those services, but they accomplish this in a different way, therefore contributing to strengthen personal relationships, trust and sense of community amongst the residents. For example: when a resident pays the water bill at the local branch of a commercial bank or at any other authorized location they are simply completing a financial transaction (paying the bills). When the same action takes place in a CDB, it is generating various positive externalities: the resident engages in a conversation with the bank representative, and he/she is updated on the events and news from the community, receives educational material (neighborhood newsletter, etc.), he/she is invited to participate in the events taking place in the neighborhood, and last but not least he/she is informed on the different trainings that the CDB is offering in the weeks to come. Thus, the financial services that the CDBs deliver also function as a tool to increase: people's confidence, their reception, mobilization and organization of the community. This is what we referred to when we talk about *commercial services that face no competition*. In this cases, only a CDB would be able to transform a simple water bill payment into a tool of human and social transformation.

It is still important to emphasize two important points in the relationship between CDBs and public banks.

- I. The financial services delivered by the CDB generate resources for the community. Each operation completed by the CDB in partnership with the public bank, generates a small fee for the service rendered and which is paid by the partner public bank. For instance: when opening a bank account, when granting credit, when money is being withdrawn and even when making payments for things such as water, electricity or phone bills. Normally these fees are small but are nonetheless precious contributions for the sustainability of the CDBs.
- II. When a CDB operates a credit line in partnership with a public bank, as it happens to be the case with Banco Popular do Brasil, given the need to manage the resources of PNMPO, the CDB has access to all of the credit management and monitoring technology from Banco Popular do Brasil. This software is quite efficient and is also available for the organizational management of the CDB. This is a great contribution for the local organization which in turn becomes able to structure its credit portfolio in more systemized ways, with more efficient checks that contribute towards better results.

Even then, partnering with a public bank is not instrumental for the methodology of a CDB. There are CDBs that have their own credit fund and do not operate in partnership with public banks. At the moment the Network of CDBs is

² Communities of descendants from former slaves

elaborating its own programs for the monitoring and management of the credit funds in reais (R\$) and social currency. The decision to operate as a bank correspondent of a public bank is entirely up to each CDB, depending on their local strategy and the needs of the community it operates in.

A Community Development Bank helps in the process of Community Organization.

One just needs to take a look at how a CDB is established within a community in order to perceive its great capacity to organize and mobilize. First of all, several meetings need to take place, where it is decided whether to open the bank or not. Later on the community chooses – or ratifies– the social organization that is going to be responsible for the management of the bank.

Once this is done, the discussion relating to everything about its functioning begins: first the name of the bank, the name of the social currency, the branding, the products, the credit lines, the services and priorities of the bank, summing up, the whole strategy of the CDB within the area of operation.

From there the community selects the managers and credit agents that would be instructed on how to run the bank and its day to day tasks. All that process in itself helps to mobilize the community and contributes to the development of the social actors in the region. As a consequence, the community is also going to collect and demand results as well as voice its opinion. Exercising in that manner a social control over the bank.

Thus, it becomes clear that the CDB is much more than just an institution that establishes itself in the community simply offering financial services. Its contribution goes beyond that. Its *modus operandi* is in agreement with the logic of confidence and complementarity which requires dialogue and a community organization process. The strategy for economic development organizes and finances producers and consumers putting each side in constant communication and interaction. The credits are granted through the guaranty of the neighborhood where the neighbor vouches for the ethical behavior of the credit applicant.

In order to make the social currency circulate within the community several information sessions have to be organized, along with education campaigns, visits to entrepreneurs and social organizations within neighborhood. This permanent relationship bank + resident + producer + merchant generates synergies for a strong community mobilization process. The participative process constitutes an important part of the DNA of a CDB. Without the strong participation/involvement of the community the methodology is unlikely to succeed. As a result the CDBs are also training schools where people learn to become active citizens, creating/developing what is referred to us human capital, i.e. organized people, expressing

Sometimes we become impatient or more interested in the immediate results rather than in the participatory process. Whether in the implementation process or in the development of the CDB this is a fatal mistake. Without a constant involvement from the residents the bank misses one of its main objectives: the empowerment of the community.

their views and deciding about the future of the community.

The Community Development Bank gives visibility and credibility to the neighborhood/municipality and the Community Local Organization.

It is important to remember that a community is not able to establish a bank every day. The audacity to create a CDB, offering credit and other financial services for the community, puts the neighborhood/municipality and the managing association of the bank in foremost position.

Experience shows that communities that establish a CDB, in a short period of time, are able to increase their credibility inside and outside the community itself. This is easily explained when observing three critical aspects: first, the bank is owned by the community itself and managed by a local community organization; second CDBs are always established in areas characterized by poverty, therefore lacking public and financial services, as a result CDBs become relevant in the development of the area; thirdly operating a circulating social currency, a situation never experienced by the community and hence, completely strange to the regular functioning of the community.

All CDBs gain rapid access to the media, and frequently appear in the news. Usually, a CDB becomes well known relatively soon at the national level. This visibility, if properly used can turn into a powerful tool for the community, since it increased the credibility and influence of the neighborhood to be recognized as a space for social innovation. With the implementation of the CDB, the neighborhood/municipality is seen as part of the solution, and even if it already had that recognition, it ratifies its capabilities in social entrepreneurship.

The visibility and recognition fuel other victories for the CDB and the community. Thus, it is essential that the name of the bank, its currency, brand and logo, carry the identity, characteristics and culture of the local community, linking the image of the bank with its own community.

Last but not least, one has to remain weary of the glamour brought by the media. It only makes sense, if things are actually happening. Daily practices are far more important than the fame or popularity that might come from them. Besides, when don't work out, the media goes away just as fast as it arrived.

The focus of the CDBs is the integral development of the territory where it is located.

It is good to remember that the *raison d'être* for a CDB is the proper development of the areas where it operates, be it a municipality, a neighborhood or a rural or urban community. The CDB cannot just be worried with its internal issues, its credit recipients, its different production segments, such as merchants, craftsmen, farmeres, assentados³, handicapped, minorities and so on and so forth. All these segments are important to the bank in the sense that they are incorporated to the strategic, integrated and systemic vision which constitutes the social fabric of the

³ Group of people that are granted land to work on and live.

territory. It is within the territory, that we live, make friends, build families, share culture, art and life. It is within the territory, that we interact and build social and political networks that impact the political, economic and cultural development of the municipality, state and/or nation. This is why CDBs work to build local networks that simultaneously integrate producers, consumers and residents.

This does not mean that the CDB hopes to be able to solve all the problems of a particular community, in its path towards economic development. Far from that, the leaders that drive the CDB should be aware that they are only playing a part in the development of each community. It is important to understand that they depend on other factors (mainly public policies) in order to reach the desired state of area development. Experience has taught us a lot in this particular issue.

Since the CDB brings new possibilities and has quite a provocative speech against the current economic model/system, the residents end up having huge expectations for its success. They think the bank will instantly solve all the structural problems of the community, neighborhood or municipality. Furthermore, they think that everybody is going to get credit (even those that cannot pay it back), that the social currency is going to circulate and spread rapidly, that the inclusion of local commerce will occur in a hurry, and that the generation of jobs and income will happen overnight. That's where the danger lies. The CDB even with all of its creative capacity is still limited and depends on contemporary economic policies. It is very important for this point to be very clear when raising awareness in a community towards the goal of establishing a CDB. We need to discuss all of its advantages, but it is also essential to discuss its limits, emphasizing that it is a gradual and cumulative process and not a socioeconomic miracle.

A Community Development Bank encourages Financial Education.

Social currency. Lastro⁴. Change. Credit. Production and consumption flow. Credit card. Interest rates. Fees. Defaults. These are some of the words that become part of the daily routine for the local leaders that are at the front of the CDB. This is something interesting and it has to be explained.

It is essential for the bank managers to understand the technical nomenclature and of the meaning of the economics jargon in order to perform daily banking operations.

⁴ It refers to a monetary system that uses the same concept as the Gold-Standard. Every unit of social currency is worth 1 real (R\$) and is freely convertible at the CDB. Lastro is the quantity of reais that is kept at the CDB with the only purpose of being exchanged for social currency and back whenever the customer requires.

We need to be aware of the fact that there are already a number of commercial, production and service delivery sites or locations that operate within the community. Very often we set ourselves to create a "local network" ignoring the existing actors for the sole reason that they are not referred to as "Solidarity Economy". Banco Palmas had a positive experience in 2005, when it stimulated the establishment of the Entrepreneurs Association of Conjunto Palmeira, which operates as a commercial organization. This independent entity operates by putting together the local producers and merchants, facilitating their integration in the neighborhood solidarity network.

It is also necessary that the community understands these concepts in order to take charge of the CDB, with the purpose of contributing to improve its operations and at the same time take effective social control of it. In other words, the resident needs to understand the following concepts

- more than just receiving a loan, the credit recipient needs to understand why the interest rate is x% and not higher or lower,
- Where do the funds used to deliver credit loans come from and under what conditions?
- why the credit analysis has to follow a thorough process,
- why the social currency needs to have lastro
- and what is the importance of buying local products.

Thus, a community has to comprehend the financial working process of the CDB. In order for this to occur the residents need finance and economics training. The proper functioning of a CDB methodology depends on the level of comprehension the community has of the goals and of their feasibility. This financial and economic knowledge assures the customer's effort to keep up with his/her financial obligations to the bank. Furthermore, the members of the association (management organization) can only monitor the functional process of the CDB if they understand how it works.

Accordingly, training of the CDB operatives (coordinator, cashier, manager, credit analyst) have to be delivered together with training for the community. It is important for the bank to create different popular and educational tools (brochures, videos sketches etc...) to promote campaigns, to do workshops and other activities that involve the education and training of the community. The solidarity finances education provided at the CDB is then taken to the family and implemented in the management of the household economy, in the struggles and socioeconomic demands of the neighborhood or municipality with the purpose of understanding and influencing more directly – and critically – the debate of the economic course of the country.

We understand that in order to make this educational process happen, it is necessary to come up with the proper funds and personnel that is usually not available at the CDBs. The important thing is not to lose sight of this and thus look for partnerships that could gradually help in the formative process of the community.

The Community Development Bank opens the door for new financing opportunities.

Our experience shows us that in the majority of cases, within a year of opening a CDB, the local organization in charge of the bank increases its wealth by 100% to 200%. Not only due to its financial revenues: loans, interest rates, fees, but also because since the day it opened its doors, it has been able to find new sources of funding from other partners. New partners are gained because CDBs represent: a) a great entrepreneurial reference with social technology and a innovative capacity in the community; b) a great product that serves as an example to other communities; c) a practice that positively impacts people's lives.

Another important factor is that the CDB functions in the territory integrated with the local production chain. The bank fosters credit, production, commerce and consumption. This diversity opens the possibility for new projects in different areas.

Indeed, this is not automatic. It does not take place in the same way in every single CDBs. Each bank depending on its organizational structure and capacity to formulate ideas is able to get better results in more or less time. It is important to have a sense of opportunity and to take advantage of the chances that lie before you. These opportunities can appear in a seminar, in a visit to the bank, in an interview, during a trip or when reviewing a project. It is important to always be ready and willing. In this respect the following recommendations can be useful when trying to obtain new sources of funding:

- Always have ready and in hand an “explanatory brochure”
- To have one or two strategic projects prepared and a “brochure” in hand
- Create the proper office atmosphere.
- Having ample knowledge of the numbers and the ability to explain their meaning with clarity.
- Emphasize the potential of a CDB and other common procedures

It is key to be aware that a CDB can function as a large bridge that takes the community to new and concrete financial possibilities. Crossing the bridge is something that depends on the strategy and effort of each organization.

A Community Development Bank boosts the Territorial Capacities

The whole dynamic of a CDB requires a huge learning process for the local leadership and the community as a whole. Learning on the financial and economic fields, the relationship with the public sector, conflict management, interaction with the media, creativity, and showing audacity in many other fields. The community, studies, worries, learns, is better informed, is empowered and thus participates in the discussions in a more decisive way. However, this process of training and learning is only one more benefit to having a CDB inside the neighborhood. The strengthened territorial capacities help foster several movements such as the appearance of new leadership, the development of new struggles, new victories, and an increased citizen eagerness, mobilization and participation of the population. Here lies the true sustainability of a territorial development project: the territorial capacity to create new leaders in order to continue its actions with the firm believe and the local technical skill to take the project forward.

No matter how big the difficulties are, no matter what are the financial problems, it is unlikely that a CDB would close its doors because the community is there to defend it, redefine its course, look for new partners and move it forward. All of the CDBs stimulate an intense local process of learning for the leaders and residents. However, if that were to happen it is only because the CDB has gone astray from its core values and it has distanced itself from the community. It has lost its *raison de être*. At this moment we do not have knowledge of any of our banks in the network going through that process. On the other hand, CDBs have become more and more a core part of the community, engaging local leaders in performing and delivering its services and activities.

Engaging people from the community itself in the activities of the CDB is not optional, it is essential. The local residents must be at all management levels of the bank: from the cashier, to director of the management organization to the membership body. In the end, the community is the one answering for the bank when difficult times come. External support is not only essential but beneficial. There can even be

people from outside the community at the head of the activities. But in the end, the management and effective control lies at the community.

When we speak about community management we cannot miss the fact that we are speaking about a Community Bank. It is communitarian, but it is a bank! Thus, the community requires technical skills, security, trust and balance to administer the bank. Accordingly, there has to be a proper criterion to select the right people and as a consequence a lot of training is required, to monitor its activities and demand results.

The fact that the bank is communitarian does not allow the management entity to stop demanding results. It is important to demand quality services. This is the great challenge: how to guarantee that a community is accountable for all the financial and social management tools which are becoming increasingly complex. How to balance the training process and the community leadership development, which tend to be slow, with the urgent need to move the bank forward. Nevertheless, it is better to work alongside the community, even with all the existing difficulties, than to develop external processes that most likely will turn into more difficulties in the future.

The Community Development Bank and the Communitarian Nature.

We have already mentioned that belonging to the community is part of the DNA of the CDBs. Consequently, we have to be careful not to make the CDB so complex that it can no longer be managed by the community. The community has a limit. If the bank creates many different instruments, sophisticates its credit systems, largely increases its number of clients, businesses, shops, social currencies and other products, the community will have a hard time managing all of it. When this limit is exceeded the community breaks. It is not able to efficiently comply with its responsibilities and bank ends up becoming a headache. Nothing works, everybody is stressed. The leaders go insane, it stops being something fun and it simply turns into a nightmare.

As a result, it is essential to understand the limit of products, services, resources that the community is able to manage (this varies across communities). At the same time it is not necessary to end its development. If the CDB grows really fast it becomes necessary to search for a new format in order to alleviate the pressure from the local organization. Since 2004 Banco Palmas has been discussing the creation of PALMACOP (a solidarity and popular credit cooperative). The idea is for the cooperative to manage all the credits in reais (R\$), taking away that responsibility from the bank. If the new instrument (cooperative or other) is within the field of solidarity finance it could perfectly function alongside the CDB, within the community, in a complementary way.

In the same way, other critical services for the methodology of a CDB, such as commercialization strategies, community training, manager and credit analyst training in solidarity finance, among others, can be done in partnership with other local institutions. It is not mandatory for the CDB to do everything by itself. What is critical is that all of those services remain within the community environment and inside the field of solidarity finance.

The Community Development Bank and Public Policy

All functioning CDBs today have to do in some way or another with different public policies. Either CDBs actively look for this partnership or public officials are aware of the social utility of CDBs. Some of the CDBs begin to operate in the municipalities through the CRAS – Social Assistance Centers of Reference which are structures related to the Municipal Governments. Others are established directly by the city governments, which provide the funds to build the credit funds and to finance the activities of the banks. In some cases, CDBs operate from public buildings made available by the municipality.

At the federal level, SENAES- the National Secretariat for Solidarity Economy/Ministry of Work and Employment-MTE and the Banco Popular do Brazil have been the main sponsors of the CDB expansion. This proximity to public policies, besides being healthy, is vital. The ideal thing would be for CDBs to become part of the public policy agenda within the three spheres of power. This would ensure resources and guarantee the spreading of the methodology. In order for this to occur, it is important to make progress in the struggle for municipal, state, and federal laws towards solidarity finances, and within those emphasizing CDBs. At the national arena the struggle is for the creation of the National System of Solidarity Finances, as part of the Federal Budget.

However, we need to remain weary of this proximity to the public sector. It is essential to maintain the autonomy of the CDB in its relationship with the government. Public policy, project, partnership, collaboration, logistical support, all of it will be welcomed as long as it does not compromise the essence of the CDB methodology, which places in the hand of the community the decision making power and the ownership of the CDB. This is how it should be done and this is how it must be understood by the population and public officials.

The Community Development Bank and the Legal Framework

Thus far there is no legal framework for the CDBs. This does not make them illegal. The products developed by the CDB are all within the law: credit, circulating social currency, creating of businesses and social enterprises, shops, fairs and so on and so forth.

Even when we put all that together and we call it Community Development Bank, there is no national law that regulates it, i.e. which acknowledges the existence of this instrument referred to as CDB. The importance of the legal framework is critical in order to have access to funds from the federal budget and also to guarantee public policies within the state and municipal spheres.

In the last months we have made a lot of progress in this area. It is specially relevant to remember that in June 2005, Banco Palmas presented at the Central Bank of Brazil a request for the regularization of the circulating social currency systems and the process is a work in progress.

On the other hand, a great step was taken in June 2006, in Brasilia, when the first National Conference of Solidarity Economy took place. This conference was organized by the Ministry of Work (MTE), Ministry of Agricultural Development (MDA) and the Ministry of Social Development (MDS). In point 78 of the final document of the conference (page 71 of the Annals) appears for the first time in an official document the support for the CDBs and for the National System of Circulating Social Currency, with lastro in national currency. Nonetheless, one point needs to be emphasized, the naming, in November 2006, of the National Council of Solidarity Economy, which has as its mission the monitoring of proposals that are approved at the Conference.

The Community Development Bank and its Solidarity Finances Strategy

The Community Development Bank is more than just a Financial Instrument

When the first CDB was established (Banco Palmas, January 1998) many people thought that a new credit model or a new financial institution was being created. Thanks in part to the increased importance of microcredit in the past years; CDBs have been associated with microfinance institutions which manage microcredit in a very specific way – in solidarity. This is something for which we have to reject any comparison. It is true CDBs ensure credit to the low income sector of the population; however, it is not just focused on credit.

In other words, when an institution is focused on financing (credit) a person – or group – the recipient ends becoming the target of the operation. The focus of a CDB is the actual area, meaning the social space where it operates and not the credit recipients themselves. The CDB is a system that connects credit, production and consumption, having as its objective the development of the area in order for the credit recipients to reach the desired level of progress. If the area does not develop, it is unlikely the local entrepreneurs will. In this case, it could also happen that some enterprises grow at the expense of others. This is the logic of competition, which understands that there is not room for everybody and thus, they have to compete. This logic bets on individual solutions and entrepreneurship as the way to eradicate poverty. Therefore, the success of the business depends solely on that person or group.

The territorial vision defended by the CDB understands that we are in this together, growing and developing collectively. The solution lies in proper network cooperation. The neighborhood has to organize a network of prosumers (producers + consumers) that should interact in a way that the success of one depends on the other (interdependent).

It is good to remember that Credit is a human right and thus an obligation for the state. Yet, when it comes to credit for the poor the government keeps failing to comply with this responsibility. This is why it allows social organizations to take over in this sector. Nonetheless, the CDB does not want to work with credit just to cover wholes left by the government. A CDB operates with credit, but it is a lot more than that.

The Community Development Bank and Credit

The focus of a CDB is the territory and all that it entails. Our purpose is not to create our own methodology for credit. The CDB provides financial services that include credit, but not a credit methodology. All the credit models that exist within the field of Solidarity Finances (solidarity group, neighborhood credit, credit that encourage production, credits for educational purposes etc) can be operated by the CDB. Our experience shows that some of them function with subsidized credits, others with production oriented micro-credits, some encourage the creation of solidarity groups etc. This is the responsibility of each individual CDB. Nevertheless, three issues need to be emphasized:

- I. CDBs operate with credit and not with financial donations. This means the money has to return in the form of money. Repayment is a fact. It can be a loan with interest rates, low interest rates, no interest rates, negative interest rates, with a flexible repayment period, in as many payments as necessary, with or without administration fee, and other possibilities not discussed here. Each individual CDB is free to shape their credit operations, depending on their sources of financing and the requirements of those sources. Yet, it is still credit!
- II. The credit offer cannot be focused towards any segment of society, for example the CDB should not define to whom it will lend, whether it would be craftsmen, merchants or women. Much less believe that the production oriented loan is the solution to all of our problems in generating jobs and income. If the focus is the area it operates in, the credit system has to be open to act in the diverse spheres of the territorial production chain: producers, merchants, service delivery and consumers. The more development the territory experiences the higher the probabilities of success for the economic enterprises. As a result, a CDB must have credit lines that differ in type and value. It is easy to find a peddler that will need 300 R\$⁵, or the small producer who needs 1.000 R\$, or the small coffee shop owner that needs 2.000 R\$, or the market that requires 5.000 R\$, or the sewing cooperative that is in need of 10.000 R\$ or even the consumer that needs 20 R\$ and so on and so forth. If all these people were integrated into a network, someone's growth will impact somebody else's growth. This is why it is beneficial for the CDB to offer loans of different values. People often assume that the CDB because it is community oriented should only lend small quantities. In practice this only happens because the CDB does not have a credit portfolio with the sufficient funds to service the other segments of society.
- III. The CDB credit system needs to be included in the field of *Solidarity Finances*. However, how do we identify if a modality of credit is within the field of *Solidarity Finances*? This, happens to be a long discussion and it is not easy to recognize, as a format could our could not belong to *Solidarity Finances*. Nevertheless, we attempt to do just that in the following pages.

⁵ 1.00 USD = 1.89966 BRL

Characteristics of the Community Development Bank Credit System

As was said before the CDB credit system must be included in the field of *Solidarity Finances*. For the CDBs some characteristics are essential in order to identify if a credit system belongs within the field of *Solidarity Finances*:

- The interest rates are lower than the market interest rates.
- The credit system has to be fair and treat the different, differently. This is called alterity, to accept the differences and treat the different in a different way. In solidarity finances this means, for instance, that those with fewer resources pay lower interest rates and those with more resources pay higher interest rates. The interest rates are progressive to ensure a proper distribution of income. In this system the fortunate subsidize the most vulnerable in economic terms. This generous dimension has to be understood by the residents (recipients of credit). A policy of lower interest rates is not enough if its application does not raise critical awareness and a sense of solidarity among the population. Only these values can have a mid- and long-term impact in the process of radical transformation of the structures of society.
- The community itself (members of the association of residents and the credit recipients) owns and manages the credit system. As a result, any income from the credit operations, return on resources, interest and fees have to remain within the community. When we say "remain" it means that the community is at the same time customer and owner of these resources. The self-management aspect is extremely important. Many credit systems that function in specific communities simply provide a credit operation, but the resources generated are directed towards the headquarters of the main bank. This means that the recipients of credit are merely clients and so end up contributing to increase the wealth of the financial institution at the expense of the community.
- The credit system serves as a supply source for the production chains, the local production and consumption networks, the production arrangements and other ways to foster the creation of solidarity cooperation networks. Credit can be made available to someone but soon they have to be encouraged to participate in one of the local networks of producers and consumers. In other words, it is essential that the recipient of credit (individual or group) is involved in some way with a local production or social network.
- For the credit analysis other verification tools for the trustworthiness of the client are used rather than the traditional capitalist instruments. One of the tools often used is the "neighbor guarantee" or the "introduction" system which basically means the recipient needs to have a reference from a local organization (e.g. association, church, union). Trust, therefore, has to be put in the community which ultimately decides on the future or direction of the credit system

Circulation Social Currencies and the Community Development Bank

The system of circulating social currencies is vital for the functioning of the CDB since it ensures a local consumption strategy. The CDB works to develop a

The circulating social currency serves as a complement of the national currency (Real R\$), created by the community bank. It is essential to cultivate the circulation of money and wealth within the community itself, strengthening local commerce and generating jobs and income.

These social currencies possess some characteristics that make them different. Let us see what these characteristics are:

- a) The local currency is backed up by the national currency (Real R\$). Basically, for each unit of social currency issued, there is a correspondent value in the national currency.
- b) The currency is issued with security measures (paper money, watermark, barcode and serial number) in order to avoid falsification.
- c) The currency circulates freely in local commerce; generally, those that use the social currency get a discount from businesses and producers to encourage the use of the currency in the municipality or neighborhood.
- d) Any producer, shopkeeper or entrepreneur that is registered in the community bank will be allowed to exchange the social currency for the national currency (Real R\$) if he or she needs to buy or make a payment outside of the municipality or neighborhood.

The ways for a producer or resident to have access to the circulating social currency are the following:

- a) Receiving a loan in social currency from the CDB
- b) Delivering services to people from the community that have circulating social currency
- c) Exchanging reais (R\$) for the local currency at the CDB.

consumption and production network. If we only provide credits for production purposes and we do not incentive local consumption, the network will be incomplete.

Other CDBs prefer to use popular credit cards, as a credit instrument for consumption. No worries! This is also an important tool for the encouragement of local consumption. Usually, we choose to use the social currency option because it has a larger circulating capacity than credit cards do. When we buy something with a credit card the bill stays put for a month. When we buy with social currency, it can return to the local financial circuit immediately⁶. Besides the economic aspect, the social currency and/or the popular credit card create a strong identity of the residents with the neighborhood/municipality. It makes people get closer to each other, it strengthens the feeling of empowerment in the community in developing its own

In order to understand the procedure of the circulating social currency system we recommend to read the book "Bancos Comunitarios de Desenvolvimento or the book O Poder do Circulante Local – both by the Banco Palmas Institute

⁶ The credit cards within Banco Palmas function manually, thus it would not be possible to use debit cards, which would have a stronger circulating capacity.

financial instrument. Furthermore, it creates a very strong space for dialogue between the CDB and the neighborhood production sector (producers, merchants, and service deliverers).

Several CDBs find many difficulties to guarantee the circulation of the social currency. The most common of these are:

- I. The CDB does not have the lastro to initiate the circulation of the social currency
- II. The local merchants and producers are afraid that the currency does not have legitimacy and thus that they will lose their money.
- III. Few local businesses accept entering the system, leaving their consumers with few options to buy with social currency.
- IV. The residents are weary that the social currency will be falsified and that as a result they will be cheated.
- V. Local producers and consumers do not see the benefit of owning the social currency, thus it is easier for them to simply work with the national currency (Reais).
- VI. The majority of residents (merchants, producers, consumers) does not understand – or are not aware – of the circulation of the social currency within the neighborhood or municipality.
- VII. Many people associate the social currency to “political issues”, thus they fear it could lose its worth instantly.
- VIII. There are some operational problems, such as: difficulties in having change in social currency; having the urgency to exchange and the CDB is closed; lack of signalization of businesses where social currency is accepted, amongst others.

Similar to other issues, these difficulties can have a larger or smaller impact depending on the level of organization of each CDB, of each community and of its socio-political context. The solutions can vary enormously; however, all of them will be slow and gradual. There is no miracle. In the beginning, few businesses will accept the social currency. We should not have the expectation that from day one the neighborhood/municipality will simply accept the currency. We need to understand that we are inciting a cultural transformation in people’s minds that for a lifetime will live with a social currency. We have all been educated to believe that money is that which is manufactured and controlled by the government. Accepting that there is another kind of currency, which it is not fake and which will not end up creating problems, is difficult to understand and accept for most people. This is why having them believe that it is better for them to own social currency than it is to own official currency is even harder. Consequently, it is important to remain calm. We have to convince businesses, one by one, and accept that some people will not support it, and moreover will have disdain for the social currency.

Having this in mind, some alternatives can be suggested. The most common of which are:

- 1) Promote as much as possible the businesses that accept social currency (brochures, catalogues, car with loudspeakers etc...). Preferably registering the discount each entrepreneur offers.
- 2) Gain the support of strategic business owners (gas stations, the most popular convenient store, collective transportation, a popular pharmacy, or the most

famous restaurant). When these businesses join the system, the rest will follow.

- 3) Develop educational campaigns to promote the social currency (walks, wall painting, gymkhana, promotional events...) Partner participation is essential in these campaigns (churches, unions, social programs from the local government, schools...)
- 4) Start from small and specific territories. Perhaps just a block, group of people, a street, with the families around the association and other similar situations. Bit by bit we spread the system all over the neighborhood/municipality. When we begin in large areas, there is the feeling that there is too little currency circulating around and this discourages people. On the other hand, we need to go slowly, learning and being able to deal with the difficulties that come our way.
- 5) From the beginning have anti-rumor strategies in place to deal with these false stories that will be passed around (people no longer accept the social currency, the currency has been falsified, the currency is going to lose its value...). Do not allow rumors to spread so clear up the issue or deny such false rumors. Eventually the residents understand these stories to be nothing more than gossip.
- 6) It is important to always have a phone line available for when people might need to call when questions or doubts arise.

The Community Development Bank and Interest Rates.

This is always a controversial issue within the network of CDBs. The natural tendency for everybody is to think that CDBs should apply very low interest rates, or subsidized, or even negative interest rates. This is the case not only because it is a supportive Bank, but also because CDBs are dedicated to low income populations. In reality, the interest rate is not an essential issue for CDBs. It is important to remain calm in order to reflect about this! It is not because a CDB has lower interest rates than others that it becomes more or less supportive. If the CDB is able to obtain subsidized or non-recoverable funds then interest rates should be as low as possible, or even, no interest rates (when feasible). However, if funds are raised through the market, then the interest rates have to be adapted to that situation.

At this moment, many CDBs are getting resources from Programa Nacional de Microcredito Produtivo Orientado (PNMPO – Oriented Productive Microcredit National Program) at a high interest rate (2% per month) These CDBs are forced to lend these resource at a 2% per month at least in order to pay back the amount obtained from the PMNPO. This is not the ideal situation!! It would be good for CDBs to have their own funds in order to operate with much lower interest rates. However, in many cases, there are no other resources, and the CDB is forced to operate under such conditions.

However, the fact of having a 4% (per month) interest rate does not compromise the methodology – the essence – of the CDB. This is why we say that interests are actually relative when it comes to the methodology of CDBs. Once more, they are relative for the methodology, which does not imply saying that it is relative for the credit recipients. High interest rates a lot of times mean the failure of the enterprise. Thus, CDBs must always seek funding sources that will allow operations with low interest rates – or almost non-existent. The critical point is that there cannot be excessive gains for CDBs coming from interest rates. As it has been said before, the main focus has to be the development of the area in order to guarantee the well being

of people. Good sense and the principles of Solidarity Economy must be the parameters that each CDB uses when deciding how to operate its interest rates.

Nevertheless, experience shows us that it is very difficult for a CDB to independently become sustainable through its financial products (interests, administration fees and others). A CDB, beyond working for low income populations it does not operate on scale (the bank is local). This does not mean that sustainability should not be sought after in the mid or long term. However, the issue becomes how to achieve this? It could be through subsidies, through service delivery, through membership fees and other mechanisms. Another dimension we cannot disregard is to think about the sustainability of these CDBs through the Brazilian Network of CDBs. While it is true each CDB is local, the Network, however, is National.

Later on, we will be able to make progress in the discussion of a joint strategy to achieve the sustainability of CDBs. Credit funds can be example of this particular point. If we were to think of ten, fifty, one hundred or two hundred CDBs operating simultaneously and accessing the same credit fund, we would have a much larger volume of loaned resources. This would allow us to obtain resources at lower costs and guarantee low interest rates, and furthermore it would lead us to a greater sustainability of CDBs.

The Community Development Bank and Defaulting

Defaulting is in a way like toothache, you don't want to have it, but some day it happens. Some people have toothache everyday, others rarely have it. Some people grow desperate and pull the tooth out, others get a root canal. There are those that get the traditional denture, and some others that get more sophisticated prosthesis. What defines each situation? The economic reality, the cultural issue and the socioeconomic situation of each individual and of each territory. We could use this example to make an analogy of the defaulting issue in CDBs. The treatment will vary according to the structure of each bank. CDBs which operate with more flexible funds (normally coming from donations) can make less demanding credit operations, run smaller risks, and better coexist with more reasonable rates of default. The banks that operate with funds raised from the market, PNMPO for instance, are required to have a rigorous control of default rates, because these funds have to be paid back. What cannot be forgotten is that a CDB is an alternative of the solidarity finances and thus defaulting has to be dealt within that logic. Nevertheless, it is important to realize:

1. The granting of credit has to be properly done in order to avoid defaults. The financial health of a bank is crucial to its credibility and growth. If defaults rise, it provokes a domino effect that impacts other debtors who also stop paying back. Thus, the credit analysis has to be thorough and the monitoring systematic. The goal is zero defaults.
2. At the same time, it is important to remain calm and not to grow desperate with defaults. The CDB because of its social utility and dedicated operations to social inclusion " has the right" to have defaults. Which bank does not have them? Furthermore, if it was not to take risks (investing in the poorest) it would not make sense to establish a CDB.
3. In the case of defaults it is important to separate "the good from the bad apples", meaning, who defaulted because they could not keep up with the payments (bankruptcy, illness...) or who did not pay because they simply did not want to (bad faith). In the former case, we have to be supportive, and renegotiate the debt, lend more money, incentivize, motivate, give strength to

the debtor, understanding that he is a member of the local network and thus in need of support. In the latter case, we have to be rigorous and use social control, placing the name of the defaulter in the member assembly, discussing with the neighbors, using the neighborhood radio to claim outstanding loans and using other means that the community has at its disposal to make perfectly clear that it is unacceptable to cheat the bank. After all it is owned by everybody. Regardless of the case, defaulting has to be dealt with properly to find the proper solution.

4. The CDB has to clearly define its mechanisms to avoid defaulting and its strategies to collect outstanding loans. Some CDBs use the strategy of house visits (or phone calls) to the clients two days before payment is due. Visiting as a reminder... just to check everything is fine... One day after the bill is due, revisiting in order to avoid a debt prolongation. Each bank designs its own strategy. The important thing is that these rules exist and are clear for the credit recipient when signing the contract. If the rules are clear, the CDB can use them without regret since they were agreed on by the community.
5. The collecting of outstanding payments from the defaulting is very much tied to the criteria used to grant credit. The ideal is for these criteria to have a strong social component in order for the collecting to be performed within the scope of social control. For instance, if one of the criteria for the concession of credit is that the recipient must belong to the Local Association, it becomes easier for the association to retrieve. If it is required for the business owner to be affiliated to the Commercial Association of the Neighborhood, idem. In the case of the recipient being referred to some other neighborhood association, we will also have the recourse in case of default. So on and so forth.

The Community Development Bank and Popular Savings.

In 1998 Banco Palmas was developing the experience of community savings. We had 150R\$ (one hundred and fifty reais of savings) when the central bank visited us and prohibited that we continue with this experience. Our savers were residents that never had the chance to open a savings account in a commercial bank, taking into consideration the derisory quantities that they deposit.

Since 1998, the issue has remained dormant, and CDBs do not incorporate this issue in its construction processes. This silence, however, did not mean that we stopped believing in the vital importance of organizing community savings systems that would function integrated to the other financial products of the CDB. Three aspects are important to this discussion: firstly savings bring back the feeling of cooperation, of solidarity, of sharing among the members of the community. When we save in a collective fashion and as part of a network we are ensuring a participatory process where the haves collaborate with the have-nots. We save in order to invest, in order to grant credit to those who need it, with low interest rates, with capital that comes from the solidarity of the community itself.

Secondly, we understand that the residents have the right to freely choose where they want to keep their savings. If the money is mine, why can't I decide to put it in the CDB which is owned by the community? Why am I forced to put my money in a commercial bank (guaranteeing profit to the owner of the bank) and I cannot save it within the bank of my community? If the money is mine, I must be able decide what to do with it. This is a simple democratic principle.

Last but not least, the need to obtain resources in order to lend according to the criteria established the community. Without savings (incoming funds) the CDBs are left dependant on the external sources, with rules and norms generally imposed by the "money owner".

Therefore, as part of the fight for the legal framework of CDBs it is essential to include the popular savings system. Once this is achieved we will be taking a decisive step in the creation of a National System of Solidarity Finances.

How to establish a Community Development Bank in a neighborhood/municipality?

Required logistics and resources

Generally, in order to establish a CDB it is necessary to mobilize resources to:

- a) Encourage: the process of community mobilization, the training of resident and bank managers, the development of management tools and one year subsidies for the credit agents.
- b) Local infrastructure: office, computer, internet...
- c) Credit: starting resources in order to promote production and consumption credits
- d) Local management entity: it is required to have a local organization responsible for the management of the bank.

The ways to mobilize such resources can vary greatly. Normally, besides other types of support, one counts on local governments.

Establishing a Community Development Bank from already existing funds

There are some institutions that already possess credit funds, such as Bancos do Povo (The People's Bank) administered by local or state governments. These credit funds exist in various public institutions or OSCIPs⁷, credit cooperatives or others that also work in the field of Solidarity Finances. These funds could work perfectly in encouraging the establishment of a CDB. Some of these institutions are in dialogues with the Network of Community Development Banks in order to provide services to the most vulnerable people within the communities they operate in, through the establishment of a CDB. This is perfectly plausible. A major institution that works as a umbrella organization where the CDB happens to be one of its activities. In order for this to take place, it is necessary for the resources to be passed to the local managing entity, allowing it to use the methodology in the granting of credit. This format is interesting because the CDB has at its disposal the financial resources and the technological structure that already exists within the umbrella organization. Often, even equipment such as computers, phones, internet and others might be available.

However, it is vital that the relationship between the umbrella entity and the CDB is clearly defined, detailed and documented, including the financial agreements, monitoring, reporting and other required mechanisms. This transparency and clarity is

⁷ Organização da Sociedade Civil de Interesse Público – Civil Society Organization of Public Interest.

fundamental for both sides. It guarantees autonomy and ensures the CDB's methodology.

Integration to the Brazilian Network of Community Development Banks.

It is important to highlight that all CDBs that belong to the Brazilian Network of Community Development Banks receive a "stamp of certification" that makes their entrance to the Network official and unifies all CDBs. This unity takes place within this plurality. On the one hand, there are rules: ethical procedures; minimal structures, which have to be followed by all CDBs. On the other hand, each CDB is free to organize itself locally.

It is always a CDB, which establishes another CDB, in order to demonstrate its practices and strengthen the network.

Once the CDB is functioning it becomes part of the Network and begins to take part in all the meetings, events and learning opportunities that the Network provides.

AND THE FIGHT GOES ON...FOREVER!!

BRAZILIAN NETWORK OF COMMUNITY DEVELOPMENT BANKS

Estado	Município	Area de Atuação	Nome do Banco	Moeda	Fundação
Ceará	Fortaleza	Bairro Conjunto Palmeira	Palmas	Palmas	1998
Ceará	Fortaleza	Bairro Granja Portugal	RioSol	Rios	2008
Ceará	Fortaleza	Conjunto Ceará	Bandesce	Horto	2008
Ceará	Fortaleza	Bairro do Pirambu	Pirambu	Pirambu	2008
Ceará	Santana do Acaraú	Sede do município	Bassa	Santana	2005
Ceará	Palmacia	Sede do município	Serrano	Palmeira	2005
Ceará	Maracaanu	Bairro Jereissati	Jaçana	Maracana	2008
Ceará	Maracanau	Bairro da Pajuçara	Paju	Maracana	2006
Ceará	Paracuru	Bairros de Boa Esperança e Riacho doce	Par	Par	2004
Ceará	Irauçuba	Distrito do Juá	Juazeiro	Cactos	2008
Ceará	Irauçuba	Distrito do Mici	Bancart	Ta	2006
Ceará	Irauçuba	Bairro do Cruzeiro	Amizade	Cactos	2008
Ceará	Taua	Bairros de colibri, Bezera e Souza	Quinamuiu	Quinamuiu	2007
Ceará	Taua	Distrito de Carrapateira e bairro aldeota	Economico	Economico	2008
Ceará	Parmoti	Todo o município	Frei Diogo	Paz	2007
Ceará	Beberibe	Sede do município	Bandesb	AB	2007
Ceará	Maranguape	Sede do município	Empreendedores	Prata	2006
Ceara	Maranguape	Distrito de Itapebussu	Itapebussu	Itapebussu	2008
Ceará	Palhano	Sede do município	Artpalha	Castanha	2008
Ceará	Tamboril	Sede do município	Feiticeiro	Acaraú	2008
Ceará	Monsenhor Tabosa	Sede do município	Serra das Matas	Serra	2008
Ceará	Madalena	Distrito de Macaoca	Bansol	Sol	2008
Ceará	Ibaretama	Sede do município	Serra Azul	Ibaré	2008
Ceara	Ocara	Sede do município	Ocards	Tupi	2008

Ceará	Choro	Sede do municipio	Sertanejo	Sabia	2008
Ceará	Caridade	Distrito de Campos Belos	Pe. Quiliano	Caribelos	2008
Ceará	Itarema	Distrito de Almofala	Tremembé	Ita	2008
Maranhão	Alcantara	Sede do municipio	Quilombola	Guara	2007
Piauí	Cajueiro da Praia	Sede do municipio	Caju da Praia	Caju	2008
Piauí	Parnaíba	Bairro	Semear	Semear	2008
Piauí	São João do Arraial	Sede do municipio	Cocais	Cocais	2007
Paraíba	João Pessoa	Bairro São José	Beira Rio	Ribeirinhos	2008
Pará	Belém	Ilha de Mosqueiro	Tupinambá	Moqueio	2009
Bahia	Simões Filho	Bairro de Santa Luzia	Eco luzia	Trilha	2007
Bahia	Vera Cruz	Vila de Matarandiba	Ilhamar	Concha	2008
Espírito Santo	Vitoria	Bairros: Morro São Benedito	Bem	Bem	2006
Espírito Santo	Vila Velha	Bairro Barro Vermelho	Terra	Terra	2007
Espírito Santo	Vila Velha	Bairro Barro Vermelho	Verde Vida	Verde Vida	2008
Espírito Santo	Cariacica	Todo o municipio	Sol	Girassol	2008
Minas Gerais	Chapada Gaúcha	Todo o municipio	Chapadense	Veredas	2009
Minas Gerais	Uruana	Todo o municipio	Sussuarana	sussuarana	2009
Mato G. Sul	Dourados	Sede do Municipio	Pirapirê	Pirapirê	2006
São Paulo	São Paulo	Zona Oeste - Jaguará	Vista Linda		2009
São Paulo	São Paulo	Zona Sul- Jardim São Luiz	Auto-Gestão		2009
São Paulo	São Paulo	Zona Sul - Campo Limpo	União sampaio		2009
São Paulo	São Paulo	Zona Norte- Jardim Apuana	Apuana		2009
São Paulo	São Paulo	Zona Leste - Inacio Monteiro	Paulo Freira		2009

These are the Banks that use the Palmas Methodology