

Like a Sovereign Nation, Brazil Slum Creates Own Currency

Contributed by Fabiana Uchinaka
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A bold and creative group of Brazilian slum dwellers, joined together in an association of residents, has transformed the lives of 30,000 people in a ghetto in Fortaleza, capital of Ceará.

Without any money themselves, much less access to bank financing, the group, known as the Palmeiras Resident Association, has created its own currency, the Palmas, and set up a bank that does not charge interest on loans.

The Community Bank of Palmas has existed since 1998 in an effort to promote integrated and sustained community development.

It offers clients loans (in its own currency) and credit cards.

At the moment, the bank provides five types of loans: microfinancing for expansion of businesses or starting new ones; the PalmaCard (credit card), microfinancing for women who are at risk, PalmaCasa (for renovating homes) and loans for urban agriculture (garden plots in backyards).

Basically the slum bank acts like a sovereign nation within the boundaries of Palmeiras.

Its currency is the coin of the realm (or the slum) which can be exchanged for any "foreign" currency (in this case, local Brazilian currency, the real).

A spokeswoman for the bank, Socorro Alves, explains that the institution was founded due to the absolute lack of money in the slum.

"Our association perceived the need for some way to generate income. We set up a community bank that provides credit for consumption and production. By putting money in circulation we stimulated economic activity and built up a solid socio-economic network in our community," she explained.

The initiative shows what people can do for themselves when the government is absent. The results can be surprising.

Alves says that because of local solidarity between consumers and producers the income generated stays in Palmeiras.

"People make an effort to buy what they need right here. That strengthens the economic cycle. We also have buyer clubs - businesses join together to make volume purchases, keeping their prices down.

The Palmeiras initiative was presented this week at the First International Conference on Social Technology in São Paulo. The conference was sponsored by the Ministry of Labor.

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Translator: Allen Bennett