



FINANCING LOCAL DEVELOPMENT: UNDERSTANDING THE ROLE OF MUTUAL CREDIT AND CO-OPERATIVE BANKS

International conference organised by the OECD LEED Programme, in partnership with the Inter-ministerial Delegation for Innovation, Social Experimentation and Social Economy, the National Co-operation Group and with the co-operation of the Eurogroup Institute

Paris, 23 November 2007

Background

Financing local development is not simply a question of finding the public money required to invest in a local productive base, or wider economic development opportunities. How local development is financed plays a key part in defining what the goals of local development may be, and the extent to which the outcomes will be sustainable in both financial and economic terms. Financing local development involves both public and private finance, including philanthropic financing, and the mix of these varies very broadly throughout OECD Member Countries. It also concerns multiple actors and the banking sector is one of these. The mutual benefit and credit co-operative sector represents an important part of the banking sector but its contribution to the funding of local development has not yet been studied sufficiently. If, as a general rule, an area's economic development is influenced by the actions and strategies of the banks operating there, certain of them, such as the mutual benefit and co-operative banks, have a specific vocation to support local development as this corresponds to their statutory mission.

The mutual benefit and co-operative banks represent a very significant reality in the banking and financial sector. According to a 2005 report by the European Association of Co-operative Banks (EACB), co-operative banks in Europe have 140 million clients, nearly 720 000 employees and 60 000 branches. They hold 20% of the savings market in 25 Member States. According to the same report 'co-operative banks contribute actively to economic growth and job creation, in particular by the solidity of their *business model* and the support they give to the different economic agents, especially SMEs'.

Recently, the sector was analysed by institutions such as the World Bank and the International Monetary Fund, who wished to see how co-operative banks contribute to economic development and how they will be able to continue to do so in a context where changing rules in the financial and banking world threaten to affect the sector's intrinsic characteristics.

The conference aims to highlight the co-operative sector contribution to economic development by means of analysing its identifying characteristics, its territorial service mission, the differences between this sector and that of commercial credit, its relationship between alternative and philanthropic funding (*finances solidaires*). It also strives to pose questions on the validity of the co-operative credit model compared with other existing models in the banking sector, as well as on the challenges which the sector must face to find a balance between economic efficiency and its social mission, and between its dimension of proximity and its position on the international markets

Several questions will be discussed during the conference :

- In what way and using which tools and strategies do mutual credit and co-operative banks contribute to local development, job creation and social cohesion?
- What are the differences between the co-operative credit systems and those which are more commercial?
- What are the differences between the co-operative credit systems and those which are more commercial?
- What are the relationships between co-operative banks and the alternative and philanthropic funding (*finances solidaires*) sector?
- How can the co-operative banks fulfil their mission to serve local markets and yet be competitive on the international market?
- Is the original model of co-operative banks, linking proximity, democracy and service to clients/members, one which stands up to competition? What are the sector's possible evolutions in a territorial context which is changing under the effects of globalisation?
- Can the co-operative credit system be considered a model for banking system development in areas situated in other geo-political zones?

The conference will be a unique occasion to study co-operative banks' recent developments and to analyse the challenges with which the sector is confronted. The working languages will be English and French.

For further information, please contact Antonella Noya, Policy Analyst (Social Innovations and Social Inclusion), antonella.noya@oecd.org

Conference venue

OECD, 2 rue André-Pascal, 75016 Paris, Château de la Muette, Roger Ockrent Room.

In order to respect the security procedures for OECD access, participants are requested to arrive at the OECD ahead of the conference starting time.

Registration

To participate in the conference, please fill out the attached registration form and return it to Kay Olbison – either by e-mail to: kay.olbison@oecd.org or by fax to: +33 (0)1 44 30 62 67

AGENDA
FRIDAY, 23 NOVEMBER 2007

Chair: Mr. Pier Carlo Padoan, OECD Deputy Secretary-General

9.00 – 9.30 **Welcome and Opening Addresses**

Mr Jérôme Faure, Inter-ministerial Delegate for Innovation, Social Experimentation and Social Economy (DIISES); France

Mr Jean-Claude Detilleux, President, National Co-operation Group, France

Mr Garry Cronan, Director of Communication, International Co-operative Alliance, Switzerland

SESSION I: FUNDING LOCAL DEVELOPMENT

The aim of this session is to present the most recent trends in local development funding. It is against this background that the discussion on the role of the co-operative banks will take place

Chair: Mr Jean-François Rocchi, Chair of the OECD LEED Directing Committee

10.00 – 10.25 **Funding local development: an evolving landscape**

Mr Greg Clark, Advisor, City and Regional Development, Department of Communities and Local Government, United Kingdom, and Chair of the LEED Forum on Development Agencies and Investment Strategies

10.25 – 10.45 Discussant: Professor Nadio Delai, CEO, ERMENEIA, Italy

10.45 – 11.00 Questions and answers

11.00 – 11.15 *Coffee break*

SESSION 2: CO-OPERATIVE BANKS: SPECIAL ACTORS IN LOCAL DEVELOPMENT

The aim of this session is to present the intrinsic characteristics of banks in the co-operative and mutual credit sector, their governance systems, their statutory objectives and to explore if and how these peculiarities influence the results which these banks obtain on the credit market and on the areas in which they work

Chair: Ms Sue Bird, European Commission, Directorate General for Employment, Social Affairs and Equal Opportunities, Belgium

11.15 – 11.35 **Co-operative banks and their characteristics: what differences from the commercial banks and what results for local development?**

Mr Hervé Juvin, President, Eurogroup Institute, France

11.35 – 11.45 Discussant: Prof. Ghislain Paradis, former President and CEO of *Développement international Desjardins*, Quebec, Canada, and currently Professor in Strategic Management at the University of Sherbrooke

11.45 – 12.00 Questions and answers

12.00 – 12.20 **Co-operative banks and their capacity for territorial innovation**

Ms Nadine Richez Battesti, Senior Lecturer, *Université de la Méditerranée*, Aix-Marseille II, France

12.20 – 12.30 Discussant: Mr Bruno Mettling, Associate Director-General, *Banque populaire* Group, France

12.30 – 12.40 Discussant: Mr Alessandro Azzi, President, *Federcasse*, Italy

12.40 – 13.00 Questions and answers and general debate

13.00 *Lunch*

SESSION 3: CO-OPERATIVE BANKS, FINANCIAL INSTITUTIONS AND LOCAL DEVELOPMENT

This session, organised as a round table, is aimed at stimulating a discussion on the role of co-operative banks and financial institutions in relation to territories' economic growth and social inclusion

Chair: Mr François de Witt, President, FINANSOL, France

14.30 – 16.00 Ms Marie-Thérèse Taupin, Professor, University of Rennes II, France, M. Gérard Leseul, Director, External Relations, *Crédit Mutuel* Central and East Europe Federation, France, Mr Kieron Brennan, Programme Manager, POBAL, Ireland, Mr Philippe Braidy, Director, Territorial Development Department, *Caisse des Dépôts et Consignations*, France

16.00 – 16.15 *Coffee break*

SESSION 4: CO-OPERATIVE BANKS: WHAT FUTURE FOR THE SECTOR?

This session aims to open the discussion on the challenges posed to the banking sector and the co-operative credit sector's answers to these challenges; it should also serve to identify the guidelines for future work

Chair: Mr Sergio Arzeni, Director of the OECD Centre for Entrepreneurship, SMEs and Local Development

16.15 – 17.30 Round table with: Mr Hervé Guider, Secretary-General, European Association of Co-operative Banks, Belgium, Prof. Olivier Pastré, President, J.M. Bank, France, Mr John Evans, General Secretary, Trade Union Advisory Committee to the OECD (TUAC-OECD), Mr Johannes Jütting, Senior Economist/Coordinator, OECD Development Centre

17.30 **Closing remarks:** Mr Pier Carlo Padoan, Deputy Secretary-General of the OECD