Too Legit to Quit: Exploring Concepts of Legitimacy and Power in Scaling-Up Community Development Work

By

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Submitted to the Department of Urban Studies and Planning in partial fulfillment of the requirements for the degree of Master in City Planning at the MASSACHUSETTS INSTITUTE OF TECHNOLOGY June 2014

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ABSTRACT

Community-based organizations are unique in that their success is based not only on the services they offer, but also their more intangible networks of trust, robust local relationships, and on-the-ground knowledge of community needs. As local organizations grow and seek to replicate themselves, the question of local trust and participation, the very basis of their legitimacy, is sometimes challenged. Legitimacy speaks to program success, the continuation of healthy community relationships, and sustained local representation in the organization. Although legitimacy is a concern for growing organizations in the communities they expand to, claims on legitimate leadership and organization begin at home.

This paper examines the case of Banco Palmas, the first community organized bank in Brazil, to address the question of how the changing relationships of scale affect Banco Palmas's ability to effectively engage with, and thus legitimately represent, the residents of the neighborhood of Conjunto Palmeiras. Based on information gathered through fieldwork at Banco Palmas and drawing from the literature on empowerment, it is argued the struggle for legitimacy plays out not only between the Palmas organizations and the local residents association, but also in how new members and non-members interact with and participate, or do not participate, in bank activities. These struggles are born out of a discontinuity between personal empowerment and broader community organizing efforts, particularly as they apply to young people and new members. The case points to the importance of linking personal politicization and empowerment to collective organizing through new methods of online engagement.

Thesis Supervisor: Gabriella Carolini
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Acknowledgements

I owe a debt of gratitude to all the people whose guidance, insight, and support made this thesis possible. In particular, I would like to thank Dr. Gabriella Carolini, my thesis supervisor, for her insightful and persistent feedback and her guidance throughout my time at DUSP. I would also like to thank Dr. Phil Thompson, my reader, for inspiring me to think in new ways about theory, practice, and politics. This research would not have been possible without the generosity of everyone at Banco Palmas, the thoughtful guidance of Asier Ansorena, and the tireless logistical and financial assistance of Rosa Coelho-Keyssar and MIT-Brasil. Muito obrigada a todos! Finally, I would like to thank my parents, Laurie and Vin, and my sister, Elena, for their love and support.
I—Introduction

Fortaleza means “fort” in Portuguese, an apt description of the city. Residents fortify themselves behind high walls and gates topped with broken glass or iron spikes. These walls serve as a canvas for those on the outside of them. They are covered, most commonly, with gang tags. In June and July of 2013, however, the graffiti took on a new tone. “Anti Copa” said one wall by the plaza, referring to the 2013 Confederations Cup and the 2014 World Cup Brazil is set to host. Another read: “A violência é o estado”, or violence is the State. As protests drew millions and spread across the country, the word was that the giant had awoken. The Brazilian people would no longer stand for the corruption and inequality that plagued their political system.

One exemplar of the struggle against inequality is in Conjunto Palmeiras, the lowest average income neighborhood in Fortaleza. Conjunto Palmeiras has a rapidly growing population, endemic violence, and has experienced all of the downsides of urban social, economic, and political exclusion including poor education, healthcare, and public services. Despite its struggles Conjunto Palmeiras has also been home to a beacon of hope and innovation. In 1998, the residents association of Conjunto Palmeiras created Banco Palmas, the first community-organized bank in Brazil, to promote financial inclusion and economic solidarity in the neighborhood. While demonstrations sprang up in and around the center city in June and July, life in Conjunto Palmeiras was, for the most part, business as usual. Joaquim de Melo Neto Segundo, the director of Banco
Palmas, considered the recent protests with only cautious optimism, noting, "when the people shouted 'Brazil awoke,' we said 'I never slept'"\(^1\).

Banco Palmas has weathered the precipitous decline in grassroots organization in Brazil that followed the election of President Lula da Silva in 2003\(^2\). Even more, they have attempted to spread their banking and community development model to other communities across the country through the creation of their networking and innovation entity, Instituto Palmas.

The leaders at the Palmas organizations have a bold vision of scaling-up their impact and operations, a vision many community-based organizations share. These organizations understand that local urban poverty is linked to systemic regional, national, and even global issues. The challenge then, as organizations like Palmas frame it, is how to work effectively at multiple scales with various institutions to replicate local poverty-reduction programs in other communities and impact broader policies.

The critical elements of success for many community-based organizations are not only the services they offer, but also the more intangible networks they develop based on trust, robust local relationships, and on-the-ground knowledge of community needs. For Banco Palmas, these critical networks are further enhanced by a mission-driven focus on personal politicization, empowerment, and democratic participation. These qualities are tied to community building and used to develop a shared consciousness about the local economy. As local organizations grow and seek to replicate themselves, the question of local participation and trust, the basis of their legitimacy, is sometimes challenged. Legitimacy, then, speaks to program success, and to the continuation of healthy

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\(^1\) Personal interview with Joaquim. July 18, 2013.  
community relationships and local representation in the organization. Not only is legitimacy a concern for the organization in the communities they expand to, but also in their own.

Research Question

This paper examines the institutional structure of Banco Palmas to address two questions: First, how do the changing relationships of scale affect Banco Palmas’s ability to effectively engage with, and thus legitimately represent, the residents of the neighborhood of Conjunto Palmeiras? Second, how does Banco Palmas address legitimacy challenges as they extend their reach into new communities? Here it is argued the struggle for legitimacy plays out not only between the Palmas organizations and the local residents association, but also in how new members and non-members interact with and participate, or do not participate, in bank activities. These struggles are born out of a discontinuity between personal empowerment and broader community organizing efforts, particularly for young people and newcomers.

Methodology

The majority of the case information for this COUHES-approved research was collected through semi-structured interviews and participant observation at Banco Palmas and Instituto Palmas in Fortaleza, Brazil during June and July of 2013. The author had also conducted research at the bank in November of 2010, some of which is referenced in this paper. Interviewees included local leaders affiliated with Banco Palmas, young people and women participating in bank and institute programs, institute and bank staff and leadership, staff at banks affiliated with the institute, and leaders from the local
residents association. The interviewees all took part in this study on a volunteer basis. Many study participants were contacted based on information and suggestions from previous interviewees. Although the majority of key staff and leaders at the bank agreed to be interviewed, other staff members and participants in programs were less accessible or unwilling to give interviews. A list of interviewees can be found in Appendix A.

The majority of interviews were conducted in Portuguese by the author, who is bilingual. All the participants were informed of their rights and the purpose of the research. The interviews were audio recorded and later transcribed and translated. Transcription was completed with the help of Alejo Alfonso, an Instituto Palmas staff member who was financially compensated for his time. The author is responsible for all translations. The author also conducted secondary research on the history and theory relevant to the argument.

Limitations

The research has several key limitations that must be acknowledged. First, the author was an intern at Instituto Palmas while conducting the research. She gained access to the internship and research opportunity based in part on her previous research at the bank in November of 2010. The staff at Banco Palmas was informed of the author’s research interests. The author’s stipend was provided through the MIT-Brazil program.

Second, it should be noted that the research took place during a particularly difficult time at the bank. Sandra Magalhães, one of key leaders and organizers at the bank and the wife of the director, lost her battle to cancer in during the first week of
research. This tragic event and her absence leading up to it left a large leadership gap that staff members were struggling to fill.

**Structure of the Paper**

The paper is organized as follows: The first chapter reviews the relevant literature about power, legitimacy, and democratic participation. This overview establishes a theoretical framework for the discussion of scaling-up community organizations. The second chapter summarizes the history of Conjunto Palmeiras and Banco Palmas and sets this history within the broader context of social and political developments in Brazil. Building on this background, the third and fourth chapters present analyses of the legitimacy challenges Banco Palmas has faced in its scaling-up process. Finally, the conclusion offers recommendations for Banco Palmas to consider as the bank and the institute continue to grow in the coming years.
II—Literature Review

Empowerment

Empowerment is a concept at the heart of the Palmas mission. Though there are multiple definitions and ways to conceptualize it, at the most basic level empowerment is about choice – in other words, an empowered individual has the capacity and opportunity to make choices and act upon them to produce desired outcomes (World Bank, 2011). While this definition is open-ended, it lends an important level of flexibility to the idea. Indeed, defining empowerment too narrowly or constructing a formulaic definition may contradict the very nature of empowerment (Zimmerman, 1984; Page & Czuba, 1999). Instead, one can choose to understand empowerment through the concepts it encompasses: agency, power, and participation.

Agency

One key component of empowerment is agency (Alsop et.al, 2006; Ibrahim & Alkire, 2007). Agency is the capacity of an individual to act on her values, goals and choices to bring about change (Alsop et. al, 2006). According to Amartya Sen, agency has an intrinsic value and contributes to overall well-being for both individuals and the greater society. Agency also has an instrumental value, in that it can serve as a means toward specific ends. In Sen’s capabilities approach, an individual’s well being can be measured by considering all potential valued capabilities and choices an individual has power to enact or make (Sen, 1999; Hill, 2003). Thus, agency can be imagined as a
matrix of individual capabilities. Various institutional environments in turn, influence this matrix and will be discussed in the following section.

**Power**

Empowerment is also inextricably tied to the concept of power. The work of Karl Marx and Max Weber concerning power and struggle between different social groups serve as foundations for more recent discussions of power typologies. Weber delineated three types primary types of power, class power, social power, and political power, each of which are relevant to the Banco Palmas case and to the broader struggles of Conjunto Palmeiras. Class power can be thought of as the exercise of economic power and control of resources others want or need. Social power relates to one’s social prestige or respect and ability to use these assets to control others. Political power concerns one’s ability to directly or indirectly influence decision making at the level of the state (Best, 2002).

As would be expected, these three spheres of power interact with one another in complex and overlapping ways. Thus, in order to understand empowerment, we must ask questions about who is gaining power, in what sphere, and in relation to whom or what (Rowlands, 1997). Indeed, Banco Palmas does not simply represent a struggle to wrest economic power from external forces. Rather, there are also power relations internal to the neighborhood, the community, and the organization. Empowerment, then, speaks to not only to a general sense of capability, but to interpersonal relationships between actors. This concept will come to play a critical role in later chapters when analyzing how scale affects legitimacy, particularly in the realm of democratic participation.
**Participation**

Democratic participation is fraught with relationships of power. Theorists have developed three increasingly complex dimensions of power as it affects participation. The one-dimensional approach to power, pioneered by Robert Dahl and Nelson Polsby, makes three primary assumptions. The first is that people recognize and express their grievances through participation. Second, decision-making arenas where participation takes place are open, relatively frictionless spaces. Third, leaders are true representatives of the people. Following from these assumptions, power can be expressed as “A has power over B to the extent that he can get B to do something that B would not otherwise do (Dahl, 1957).” In this one-dimensional concept of power, non-participation is not considered a political problem. Rather, quiescence can be blamed on the non-participants or their culture (Gaventa, 1980).

In considering the dimensions of class, social, and political power outlined by Weber, it seems unlikely that a participatory space would ever be as frictionless as these authors propose. Rather, one can imagine that multiple, more complex forms of power, intentionally or not, can be exerted over participatory processes. In the two-dimensional conception of power, we can understand power as not only being exercised over people, but over issues. That is, not only can certain issues or people be brought to the fore, they can also be organized out of politics entirely. In this conception, pioneered by Schattschneider, Bachrach, and Baratz, power can be an insidious tool, as it does not necessarily require the powerful to take action in particular decisions. Rather, the powerful secure their interests by setting the agenda and establishing the range of possible decisions from the beginning. This type of power not only allows the powerful
to feel secure in their position, but also may lead the dominated to accept power inequality as the status quo (Gaventa, 1980).

Still, power and its role in democratic participation can be made more complex. Indeed, the two-dimensional understanding of power is useful, but mostly as a stepping-stone toward understanding real-world power relations. Lukes (1974) introduces a three-dimensional approach to understanding power dynamics. In this line of argument, A does not only exercise direct power over B and determine the decision space, but also influences or determines B’s very wants. That is, A influences how B comprehends the issues at hand. Thus, the decisions B makes may be engineered by A without B’s knowledge. This understanding of power draws heavily from the Marxist tradition of false consciousness and Antonio Gramci’s later work on hegemony. For Marx and Engels, the elite rules through ideological control. This process produces a false consciousness that is adopted by the proletariat either because they do not realize it is false or because they believe in the possibility of upward mobility (Femia, 1975). Gramci expanded on this Marxist foundation through his discussion of hegemony. Hegemony is the moral and intellectual leadership of a particular group over the populous realized through the institutions of civil society, education, and religion. In other words, a certain way of life and thinking becomes dominant to the point of being common sense. Thus, domination is realized through consent rather than conflict (Femia, 1975).

It is three-dimensional power that is most compelling when considering empowerment and its role in participation. Indeed, how is one to become empowered and participate effectively if entire institutions, large or small, are designed to manufacture consent, non-conflict, and non-participation? In these situations, is
empowerment variable-sum or zero-sum? In a variable-sum scenario, individuals and groups can gain power without taking away power from other parties. In a zero-sum scenario, power cannot be gained without reducing the power held by others (Oakley, 2001).

Paulo Freire tackles some of these issues in his 1968 book “Pedagogy of the Oppressed.” For Freire, the exercise of power by A over B is a form of violence as it interferes with the ability of B to be fully human. Indeed dehumanization is the crux of the relationship between the oppressor and the oppressed and is built into our modern institutions. Thus, it is not sufficient for the oppressed to move up the social and economic ladder, for in doing so they simply become the oppressor. Rather, a particularly pedagogy is required to transform oppressive systems and ideologies and liberate both parties from the violence of dehumanization. This pedagogy requires the oppressed to become aware of the extent and depth of their oppression and to approach this reality critically so as to change it, particularly through dialogic processes. Until this pedagogic process takes place, empowerment can only be a zero-sum process. It is not until power-over is exchanged with power-with and power-within that empowerment can be variable-sum and ultimately non-oppressive.

Structures of Empowerment

Opportunity Structures

Amartya Sen’s capabilities approach, discussed previously, speaks not only to agency as a key component of empowerment, but as an opportunity structure as well. Opportunity structures consist of the institutional environments that enable agency,
power, and participation (Alsop et al., 2006). If the appropriate opportunity structures exist, an empowered community should display the following characteristics: (1) the community has access to relevant information; (2) the community has access to decision-making forums; (3) the community is able to hold decision-makers accountable; and (4) the community has some level of organizational capacity (Narayan, 2002; Brinkerhoff, 2006).

These characteristics can be facilitated through the design of institutions and decision-making processes. There are multiple methods of including stakeholders in decision-making processes and many authors have chosen to view these methods along a continuum of non-involvement to total control. In her oft-cited article, “A Ladder of Citizen Participation,” Sherry R. Arnstein (1969) constructs a continuum and evaluates the pros and cons of various levels of community or stakeholder involvement in a planning process.

Manipulation and therapy are the bottom rungs of the ladder and are characterized as non-participation. In these simplified scenarios, citizens or stakeholders are manipulated into accepting a certain position or involved as a means of “curing” them of certain perceived pathologies. The next rungs, informing, consultation, and placation fall under the realm of tokenism. According to Arnstein (1969), informing and consultation are the first steps toward real participation, though they do not provide any reassurance that the viewpoints of the participants are being taken into account. Partnership, delegated power, and citizen control fall under the final category: citizen power. These rungs are the most desirable in terms of genuine and productive citizen and stakeholder involvement in the planning process. Citizen power arises through any form of direct
community control of an organization, facility, or plan without any intermediary intervention (Arnstein 1969).

Following from Arnstein’s approach, we can begin to look deeper into the mechanisms and institutions that enable empowerment. One of the primary structures of empowerment articulated in recent reforms is decentralization. The relevance of decentralization to discussions of empowerment at the community level is further considered below.

_Decentralization_

Decentralization\(^3\) is frequently referred to in development literature as a vehicle of empowerment. Particularly in relation to community development, the empowerment literature that discusses decentralization as a means of empowerment speaks at a fundamental level to the expansion of the democratic control of the people over their local resources, economy, and politics. Empowerment requires not only that individuals and communities have the capacity to participate, but also that they have access to decision-making forums in order to act and make decisions regarding their own lives (Brinkerhoff, 2006; UNESCAP, 2000).

Indeed, if empowerment is, in part, about expanding agency and capabilities, it can be closely linked to democracy. In its ideal form, democracy increases the political involvement of the citizenry, facilitates deliberative consensus building, promotes public

\(^3\) Within a governmental context, decentralization can be administrative, fiscal, and political. Administrative decentralization transfers administration of social services to lower levels of government. This type of decentralization may or may not include decision-making power. Fiscal decentralization grants fiscal autonomy to lower levels of government, particularly for revenue generation. Finally, political decentralization creates opportunities for elections and political autonomy in lower levels of government (Fung & Wright, 2001).
policy that benefits society, and attempts to ensure that all citizens reap the benefits of societal wealth (Fung & Wright, 2001). Democratic institutions have come to consist primarily of bureaucratic administrators, technocrats, and territorially elected representatives. These institutions, however, have repeatedly failed to solve the most intractable problems of the 20th and 21st centuries and enact the ideals of democracy (Bevir & Trentmann, Governance, Citizens, and Consumers: Agency and Resistance in Contemporary Politics, 2007).

Empowerment through democratic processes has become secondary to particular economic and political outcomes, complicating the relationship between development and democracy. Indeed, three of the most dramatic cases of economic development over the past 50 years, Singapore, South Korea, and Chile, all experienced periods of authoritarian rule coupled with high gross domestic product growth. Chile is interesting in particular as the military coup and subsequent rule of Pinochet from 1973-1990 took place with direct support from the United States government and the ideological support of US neoliberal academics, particularly from the University of Chicago. Across the developing world, neoliberal institutions such as the International Monetary Fund have provided loans on the condition that governments pare down and promote free market policies, prescriptive decisions made without public participation. Though these policies, have exacerbated inequalities within and between countries, they have also created spaces for social movements and non-governmental organizations to function (Babb, 2005). In developed, democratic societies, on the other hand, public participation has increasingly become a governance tool to build supportive networks for policies and political agendas, rather than what Bevir (2006) calls a "radical democratic experiment." This has been a
product of new institutionalism, which has reacted to the perceived failures of bureaucracy by promoting networks, rather than markets as a means of organization.

Given this information, it is important to recognize that decentralization, in and of itself, is not the same as democratization. While democratization may be an important outcome of decentralization, it is not a given. For example, though touting decentralization, neoliberalism has largely separated itself from an emphasis on politics, democratic participation, and local capacity, focusing instead on technical aspects of deregulation, efficiency, decreased spending, and privatization (Fung & Wright, 2001). Thus, if empowerment is to be a by-product of decentralization, the method of decentralization must be linked to democratic participation.
III—History and Context

Dictatorship and Development

Across Latin America, democracy and development have had a tenuous relationship. Indeed, many nations experienced periods of dictatorship as their economies grew and modernized throughout the 20th century. Brazil was no exception. Following World War I, Getulio Vargas seized power with the help of the military. His dictatorship lasted from 1930 to 1945, and he was democratically elected to the presidency in 1951, a term that ended with his 1954 suicide. Vargas was a corporatist and an industrialist who battled landed interests to bring Brazil into the urban industrial age. During the course of his leadership, Brazil experienced rapid growth and industrialization coupled with the establishment of pro-labor policies including minimum wage laws and maternity leave (Loewenstein, 1973).

More relevant to this thesis, however, was the 1964 military coup that unseated the democratically elected President João Goulart. Goulart not only had strong ties to the political left, but also was the head of the labor party. At the time, the economic policies of labor populists were focused on economic nationalism, manifested as import substitution industrialization (ISI). By the time of Goulart’s deposition, ISI had become unpopular with the middle classes and the Brazilian economy had become highly unstable. Economic instability stemmed from several factors. Goulart’s increasing association with the radical left throughout his term decreased the confidence of domestic and foreign investors and international finance organizations. Lack of investment decreased the growth rate of the economy, while Goulart spent increasing amounts of
state money on popular projects to garner support. The budget deficit contributed to a rapid rise in inflation, which reached 75% in 1963. Though largely political, it was under the pretext of stabilization that the military seized power in 1964 (Cohen, 1987).

Beginning with Vargas and continuing through the second dictatorship, industrialization led to massive rural-to-urban migration across Brazil, particularly during the 1960s and 1970s. While manufacturing drew people to the cities, people were also pushed off rural land as the result of agricultural industrialization. Although agricultural mechanization improved efficiency and food supply, it also reduced the need for manual labor and out-competed small farmers through economies of scale. Brazilian cities did not have the infrastructure to handle this influx, nor did they have enough jobs to match the supply of labor, a situation that led to mass unemployment and the rapid growth of urban slums (Welch, 2006).

As urban and rural problems grew, formal political avenues for citizens were simultaneously repressed by the regime. In response to this repression, citizens turned to alternative pathways for expression. The Catholic Church was one of the few spaces exempt from government interference and became a locus, via ecclesial base communities (CEBs), for political dissent and the provision of services and institutions denied by the government (Cavendish, 1994). Neighborhood resident’s associations also became popular during this time. These associations brought locals together to pursue neighborhood interests, and to demand infrastructural improvement, public services, and the like. These are only two examples of a multitude of civil organizations that emerged during the military dictatorship, especially in its later years (Hagopian, 1990). Indeed, the 1970s and 1980s saw the development of new social movements across Latin
America. These movements focused on issues such as health, urban infrastructure, and housing and played a crucial role in the democratization of Brazil with the help of leftist intellectuals, activists, and community organizers in the Catholic Church (Neiva, Braz, & Tsukumo, 2013). It was in this climate of grassroots democracy that the residents of Conjunto Palmeiras began to organize, and the seeds of the organization that would become Banco Palmas were planted.

**Conjunto Palmeiras in Context**

The history of the neighborhood begins in 1973, when Fortaleza’s municipal government implemented a policy designed to promote tourism and increase land value in the city center. The city accomplished these goals by removing favela residents from prime central and coastal zones of the city and relocating them to the edges of metropolitan area (Jayo, Pozzebon, & Diniz, 2009). The municipal agency that implemented this policy, the Fundação para o Serviço Social de Fortaleza, subdivided the outlying suburban lands and allocated plots to families through a lottery system (De Castro, Dunleavy, Makino, Salazar, Wood, & Zepeda, 2010). The allocated land was not urbanized, meaning it lacked public services such as electricity, sanitation, running water, and transportation, and it was far from schools, hospitals, banks, and other necessary facilities. Removal from the coast also made it impossible for most communities to continue their primary livelihood, fishing. Conjunto Palmeiras was one of the neighborhoods created in this process.

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4 Favelas are publically owned lands that are privately subdivided and occupied.
5 Fortaleza Social Service Foundation
There was little organization of civil society in Conjunto Palmeiras until the formation of the Associacao dos Moradores do Conjunto Palmeiras (ASMOCONP) in 1981. ASMOCONP led the fight for public services in Conjunto Palmeiras by staging protests and lobbying the local government (Jayo, Pozzebon, & Diniz, 2009). By 1988, the city had connected the neighborhood to the public water supply and added electricity and streetlights.

Struggling to gain further support from the local government, ASMOCONP formed a partnership with the publically owned German development corporation, German Organization for Technical Cooperation (GTZ), in the early 1990s. GTZ offered both money and technical assistance to help ASMOCONP build a sewage system, improve drainage, and pave the roads (Jayo, Pozzebon, & Diniz, 2009). Despite improvements in the neighborhood infrastructure, the residents of Conjunto Palmeiras remained deeply impoverished. A 1997 ASMOCONP survey found that 75% of adults were illiterate and 90% of families received less than two minimum wages monthly.

The mismatch between infrastructure development and average income caused many families to sell their homes and leave the neighborhood, as they were not able to pay their utility fees (Jayo, Pozzebon, & Diniz, 2009). Indeed, the persistence of extreme poverty and socioeconomic inequality despite improvements in infrastructure and democratization was an issue across Brazil. The national economy had been damaged with the debt crisis in the early 1980s, followed by run-away inflation into the early nineties. The neoliberal policies designed to cope with these economic struggles stymied the potential of social victories won in the 1980s by cutting back state funding and loosening labor laws (Neiva, Braz, & Tsukumo, 2013).
Figure 1: Fortaleza, Brazil

Source: Google Earth, modified by the author

Figure 2: Conjunto Palmeiras, Fortaleza

Source: Google Earth, modified by the author
With unemployment and monetary inflation on the rise, the Brazilian government instituted the Plano Real in 1994. This macroeconomic policy worked to control inflation and stabilize the economy and ultimately eased the way for international banks and financial institutions to globalize the Brazilian market. While improving overall efficiency in the Brazilian banking system, this process also widened the economic disparity between those who had access to banking services and those who did not (Contel, 2009).

**Banco Palmas**

As the result of a series of ASMOCONP meetings beginning in January 1997, the residents of Conjunto Palmeiras decided to start a project that would generate income and trade *within* the neighborhood (Melo Neto Segundo, 2003). This project became Banco Palmas, which was inaugurated in January 1998 (Melo Neto Segundo & Magalhães, 2008). Banco Palmas is the first community organized bank in Brazil (Melo Neto Segundo, 2009). The initial investment in the bank of R$2,000, came from Cearah Periferia, a local non-governmental organization (NGO). Soon, the bank was able to collect R$30,000 worth of funds from a variety of other NGOs, both local and international. This second wave of funds was intended specifically for making microcredit loans (Jayo, Pozzebon, & Diniz, 2009).

Banco Palmas is a community development bank (CDB). As a CDB, it offers microcredit and other micro-financial services, but can be distinguished from a microfinance institution (MFI) in that microcredit is only one part of a larger set of activities the bank undertakes to sponsor local development (Jayo, Pozzebon, & Diniz,
The second meeting of the Network of Brazilian Community Banks, identified the goals of a CDB as follows:

"Promote the development of low income areas, through the encouragement and creation of local production and consumption networks, based on the support of the economic initiatives by the Solidarity Economy and its diverse scope such as: socio-productive enterprises, service provider, support for commercialization (markets, solidarity fairs) and consumer organizations" (Melo Neto Segundo, 2009).

The goal of a CDB is to focus on sustainable development of the community as a whole and not to commercialize or seek profits, as any profits come at the expense of the clientele (De Castro, Dunleavy, Makino, Salazar, Wood, & Zepeda, 2010). In this sense, CDBs are strongly community oriented, moving beyond a focus on individual success. There is a democratic and participatory element to this process as well. Until recently, ASMOCONP sponsored a monthly Local Economic Forum (FECOL), open to residents, entrepreneurs, local officials, and anybody interested in discussing the state of the local economy, the direction of the neighborhood, and what kinds of businesses the bank should invest in (Jayo, Pozzebon, & Diniz, 2009).

As Banco Palmas developed, there was a broader debate in the federal government about the relative merit of CDBs versus MFIs, respectively integrated or minimalist. The minimalist, "finance-oriented" approach focuses solely on the provision of financial services, while the integrated "development-oriented" approach provides additional and complementary non-financial services (Jayo, Pozzebon, & Diniz, 2009). The government ultimately chose to focus on the minimalist model for regulatory purposes and, starting in 1999, began to launch programs to support and promote MFIs. As the government created new incentives for microcredit with the
National Program for Oriented and Productive Microcredit (PNMPO), a diverse set of players entered the microcredit market including both non-profits and commercial banks (Soares & Melo-Sobrinho, 2007). Though MFIs have grown substantially in Brazil, Banco Palmas continues to promote and pursue the CDB model.

Banco Palmas is legally classified as a Civil Society Organization of Public Interest (OSCIP) (Melo Neto Segundo, 2009). To promote local economic development, Banco Palmas has pursued four primary activities: microfinance, social currency, professional training, and mapping local production and consumption (Jayo, Pozzebon, & Diniz, 2009):

Micro-financial Services

As of 2002, 70% of Brazil’s population lacked a bank account, and of potential microfinance users, only 2% had access to these services (Oxford Microfinance Initiative, 2012). Banco Palmas offers a number of micro-financial services including credit and insurance to cope with this deficit in banking services in Conjunto Palmeiras. Banco Palmas, and other CDBs, offer below market interest rates that can be progressively tailored to the financial capacity of the client so as to subsidize those with the lowest incomes (Melo Neto Segundo, 2009). The bank uses this as an opportunity not only for subsidization, but to actively develop a sense of solidarity and mutual support within the community. Along these lines, any income from the credit operations is reinvested in the neighborhood.

Credit can be offered to both individuals and groups to stimulate production and consumption in the neighborhood. One of the methods Banco Palmas uses to verify the
trustworthiness of the recipient is to ask for a letter of support from neighbors and/or a local community organization. This method encourages those seeking credit to get involved in the social life of the community and maintain good relations with their neighbors, and allows the community to guide the distribution and focus of the loans (Melo Neto Segundo, 2009).

**Social Currency**

Banco Palmas circulates a social currency that is recognized and used locally (Melo 2009). The idea behind the currency is to “dam” the flow of ideas, people, and money that previously passed through the community and instead create a new, community-based economy by circulating resources within the neighborhood. The currency, called the Palmas, is pegged one-to-one to the Brazilian Real. For each Palma in circulation in Conjunto Palmeiras, Banco Palmas holds one Real in reserve. Consumption loans are given fully or partially in Palmas, which can only be spent within the neighborhood. Incentives exist to use Palmas, including discounts at local stores, and a 2% administration fee to exchange the Palmas for Reals (Jayo, Pozzebon, & Diniz, 2009). The currency is legal and is not designed to replace or compete with the national currency, but to complement it.

**Professional Training**

Professional training courses are offered by Banco Palmas to enable community members to acquire workplace and entrepreneurial skills so they may make the best use of the loans they are given (Jayo, Pozzebon, & Diniz, 2009). Professional training
programs have included Bairro-Escola (Neighborhood School) and Academia de Moda (Fashion Academy). The goal of Bairro Escola, initiated in 2005 and funded by the Inter-American Foundation, was to capacitate young people and make it possible for them to generate independent and sustainable income. The program included education about economic solidarity, the history of the neighborhood, and business management, followed by an internship at a local business. Through this internship, participants gained practical experience and potential employment opportunities. Academia de Moda had similar training objectives, but was designed for young women, teaching them skills such as tailoring, sewing, design, and marketing. Completing the course made participants eligible for loans to start their own businesses (Jayo, Pozzebon, & Diniz, 2009). Under the umbrella of professional training and social entrepreneurship, Banco Palmas has also hosted several ASMOCONP-founded solidarity businesses including PalmaLimpe (cleaning products), PalmaFashion (sewing factory), PalmaNatus (natural soaps), and PalmaArte (handicrafts) (Jayo, Pozzebon, & Diniz, 2009).

Local Consumption and Production Map

Banco Palmas produces an annual local consumption and production map. This map displays survey information gathered from the community and shows consumption patterns by household. The survey is designed to help Banco Palmas identify where there are surpluses and deficits, and use this information to appropriately target their investments. In this sense, the map reflects the comprehensive nature of Banco Palmas’s work, as they look beyond the needs of the individual entrepreneur to determine what is best to promote community development as a whole (Jayo, Pozzebon, & Diniz, 2009).
Instituto Palmas

As Banco Palmas grew, so did its networks and operations outside the neighborhood of Conjunto Palmeiras. By 2003, the bank had grown substantially enough that the leadership of ASMOCONP and Banco Palmas decided to create Instituto Palmas, the Palmas Institute. The institute would focus on issues outside of the neighborhood and would not fall under the decision making power of ASMOCONP, allowing the residents association to focus solely on neighborhood issues.

The mission of Instituto Palmas is to spread the Banco Palmas model to other communities across Brazil (De Castro, Dunleavy, Makino, Salazar, Wood, & Zepeda, 2010). The institute is an umbrella organization that helps new community banks form by offering legal and organizational assistance, including notifying the central bank of new social currencies, training staff, and providing general consulting services. To date, Instituto Palmas manages a network of 103 community banks across Brazil including 37 in its home state of Ceará (Instituto Palmas, 2013). These banks are most often conceived of and implemented by a local municipality or several community leaders. They normally do not arise out of the same community-led participatory processes as the original Banco Palmas.

Instituto Palmas and Banco Palmas share a director, Joaquim, and a core leadership. Though the Institute was created after the bank, the leadership considers the bank to be one of many projects of the Institute. Thus, the organizations are sometimes referred to collectively as Instituto Banco Palmas. An organizational chart for Instituto Banco Palmas is presented in Appendix B.

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Around the time of Instituto Palmas’s formation, Brazil was implementing a broader set of measures designed to promote microfinance initiatives. Interestingly, it is the federal government that has taken the lead in sponsoring some of the most important reforms in the last decade. In 2001, the National Bank of Economic and Social Development (BNDES) created an institutional development program focused on microcredit organizations. In 2002, the Central Bank of Brazil hosted the first National Seminar of Microfinance. In 2003, the federal government formed the National Secretariat of Solidarity Economy (SNEAES) and held the Forum for the Solidarity Economy. SNEAES, situated within the Ministry of Labor and Employment, provided the institutional space for a number of micro-financial initiatives that had been building momentum since the 1990s (Neiva, Braz, & Tsukumo, 2013). Furthermore, steps were taken to bring larger banking institutions into the microfinance fold. These measures included the creation of the simplified bank account and the requirement that banks transfer of 2% of demand deposits to microcredit programs (Diniz, 2007). Legislation was also passed to allow non-profit OSCIPs to provide credit services and to create credit societies for micro-entrepreneurs (SCM) regulated by the Central Bank (Neiva, Braz, & Tsukumo, 2013).

These policies are indicative of the monumental shift in Brazilian politics that occurred with the 2003 inauguration of President Lula da Silva. Lula represented the Worker’s Party (PT), a party formed by the labor movement with roots in the struggle against the military dictatorship (De Castro, Dunleavy, Makino, Salazar, Wood, & Zepeda, 2010). Lula’s government enacted or expanded upon a number of social polices,
the most important of which was Bolsa Familia\textsuperscript{7}, one of the largest welfare programs in the world.

Responding to the expansion of institutional space for microcredit, Instituto Palmas signed an agreement with SENAES and the Banco Popular do Brasil, a subsidiary of Banco do Brasil, in 2005. This agreement gave all CDBs under Instituto Palmas’ umbrella the right to act as a banking correspondent for Banco Popular do Brasil and access a credit portfolio of R$700,000 (De Castro, et al. 2010; Neiva, Braz and Tsukumo 2013). Correspondent services included bank accounts, withdrawals and deposits, and bill payments (Neiva, Braz, & Tsukumo, 2013).

In 2010, Instituto Palmas also began to work directly with the public bank Caixa Econômica Federal to provide correspondence services and with BNDES to build its credit portfolio through access to a R$3,000,000 loan (Neiva, Braz, & Tsukumo, 2013). The work with Caixa Econômica Federal allowed Instituto Palmas to target their services toward Bolsa Familia recipients. Enabled by Instituto Palmas’ relationship with Caixa and recognizing the ongoing difficulties faced by women in the Bolsa Familia program, Banco started Projeto ELAS in 2011. Now one of the bank’s primary initiatives, Projeto ELAS is designed to supplement Bolsa Familia cash transfers with programs to train and mentor women and help them build social support networks in the community (Oxford Microfinance Initiative, 2012). Projeto ELAS has since replaced most other community development programs at the bank (Instituto Palmas, 2013).

\textsuperscript{7} Structured as a conditional cash transfer (CCT) program, Bolsa Familia aims to alleviate the immediate effects of poverty and inequality with cash transfers, to break the cycle of poverty transmission between generations by emphasizing human capital development, and to empower recipients by providing complementary services such as health education. Today, Bolsa Familia covers over 12 million families and represents more than 0.5 percent of Brazil’s GDP (Hall 2008; Duffy 2010).
Finally, Instituto Palmas is collaborating with the Indian internet technology firm, Mahiti. The goal of this collaboration has been to form an open source software system for data collection and management. These operations take place in a new technology division of Instituto Palmas, PalmasLab. Currently, the lab is focused on creating a cellphone surveying system that can be connected to a live map using Ushahidi, an open-source mapping software (Instituto Palmas, 2013).
IV—Legitimacy Struggles

Three young men in their late teens or early twenties walk into the bank and wait to be helped. One of them says he wants to open a bank account. The tension in the office is palpable and the staff is eyeing the men suspiciously. *Does anybody recognize these kids? Should we call the police?*

The bank experiences periodic robberies. Before the violence in Fortaleza spun out of control, all the banking operations took place in a large multipurpose room. Customers could walk up to a window to complete their transactions. The loan officers still occupy that space, but the banking operations have been moved next door to what used to be the gift shop. Customers are now separated from the teller by a thick concrete wall with a small hole, roughly 6 inches in diameter, to complete the transaction. The setup allows for small number of people to wait in line inside. The rest wait outside in the bright sun and tropical heat, many bring umbrellas for shade. This unfortunate set up is a less expensive option for the bank than paying for full-time security.

 Conjunto Palmeiras has nearly doubled in size to over 40,000 residents since the founding of the bank. Driven by a combination of drought, a macroeconomic downturn, and rural poverty in the Brazilian northeast, this migration to the neighborhood has coincided with an explosion of violence in Fortaleza. Fortaleza is listed as the 13th most dangerous city in the world with a 2012 murder per capita rate of 66.39 (Taylor, 2013). Low-income neighborhoods have been hit particularly hard by the surge in violence.

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8 Personal communication with Asier. June 6, 2013.
9 Personal communication with Asier. November 25, 2013.
The situation with the three young men was diffused when Enio Marquez, director of a local dance group and frequent collaborator with the bank, recognized the teens. They were not there to rob the bank and the police were not called. This event, however, speaks to a larger problem of a growing and changing neighborhood and the way the bank interacts with new generations of residents.

Banco Palmas is focused on territorial development. Its projects are designed to promote development and economic inclusion within the borders of the neighborhood. The fact that the Banco Palmas considers itself a community development bank implies that community and neighborhood are synonymous in Conjunto Palmeiras in Banco Palmas’s original mandate. However, these terms appear to be increasingly perceived as distinct for Banco Palmas in the context of modern day Conjunto Palmeiras. Many people in the neighborhood are either unaware, or only vaguely aware of what Banco Palmas is and the programs and services it offers. Indeed, the women who participate in Projecto Elas are tasked with informing other women about the program and the bank services. Joaquim recognizes neighborhood outreach as a major challenge. Though the bank attempts to spread the word and offer events that will draw large crowds, they have failed to reach the entire neighborhood and appear to operate largely within certain limited circles of residents tied to previous Banco Palmas members.

In a neighborhood as large and changing as Conjunto Palmeiras, it would be unreasonable to expect uniform knowledge about Banco Palmas and access to its programs and services. However, the limits of the bank raise a critical question about the legitimacy of the bank in the neighborhood. How do the changing relationships of scale

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affect the bank’s ability to effectively engage with, and thus legitimately represent the neighborhood? This question will be examined through two lenses after a brief review of legitimacy as a concept. The first lens focuses on how scale affects the inter-organizational relationships between Palmas and ASMOCONP and how, in turn this inter-organizational dynamic affects community engagement. The second lens focuses on Banco Palmas’s methods of engaging new members.

Legitimacy

Just as it is important to understand what empowerment is and how it works, as outlined in Chapter 2, it is also important to understand the sources of legitimate power. The assumption made here is that an organization like Banco Palmas cannot empower its constituents if it, itself, is not considered a legitimate vehicle of power. Suchman (1995) offers a broad and inclusive definition of legitimacy as “a generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, value, beliefs, and definitions.”

Though legitimacy is usually applied to states, it is a relevant concept for development NGOs as they seek to provide services and build democratic structures in communities. ASMOCONP, Banco Palmas, and Instituto Palmas reflect, in their own way, three generations of development NGOs outlined by Korten (1990). The first generation of development NGO focuses on emergency relief and welfare in situations of high need. ASMOCONP arose as a neighborhood-led, participatory relief effort for the community in its early years, securing the provision of improved sanitation, healthcare, and other vital services. The second generation of development NGO shifts the focus
away from immediate needs and moves toward more sustainable approaches to
development that involve capacity building, democratic participation, and a focus on
community self-reliance. These goals are reflected in the mission and design of Banco
Palmas. The third generation applies the same sustainability goals, but looks beyond the
community to affect regional and national policy and institutions, much like Instituto
Palmas. These three generations, existing more-or-less simultaneously in Conjunto
Palmeiras, must be conscious of their legitimacy status as they attempt to work at
multiple scales.

Atack (1999) distinguishes two primary types of legitimacy for NGOs. The first
is what he refers to as formal-procedural legitimacy. This form of legitimacy depends on
the ability of the organization to represent its constituency and not be overtaken by
upward accountability to donors or lenders or internal rifts in power or strategy. It also
depends on the ability of the organization to retain its core values in the face of growth.

The other category of legitimacy identified is substantive-purposive. This form
of legitimacy speaks to the effectiveness of the NGO and the results it is able to achieve.
A key element of effectiveness is empowerment. Particularly for second and third
generation NGOs that focus on capacity building and sustainable development, public
participation in decision-making should be an end in itself, not only a means for
improved project efficacy (Atack, 1999).

Inter-Organizational Struggle and Legitimacy

To understand the inter-organizational struggles of the bank, the institute, and the
resident’s association, their separate functions should first be reemphasized. Banco
Palmas was created by the resident's association to accomplish local economic development through the provision of financial services and territorial development programs. Instituto Palmas was created by the bank and the resident's association in 2003 to spread the Banco Palmas model to other communities and allow ASMOCONP to focus on neighborhood issues. With its primary mission focused outside of Conjunto Palmeiras, the institute does not fall under the decision-making power of ASMOCONP and has evolved into the over-arching institution. Marinete, one of the former presidents of ASMOCONP and long-time community leader described the bank as a project of the institute\(^\text{12}\). The leadership at the bank supported this understanding.

Within the community, ASMOCONP has traditionally taken the lead on social activism and organizing. It was ASMOCONP that led the fight for water, drainage, and electricity in the neighborhood and it continues to push for health, security, sanitation, and other services. Banco Palmas represents the financial inclusion aspect of ASMOCONP's fight for what they refer to as the "habitability" of the neighborhood\(^\text{13}\). In this sense, Banco Palmas as it exists today is not a political or activist organization like ASMOCONP, rather it exists to provide a needed service.

Though the distinct roles of the organizations are nominally clear, there were clearly struggles underway that were centered on the implementation of these roles in the community. These struggles have implications for the legitimacy of Banco Palmas in the neighborhood on both the substantive-purposive and formal-procedural levels. Indeed, the scaling up of Banco Palmas and Instituto Palmas has led to an increase in power over ASMOCONP in recent years. Although the author does not attempt to place relative

\(^{12}\) Personal interview with Marinete. July 17, 2013.
\(^{13}\) Statement by Socorro at the organizing meeting for the “Grito de Conjunto Palmeiras, Jangurussu e Ancuri”. July 17, 2013.
value on the contribution of each to the neighborhood as independent entities, their
difficulties navigating shifting power and roles in a way that allows them to effectively
engage with and complement each other has several impacts for their legitimacy. First,
these struggles affect their ability to reach out to the community and work toward
meaningful engagement. One specific point of tension arose over discontinuation of the
monthly local economic forum (FECOL). Second, the internal politics and
organizational structures have diminished the decision-making role of ASMOCONP at
Banco Palmas. Both of these threaten the democratic participation that the work and role
of the bank as a development organization is premised on.

Substantive-Purposive

Banco Palmas draws legitimacy from effectiveness, a major element of which is
participatory engagement and empowerment. While the bank may continue its capacity-
building programs and training, the onus is also on the bank to provide a space to practice
the exercise of those capacities. With the decline in shared decision-making enabled by
community events such as FECOL, participatory engagement may be at risk.

Investigating the discontinuation of FECOL produced ambiguous results. Both
Joaquim and the leadership of ASMOCONP suggested there was a lack of community
interest in participation. However, there appeared to be more than their answers would
suggest. Indeed, not only was lack of interest a dubious claim when set against ongoing
nationwide protests, but Enio Marquez, the director of the local dance group Corda Pes
and an important youth leader in the neighborhood, indicated there was still a lot of

14 FECOL was designed as a forum for the community to discuss local economic issues, review the state of
the neighborhood, and propose solutions. Though hosted by ASMOCONP, Joaquim played a major role in
the meetings.
interest in FECOL from young people in the community and that restarting the meetings would be a good way to reinvigorate youth participation\(^{15}\).

In addition to citing a lack of interest, Socorro, the current president of ASMOCONP, claimed that meetings to organize the protest “Grito de Conjunto Palmeiras, Jangurussu e Ancuri” were a FECOL equivalent\(^{16}\). However, the “Grito” meeting was very different from a FECOL meeting I attended in November 2010. Though normally held in the Banco Palmas/ASMOCONP space, the FECOL meeting was held at a local soccer field where a child had recently been killed by a stray bullet. Joaquim chose to host the meeting there so the community would not begin to see that field as a dangerous space. Joaquim began by introducing all of the groups present at the meeting and then allowed people up to the microphone to talk about upcoming community events. Residents spoke about the state of the community as a whole, discussing problems and proposing solutions. Proposals were put to a vote. About 40 to 50 people attended the meeting. Even more people stood off to the side of the meeting, not participating but observing. Many of those in attendance were young. Though they were not the primary speakers, they were there nonetheless. FECOL was clearly a popular participatory and social event.

The setting for the “Grito” meeting held on July 17, 2013 was very different. Hosted at the bank, the meeting was attended by only 16 people over the course of the evening, including the organizers. Most in attendance looked over the age of forty-five, with only two women who appeared to be in their late twenties. Bate Palmas\(^{17}\) members knew about the meeting but were not interested in going, though those same members

\(^{15}\) Personal interview with Enio. July 18, 2013.
\(^{17}\) Bate Palmas is a youth percussion band that began as part of a Banco Palmas program.
frequented FECOL in the past. It is clear that the ASMOCONP and Banco Palmas had fallen short in their attempts to create meaningful spaces for broad community participation in decision-making.

**Formal-Procedural**

In addition to offering forums for community participation, the involvement of ASMOCONP in decision-making at the bank is also relevant to the bank’s legitimacy. Socorro and Marinete both noted that ASMOCONP is no longer involved in any significant way in the decision-making processes of the bank. Rather, as Socorro put it, “the decisions are Joaquim’s”\(^{18}\). Indeed, if we widen our lens beyond the substantive-purposive elements of legitimacy to include the formal-procedural, we can begin to understand suboptimal outcomes, such as the lack of shared decision-making with ASMOCONP and the community, as products of relationships and power dynamics between the organizations as well as with external institutions.

Both Joaquim and Socorro expressed the perspective that bank and ASMOCONP have clearly defined roles in Conjunto Palmeiras\(^{19}\). Ideally, the bank addresses economic issues in the neighborhood whereas ASMOCONP is responsible for organizing around community needs. These roles are complimentary in that the participatory structures that support decision-making at the bank should be driven by ASMOCONP’s organizing efforts. Thus, the growth of the bank and the institute should not intrude, in theory, on ASMOCONP’s realm.

These roles make sense if ASMOCONP is, in fact, a powerful community

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\(^{18}\) Personal interview with Marinete. July 17, 2013  
organizer committed to the perpetuation of community participation at the bank and in other realms. However, though ASMOCONP was the original source of community leadership and created Banco Palmas, the bank and the institute have since eclipsed it in local and non-local power. As the bank and the institute grow, they have an ever-increasing ability to offer courses, events, and microcredit loans. Furthermore, the bank has a very clear philosophy it spreads to residents through these programs and events. This philosophy, based on the principles of economic solidarity, lends a sense of cohesion to the diverse operations of the bank and the institute while it also works to politicize and capacitate residents. The more services Banco Palmas offers, the more they expand their reach and influence in the community and beyond. As a result of this and other factors, ASMOCONP has largely lost its organizational hold on the community. However, rather than adjusting strategies to compensate for the shift in organizing power, ASMOCONP and Banco Palmas have struggled to retain a semblance of the old roles.

First, ASMOCONP continues to claim authority over the bank, though, in actuality, they have almost none. Socorro, for example, re-framed the history of the bank. In her view, Banco Palmas was not only created to support the community, the story most often told, but also to give financial support to the ASMOCONP activities. Even the founding of the Institute was intended to fortify these resources for ASMOCONP. Today, ASMOCONP is struggling to finance their activities. Based on the principles of economic solidarity, Socorro argued, one organization should not grow to the detriment of another. In other words, the bank and the institute should be offering greater financial support to ASMOCONP.

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Marinete, also revealed tension over financial support, manifested as a spatial claim. The space where the bank has its offices was built by ASMOCONP and belongs to ASMOCONP, though the residents now refer to the space as “the bank.” The bank and the institute, Marinete argued, are tenants and should be paying rent and utilities to ASMOCONP.

Regardless of the merit of these claims, there is an element of irony in ASMOCONP’s complaints. In the interviews, the ASMOCONP leadership attempted to stake a claim over Banco Palmas. However, if ASMOCONP created the bank and they designed it to serve their needs, why are they unable to extract sufficient funding from the bank? By announcing these claims rather enacting them, they are, in turn, acknowledging that they no longer have substantial power in or over the bank.

Second, despite the fact that it has substantial resources and convening power, Banco Palmas has neither taken on the role of community organizer in place of ASMOCONP, nor sufficiently supported ASMOCONP with the resources and legitimacy it needs to regain that role. Rather than organizing for serious community participation at the bank, the staff has focused on their projects and programs.

It is clear the staff at the bank and the institute is stretched extremely thin, particularly at the managerial level. While the banking operations are fairly stable, the leaders continue to have a very opportunistic attitude toward projects and programs. The Institute is consistently seeking out new collaborations, applying for new grants, accepting new researchers and interns, and rarely says “no” to a proposal or opportunity though many of these opportunities and projects will never come to fruition.

This ad hoc managerial approach and extensive focus on projects and programs

\[21\text{ Personal interview with Marinete. July 17, 2013.}\]
occurs to the detriment of including other parties, whether these be community members or ASMOCONP leaders, in the decision-making process\textsuperscript{22}. Indeed, most key decisions at the bank are made by groups of less than five people, all of them chief managers or coordinators at the bank and the institute\textsuperscript{23} (see Appendix B). These individuals are not directly accountable to the neighborhood, as they are not elected representatives.

Ultimately, for Socorro, these struggles come down to a question of what type of organization the bank hopes to be. If the bank does not seek to strengthen ASMOCONP, financially and otherwise, it will become just another financial institution, functionally abandoning its values of economic solidarity and community development. In other words, failing to support ASMOCONP as community organizers threatens the legitimacy of the bank and the institute as community-led development organizations. The \textit{ad hoc} decision-making structure, the overwhelmed staff, and the tenuous relationship with ASMOCONP leave no time or structure for organizing quality community participation in Banco Palmas.

\textsuperscript{22} Personal interview with Asier. June 13, 2013.
\textsuperscript{23} Personal interview with Asier. June 13, 2013
V—Structures of Empowerment and the Legitimacy of Newcomers

Issues of Engagement

The ongoing struggle to retain substantive-purposive legitimacy, or effectiveness via empowerment, not only manifests itself with those already long involved with the bank, as discussed in the previous chapter, but in the ability of the bank to engage new participants, particularly young people. Set in the context of the Brazilian protests, one of the most striking elements of the protest planning meetings was the lack of young people in attendance, much less in leadership positions.

At the meeting for the “Grito de Conjunto Palmeiras, Janguruussu e Ancuri”, there were few people in attendance and only two appeared to be less than 30 years old. At another meeting at Instituto Palmas on July 9, 2013, there were approximately 40 people in attendance, including young people from the Consultores Comunitárias course and women from Projeto Elas. Joaquim led the meeting, which addressed the role of economic solidarity in the protests. Though the meeting was intended to foster group discussion by presenting questions to all and leaving the floor open, the discussion was dominated in large part by senior bank staff and ASMOCONP leaders.

This lack of engagement suggests that most people do not either feel entitled to or comfortable with expressing their views at these meetings in the presence of older leaders and organizers. My attendance was also not a neutral factor. When asked about the meeting, one of the Consultores Comunitárias students recalled asking his professor: “Nearly everyone spoke, why didn’t the American speak?” in reference to my presence.24

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This comment is telling on two fronts. First, he had the impression that “nearly everyone” spoke, when the majority of people did not speak. This reinforces the impression that only certain people were expected to or realistically entitled to speak. Second, he expected me to speak, crediting me with a level of unearned authority as a foreigner. In both of these interpretations, the young man is willing to take a back seat to individuals he sees as having a more legitimate claim on active participation in the meeting. The experience was similar when interviewing Glau, a female loan officer at the bank. She, who was reported to be very outgoing and opinionated, was clearly very shy about giving an interview and took some cajoling. When speaking with me, she hardly spoke above a whisper and gave short, agreeable answers. While there are several potential explanations for this shyness, one explanation is an adverse psychology of scale. That is, the presence of foreign or non-familiar persons affects an individual’s feeling of power or legitimacy and in turn affects their ability in participate and interact effectively.

When speaking about the participation issues at the bank, Joaquim argued:

“Here, very little effort is necessary for any resident of the neighborhood to speak with me. He just has to be down there at the gate. The model as it is formed is by itself participatory. It is hard not to be. It stays in the community. How is it that people participate? Par excellence, by the shape the bank takes, it is already participatory.”

While this may be the case, it is clear that leaving the door open and having a relatively flat hierarchy is not enough to foster genuine participation and develop participatory a base that grows in pace with the neighborhood.

Fostering Civic-Mindedness

In considering potential barriers to participation, the civic mindedness and political capacity of the individual play crucial roles. That is, in order to be an effective participant, an individual must have a civic consciousness and a willingness to address the needs and contribute to the welfare of the community. She also must be informed about relevant issues and feel some level of political efficacy. Particularly for marginalized groups, a critical element of civic mindedness and political capacity is group consciousness. Identifying with a group and tapping into a group psychology can help individuals overcome inhibitions and obstacles to participation they may otherwise face (Verba & Nie, 1972).

While the lending practices of the bank are notable for their community-building elements and reach a broader audience, the courses and programs the bank has sponsored over the years, such as Bate Palmas, instigate the most marked change in individuals. In fact, common themes that emerge when talking to and interviewing individuals who have participated in a variety of bank courses are a deeper understanding of economic solidarity, a growing interest in political issues, and growing self-awareness and self-confidence.

For Bate Palmas members in particular, participation in the organization resulted in an increase in self-esteem and the ability to see oneself as a productive actor rather than a passive victim of poverty. Kassia Silva de Oliveira, a long-time member of Bate Palmas, offered an excellent example. When she first arrived, she never spoke unless spoken to and would only give yes or no responses to questions. She stayed in the house, did nothing, and avoided engaging with other people. Kassia applied for Bairro Escola
de Trabalho and was accepted for the term that Parahyba, a local musician and the current
director of Bate Palmas, was teaching. Parahyba invited Kassia and some others to stay
and start a band. She agreed to join, but she was so timid she did not go to the first
performance. After five years in the band, Kassia became outspoken and involved in
both the band and the community. She now teaches private percussion classes, works
with children, and participates in other percussion groups. As Kassia said when asked
about her personal transformation, “Bate Palmas changed my thoughts in relation to
people, in relation to myself. I saw that I could do something for me and for other
people.” What Kassia described is the essence of empowerment.

Racial awareness and empowerment was also a theme among the Afro-Brazilian
members of the band. Another member, Rafael de Oliveira Frota, told me:

“I was a guy repressed by the color of my own skin. Before, I identified as black,
but I did not have knowledge about what it is to be black. Today (not only me but
the [other] Afro-Brazilian, members, I think) I express myself through art. We
show that we have value, that we are equal to each other, independent of the color
of our skin...today I perceive this. Before, I did not have this mentality.”

At the time, Rafael led a tin can band in his neighborhood, Conjunto Palmeiras II,
through which he taught children not only percussion, but about issues such as race,
vigence, citizenship, and community.

While the improvement in self-esteem and self-understood capability comes in
many forms for members of Bate Palmas and participants in other Banco Palmas courses
and programs, the term that best describes the mentality of these individuals is

convivencia. Convivencia is a term used often at Banco Palmas. Literally, convivencia means living together, and can be understood as a dedication to sharing and working as a group. More specifically, convivencia is a way of treating others with whom you share space, place, and ideas. The idea demands respect for the others as well as respect for the autonomous and unique self, and attempts to strike a balance between the two. Because of the spatial or mental proximity of convivencia, one is acutely aware of how one’s actions affect others. Therefore, it is both the responsibility of the individual and the group to hold a person accountable for his actions. Ultimately, convivencia reflects a strong spirit of interconnectedness and interdependence and is part of what drives the actions, behavior, and participation of young people involved in bank programs. The work of the bank and the institute allow residents to better understand their position in relation to society, the neighborhood, and the home. Convivencia is one manifestation of group consciousness.

Participants in Projecto Elas and Consultores Comunitárias expressed similar themes as the Bate Palmas members. One of the primary focuses for the women of Projecto Elas was gaining independence from oppressive home lives. They also cited a greater knowledge of and interest in politics, community activities, and personal economic activity and employment. The young people of Consultores Comunitárias learned the history of the neighborhood, became more politically conscious, and had a growing awareness of how economic inequality factors into the issues they confront in their neighborhood day-to-day.

Though Banco Palmas is not overtly political, the bank attempts to change how

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individuals think about their relationship to community and the community’s relationship to society by redefining the basis for economic interaction in the neighborhood. The bank and the Institute expand the ability of individuals and groups to imagine alternate futures in which they have economic and political agency as individuals and as a community. This speaks to the question of whether the failure of those who were not part of the core leadership to participate in the meetings stemmed from a lack of political consciousness and civic mindedness. Indeed, the bank and the institute appear to do an excellent job of politicizing people and encouraging them to reflect on their relationships to others and to institutions.

**Structures of Empowerment**

If political empowerment lays the groundwork for meaningful participation and action, why, then are the bank, the institute, and ASMOCONP struggling to engage newcomers and develop young leaders? To answer this question, one can look to the structures of empowerment these organizations employ, specifically via their methods of engagement. Indeed, as discussed in Chapter 1, agency, as a key component of empowerment, has both intrinsic and instrumental value (Alsop et al., 2006).

*Convivencia* addresses and promotes the intrinsic value of agency and empowerment. It must, however, be complimented with opportuniteis for its instrumental application so it to serve as a means to achieve certain ends. An appropriate opportunity structure for empowerment will ensure: (1) access to relevant information; (2) access to decision-making forums; (3) the ability to hold decision-makers accountable; and (4) some level of community organizational capacity (Narayan, 2002; Brinkerhoff, 2006). How best to
design and implement an appropriate structure to ensure the productive exercise of empowerment is a current and evolving question in Conjunto Palmeiras and is tied up in Brazilian political history and changing technologies.

The generation of organizers that created ASMOCONP and Banco Palmas learned their methods during the dictatorship and the decade that followed. In those days, the battles were over democratization and the provision of basic services. In an environment of severe political repression, organizing for sanitation, electricity, and other basic services, often led by residents' associations, was inseparable from politics. Indeed, when asked intentionally open-ended questions about the political role of Banco Palmas, several interviewees, including Joaquim, associated local politics with ASMOCONP and its fight for health and infrastructure:

"Locally, in the neighborhood, [politics] is the role of the association. We have to support (as we have always supported) the protests. We guide, we support, we suggest, but we do not initiate (this has to come from the association), because if we do, the bank turns into a social movement."\(^{32}\)

This statement illustrates the continuation of a strong association between politics and organizing for infrastructure, reflecting an outdated era when face-to-face community meetings or actions could be a political act in and of themselves. Meetings in Conjunto Palmeiras, reportedly attended by between 500 and 1000 residents offered a structure through which one could enact empowerment, political will, and agency to produce a desired result.

Today, the political landscape for community organizations is quite different. The issues have shifted to violence, public health, education, and bureaucratic corruption.

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\(^{32}\) Personal interview with Joaquim. July 18, 2013.
Not only do organizers operate within and in opposition to a different governmental system, but also they fight more diffuse battles that cannot be definitively won or lost. Scale is another issue on the political landscape for the Palmas organizations. After the above quote, Joaquim went on to say that he understands the political role of the institute to be influencing national policy on CDBs. This statement minimizes or even ignores issues of scale in politicization and action. That is, as highlighted previously in the chapter, although the bank plays a crucial role in personal politicization for residents, negotiation of national policy is not necessarily a suitable or feasible participatory space for most residents, or even the majority of the bank staff.

Side-by-side with these changes in issues, context, and scales, has been the advent of widespread Internet use and mobile technologies. Rather than meeting for hours in community spaces, residents communicate and collect knowledge through social media, the Internet, and cell phones. While attendance at traditional community meetings may be waning, citizens, in some cases, have a greater ability to participate in and influence decisions of importance to them, via the information resources and forums the Internet provides (Etling, Faris, & Palfrey, 2010; Schudson, 2008). This new realm of communication is something the bank and the institute hope to adopt in order to stay relevant. According to Joaquim:

"Those who do not ride this new wave will be completely estranged. They will have the sense that nobody is doing anything; that nobody is participating. I think the most intelligent neighborhood that will come out ahead is the neighborhood that creates an internal communication plan using these new medias"33.

ASMOCONP and the Palmas organizations are attempting to enter the era of digital communication. Neighborhood events and meetings are being advertised over social media. Even more, Instituto Palmas, via PalmasLab, has initiated a number of projects to integrate technology into their programs and data collection methods. PalmasLab is releasing a phone application that can send neighborhood survey data to a central server via SMS. This data can then be entered in an online interactive map available to the community. The lab is also starting a computer-programming course.

Though it can offer intriguing tools, technology alone is not an organizing solution to build connections between generations, nor does necessarily offer an adequate structure for empowerment. That is, the opportunities for empowerment the Internet may have greater intrinsic than instrumental value.

\textit{Intrinsic Value}

Internet is a powerful tool for decentralizing the provision and consumption of information, lowering the barrier of entry for citizen journalists focused on monitoring various governments, institutions, and corporations (Etling, Faris, & Palfrey, 2010). This fact has critical implications for empowerment, as access to knowledge is an important component of empowerment (Narayan, 2002; Brinkerhoff, 2006).

In addition to disseminating knowledge, social media, specifically, has facilitated the organization of protests, increasingly being referred to as “smart mobs.” From the #Occupy movement to the 2013 Brazilian Protests, social media has allowed people who otherwise do not know each other and are not necessarily connected to organized movements to rapidly coalesce for protests. Along these lines, the smart mobs have
trended toward inclusiveness and multiplicity of issues. This openness, coupled with sweeping mottos like “We are the 99%”, allows more individuals to identify with the movement on a personal level (Etling, Faris, & Palfrey, 2010).

Personalized politics may be understood as a reflection of widespread youth narcissism and individualism (Bennett, 2012). Marinete touched on this point, lamenting that young people in the neighborhood, including her own daughter, are self-centered and uninterested in collective action and community needs. The downsides of this narcissism, however, may be overplayed given the ability of individuals to network over the Internet. Indeed, low attendance at community meetings may be less important than it appears given the online engagement of the Conjunto Palmeiras youth. Although the sample is small, those young residents whom the author is “friends” with on Facebook consistently post articles, videos, and opinions about issues such as violence, displacement, and gender equality. Although individuals may be the central focus of their own networks, those networks facilitate the wide distribution and coproduction of knowledge across previously separated groups and communities (Bennett, 2012; Benkler, 2007). These networks also have a strong potential reach people beyond typical organizing and activist circles (Juris, 2012).

**Instrumental Value**

In comparison to more structured organizations and protests, however, smart mobs tend lack the advantages of experienced and extensive leadership including the ability to learn from past experiences, deliberate options, and make informed strategic

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34 Personal interview with Marinete. July 17, 2013.
decisions, thus limiting their instrumental value (Etling, Faris, & Palfrey, 2010). Indeed, it remains a question whether smart mobs can lead to or contribute to sustainable, organized movements. In other words, can virtual methods of organization, like community meetings of decades past, facilitate the exercise of empowerment by offering spaces for democratic deliberation and decision-making for instrumental purposes?

The ability to foster strategic and sustained democratic decision-making towards political ends is inhibited by the decentralized and anonymous nature of smart mobs. Rather than relying on collective organization, smart mobs bring actors together as individuals. While this decentralization is empowering in some ways, it also creates a constant threat of disaggregation.

In addressing this issue, the importance of physical space to sustained engagement was made clear during the #Occupy movement, during which the long-term occupation of space was not only a political statement, but offered a forum for goal setting, deliberation, and debate. Indeed, though social media can bring groups together, the occupation of places and spaces and face-to-face interactions facilitates movement building (Juris, 2012).

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35 A lack of higher-level organization was evidenced at protests in Fortaleza, which had been organized via social media. At one protest on June 24, 2013 near the Federal University of Ceará in Fortaleza, two separate groups of protesters met in the same plaza, realized they were protesting the same things, and yet argued for 30 minutes over whether they should join forces. Within the groups themselves, each person who spoke sent a different message. One woman spoke about the violent overthrow of capitalism and the government, only to be followed by a man who spoke of peaceful protests to change local policies. The lack of leadership and forethought was apparent, leading to unproductive arguments, long periods of stagnation, and a format that was difficult to engage with.
VI—Conclusions

ASMOCONP, Banco Palmas, and Instituto Palmas have made great strides toward individual and community empowerment since the founding of Conjunto Palmieras in the 1970s. By creating new ways to engage with the local economy, these organizations allow residents to imagine possibilities for their lives and for their community that would not otherwise be possible.

However, although these organizations have promoted the political growth of individuals in the community who participate in their programs and classes, their institutional structures of empowerment also constrain the frequency and quality of community engagement around decision-making and organization. The founders of the bank experienced a special moment in time with a nationwide climate of engagement and the right leaders to make Banco Palmas come to life. While this process produced a unique and influential outcome, it does not constitute a sustainable organizing model.

Indeed, while the promotion of economic solidarity through the ideas such as convivencia is a powerful tool for personal empowerment, it must be complemented with adequate empowerment structures—opportunities, tools, and spaces—to be effective in promoting community engagement within the current context of the neighborhoods and communities Banco Palmas and Instituto Palmas are seeking to serve.

With the creation of Instituto Palmas, the leadership at Banco Palmas took on the role of representing the residents of Conjunto Palmieras on multiple levels: citywide, regional, national, and global. While this is not a formal role, their legitimacy as representatives depends on communication with and accountability to the represented.
Although the bank is participatory at a nominal level, this participation does not encompass all bank staff and program participants, much less newcomers to the bank and the neighborhood. Meaningful participation requires ongoing, extensive, and intentional processes of engagement, something Banco Palmas has not yet achieved.

Recent Changes

With respect to the problem of community participation, the months of June and July of 2013 were a particularly difficult time for the leadership at the bank and the institute. Not only had they just experienced the passing of Sandra Magalhães, but they were also in the doldrums, sitting at the cusp of making a number of key decisions about the future of the relationships between the bank, the institute, and ASMOCONP. Since that time—and since the end of the fieldwork for this thesis—several important changes have taken place.

First, FECOL has been revived. Similar to the old format, FECOL now takes place monthly. However, the bank, not ASMOCONP, is facilitating the meetings and providing the space for them.

Second, there are discussions about opening up the board of the bank to the community. The board does not have authority over the institute but does have the power to make decisions for the bank.

Third, the bank has instituted a program called Projetão (big project) in which the community comes together to design and implement a project of its choosing. This project is intended to be a cultural or artistic community building event or installation.36

36 Personal communication with Asier. February 20, 2014.
There is a growing sense of urgency in the community around the issues facing the neighborhood. Violence, in particular, has reached new heights and there is greater interest in community action. The bank is facilitating FECOL, though they acknowledge they are having a difficult time leading the conversation. Indeed, there are two conversations that need to be taking place, one about decision-making at the bank and another about other issues in the neighborhood. FECOL may begin to lean more toward the broader community discussion and the board of directors will be the forum for discussions about the bank. The latter is part of a push for transparency at the bank and the institute, recognizing that the organizations have become too large and complicated for effective community participation.\(^7\) Despite new opportunities for involvement and growing enthusiasm for participation, the numbers in attendance at FECOL remain relatively low with only 40-50 residents attending any given meeting.

**Questions Campaign**

In order to engage residents, the bank and the institute must reach beyond the confines of traditional meetings and create spaces for people to engage online. However, the sentiments and technologies that fuel smart mobs need some kind of grounding and consensus building space to be effective. With the right methods, community organizations like Banco Palmas can offer that anchor. Simply advertising meetings and events on Facebook is not enough, as the content, hierarchies, and interpersonal politics of the meetings remains unchanged.

In an attempt to engage residents and reach beyond the confines of traditional meetings, the Institute has initiated collaboration with Ceasar McDowell of MIT’s

\(^7\) Personal communication with Asier. February 20, 2014.
Department of Urban Studies and Planning and the Interaction Institute for Social Change. With McDowell available as a consultant, Instituto Palmas will run a Questions Campaign through which residents will submit questions they have about the FIFA World Cup. Questions can be submitted in person, via text message, or online, integrating multiple modes of communication and participation. The bank will then offer a forum for residents to choose common questions and pursue solutions.\footnote{38 Personal communication with Asier. April 22, 2014}

If executed well, the questions campaign could a step in the right direction for several reasons. First, it has the potential to reach residents who typically fall outside the participatory circles of the bank. It could also encourage participation through ease of use, multiple modes of question submission, and the option of anonymity. Although the institute has set a broad topic, participants can define the specific issues and agendas for themselves. Indeed, the online nature of this campaign is important in that it allows any individual to express questions and concerns and define important agendas without the deference to organizers and leaders that may happen in a face-to-face meeting. If and when there is a physical community meeting about the questions campaign, the organizers would ideally facilitate, but not dominate discussion and the prior online participation of attendees would allow them to feel enough ownership over the meeting to engage in face-to-face discussion. Indeed, exercising control over the topic and agenda of meetings is a key component of relative power (Gaventa, 1980).

Priming face-to-face meetings with online discussion and participation could be a useful tool for expanding the pool of participants, breaking down intentional and unintentional hierarchies, and democratizing, to a certain extent, the topics and means of
discussion. However, the questions campaign is merely a campaign. It does not constitute an organizing model.

Return to Organizing

ASMOCONP historically served as the primary organizer in the neighborhood of Conjunto Palmeiras. The tide changed in 2003 with the election of President Lula, after which when many residents associations began to shut their doors. In Conjunto Palmeiras, the year 2003 also marked the formation of Instituto Palmas, which gave the leadership at the bank the option to focus on activities outside of the neighborhood without the direct supervision and input of the residents association or the residents themselves. Along with national and international connections have come resources that allow the bank and the institute to engage and interface with more and more residents. Though some of this engagement is through courses, training, and loans, much of it is also through the collection of federal welfare and the use of banking services.

The increased visibility and financial power of the bank and the institute in the neighborhood has coincided, non-coincidentally, with a relative decrease in the convening and organizing power of ASMOCONP. Though ASMOCONP has remained open, it has largely ceased systematic organizing efforts to reach out to the neighborhood as a whole. The decline of ASMOCONP is very relevant to the legitimacy of Banco Palmas and, by extension, Instituto Palmas as community development organizations. Indeed, it was from the original organizing efforts of ASMOCONP that Banco Palmas was created and drew its identity as a community-organized bank.

While the leadership of ASMOCONP and Banco Palmas point to a lack of
interest in participation from the residents, there also seems to be a lack of effort in organizing from the leadership. Since 2003, the Palmas leadership has spent significant time and resources on the work of the institute and the technical components of increasing the lending power and financial services of the bank. Much of this work has been *ad hoc*, lacking a clear strategy or intentional process that decreases internal and external accountability for project success or failure.

Engagement and community empowerment should not be lost in pursuit of expanding projects and programs. As the Palmas organizations have gone to scale the staff has been stretched increasingly thin. They focus on meeting the day-to-day needs of their loan programs, capacity programs, their donors, their institutional connections, and the banks in their network. Community organizing and the active promotion of participatory decision-making has been neglected and justified by the ever-increasing technicality of decisions. No longer is the broader community engaged in any serious way in decisions about the leadership at the bank or the projects and programs the bank should finance. There is no method for auditing the bank and ensuring that it continues to best serve community needs. If the Banco Palmas leadership truly subscribes to the idea of a community-organized bank, ongoing community audit and involvement is necessary for the bank to fulfill this role.

As discussed above, the Banco Palmas leadership now recognizes the need for two community conversations: one about the leadership and operation of the bank, and the other about broader community needs. The Projetão and reinvigorating the board of directors is a nod to these issues, but not enough to address them. Producing genuine participatory processes will require the investment of significant attention and resources
from full-time organizers. If Banco Palmas is serious about participation, there are two ways it could approach the issue of organizing.

One potential path would be for Banco Palmas to revive ASMOCONP as the primary organizing entity in the neighborhood. This step would require the bank to lend explicit support to ASMOCONP to reinforce its leadership role in the community. This support must not only be financial, but structural, creating strong pathways that allow individuals politicized and capacitated by the bank to understand ASMOCONP as the entity designed to organize for community needs and subsequently participate in ASMOCONP actions. Indeed, given the bank currently holds more power in the neighborhood than ASMOCONP, and recognizes this fact, it should actively transfer authority to ASMOCONP which, based on current roles, is the appropriate entity to organize this power into sustained democratic participation and political action. If this strategy were to be effective, it would require Banco Palmas to assist ASMOCONP in developing the financial and human capacity to knock on doors, consistently convene small and large groups, and develop participatory strategies that allow residents to address actual community needs.

The residents and ASMOCONP created Banco Palmas to address a need for financial services in the community. Fifteen years have passed, and though there may still be a need for financial services, there are other pressing concerns in the neighborhood, including violence, health, and education. Community participation in Banco Palmas would be one of the many issues ASMOCONP organizes around, as a subset of the entire spectrum of community needs.

One way to facilitate this process could be to outline a long-term plan to clarify
future structure and mission of the bank, the institute and the terms of their institutional engagement with ASMOCONP. While there has been an effort by staff at the institute to construct a long-term plan, the commitment to the plan has been limited, with the leadership continuing to opt for a more ad hoc approach to decision making. A plan could facilitate a long-over-due formal negotiation process among the three organizations about their roles and what they need from one another to stay relevant and effective. It could also allow the bank and the institute to funnel their activities and resources more effectively in order to reignite serious community engagement. Ultimately, the prioritization of community involvement and democratic decision-making should not fall victim to inter-organizational and interpersonal politics.

Another potential path would be for Banco Palmas to further separate itself from ASMOCONP. In this case, the bank would need to legitimize its role as a community-run bank by becoming an organizer in its own right. If ASMOCONP cannot organize for the bank then the bank must do it for itself. This effort would also require a commitment to opening up the bank to community control over leadership and program decisions, as well as an expanded commitment to community needs beyond finance. Indeed, the solidarity economy can encompass many of the non-financial issues present in the community such as violence, education, and health, as they all relate to one’s ability to engage in a local economy.

If the bank were to choose this path, it would need to hire full time neighborhood organizers. It could also promote engagement by sponsoring more diffuse methods of organizing. More specifically, it could actively sponsor groups with organizing power around key issues and create workplace education programs for the small businesses that
take loans from the bank. These methods may allow the bank to reach deeper into the
growing neighborhood.

No matter which path is chosen to boost neighborhood participation, the
structures of engagement must appeal to young people if the bank, the institute, and
ASMOCONP want to continue to be effective and relevant in the community and the
broader political stage. The struggle in Conjunto Palmeiras has transformed from one
about basic public services and financial tools to the entrenched issues of violence,
alcoholism, lack of opportunity, and gender disparity. Young people in the neighborhood
often feel these new problems most acutely as they navigate their home, school, and
public lives and create futures for themselves. Thus, to effectively tackle these problems,
ASMOCONP, the institute, and the bank, must actively focus on youth participation and
leadership and include organizational methods that speak to the problems of their
generation, linking personal politicization and empowerment to collective organizing.

Ultimately, the bank must provide a better platform for young people to address
issues relevant to them through the economic solidarity framework. Though the old
leaders would relinquish some control and the results may take unexpected forms,
facilitating new, young voices could serve as the missing links between the young
generation and the institutions the previous generations created, and between personal
empowerment and neighborhood organizing. Indeed, the goal is not to force or engineer
participation in day-to-day technical decision-making at the bank or at community
meetings, but to assist young people and other residents in creating guided and
meaningful participatory spaces for themselves.
Works Cited


### Appendix A—List of Interviewees

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<thead>
<tr>
<th>Name</th>
<th>Role</th>
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<tr>
<td>ASMOCONP</td>
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<td>Marinete</td>
<td>Former director</td>
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<td>Current director</td>
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<td>Staff</td>
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<td>Staff</td>
<td>6/13/2013 and 2/20/2014</td>
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<td>Current director</td>
<td>6/26/2013 and 7/18/2013</td>
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<td>Staff</td>
<td>7/23/2013</td>
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<td>Staff</td>
<td>7/1/2013</td>
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</tr>
<tr>
<td>Kassia</td>
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<td>Rafael</td>
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<td>11/17/2010</td>
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<tr>
<td><strong>Corda Pes</strong></td>
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<td>Enio</td>
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<td>Francisco</td>
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<td>Liene</td>
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<tr>
<td>Maria</td>
<td>Participant</td>
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Appendix B—Instituto Banco Palmas Management

- **Joaquim**
  Founder & President

- **Sandra**
  Government & Investor Relations

- **Jaqueline**
  Financial Manager

- **Asier**
  Director of Research & Innovation Lab

- **Neide**
  Education Coordination

- **Otaciana**
  Manager of Banking Correspondents

- **Adriano**
  Coordinator of Credit

- **Elias**
  Director of Trainings

- **Francisca**
  Director of Caixa

- **Alberto**
  IT Director

- **Alejo**
  Marketing and Communication