

INNOVATION

Reinforcing the Local Presence of Cooperatives and Mutuals

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1. Interview about the Crédit Agricole's practice "Point Passerelle"

2. Idem

3. Interview about the Desjardins's practice "Solidarity-based finance"

4. Idem

Executive Summary

This study has been conducted by the Alphonse and Dorimène Desjardins International Institute for Cooperatives, as part of the Institute's expertise and knowledge transfer activities, notably the [Cooperatives Innovation Circle](#) (CIC). This initiative aims to bring together leaders of cooperatives and mutuals who are involved in the area of innovation, in order to share views and experiences on innovation issues, methodologies, tools, cultures and practices.

This report presents key findings of a study that was conducted to explore and address the challenge of reinforcing the local presence of cooperatives and mutuals in their territories with an innovation approach. This topic was selected following a series of one-on-one interviews with leaders of international financial cooperatives and mutuals. The majority ranked this topic at the top concern since most cooperatives and mutuals have their roots in the regions and a significant share of their economic success relies on the dynamism within these regions.

Based on a qualitative research, using statistical reports, desk research and interviews, this study has three objectives: 1) to develop a framework which identifies local development challenges based on economic and socio-demographic indicators, in order to focus innovation projects; 2) present a set of leading innovation practices deployed by financial cooperatives and mutuals and map their local development levers; 3) propose an analytical framework in order to identify local priorities, select and deploy relevant innovations.

Identification of local economic and social challenges

The first objective is to identify a set of key performance indicators (KPIs) in order to draw a broad diagnostic of the local economic and social challenges. Using the framework, a cooperative can establish a diagnostic based on five categories of indicators, covering the following areas: Trade & Transfers, People & Residence, Investments, Industries and Local Economy. Once the diagnostic is completed and the main KPIs are identified for a region, the cooperative will be in a better position to focus its local innovation portfolio on the most pressing local challenges and opportunities.

We have selected four regions in order to illustrate and apply this diagnostic framework: the administrative region of Bas-Saint-Laurent (Canada, province of Quebec), the administrative region of Auvergne-Rhône-Alpes (France), the province of Neuquén (Argentina), and the state of Santa Catarina (Brazil). The exploration and analysis of the KPIs in these four

regions, based on the diagnostic framework, show that each region would require a specific and unique set of innovations, as the diagnostic will vary according to the local situation. Hence, this diagnostic is built as a modular tool and could be applied at various geographic scales: ranging from the most granular geography to larger regions, as represented by our overall sample. However, its relevance will diminish as the growing internal diversity of large regions will bring observable trends closer to averages.

Case studies of leading innovation practices and mapping of local development levers

The second objective is to present case studies of innovation practices implemented by financial cooperatives and mutuals. Based on the previous diagnostic framework, we mapped various levers driving local development and which could be influenced by these innovation practices. In the Trade & Transfers category, an innovation practice could foster levers, such as buying locally and supporting exports. In the People & Residence category, innovation practices would help in attracting talent, retaining a younger generation, and encouraging local residency. In the Investments category, an innovation could enhance local investment, attract external investments, and support new ventures and cooperatives. In the Industries category, an innovation practice could contribute to developing key industries.

Each innovation impacts a specific set of levers. We have selected and reviewed 27 leading innovation practices undertaken by nine participating financial cooperatives and mutuals from Europe, Latin America and North America. As we analyze these various innovation practices, we attempt to identify the levers that they aim to influence. A cooperative willing to contribute in a certain area of local development would, therefore, find a source of inspiration from the various innovation practices presented in [the second part](#) of this report.

Overview of the framework to identify local priorities and deploy focused innovations

The review of the 27 leading innovation practices from nine participating financial cooperatives and mutual suggests a clustering of practices. Indeed, innovations tend to focus on specific levers, contributing to a set of development challenges. A cooperative can, therefore, create an innovation portfolio adapted to its specific economic context and objectives. We have classified innovation in the five categories derived from the diagnostic framework.

Trade & Transfers innovations are set up as new or improved services and products. They contribute to local trade by developing local markets and supporting exports. In some cases, they are offered through affiliated entities and subsidiaries of cooperatives. **People & Residence innovations** usually focus on specialized social and financial services, such as microcredit. They help attract talent, encourage local residency and retain younger people. They are, usually, provided through microcredit programs, crowdfunding platforms, non-profit organizations (NPOs), partnerships with other NPOs and cooperatives. **Investments innovations** often consist of incubators, accelerators, co-working spaces, hackathons and investment partnerships with private and public institutions. They focus on attracting external investments, investing locally, supporting new ventures and cooperative businesses. Cooperatives offer a broad range of services to participant companies. **Industries innovations** are organized around local incubators, labs or R&D alliances focused on specific industries, mostly using an open innovation approach. **Local Economy innovations** refer to practices that systematically support local development. They mostly aim to enhance the innovation capability, while stimulating the local economy in a geographically defined scope.

Finally, among several challenges mentioned by participants, three important organizational issues have been raised during this study:

- **The process of “glocalization”**. The deployment of ideas and local initiatives into the global network of financial cooperatives or mutuals is challenging, in terms of their adaptation from one region to another.
- **Local visibility and access** to innovations. In most cases, even though there are resources and local needs, there is a lack of local public information about the programs.
- **The measure of impact** on local economic development. Financial cooperatives and mutuals evaluate the success of their innovation practices mostly based on KPIs reported in annual, financial or activity reports. We find few methods and indicators that measure and quantify the impact on local economic and social development.

Cooperatives: “hybrid” organizations and innovations

This study shows that cooperatives are capable of pursuing “hybrid” innovation in their territories. Indeed, cooperatives are “hybrid” organizations combining both a commercial and social role. These findings suggest that cooperatives “hybrid” organizational capabilities allow them to initiate “hybrid” innovation, having two objectives: the development of the cooperative’s economic activities and the development of local economies.

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Introduction

An idea emerges from a creating act that “uncovers, selects, re-shuffles, combines, synthesizes already existing facts, ideas, faculties, skills, through Bisociation”.

– Arthur Koestler, *The Act of Creation*, Last Century Media, 1964, p. 751

Background

The territorial characteristic of growth has been, since the 1970s, almost the only valid alternative to ensure that local economies adapt to new market conditions. In fact, different economic crises have led to the emergence of local development as a new way to deal with economic development (Hirst & Zeitlin, 1990, Vázquez Barquero, 1999). Based on the active participation of the population, the mobilization of its native resources and the territory as an agent of transformation, local development aims to improve the level and quality of life of the population in social, cultural and economic spheres (European Communities, 1996).

Different studies show that the existence of a territorial environment is a key factor in the degree of innovative capacity of the companies established in it. This perspective implies adding a new dimension to the analysis of local development, in which innovation and its relations with the territory play a relevant role in developing innovative territories (Méndez, 2002). Understood as optimal forms of organization for the promotion of business innovation, innovative territories are defined by the presence of both technological innovation, improvements in processes and products of various productive activities, as well as social innovation. These features allow the valorization of territorial capital, the emergence of local initiatives and improvement of welfare and social equity (Swyngedouw, 2000). However, the generation of territorial innovation requires three driving factors: resources and specific assets, local actors and the existence of business and cooperation networks (Méndez, 2002).

In this context, cooperatives are essential actors in the generation of innovative territories, as a result of their role as an interface between local development and innovation. In fact, on one hand, cooperatives are essential mechanisms in local development processes due to their particular organic and functional structure with specific links in the territory as networks (Buendía-Martínez, 1999, 2000; Buendía-Martínez & Coté, 2014). On the other hand, the technological and social innovations associated with cooperatives (Richez-Battesti, 2008), connect with the definition of innovative territory through the generation of innovation systems based on their capacity to transform local/regional production systems (Gallego-Bono & Chaves-Avila, 2015).

Cooperatives and the local development

The literature suggests that there are many crossroads between territorial approaches and cooperatives. From a generic perspective, cooperatives are agents with a strong impact on local development resulting from three aspects: the nature of the business; its structural configuration; and its network operation. Originally, the cooperative is configured as a company formed by entrepreneurs, in which these, the partners, fully participate in the operation of the former as consumers and/or suppliers of goods and services. This causes a territorial ascription of the members and the use of indigenous resources, which is directly linked to the axis of endogenous development. The cooperative model allows individuals, as entrepreneurs and citizens, organized in cooperatives to be able to improve their own well-being by acting directly on the factors that can affect them. Hence, this results in a strong interaction between the community and the company, reinforcing the feeling of belonging to the territory (Buendía-Martínez, 1999, 2000, 2014).

Secondly, the democratic structure of cooperative allows the decision-making process to be in the hands of the agents that generate the economic activity, i.e. the partners who fix and control the objectives based on their status as producers and/or consumers. The economic and social democratization as a fundamental value of local development (Friedman, 1992) gives rise to the potential for productivity and development (Poirier, 1996: 99). This allows the cooperative to be the appropriate agent, because there is continuity between the territory and the cooperative indicated by the participation of members (Draperi & Le Corroller, 2015). Indeed, while pursuing member projects, the cooperative simultaneously serves its territory and thus, it guarantees the expression of the territory's local nature (Leclerc, 2014).

Thirdly, the application of the intercooperation principle allows the creation of a business framework of its own that turns out to be a lengthening of its own individual dynamics, as a result of the cooperative's consideration as a network in itself. This way of functioning allows cooperatives to overcome their local productive limitations, derived from the territorial ascription of the partners to operate on an international scale, and trying to solve the consequences of an increasingly wider market through access to new technology, production processes and markets (Buendía Martínez, 1999, 2000, 2014).

The interaction of these three aspects has two implications. The first one enables the placing of cooperatives at the center of territorial development processes, derived from their characterization as a local company. This allows the generation of wealth and the mobilization of indigenous resources, based

on a local affiliation of the partners and on a democratic dynamic. Additionally, as a second consequence, the assumption of the network philosophy highlights its organizational capacity in the formation of business structures, based on a set of formal and/or informal, intra/inter sectoral and functional relationships (Coque Martínez, 1998). Hence, this causes the internalization of one of the instruments of local development and which is an impulsion factor within the innovative territories; namely, the networks of small and medium enterprises. As a conclusion, cooperatives are capable of questioning the territorial models by participating in the conciliation of solidarities and competition, by taking into consideration the different perceived scales of local development (Bioteau & Fleuret, 2014).

In the case of financial cooperatives, they possess a clear ability to stimulate local development in both urban and rural areas, not only with their financial resources but also with their philosophy and organisational expertise (McCarthy, Briscoe & Ward, 1999). In this sense, the Secretary-General of the United Nations (UN), in his report to the 47th session of the General Assembly (United Nations, 1992), recognised that financial cooperatives have a strong potential for mobilizing local savings and providing credit to members. The UN's report also highlights that they are particularly important in apparently capital-scarce conditions, thereby encouraging thrift and entrepreneurial activity and, hence, stimulating local multipliers. On this point, Douthwaite (1996) argues that financial cooperatives, unlike the conventional banks, retain local money within the community by encouraging the pooling of local savings for local lending; loans are made to members for personal or business development purposes.

From an organisational perspective, one of the most valuable contributions financial cooperatives make to local development is demonstrating the principle of co-operation. Generally speaking, involvement in local development assists financial cooperatives in extending their vision of social justice, both to the individual members and to the larger community in which they work and reside, as directed by their operating principles. Financial cooperatives are a means by which a community's financial resources, in particular, can be mobilised for the mutual benefit of the community as a whole. In addition, financial cooperatives can actually reduce local migration and emigration, thereby sustaining populations and the demographic health of local communities (Buendía et al., 2001).

Innovation and cooperatives

Innovation is recognized as one of the mechanisms that drives economic growth and entrepreneurial activity (OECD, 2010, 2015). However, despite its importance, there is no unanimity on how the term "innovation" should be defined, although the great development of quantitative and qualitative research made in recent years. Even though its conceptual complexity, there are

two aspects on which there is consensus in the academic sphere and among policy makers: innovation goes beyond science and technology, including the creation of products and services, new methods of marketing and new forms of business organization (OECD & Eurostat, 2005); and innovation is rooted in the territory reflecting its own local characteristics (Niembro, 2017).

This territorial anchorage offers additional advantages to cooperatives in innovation processes. In effect, their structure as democratic and membership-based organizations favors innovation due to a better understanding of the needs, cultures and practices of the communities in which they are located. This induces a greatest impact since it arises from local agents based on their local knowledge. This way of approaching innovation constitutes a distinct model for innovation corresponding to the cooperative business model: participatory innovation. It focuses on the conditions under which individuals and/or communities of member-users can play a role and participate in innovation. When it works efficiently, it generates a multiplier-effect that enables each member-user to benefit, which would not have been possible without this type of collective organization (Borgen & Aarst, 2016).

Even with these peculiarities, the literature on innovation in cooperatives is scarce, focusing on case studies (Gallego-Bono, 2008; Gallego-Bono & Chaves-Avila, 2015; Irizar & MacLeod, 2008; Perara Castaneda, Gomez Garcia & Mendizabal, 2016) and requiring more specific knowledge based on empirical studies (Borgen & Aarst, 2016). One of the few studies in the international field is the one carried out by Brat, Buendia-Martinez & Ouchene (2016) that shows that, among innovation priorities for cooperatives over the next years, are the development of new services followed by social innovation, supporting capabilities and technology platforms, along with the speed of adopting new technologies. These two last priorities reflect the perceived need to systematically strengthen "tools and methods" of innovation within cooperatives.

From a comparative perspective, financial cooperatives have more sector-specific priorities than cooperatives in other economic sector. They are distinguished by social innovations and with additional aspects of process and marketing innovation, such as distribution channels, mobile applications, and speed of adopting new technologies (Brat, Buendia-Martinez & Ouchene, 2016). These two types of innovation correspond to the duality of financial cooperatives as economic and social organizations. Although social innovation is inherent in the cooperative nature and the concept already existed in the nineteenth century, there has been, in recent years, considerable development, based on the importance of solving complex economic and social problems.

Even if social innovation encompasses different interpretations and approaches (Harrison, Klein & Leduc Browne, 2010; OECD, 2011), it refers to a particular process involved in its implementation, which relies on the participation and

empowerment of various stakeholders (Mendell, 2006). One of the characteristics of social innovation is that it is territorialized. In this sense, the territory here is not considered as being a simple space, but as a dynamic construction resulting from an interaction between different stakeholders in a territory (Colletis & Rychen, 2004; Richez-Battesti, 2008).

Consequently, on one hand, financial cooperatives and mutuals have capabilities that allow them to accompany economic, social and demographic evolutions of territories, without changing the dominant trends characterizing the territory. On the other hand, there are forms of engagement, from financial and mutual cooperatives, which fight against social and territorial disqualification. This is mainly done by using social innovations in order to alter trends, aiming towards economic and social development within territories (Richez-Battesti, 2008).

In conclusion, the literature has pointed out dynamics between the capabilities of cooperatives, including financial cooperatives/mutuals, and local/social innovation as well as their territories. It has also revealed that cooperatives are anchored in their territories, with each one being anchored in a specific way (Draperi & Le Corroller, 2015). In this regard, certain innovations only concern some territories, related to their specificities and to the dynamics of their own local actors, and not needing to be disseminated or generalized, as such, into other territories (Richez-Battesti, 2008). In this context, this study sets out to explore the practices of financial cooperatives and mutuals, which reinforce their local presence through innovation. This study also attempts to propose a framework that explores and analyses innovative ways to sustain local presence while contributing to local economic development.

Why this report?

This study addresses the strengthening of the local presence of cooperatives and mutuals through innovation, focusing on local development.

We selected this topic following a set of one-on-one interviews with leading international financial cooperatives and mutuals as part of the [Cooperatives Innovation Circle](#) (CIC). The majority ranked this topic at the top of their concerns. The challenge expressed can be articulated as such:

- Local territories are exposed to multiple challenges in demographic, economic and social spheres;
- Most cooperatives and mutuals have their roots in the regions and a significant share of their economic success relies on the dynamism of the regions;
- Contributing to the local development is, therefore, both an opportunity and a requirement for cooperatives;
- New technologies allow for new ways to support local development; hence, the innovation lever can play a substantial role in the future support of local development.

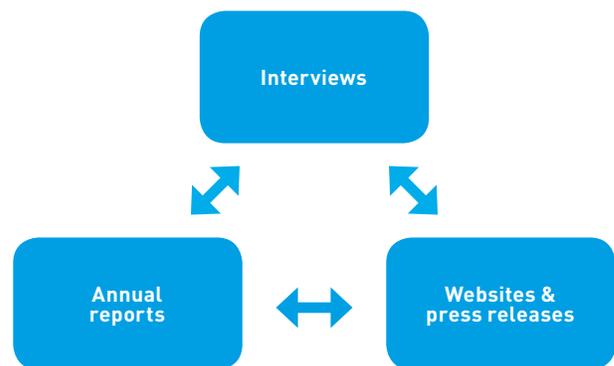
Objectives and methodology

In summary, this study is based on the following three objectives:

- To develop a simple framework which identifies local development challenges based on economic and socio-demographic indicators in order to focus innovation projects;
- To present a set of leading local innovation practices deployed by cooperatives and to map their local development levers;
- As a conclusion, to propose an analytical framework in order to identify local priorities, and to select and deploy relevant innovations.

This study relies on a qualitative research methodology including primary and secondary data. The first part of the study, regarding local development indicators, is based on secondary data from online regional and national statistical reports (see [Appendix 1](#)). The second part, that reviews cooperative cases of innovation practices, is based on secondary (online desk research) and primary data (semi-structured interviews) following a triangulation by using more than one method to collect data (figure 1). Indeed, the purpose of triangulation is not only to cross-validate data, but rather and also to capture different dimensions of the same phenomenon.

FIGURE 1 – Triangulation of data



Source: Authors (2018)

The first part of this report introduces a conceptual framework that explores how to identify local economic and social development challenges. The second part includes a review of leading innovation practices from nine cases of financial cooperatives and mutuals, based on the mapping of local development levers. Finally, the third part proposes a framework to identify local priorities, to select and deploy focused innovation practices in order to reinforce the local presence of cooperatives while supporting local development.

1 Identification of local economic and social challenges

The objective of this first part is to identify a set of key performance indicators (KPIs) in order to draw a broad diagnostic of the local economic and social challenges. This simple framework establishes a diagnostic based on five categories of indicators, covering the following areas: Trade & Transfers, People & Residence, Investments, Industries, and Local Economy. Once the diagnostic is completed and the main KPIs identified for a region, the cooperative will be in a better position to focus its local innovation on the most pressing local challenges. There is no need to mention that each region will require a specific and unique set of innovations, as the diagnostic will vary according to the local situation.

Moreover, this diagnostic is built as a modular tool and could be applied at various geographic scales: ranging from the most granular geography to larger regions as represented by our overall sample in the next sections. However, its relevance will diminish as the growing internal diversity of large regions will bring observable trends closer to averages.

Each of the five categories of the framework represents a set of KPIs based on the main components of local economic development. In each of these categories, we suggest a set of KPIs as follows (figure 2):

- **Trade & Transfers:** regroups indicators of exports, imports (including balance of trade), and public transfers that refer to social benefits and insurance transfers from government (e.g. retirement and disability insurance benefits, medical benefits, unemployment insurance, income maintenance benefits, education and training assistance, veterans benefits) and other types of transfer from governments.
- **People & Residence:** refers to indicators such as population growth rate over a period of time, emigration and immigration rates (including interregional emigration), aging rates, level of education and graduation, fields of education and training, number of enrollments and leavers, and housing market (e.g. real estate transactions, construction permits, housing occupation rates, and type of housing construction).
- **Investments:** corresponds to private and public investments, in terms of rate or volume, areas of investments (e.g. education, health, infrastructure etc.) or as a percentage of key industries, and also entrepreneurship and business sustainability rates (i.e. number of years of activity after the creation of businesses).
- **Industries:** indicators that identifies the weight of key industries in regional GDP.

FIGURE 2 – Diagnostic of local development challenges: key performance indicators



- **Local Economy:** refers to aggregate economic indicators such as GDP growth, GDP per inhabitant, and unemployment rates.

We have selected four regions to illustrate this diagnostic framework: the administrative region of Bas-Saint-Laurent (part of the province of Quebec) in Canada, the administrative region of Auvergne-Rhône-Alpes in France, the province of Neuquén in Argentina, and the state of Santa Catarina in Brazil. These regions were chosen to illustrate different situations, scales and geographies, with no objective of comparing them. The next section describes these four regions, based on the five KPI categories from statistical reports ([Appendix 1](#)).

1.1 Bas-Saint-Laurent (Quebec) – Canada

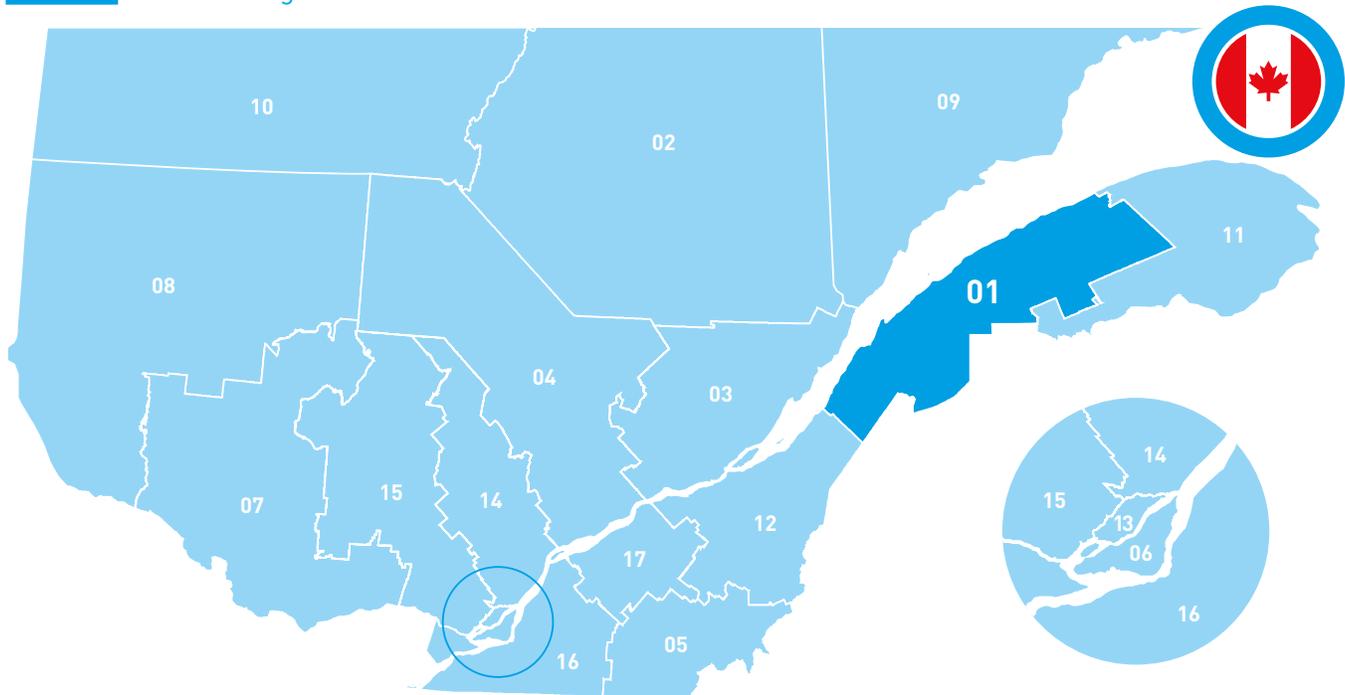
Presentation

The Bas-Saint-Laurent region is one of the province of Quebec's 17 administrative regions, in Canada, on the southern coast of the St. Lawrence River. The region is bordered to the south by the state of Maine (United States), the province of New Brunswick, and the administrative regions of Chaudière-Appalaches and Gaspésie-Iles-de-la-Madeleine.

Bas-Saint-Laurent had 199,983 inhabitants in 2016, or 2.4% of the population of Quebec. These are distributed over an area of 22,196 km², or 1.7% of the provincial area.

From a historical perspective, an aboriginal presence is attested in the area as early as 10,000 BC. The presence of European descent is more recent, with people from the Basque Country regularly fishing cod in neighboring waters in the early sixteenth century. Permanent settlement in the region began in the following century, but it wasn't until the beginning of the 19th century that Bas-Saint-Laurent experienced significant demographic growth. This development was due initially to agricultural exploitation, and later, during the Industrial Revolution, to industrial logging. Today, the region's economy is mainly based on the secondary and tertiary sectors. The world-famous Quebec company, Bombardier, has an assembly plant in the city of La Pocatière. Since 1969, Bas-Saint-Laurent has had a regional branch of the University of Quebec (UQAR, University of Quebec at Rimouski), which has developed internationally renowned expertise in marine science and Nordic studies. The region also focuses on the development of advanced industries, such as agro-food technologies (peat upgrading),

FIGURE 3 – Quebec regions and Bas-Saint-Laurent



01 Bas-Saint-Laurent	06 Montréal	11 Gaspésie-Îles-de-la-Madeleine	15 Laurentides
02 Saguenay-Lac-Saint-Jean	07 Outaouais	12 Chaudière-Appalaches	16 Montérégie
03 Capitale-Nationale	08 Abitibi-Témiscamingue	13 Laval	17 Centre-du-Québec
04 Mauricie	09 Côte-Nord	14 Lanaudière	
05 Estrie	10 Nord-du-Québec		

wind energy and eco-construction. The Bas-Saint-Laurent region is also a tourist destination of choice for about a million visitors per year, with two national parks.

Local Economy

The gross domestic product (GDP) of Bas-Saint-Laurent was CAD \$6.7 billion (2015), or 1.9% of provincial GDP. This is the third lowest GDP among the 17 administrative regions of Quebec. From 2010 to 2015, the region’s GDP grew at a compound annual growth rate of 2.0%, below the 2.8% for the province as a whole. Regional GDP per capita amounted to CAD \$33,386 in 2015, representing only 78.5% of provincial GDP per capita (CAD \$42,507).

The mixed performance of the regional economy is due, in part, to the general economic situation, but some structural elements also contributed. The region has an average productivity rate, compared to the 17 administrative regions of Quebec. Regional rates of activity, employment and unemployment place it in the bottom quartile of all Quebec’s regions.

As a result, household disposable income is below the Quebec average. Although this indicator appreciated somewhat between 2010 and 2015, it stands at CAD \$24,465 per capita versus CAD \$26,857 per capita for the province as a whole. In this respect, the region ranks 15th among Quebec’s 17 regions. Note, however, that the region is above the provincial average of low-income families.

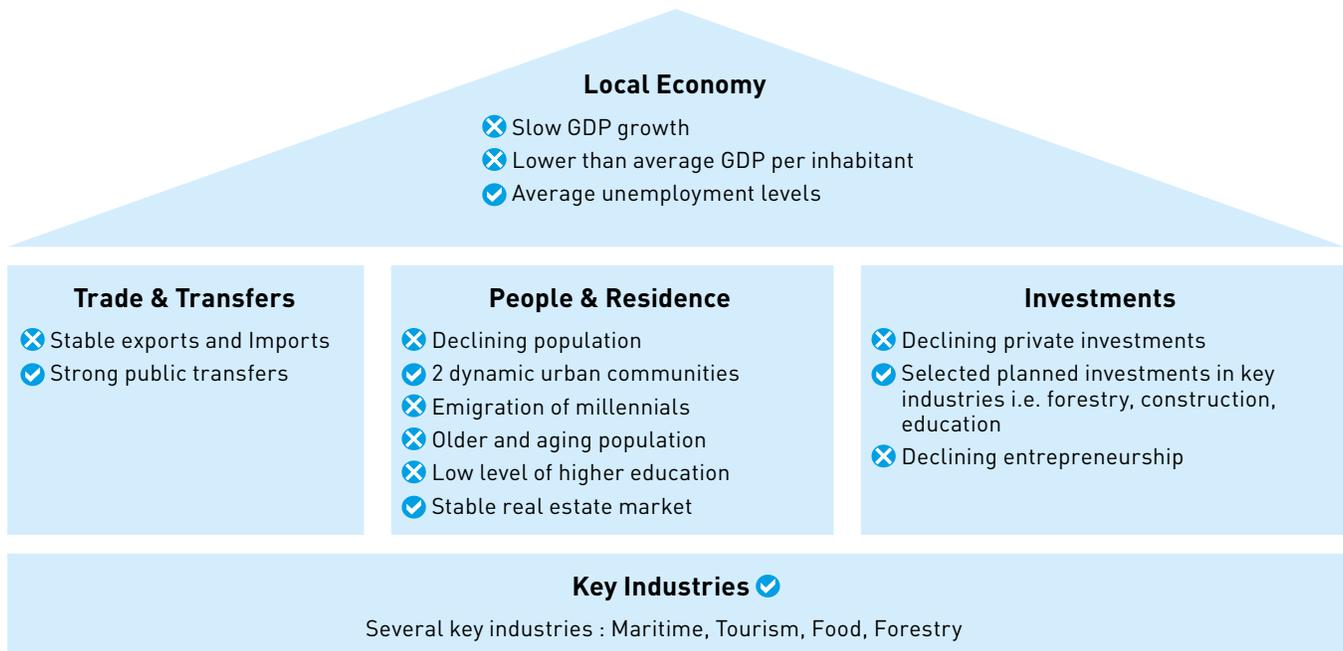
All in all, the economic performance of the Bas-Saint-Laurent region remains fragile. The economic development index fell by almost two points between 2010 and 2015, from 90.8 to 89.0. This last figure places the Bas-Saint-Laurent in 15th spot.

Trade & Transfers

Considered by the Quebec government as a resource region, the Bas-Saint-Laurent manages the majority of goods manufactured on its territory outside the province. In fact, according to the most recent data available (2012), Quebec absorbed more than 40% of the region’s manufacturing sales, almost equal to sales made abroad (including the United States) while other Canadian provinces were the recipients of these exports outside the region.

In terms of government transfers, and taking into account the general economic and demographic situation of the region, Bas-Saint-Laurent is the second largest beneficiary of these transfers, which materialize, among others, in the form of pensions and benefits for old age, employment insurance benefits, and parental and family benefits. As a result, Bas-Saint-Laurent residents received an average of approximately CAD \$7,100 in government transfers, nearly CAD \$1,000 more than the provincial average.

FIGURE 4 – Bas-Saint-Laurent: diagnostic summary of local development



Source: Authors (2018)

People & Residence

The population of Bas-Saint-Laurent stood at 199,577 inhabitants in 2015, representing 2.4% of the total population of Quebec. The region is experiencing a slow demographic decline, with the Bas-Saint-Laurent population falling by 2.3% between 2001 and 2015. For the same period, Quebec's total population increased by 11.7%.

The region is divided into eight regional county municipalities (RCMs). The three largest RCMs, Rimouski-Neigette (28.7% of the region's population), Rivière-du-Loup (17.3%) and La Matanie (10.7%) account for more than half (56.7%) of the Bas-Saint-Laurent population.

The region is grappling with a problem of rural depopulation. The two largest cities in the region, Rimouski (population 57,191) and Rivière-du-Loup (population 34,523) experienced an increase in their populations from 2001 to 2015, while the rest of the region showed strong depopulation. Medium- and long-term projections point to a slight increase in the population of the Bas-Saint-Laurent region by 2021, but it is expected to contract by 2%, reaching 198,000 by 2036.

The age pyramid for the Bas-Saint-Laurent suggests an aging population. In 2016, the median age in the region was 49.0 years (41.9 for Quebec) and the average age was 45.5 years (41.7 for Quebec). The aging of the population is also reflected in the regional age pyramid, with the group of people aged 65 and over (22.7% of the regional population) larger than that of people under 20 (18.4%).

The decline in the population of Bas-Saint-Laurent is also accentuated with a higher number of deaths than births since 2012. Net migration of the region is also negative: the region is losing people to other Quebec regions, particularly young people aged between 20 and 24. Additionally, the replacement rate isn't high enough to compensate for the retirement rate in the region, thus the impact on the labor force is significant. Between 2005 and 2015, the proportion of workers with a high school diploma increased the most in the Bas-Saint-Laurent region (+12.8%) compared to other administrative regions, but in 2015 the level of university education remained relatively low (15%) compared to Québec as a whole (25%).

Investments

After seeing investments increase significantly from 2011 to 2013, from CAD \$900 million to CAD \$1.3 billion, the region returned to a slightly lower level of investment than in 2011. With numerous construction sites completed, investments in the Bas-Saint-Laurent region have fallen by one third since 2013, reaching CAD \$872.1 million in 2015. Public investments account for over half (56.0%) of this sum.

Taking as a point of comparison the peak reached by investments in 2013, private-sector investments account for

most of the decline, having decreased by half between 2013 and 2015. As for the various economic sectors, investment in the goods producing sector fell by more than 40% between 2013 and 2015, while investment linked to services fell by a quarter. For the current year (2017), investments are expected to cross the CAD \$1 billion mark, split equally between the private and public sectors. In terms of housing, the situation in Bas-Saint-Laurent reflects the general economic situation of the region. Housing projects fell by almost a quarter between 2013 and 2015, but are expected to grow slightly until 2017. Expenditure on residential construction also declined slightly between 2012 and 2016.

Industries

The Bas-Saint-Laurent economy is mainly focused on service production. The services sector accounts for 70.8% of regional GDP and 74.1% of jobs, slightly lower than the provincial average. The goods-producing sector accounted for 29.2% of regional GDP in 2016 and included 25.9% of employment, up slightly from the rest of the province. From 2011 to 2015, GDP linked to the production of goods rose by 1.2%, while GDP linked to the production of services rose by 1.8%.

Service activities owe their overall growth since 2011 to the good performance of the finance, insurance and real estate services sector, which generates 15.3% of regional GDP. Services in the health sector (11.2%), retail sector (7.5%), education sector (7.5%) and public administration sector (7.2%) all experienced increases in their activities in recent years.

In the primary sector, agriculture, livestock, logging and mining contribute marginally to regional GDP and have stagnated since the beginning of the decade. The construction industry (7.1% of regional GDP) has experienced a contraction in the value of its activities of 3.0% since 2011. Processing activities, which include 12.3% of the region's GDP, have risen slightly over the last five years. Worth noting is the encouraging performance of the wood products manufacturing sector, which has increased significantly (9.5%) since 2011, as a result of the general recovery in the US economy and the favorable exchange rate with the US dollar.

In short, the residents of the Bas-Saint-Laurent region are facing many challenges in the years to come. While the region is currently experiencing modest economic growth, supported by the presence of companies operating in promising business sectors (wind power, agro-industry, and maritime technologies), attracting and retaining a young and skilled workforce is a real challenge that all regional actors must tackle as soon as possible.

1.2 Auvergne-Rhône-Alpes – France

Presentation

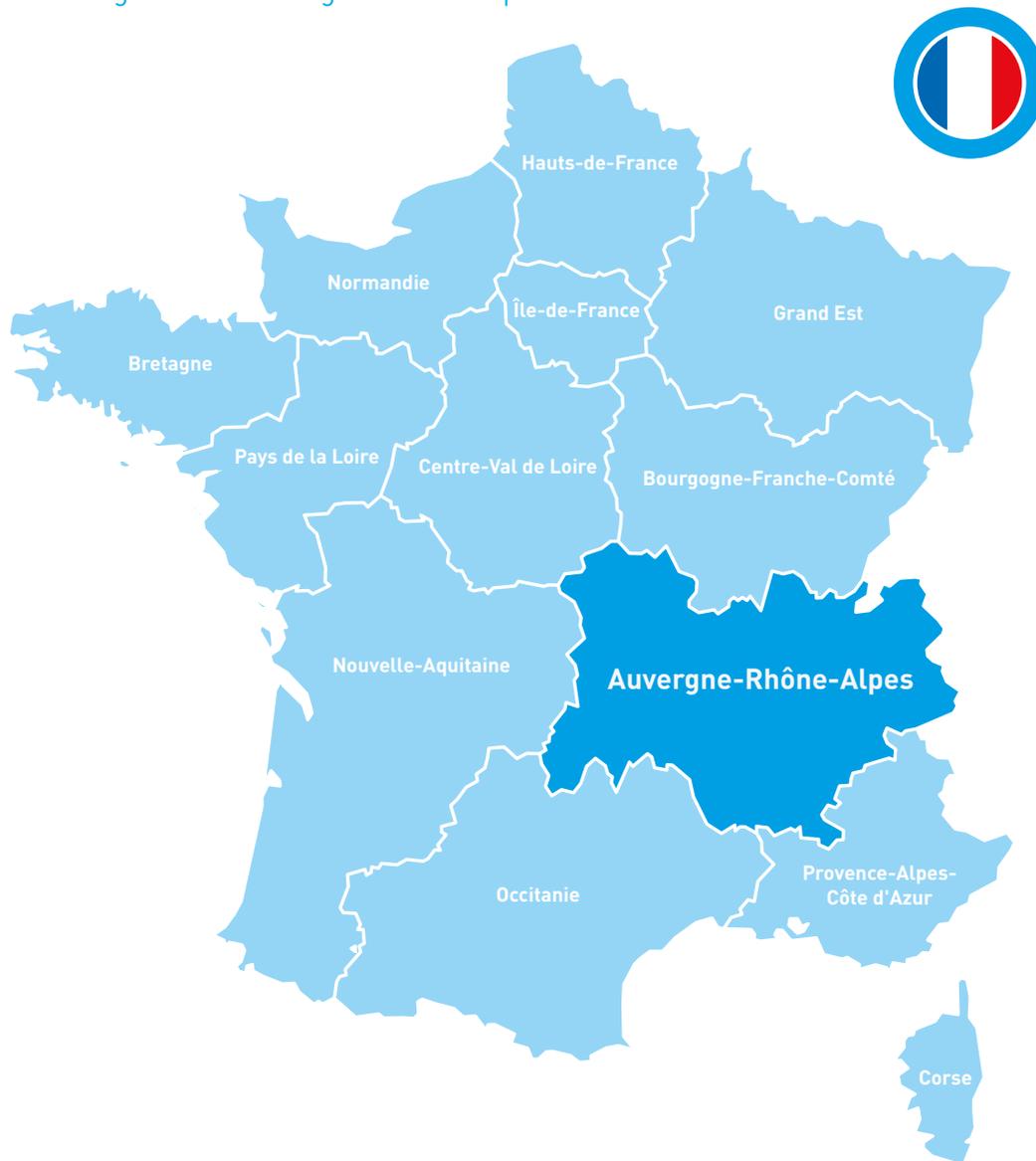
Auvergne-Rhône-Alpes is one of metropolitan France's 13 administrative regions. This division, newly established since the 2015 territorial reform, is located in the central portion of

the country, with Switzerland and Italy on its eastern border, the regions of Centre-Val-de-Loire and Bourgogne-Franche-Comté to the north, Nouvelle-Aquitaine to the west, and Occitanie and Provence-Alpes-Côte d'Azur in the south. The Auvergne-Rhône-Alpes region is home to 7.9 million inhabitants (2016) distributed among the 12 departments included in the region's territory, and represents 12.1% of the French population. The area of the region is of 69,711 km², representing 10.8% of the national territory. Auvergne-Rhône-Alpes is the second largest region in France in terms of population, and the fourth in terms of area. Lyon, the third largest city in France, is the region's capital.

Located at the crossroads of several economic corridors on the European continent, Auvergne-Rhône-Alpes enjoys a unique geographical location, with the presence of the

Saône-Rhône River and the Alpine Sillon, two communication corridors favoring all kinds of trade. The region was one of the major centers of European activity during the Industrial Revolution, the silk trade making Lyon world famous in the nineteenth century. Other industrial centers were also developed during this period, particularly in Saint-Etienne (mines, armament) and Clermont-Ferrand (rubber, with Michelin's head office). Auvergne-Rhône-Alpes is characterized today by its strong economic dynamism, with the presence of companies in the field of health, energy, digital technology, robotics and transport. This industrial structure is supported by the presence of 42 universities and colleges, which contribute to making the region one of the largest European centers of research and innovation.

FIGURE 5 – France regions and Auvergne-Rhône-Alpes



Local Economy

The economic performance of the region has been relatively good for the past 25 years, despite the ups and downs of the economy. Between 1990 and 2014, Auvergne-Rhône-Alpes saw its gross domestic product (GDP) grow annually by 2.9%, compared to 2.4% for the rest of France during the same period. The GDP of the Auvergne-Rhône-Alpes region was EUR €244 billion (2014), which is 11.4% of national GDP. The region has the second largest regional GDP nationwide and the fourth largest GDP in the European Union (EU). The regional GDP per capita amounts to EUR €30,988 compared to the EUR €27,687 for France’s provincial population.

These positive economic statistics can be partly explained by strong employment. Auvergne-Rhône-Alpes is among France’s leading regions in terms of employment, with an unemployment rate 1.1% lower than the French average. The regional unemployment rate stood at 8.1% (September 2017), down 0.6% from the same period last year and, in fact, the twelve departments included in the region have all experienced a decline in the unemployment rate for a year. However, there are some disparities, with some departments (Ardèche and Drôme) with unemployment rates slightly above the 10% mark, while others (5.7% for Cantal, 6.7% for Haute-Savoie), with rates lower than the regional and national averages.

Business creation also contributes to the region’s economic prosperity. In fact, Auvergne-Rhône-Alpes saw the number of companies created in its territory, in 2017, grow by 2.3% compared to 2016, a performance equivalent to the national level (2.4%). However, there are also some disparities, with departments such as Savoie, Allier and Drôme showing negative growth.

Trade & Transfers

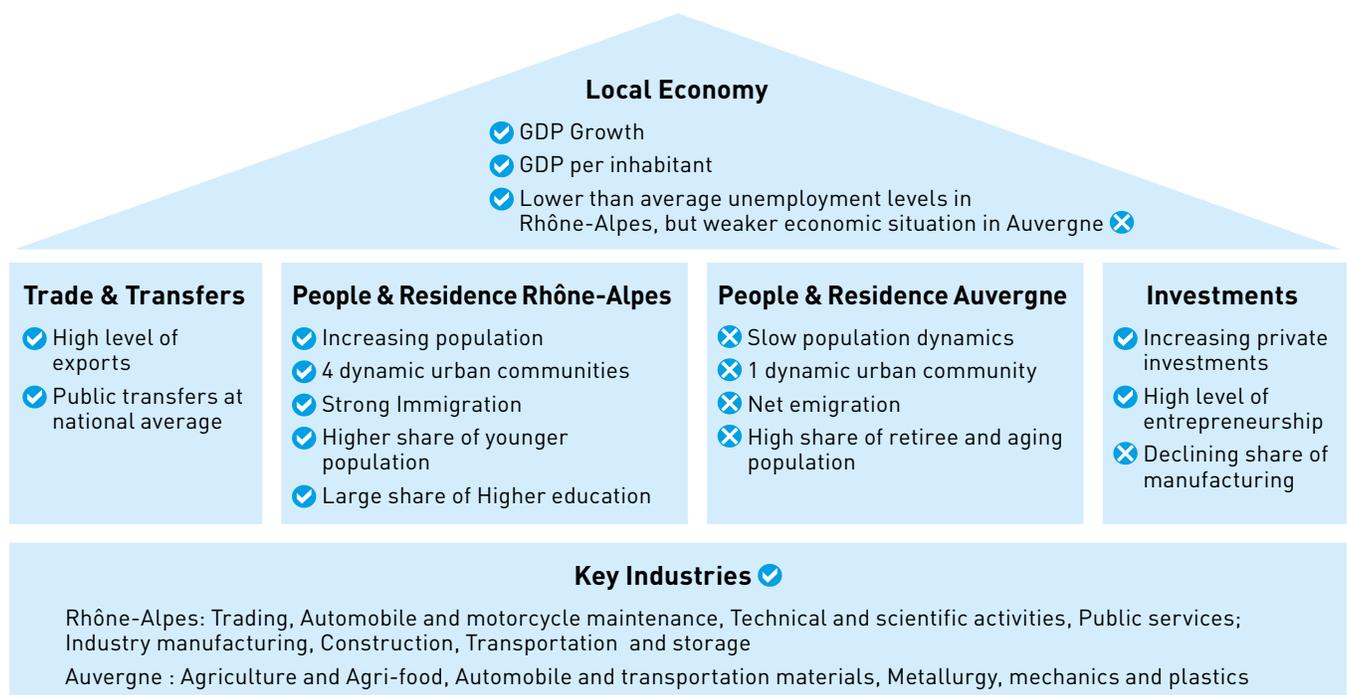
In the same vein, trade between the region and its main trading partners is flourishing. These exchanges have grown annually by 0.7% on average since 2012, reaching EUR €56.7 billion. Nevertheless, Auvergne-Rhône-Alpes has a low negative trade balance (EUR €1.1 billion). The main export products of the region are general-purpose machinery and equipment, chemicals and pharmaceuticals, which together make up a quarter of regional exports. As for the export markets, these are primarily European (62.3% of exports), Asian (14.7%) and American (9.8%).

Due to the region’s economic strength, public investments are under the national average expenditure per capita of EUR €463, and for 2017, they amounted to EUR €438 per capita.

People & Residence

The general demographic portrait of Auvergne-Rhône-Alpes remains contrasted. On one hand, the entire region is experiencing significant population growth, both in absolute terms

FIGURE 6 – Auvergne-Rhône-Alpes: diagnostic summary of local development



Source: Authors (2018)

and nationally. However, some rural departments in the region are confronted with two marked trends, namely the aging of their respective populations and an exodus to urban centers. As mentioned in the introduction, the population of the Auvergne-Rhône-Alpes is 7.9 million inhabitants (2016). This population is growing strongly, having experienced an average annual growth of 0.8% since 2009, above the national average (0.5%) for the same period. In terms of age, it is characterized by the predominance of adults, with nearly four out of ten people aged between 30 and 59. Individuals under the age of 30 make up 36.5% of the region's population, while those aged 60 and over make up almost a quarter (24.4%).

Furthermore, for the period 2008-2013, the urban centers including Lyon (third largest city of France), Saint-Étienne, Clermont-Ferrand and Grenoble, captured more than half of the regional demographic growth, at the expense of rural areas, which continue to depopulate. In fact, regional demography is now split in two: the departments located to the west of the region and, to a lesser extent, to the south, are generally less populated, and their population is older and poorer than the departments located in the center and eastern part of the region. The population of Auvergne-Rhône-Alpes has a median income of EUR €20,944 and a poverty rate of 12.3%, better than national levels (EUR €19,800 and 14.3%, respectively).

Investments

For the reasons mentioned above, the Auvergne-Rhône-Alpes region is a good performer in terms of investments made by the private sector. It ranks second among French regions in terms of sums invested (EUR €10.7 billion) and companies supported (1,645), for the year 2015. These investments were spread out among industry and chemicals, consumer goods, and in the medical and biotechnology sectors. In terms of housing construction, Auvergne-Rhône-Alpes shows some dynamism. In fact, the region had an increase in construction permits of 22.1% compared to 2016, which is 7% better than in metropolitan France. With regard to public investments, the French government has come to an agreement with the region under the Rhône-Alpes State-Region Plan Contract 2015-2020, to provide EUR €3.4 billion for the economic development of the region, in areas such as multimodal mobility, higher education, research and innovation as well as energy transition.

Industries

As with many modern economies, the industrial structure of the Auvergne-Rhône-Alpes region is characterized by the predominance of services. The service sector includes 58.7% of the region's commercial establishments, followed by the commercial sector (20.2%), construction and public works (12.7%) and industry (8.4%). As a result, the service sector is also the one that carries most of jobs: over 53% of jobs are

concentrated there. The commercial and non-commercial tertiary sector (public administration, education and health) account for three-quarters of value added.

In summary, the regional diagnosis of Auvergne-Rhône-Alpes features generally positive trends and shows many opportunities for the development of industry, investments, entrepreneurship, transfers, trade, population and employment. However, these benefits remain disparate at the territorial level, as the former Auvergne region shows lower economic growth than Rhône-Alpes, partly due to Auvergne's depopulation, higher unemployment and aging population. Other challenges include high migration flows and levels of poverty. These issues may also represent business opportunities with the introduction of innovative initiatives to further stimulate local development.

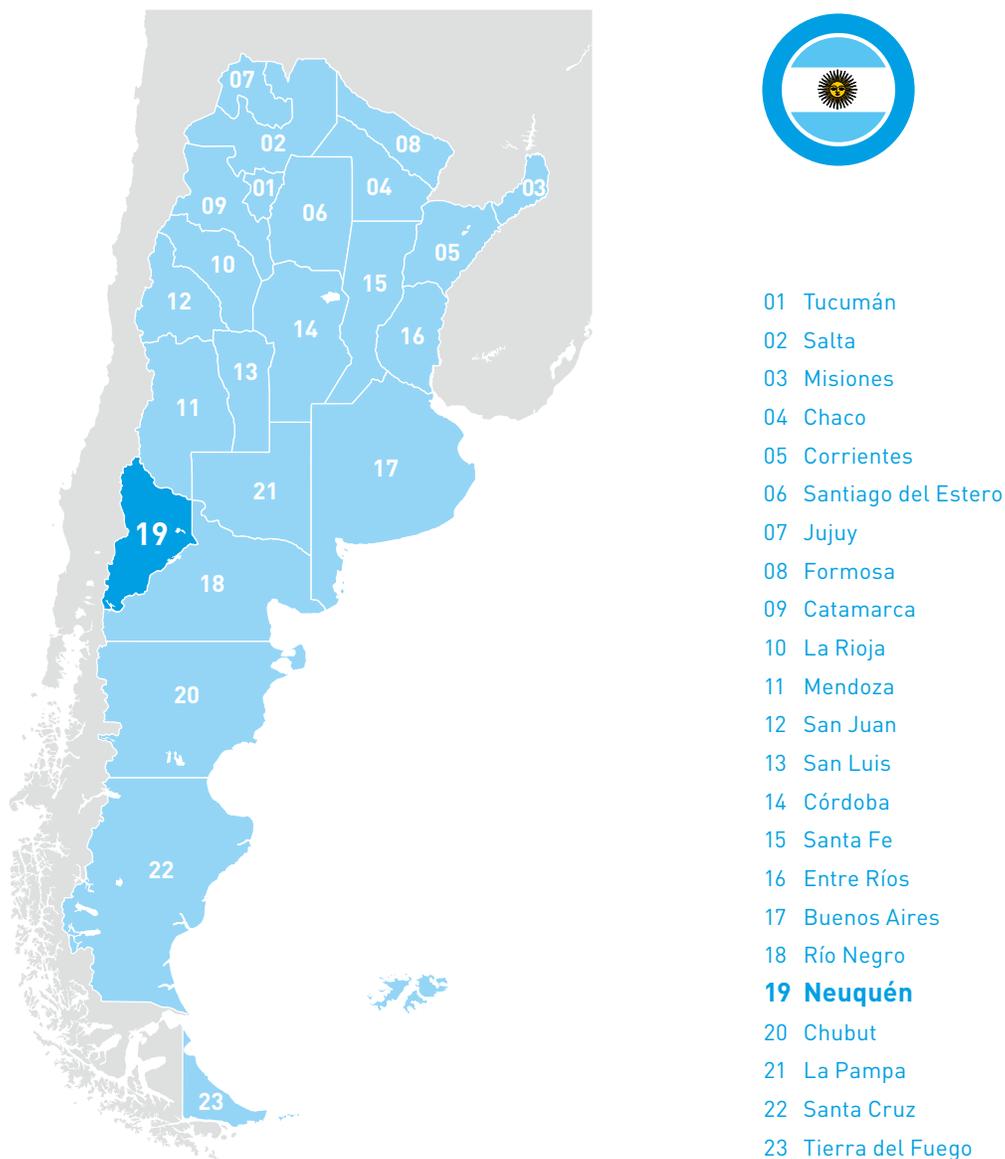
1.3 Neuquén – Argentina

Presentation

The province of Neuquén is one of the 23 provinces of the Argentine Republic. Neuquén is at the north-west end of Patagonia. The province itself is divided into 16 departments, and its capital is the city of Neuquén. It is home to around 551,226 inhabitants, placing the region seventeenth nationwide, in terms of population. The province is 94,078 km², and occupies just 3.4% of the vast territory of Argentina, ranking it thirteenth in terms of size among the provinces of the Republic.

Neuquén's particular geography has defined the economic evolution of the whole region for decades. On one hand, since it's backed by the Andes, Neuquén benefits from the presence of a large hydrographic basin which has given rise, in recent decades, to the development of hydroelectric power stations. The province provides just over half of the national electricity supply. The high mountains, which characterize the western part of the province, have also given rise to year-long tourist activity centered on snow sports. On the other hand, the transition between the mountainous regions and the Patagonian plain has given rise, over millennia, to the presence of two forest areas with a temperate climate – the Valdivian forest and the Andino-Patagonian forest. These areas are at the heart of two important economic activities in the province, namely the exploitation of hydrocarbons (oil and natural gas), of which Neuquén is one of the most important national producers, and vegetable production, especially that of fruits (apples, pears and peaches).

FIGURE 7 – Argentina provinces and Neuquén

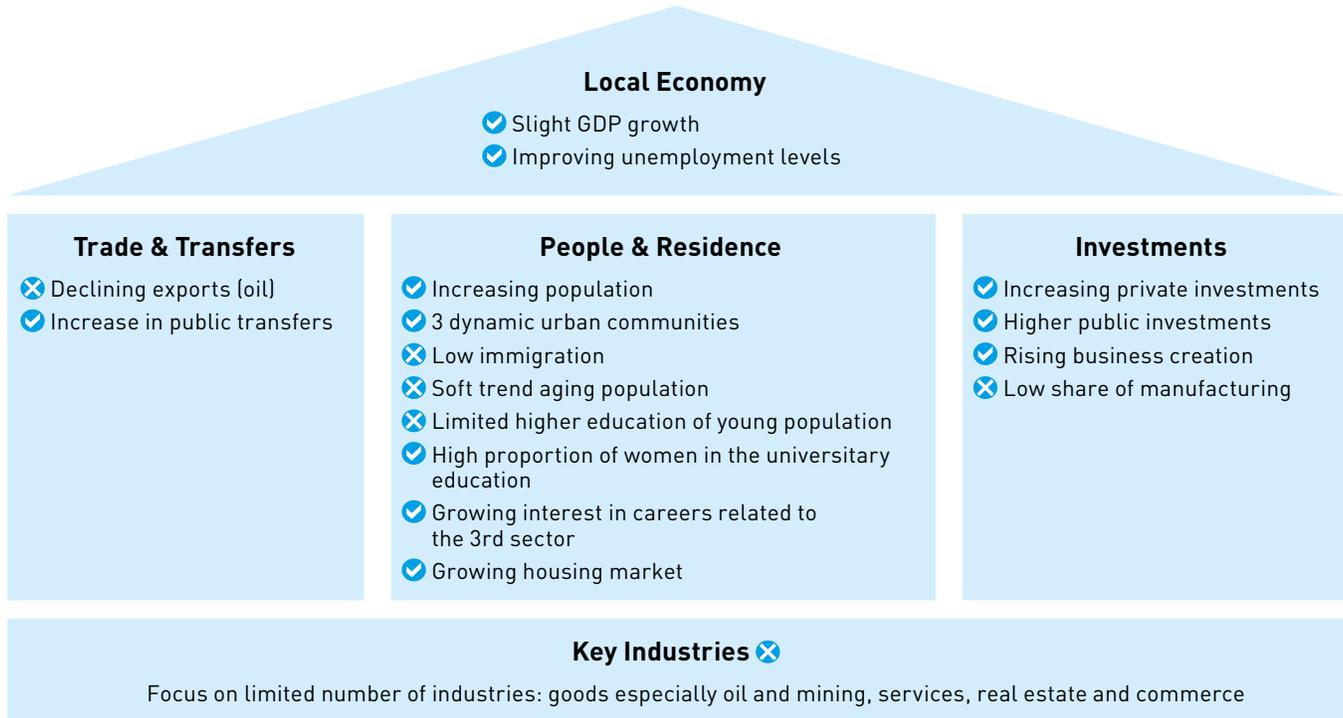


Local Economy

The province of Neuquén, however, has experienced modest economic growth over the past quarter of a century. In fact, provincial GDP has averaged 1.4% annually between 1993 and 2015, lower than Argentina's (2.5%) for the same period. This average performance is mainly due to the fall in the price of raw materials which, in turn, has led to the depreciation of the mining-related sector (mining, oil, natural gas) as a share of provincial GDP. The share of this sector has fallen dramatically, from 65% - 70% from 1993 to 2000, to only 30% today. Provincial economic performance has improved significantly

since the global downturn caused by the 2008-09 financial crisis; Neuquén has had an average annual increase in GDP of 4.6% since 2012, a sign of recovery. The province's weight in terms of national GDP remains modest, however, with the latter contributing only 1.9%.

The current unemployment rate in the province of Neuquén reflects the effects of the economic recovery. For the second quarter of 2017, this rate was 7.5%, down 1.1% from the same quarter in 2016. In this respect, the province is doing better than the national unemployment rate (which is at 8.7%), but is lagging by one percentage point in the overall region of Patagonia. Note the presence of significant regional disparities

FIGURE 8 – Neuquén: diagnostic summary of local development


Source: Authors (2018)

in unemployment: some municipalities (Chos Malal, Añelo, Zapala) have an unemployment rate of around 9.5%, while others (Cutral Co, San Martín de los Andes) are lower than the provincial rate (6.9% and 6.1% respectively).

Finally, the number of companies is also rising in the province of Neuquén to 36,309, up 2.4% from the end of 2016, also reflecting the recovery in the province's economy.

Trade & Transfers

In terms of trade, the province of Neuquén has experienced a sharp drop in exports since the beginning of the decade. In fact, the value of the latter has weakened by a factor of 2.3 between 2011 and 2015, falling from USD \$362 million to USD \$156 million. The extractive sector accounted for 46.7% of total exports in 2011; this percentage was only 23.4% in 2015. In monetary terms, three main products accounted for almost 57% of the province's exports: methanol (28.6% of the value of exports), pears (15.3%) and natural gas (13.0%). As for export markets, the five main trading partners of Neuquén in 2015 were Brazil (36.1% of the value of exports), the United States (16.6%), Chile (15.0%), Uruguay (14.0%) and Russia (3.5%).

As for imports, they amounted to USD \$7.8 million for the year 2015. This is a significant increase of 64.5% compared to the previous year. Bananas, fresh and chilled salmon, and machinery accounted for exactly half of provincial imports

for that year. Chile (51.2% of the value of imports), Ecuador (19.1%) and the United States (15.7%) were Neuquén's main trading partners.

Public expenditure amounted to ARS \$31.1 billion pesos for the year 2015. Since 2011, they have multiplied by 3.5, with education and culture (29.9%), as well as health (13.5%) accounting for a large portion of provincial government expenditures.

People & Residence

The population of Neuquén represents 22.8% of the total population of Patagonia and 1.4% of the total population of the country. Compared to the last census (2001), this is an increase of 16.3%, while the country experienced, a population growth of 11.3% during the same period. Nearly two-thirds (65.8%) of the population of Neuquén is concentrated in the Confluencia department, home to the provincial capital, Neuquén, with a very high level of urbanization among the provincial population. In fact, more than nine out of ten inhabitants (91.7%) live in urban areas. The population density is 5.9 inhabitants per km², much below the 15.9 inhabitants per km² nationwide. Population projections suggest a relatively small population growth over the current decade, in the range of only 1.5%. The estimates predict a population of about 664,000 in 2020.

The age pyramid suggests a relatively young population. More than half (52.8%) of the population is under the age of 30, and the adult population (30 to 65) is just over four in ten. Moreover, in terms of education in 2010, the 20-29 age group has a lower university level (about 3,200 people) than the 30-39 age group (about 8,100 people), and even lower than that of 40-49 year olds (about 5,700 people). However, the share of women with a university education is higher than men, across all age groups. In terms of education, there is a growing interest in careers relating to the tertiary sector - to the detriment of the primary and secondary sectors. This is illustrated, for example, in the areas of health services (about 90 graduates in 2010 vs. 170 in 2014) compared to the field of engineering (about 120 graduates in 2010 vs. 70 in 2014).

Investments

Public investments in the Neuquén economy accounted for more than 30% of regional GDP in 2015. The latter accounted for only 11.8% of the same GDP a decade earlier. With respect to construction, the number of permits granted increased by 55.0% between 2011 and 2015. In June 2017, the number of licenses was 36,309, an increase of 2.4% compared to December 2016. Thus, the most active business group in terms of established companies is that of commerce with a positive variation of 2.7% between December 2016 (18,848 companies) and June 2017 (19,379 companies). This is followed by the services sector, with a positive variation of 2.1% during the same period (respectively 13,570 versus 13,857 companies). The industrial and construction sectors also increased during the same period (respectively 2.0% and 2.3%). However, the number of established businesses remains much lower than the previous two groups of businesses, with 1,720 companies for industry and 601 companies for construction in June 2017.

Industries

Although the service sector accounts for the vast majority of commercial establishments (91.5%), the share of goods and services production activities remains roughly equal in regional GDP. In fact, the goods sector contributed 51.4% of this GDP, compared to 48.6% for the services sector (2015). Extraction activities contributed to just over one-third (34.3%) of regional GDP, the largest contribution of the goods sector. On the other hand, commercial and real estate services (12.3% of regional GDP) are the largest contributor to service activities. Note that the industrial structure of the province of Neuquén has, since the beginning of the decade, undergone significant changes. In fact, the fall in the price of raw materials will have led to a significant drop in the contribution of the extraction sector, offset a little by a modest rise in the services sector. Indeed, in 2005, the primary sector accounted for 59% of GDP compared to 11% in 2013, the secondary sector stood at 11% in 2005 and 25% in 2013, and the tertiary sector rose from 30% in 2005 to 64% in 2013.

A summary diagnostic of the province of Neuquén shows that the region offers as many opportunities as challenges. Indeed, in terms of investment, entrepreneurship and the population, socio-economic trends are encouraging, especially with an increase in private investment and entrepreneurship. However, lower oil prices have partially contributed to lower exports for this key industry in the region, whose industrial structure remains little diversified. In addition, economic activity has declined in the primary and secondary industries, while the tertiary sector has increased significantly, though not quite covering the difference. To summarize, the province of Neuquén represents a market with potential in the service industry and SME sector that could create needs in terms of financial services. However, note that some cities are more dynamic than others in economic and demographic terms.

1.4 Santa Catarina – Brazil

Presentation

Santa Catarina is one of Brazil's 26 states (in addition to the federal district of Brasília, the national capital). Located in the southern portion of the country, Santa Catarina is bordered to the North by the state of Paraná, to the South by the state of Rio Grande do Sul, to the West by Argentina (with which Santa Catarina shares a border for about one hundred kilometers), and to the East by the Atlantic Ocean. Santa Catarina is part of the Southern region (Sul), one of the country's five regions. It is subdivided into seven parts, with 295 municipalities. The capital of Santa Catarina is Florianópolis, with about 462,000 inhabitants, and the largest urban agglomeration is Joinville, with about 555,000 inhabitants. The third-largest city is Blumenau, with 334,000 inhabitants.

The latest available demographic data from the 2010 national census indicates that the population of Santa Catarina was 6.2 million inhabitants, placing the state 11th in the country. The area of the province amounts to 95,737 km², and occupies only 1.1% of the territory, ranking 20th in the country.

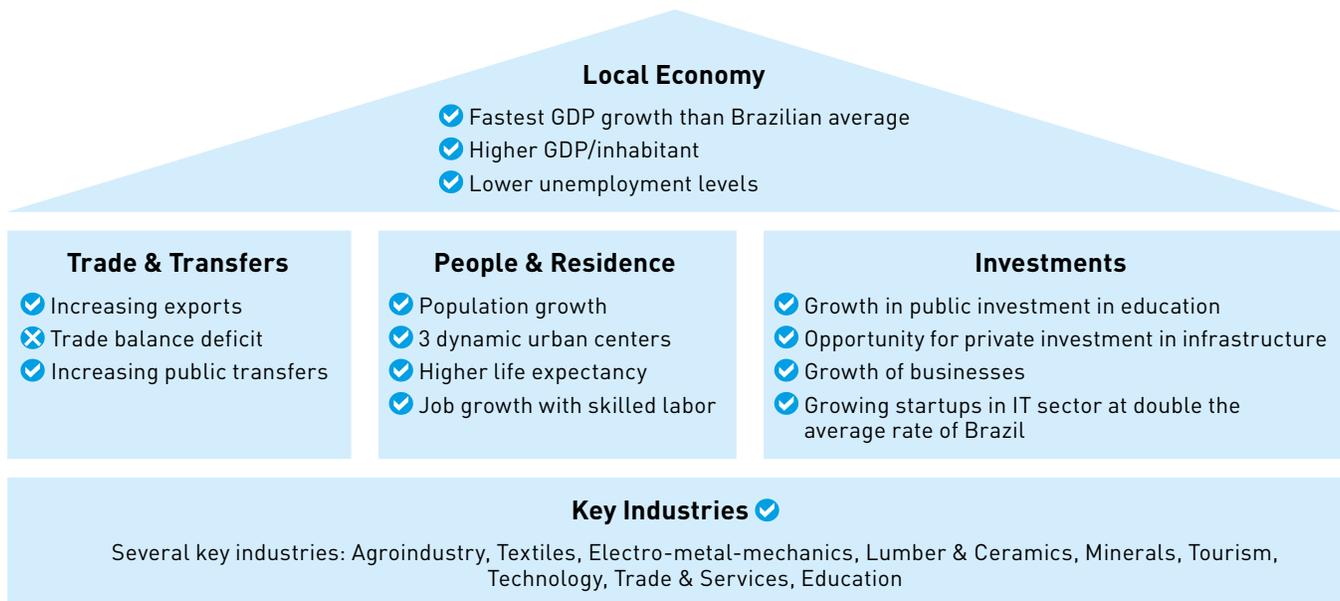
At the heart of Brazil's emerging economy, which experienced its share of difficulties over the past five years, Santa Catarina has been able to play its part well. The state has developed a unique regional economic model, supported by the presence of medium-sized urban agglomerations and various economic staples that provide stability during difficult economic times. Santa Catarina also enjoys a privileged position from a geographical point of view, halfway between the two most important industrial centers of the continent: São Paulo and Buenos Aires, the Argentine capital. As a result, in many respects, the population of Santa Catarina enjoys a higher standard of living than the Brazilian population as a whole.

FIGURE 9 – Brazil states and Santa Catarina



- | | | | |
|--------------|---------------|------------------------|--------------------------|
| 01 Acre | 08 Alagoas | 15 Rio Grande do Norte | 22 Minas Gerais |
| 02 Amapá | 09 Bahia | 16 Sergipe | 23 Rio de Janeiro |
| 03 Amazonas | 10 Ceará | 17 Goiás | 24 São Paulo |
| 04 Pará | 11 Maranhão | 18 Mato Grosso | 25 Paraná |
| 05 Rondônia | 12 Paraíba | 19 Mato Grosso do Sul | 26 Rio Grande do Sul |
| 06 Roraima | 13 Pernambuco | 20 Distrito Federal | 27 Santa Catarina |
| 07 Tocantins | 14 Piauí | 21 Espírito Santo | |

FIGURE 10 – Santa Catarina: diagnostic summary of local development



Source: Authors (2018)

Local Economy

Santa Catarina's GDP for the year 2013 was BRL R\$214.2 billion, an average annual increase of 13.3% since the beginning of the twenty-first century. The share of Santa Catarina's GDP in Brazil is relatively stable, at 4% from 2010 to 2014 (latest data available). Given the difficult period Brazil has experienced since 2014 with the country's economy contracting, Santa Catarina's performance is remarkable. Notably, the state's GDP is higher than those of Bolivia, Uruguay and Paraguay.

In 2013, Santa Catarina's GDP per capita was BRL R\$32,290, well above the national average of BRL R\$26,442. The state's unemployment rate in the third quarter of 2017 was 6.7% (compared to the national unemployment rate of 12.2%), a significant 1.2% decrease from the first quarter of the same year.

The number of active businesses increased between 2006 and 2011, from nearly 350,000 to over 400,000 establishments, a growth of more than 14% over the past five years. The number of employees followed the same trend, from 1.6 million to over 2 million over the same period.

Trade & Transfers

In July 2017, Santa Catarina State had a negative trade balance. Exports amounted to USD \$738.7 million, up 10.6% compared to the same month in 2016. As for imports, they surpassed USD \$1 billion, an increase of one third in import value compared to 2016.

Santa Catarina's top three exports are poultry (17.7% of export value), soybeans (9.7%) and tobacco products (4.8%), representing nearly a third of exports. The United States (16.9%

of the value of exports), China (12.7%) and Russia (6.0%) are the main trading partners of the State.

Imports amounted to USD \$12.6 million FOB (Free On Board) for the year 2015, although this represents a decrease of 21.3% over the previous year. Copper and copper wire (4.9% of the value of imports), polymers (3.7%) and synthetic yarn (2.8%) represented the three main imports in 2015. China (33.7% of the value of imports), Chile (7.8%) and Argentina (7.5%) are the State's main trading partners.

People & Residence

Santa Catarina has 6.2 million inhabitants (2010), which represent 3.3% of the total Brazilian population. From a historical point of view, population grew modestly between 1980 and 2010, multiplying by a factor of 1.72 for this period, an average annual increase of 1.8%. However, projections for the current year (2017) estimate the population at 7.0 million inhabitants, which would represent an increase of 12.1%. On the other hand, demographers expect a slowdown in population growth, which, from 2017 to 2030, stands at only 1.1%, on an annual average. By the year 2030, the population of Santa Catarina is expected to rise to just over eight million. The population density is 65.3 inhabitants/km², ranking the State ninth in the country.

Santa Catarina's demography is characterized by the growing urbanization of its population. At the time of the 2010 census, 78.7% of the State's population lived in urban areas. Almost ten years later, this rate was 84.0%, with only 16.0% living in rural areas. The age pyramid of Santa Catarina shows a relatively young population. In fact, the three largest cohorts are those aged 25 to 29 (9.1% of the state population), 20 to 24 years (9.1%) and 15 to 19 years (8.7%).

Finally, based on the Gini coefficient, which measures the income inequality (from 0 as a perfect equality to 1 as perfect inequality), the State of Santa Catarina has a Gini coefficient of 0.438, a positive figure in comparison with the national Gini coefficient of 0.501. In addition, between 1996 and 2009, the percentage of higher education public institutions dropped significantly from 47.6 % to 5.0 %, with the proportion of students enrolling dropping from 92.2 % to 18.3 % during the same period. On the other hand, private higher education institutions increased between 1996 and 2009 (52.4% to 84.3%), as did students enrolled (7.8% to 27.5%). The share of students enrolled in higher education institutions increased overall during this period.

Investments

Revenues from the state of Santa Catarina amounted to BRL R\$29.3 billion (2014), with expenditures of BRL R\$21.2 billion. As for the private sector, the number of active enterprises and the rate of employment has steadily increased between 2006 and 2011 (+ 15.8%), and (+ 29.0%), respectively.

Industries

The State of Santa Catarina has a diversified industrial structure. As of 2014, more than half (50.6%) of GDP came from the service sector, with industry contributing 30.3%, public sector activities accounting for 12.9% and agriculture, 6.2%.

Textile is the largest industrial sector in terms of number of companies (10,218) and number of jobs (173,100). Food processing also carries a significant weight in the state's economy, with more than 105,000 people working in 3,400 companies. Other sectors contributing to the strength of Santa Catarina's economy include: metallurgy, machinery manufacturing, wood processing, furniture manufacturing, the automotive industry and industries related to information and communication technologies.

Santa Catarina presents opportunities at many levels of the local economy. In terms of entrepreneurship and investment, Santa Catarina's technology sector is growing twice as fast as Brazil overall. The region benefits from public investments in education, opportunities in infrastructure and increasing numbers of active companies across sectors. In addition, the growing population is relatively young and educated, which contributes to a skilled labor market. In turn, the state's level of unemployment is, thus, lower than the national level. However, this attractive picture is nuanced by Santa Catarina's trade balance deficit since 2009, despite relatively stable and rising exports. Santa Catarina's main strength lies in its decentralized development model, with several key industry clusters throughout the territory. This is how the Santa Catarina State economy has enjoyed positive growth in recent years and has resisted the instabilities of the national and international economic situation.

Finally, the state of Santa Catarina is a dynamic region with a growing local economy for a financial cooperative that wants to develop more innovative practices at an individual and business level, while contributing to local regional development.

Focused innovations portfolio in different local contexts

Overall, the exploration and analysis of these four regions' economic and social challenges bring forward their specific dynamics (figure 11). In addition, we observe disparities within the same individual region, for instance, in terms of unemployment or aging population (e.g. Auvergne-Rhône-Alpes for aging and unemployment; Neuquén for unemployment).

As the dynamics vary substantially across regions, it is necessary to adapt the portfolio of innovations to the specific situations. The next chapter will illustrate a set of innovative practices and how each one aims to contribute, with their own attributes, to specific local challenges.

FIGURE 11 – Diagnostic overview of local development trends

					
	Bas-Saint-Laurent	Auvergne	Rhône-Alpes	Neuquén	Santa Catarina
Population	200,000 ↘	1,360,000 →	6,650,000 ↗	620,000 ↗	6,910,553 ↗
Local Economy	↘	↗	↗	↗	↗
Trade & Transfers	↘	↗	↗	→	→
People & Residence	↘	↘	↗	→	↗
Investments	→	↗	↗	↗	↗
Industries	→	→	↗	↘	↗

Source: Authors (2018)

2 Case studies of cooperatives leading local innovation practices

This second part presents case studies of local innovation practices launched by financial cooperatives and mutuals. This section describes 27 leading local innovation practices. Each innovation is mapped in terms of the development levers that it aims to influence.

2.1 Mapping of local development levers

Figure 12 maps various levers driving local development. Each innovation could act on a specific set of levers. As we analyze the various innovation practices, we attempt to identify the levers that they aim to influence. Hence, a cooperative willing to contribute on a certain dimension of local development would find a source of inspiration from the various innovation practices presented in the next sections.

In the Trade & Transfers category, an innovation practice could foster buying local as well exports. In the People & Residence

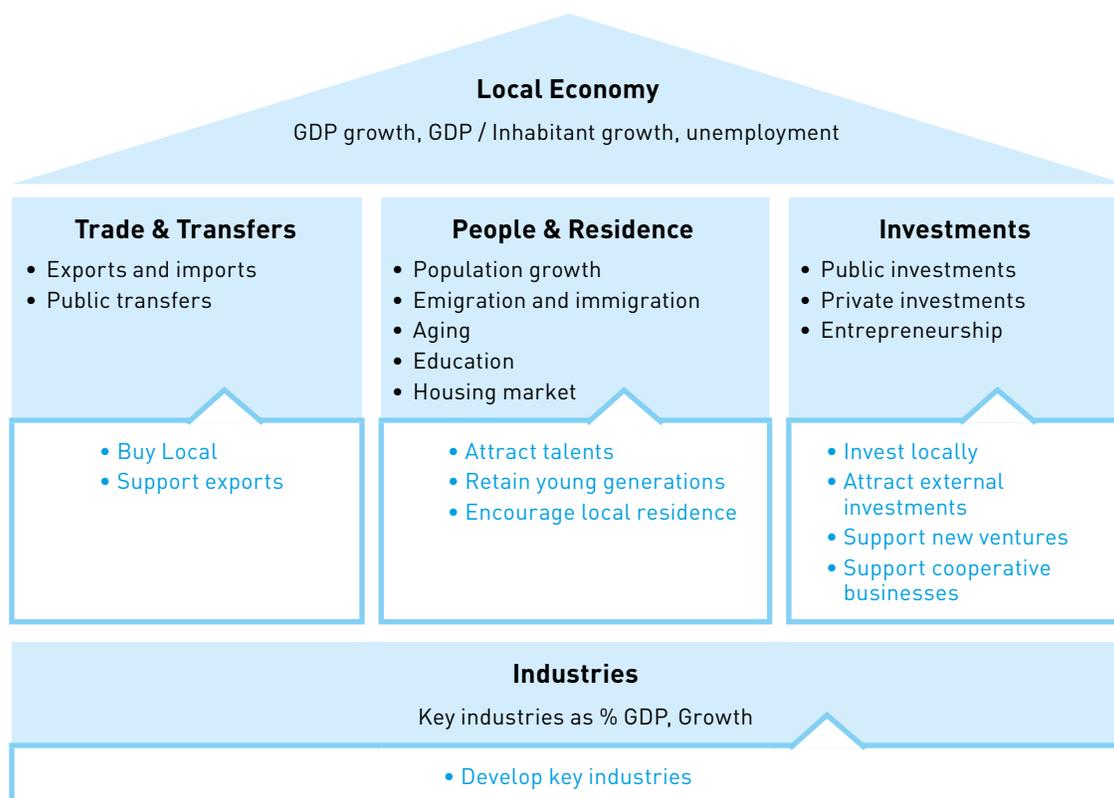
category, innovation practices would help attracting talents, retaining a younger generation, and encouraging local residence. In the Investments category, an innovation could enhance local investment, attract external investments, and support new ventures and cooperatives. In the Industries category, an innovation practice could contribute to developing key industries.

In the next section, we will describe each innovation practice and identify their development levers that they aim to influence.

2.2 Financial cooperatives and mutuals: leading local innovation practices

In this section, we present 27 leading local innovation practices that have been documented, based on desk research and interviews. We have interviewed nine financial cooperatives and mutuals (figure 13) from Europe, Latin America and North America.

FIGURE 12 – Mapping of local development levers



Source: Authors (2018)

FIGURE 13 – Participating financial cooperatives and mutuals


Each participating cooperative has selected three leading local innovation practices to be detailed in this study among the many innovation listed as part of this research.

2.2.1 Banco Credicoop – Argentina

In the case of Banco Credicoop (Banco Credicoop, 2016), the leading innovation practices selected are Fundacion Banco Credicoop, the PLED program and the Integral management model (IMM). As part of this study, we will detail the IMM and briefly describe the two other practices.

The Integral Management Model

Why the IMM?

Due to the growth and new dimensions of the Banco Credicoop and also the natural generational change of leaders and officers, the Board of Directors agreed, in 1995, to start an active policy aimed to guarantee the continuity of the institution as a genuinely cooperative entity. This was to be achieved by actively participating both within the cooperative movement -national and international- as in the social movements that share its aspirations to build a more fair society based on the principles of solidarity.

In compliance with this objective, a process was initiated; it can be identified by five significant actions: 1) the reform of the Social Statute; 2) the policies developed during the economic and social crisis of the 2001-2002 in Argentina; 3) the elaboration and discussion of the so-called “Base Document” as the entity’s strategic plan; 4) the structuring of the Program of Institutional Strengthening as the axis of cooperative education; 5) **the development of the Integral Management Model (IMM)**.

The IMM was finally implemented by Banco Credicoop in 2014. This took several years to define and design the IMM final version, because it was enriched by several debates bidirectionally (bottom-up and top-down).

What is the IMM?

The [Integral Management Model](#) is a systemic organizational model that aims to deepen the participation of each and every of the cooperative management entities. The model brings together managers, employees and members' towards the same goal at national and local levels: the commercial, operative and institutional management integration.

1. This document exclusively refers to 'members' as the ones involved, ad honorem, in the management of the cooperative enterprise.

The IMM implies the full and relevant participation of officers, members and employees in the management of the financial cooperative organization and their involvement in a social movement. Hence, their participation should be materialized in the operating structures at both headquarters and branches level.

The IMM was implemented with the following strategic goals:

- To deepen the participative democracy by strengthening the role of the cooperative entity's management structures: the Administration Board, the Zonal Advisory Committees and the Members' Committees;
- To increase the number of Members who actively participate in the local management and within the Members' Committees;
- To increase Banco Credicoop's influence in the defense of ideas for solidarity, democratic and a socially fair society.

Among other institutional issues, the IMM is a guide for action in each local branch of Banco Credicoop, focused on the quantitative and qualitative growth of activities, of members and the cooperative militancy. Thus, the commercial, operational and institutional dimensions represent an equal part in terms of importance in the management of the financial cooperative within the IMM's framework.

The IMM summarizes the Banco Credicoop's historical model which puts forward the fact that participative democracy and efficiency are not opposite concepts. Thus, this scenario enables the organization to strengthen itself and take advantage of its double nature of enterprise and social movement.

How the IMM works?

The IMM has a set of guidelines and tools that helps people to organize activities within the cooperative bank. It enhances a comprehensive and harmonized managerial practice in the sense that it is applied in the branches and the head office.

The IMM's fulfillment is measured through the following indicators:

- Functioning level of the Work Team and the Members' Committees and Secretariats²;
- Actual participation degree of members in the management of the cooperative bank;
- Bank's development based on the achievement of the commercial objectives.

The document stating the guidelines of the IMM was submitted to debate in 361 workshops held with over 5,000 participants among leaders, officers and employees. Currently,

there are more than 3,000 members around Argentina helping the organization with the management and to represent any local territory at Banco Credicoop.

Regarding the local development levers (Table 1), the IMM is considered as transversal to all of the listed levers of the five categories defined for this study. Indeed, it aims to improve the institutional governance of the financial cooperative internally in order to reinforce itself externally in its regions.

The PLED program

Launched in 2009, the [PLED](#), is a Cooperative Program of Remote Education. Based on a virtual platform, Banco Credicoop's employees and members are trained in social sciences.

The focus of this institutional program is mainly to train employees and also members who are involved in the management of the cooperative. The second main feature of this program is also to support, current and future, leaders' institutional development for a better leadership of the cooperative organization. Consequently, the PLED aims to increase the knowledge of the social environment and the commitment in the cooperative management.

The program was developed in partnership with a national university, Universidad Nacional de Rio Cuarto. The trainings' topics varies from cooperative management, economy, politics, and history, among others. The program is also part of the tools that supports the Integral management model (IMM).

Since its launch to this day, more than 3,500 employees and members were trained throughout the PLED Program.

The PLED program could be considered as a lever of local development of the category People & Residence linked with the retention of young generations, and as a potential local residence driver. The program has also an additional lever out of the five categories: to boost an "institutional compromise" between cooperative and the commercial logics of the financial cooperative internally and externally (Table 1).

Banco Credicoop Foundation

Founded in 1999 as a non-profit organization, the [Banco Credicoop Foundation](#) (FBC) supports the development of the national SMEs both locally and internationally. It promotes SME's exports by offering such as Training Programs, Technical Assistance for operative concerns and Foreign Trade Services. The Training Programs are offered both virtually (remote) and in person to participants. These services are provided both at the Foundation's facilities, in any of the 267 branches of the Banco Credicoop or directly in a company. The Foundation has also agreements with the main National Universities of Argentina, where management courses are attended by directors and employees of SMEs.

2. Secretariats: understood as the specific participation of the members that are part of each Associate's Committee located at the branches.

The Foundation offers these programs not only to SMEs, but also to cooperatives, as well as other non-profit organizations. These services have special prices and, in some cases, they are carried out free of charge. It should be highlighted that the FBC also carries out projects with international organizations, such as the Inter-American Development Bank (IDB).

More than 2,000 SMEs and cooperatives receive annually services from the Foundation. In 2016, the FBC was recognized with the “International Cooperativismo” award, due to the promotion of exports of Argentinian SMEs in the context of one of the major international agribusiness fair in southern Brazil. Thanks to its pioneering Program called Diverpymex, the Foundation has managed to support more than 250 companies to export their products and/or services due to the knowledge transfer of a specific work methodology.

Banco Credicoop Foundation enables the local development levers of supporting exports in the Trade & Transfers’ category of the model (Table 1), and of supporting new ventures in the Investments’ category.

2.2.2 Caisses d’Épargne (FNCE) – France

In the case of the Fédération nationale des Caisses d’Épargne (FNCE, 2016), the leading innovation practices selected are

Parcours Confiance, Housing microcredit and Inclusive Mobility microcredit. As part of this study, we will detail Parcours Confiance and briefly describe the two other practices.

Parcours Confiance

Why Parcours Confiance?

Parcours Confiance³ (meaning “path towards trust”) is a network of non-profit organizations (NPO) founded and funded by Caisses d’Épargne in order to support and help vulnerable clients to regain a stable and more balanced financial situation. It is aimed at people who have financial and personal difficulties that could result from a life accident (illness, divorce, unemployment etc.), from poor financial resources (unemployment, social security beneficiaries etc.) or from a lack of autonomy (disabled, old or illiterate persons etc.). Therefore, Parcours Confiance aims to help them to finance their social or professional integration projects.

What is Parcours Confiance?

Parcours Confiance was launched in 2005 in partnership with several NPOs active in the fields of solidarity and reintegration. This device is considered as a new form of financial service, aimed at a specific clientele with a strong territorial presence. Parcours Confiance advisors intervene in all regions of France.

TABLE 1 – Banco Credicoop: leading innovations mapping

Local innovation levers	Integral management model	Banco Credicoop Foundation	PLED Program
Trade & Transfers			
Buy local	✓	✓	✗
Support exports	✓	✓	✗
People & Residence			
Attract talents	✓	✗	✓
Retain young generations	✓	✗	✓
Encourage local residence	✓	✗	✓
Investments			
Invest locally	✓	✗	✗
Attract investments	✓	✗	✗
Support new ventures	✓	✓	✗
Support cooperatives	✓	✓	✗
Industries			
Develop key industries	✓	✗	✗
Other lever	Implement an institutional compromise	—	Implement an institutional compromise

Source: Authors (2018)

3. In the regions of Provence Alpes Corse, Caisses d’Épargne Provence Alpes Corse and Côte d’Azur support Créa-Sol, a microcredit institute of which the mission is the same as Parcours Confiance.

Their daily work is similar to the job of a traditional banker, but in this case for people experiencing financial difficulties. Several services have been developed within *Parcours Confiance*, especially in the area of microcredit that takes various forms, and of which some are particularly innovative.

How *Parcours Confiance* works?

There are two types of microcredit offered: personal microcredit to help people who need financing for their equipment needs; and professional microcredit to help people who have weak financial resources in order to finance a business creation project. Microcredit files are processed by *Parcours Confiance* advisors and are financed by the regional *Caisses d'Épargne*. The interest rate is close to the one of a savings account “*Livret A*”, with an optional insurance on the loan and no fees. These loans are comprised between EUR €300 and EUR €5,000. They are also guaranteed between 50% and 70% by *Le Fonds de Cohésion Sociale*, a guarantee fund financed by the French State. This device is not only limited to members and clients of *Caisses d'Épargne*, but also remains open to the public.

In addition to microcredit services, there are three levels of accompaniment: 1) banking support directly provided by *Parcours Confiance* advisors on account and budget management; 2) social support provided by *Caisses d'Épargne* partners as NPOs in the form of advice on housing, employment, social security etc.; 3) educational support in financial pedagogy provided by the NPO *Finances et Pédagogie*, created and supported historically by *Caisses d'Épargne*.

The *Parcours Confiance* impact could be measured at an individual and regional level:

- At the individual level with the indicator “professional insertion rate (%)”. On average, this rate is at 91% for entrepreneurs, and 65% for individuals who receive microcredit through *Parcours Confiance* (2016);
- At the regional level with the indicator “business sustainability rate (%)”. On average, 70% of businesses, supported by the professional microcredit of *Parcours Confiance*, will survive more than five years after their creation. In France, just over 50% of businesses created each year will survive more than five years. This difference, in favor of *Parcours Confiance*, is partly due to the support offered to entrepreneurs, in particular by local NPOs specializing in the creation of businesses.

This territorial characteristic of such a program is very important because it induces a local ecosystem which is not necessarily visible and manageable from the central level. By working with local partners, for instance, on the creation of

businesses, they know their territories and particularly the most promising sectors. Thus, these local actors have the information and proximity advantage that makes them qualified to select projects more efficiently and effectively than if they were handled at a central level. *Parcours Confiance* and *Créa-Sol* represent more than 70 loan officers, 600 partners. *Caisses d'Épargne* is, hence, the first bank of personal microcredit in France (approximately 30% of market share).

In summary, *Parcours Confiance* contributes in many ways to the local economy (Table 2), by supporting local residents, fostering local investments, as well as facilitating the creation of employment.

Housing microcredit

The *Housing microcredit*, launched in 2012, allows households that have weak financial resources, to benefit from microcredits in order to finance their housing needs, such as energy poverty⁴, unhealthy housing, or adaptations to meet the needs of disabled persons. The FNCE established a national partnership with the *Foundation Abbé Pierre* which guarantees microcredits of more than EUR €10,000. Until fall 2012, many households had been able to finance their renovation needs thanks to free loans provided by public agencies. However, as this mechanism has been removed, the *Foundation Abbé Pierre* and the FNCE have joined forces to replace it.

As part of this partnership, households are identified by partners of the *Foundation Abbé Pierre* (NPOs, private operators, etc.) that help them to prepare their microcredit applications with *Caisses d'Épargne*. It is *Parcours Confiance* advisors who receive and process the microcredit applications.

Since 2013, about 700 housing microcredit loans have been provided for poor owner-occupiers, to a total amount of EUR €5.2 million of which 47% is for traditional housing microcredit, 44% for energy poverty, and 9% for adaptations to meet the needs of disabled persons. The anticipated impacts apply to several areas, including society (social inclusion, health, etc.), households (improvement of living conditions), the environment (reduction of gas emissions), banking (reduction of customer vulnerability), NPOs (reduction of energy insecurity among their beneficiaries), public authorities (capability to conciliate social and environmental policies), and energy suppliers (reduction of customer vulnerability).

Housing microcredits favor local demography, as well as housing and local investments (Table 2).

Inclusive Mobility microcredit

This financing program was launched in 2015 within *Club Mobilité*, coordinated by the *Action Tank Entreprise et Pauvreté* in partnership with, among others, The FNCE,

4. Energy poverty refers to households who are not able to afford to keep warm their housing at a reasonable cost.

Renault Group and Pôle Emploi. The objective is to propose a leasing offer with a purchase option on Renault's cars and financed by the microcredit of Caisses d'Épargne and its device Parcours Confiance. This offer targets the unemployed and people who, generally, do not have access to conventional credit to buy or rent a car over a period of time.

The first price starts at EUR €84 per month. The client pays monthly payments for a chosen period of time and, if he wishes, can buy the vehicle at the end of the leasing period. The price depends on the leasing duration, the number of kilometres and the level of equipment chosen. Club Mobility clients have access to negotiated prices for maintenance, insurance and fuel. This offer is also deployed across all regions of France.

Car leasing with a purchase option, financed thanks to microcredit, represents an innovation practice since it grants access to a new vehicle without exceeding the limit of the personal microcredit amount (EUR €5,000). To this day, regional experiences have led to positive results with over 100 vehicles delivered so far (January 2018), a volume that is strongly in growth. There is a general satisfaction among initial clients; with positive impacts as far their job searching is concerned.

In summary, the Inclusive Mobility microcredit helps retain people in the regions, by facilitating access to local employment (Table 2).

2.2.3 Crédit Agricole Group – France

In the case of the Crédit Agricole Group (Crédit Agricole S.A., 2016), the leading innovation practices selected are The Village by CA, Point Passerelle, and Job +. As part of this study, we will detail The Village by CA, and briefly describe the two other practices.

The Village by CA

Why The Village by CA?

Crédit Agricole launched [The Village by CA](#) in 2014. The idea came about in response to the idea that innovation is a fundamental key to economic growth and a powerful driver for businesses. Since the financial crisis of 2008, followed by the European debt crisis in 2010, economic growth declined in France, as well as in Europe. In a regional context, Crédit Agricole designed this first and unique practice in Europe to support local innovation and economies. Thus, with The Village by CA, Crédit Agricole aims to incorporate start-ups, companies, partners and its regional *caisses* within a local innovation ecosystem.

What is The Village by CA?

The Village by CA is a value-creating ecosystem and start-up incubator. It aims to support innovative, high-potential projects across France in different fields such as energy, housing, health and aging, farming and agrifood, environment, and digital services. Start-ups have access to Crédit Agricole's partners such as Hewlett-Packard, Orange, IBM, HP, Philips, NEC etc.

TABLE 2 – *Caisses d'Épargne*: leading innovations mapping

Local innovation levers	Parcours Confiance	Housing microcredit	Inclusive mobility microcredit
Trade & Transfers			
Buy local	⊗	⊗	⊗
Supports exports	⊗	⊗	⊗
People & Residence			
Attract talents	⊗	⊗	⊗
Retain young generations	⊗	⊗	✓
Encourage local residence	✓	✓	✓
Investments			
Invest locally	✓	✓	✓
Attract investments	⊗	⊗	⊗
Support new ventures	✓	⊗	✓
Support cooperatives	⊗	⊗	⊗
Industries			
Develop key industries	⊗	⊗	⊗
Other lever	Increase employment and employability	—	Increase employment and employability

Source: Authors (2018)

The Village by CA is a win-win open innovation ecosystem both for start-ups, for Crédit Agricole and its corporate partners.

How The Village by CA works?

The Village has a mayor and a selection committee. The jury is composed of innovation leaders from companies, partners and elected executives from Crédit Agricole regional *caisses*. Start-ups are selected based on their high-innovation potential and other criteria, such as their length of existence (between 6 to 36 months), their budget or revenues, and the complementarity between them in terms of encouraging partnerships. Once selected, start-ups have a maximum of three years incubation, also with an access to a co-working space at a low cost (annual rent of between EUR €410 and €750 per m²). Each Village is supervised by the Crédit Agricole's regional *caisse*, representing key industries within the region.

The Village by CA also aims to answer one of three challenges put forward by Crédit Agricole in its strategic plan "Strategic Ambition 2020". Indeed, the second challenge is to implement an innovative ecosystem and this, by spreading The Villages through all regional *caisses*. Thus, the goal is to create a dynamic within territories and a vast ecosystem at a regional and international level (FNCA, 2016). For 2020, Crédit Agricole aims to open 30 Villages across France, welcoming 600 incubator start-ups and to invest EUR €200 million in start-ups and fintechs.

The Crédit Agricole and its regional *caisses* have set up two indicators in order to evaluate its contribution to local development by committing into being a key actor of innovation (FNCA, 2016): a general indicator for the network of Villages by CA, and a specific indicator for the number of start-ups resident in the Villages by CA.

The first Village was created in Paris in 2014, followed by another 15 Villages which were established by 2017 in other regions. The Village also has offices and services in 25 major cities worldwide (New York, London, Moscow, Shanghai, Seoul, Tokyo, Singapore, etc.) to assist start-ups in their international development. To date, 231 start-ups are receiving support, and a total of EUR €48 million has been raised (Crédit Agricole S.A., 2016).

The Village by CA has a very broad impact on local development covering multiple dimensions through the development of local business ecosystems (Table 3).

Points Passerelle

[Point Passerelle](#) (meaning "the bridge point") was launched in 1997 and created by the regional *caisse* Crédit Agricole Nord-Est. It is a device that aims to accompany clients and non-clients who have financial and personal difficulties in order to allow them to retrieve an economic, banking and social autonomy. The program is based on two missions:

accompaniment and prevention via pedagogy. The Fédération Nationale du Crédit Agricole (FNCA) has accompanied the regional *caisses* in the set-up of the device, currently present in numerous territories (35 regional *caisses* on 39).

The persons who benefit from the program are accompanied by:

- Advisors "Passerelle": they intervene to establish a financial diagnostic, and depending on the situation, they can propose financial solutions such as microcredit and debt consolidation;
- Voluntaries, mostly administrators or previous collaborators from *caisses* (approximately 49% of administrators and 41% of retired collaborators): they relay the accompaniment by providing a social and psychological support as well as budget accompaniment;
- Private and public partners at the local level: they support the device by offering social solutions in the fields of health, housing, energy, transport, taxes, etc.

Currently, there are 124 advisors Passerelle and 930 voluntaries involved in Points Passerelle. To date, there are more than 80 Points Passerelle within 35 regional *caisses* of Crédit Agricole. Since its creation, more than 100,000 persons have benefited from this program, of which 12,336 in 2016 (FNCA, 2016). Since 2008, the regional *caisses* offer personal microcredit guaranteed at 50% by the Caisse des Dépôts et Consignation. In 2016, 1,560 loans were granted by 23 regional *caisses*, comprising a total amount of EUR €2.9 million. A proportion of 60% of these microcredits has financed projects relating to mobility and employment, another 13% to housing, and 4% to training.

Point Passerelle has made a major contribution to sustaining local residence and employment (Table 3).

Job +

[Job +](#), is a service launched, in March 2017, by the regional *caisse* Crédit Agricole Pyrénées Gascogne in partnership with the start-up, Wizbii, which is the first professional platform in France for employment and entrepreneurship aimed at young people. The goal is to encourage young people to have access to employment. Through this service, the regional *caisse* aims to reinforce the membership of its clients with a certain preoccupation with their professional future.

The service proposes activities to help young people with their job search, notably by providing recruitment events, access to job announcements via Wizbii, assistance to building a professional career, development of skills with online courses, preparation for foreign language certifications and other practical advices. The Job + service is free for members holding a banking account at the regional *caisse*, notably parents of teenagers (16-18 years) and young adults (18-30 years).

In this region, where unemployment affects more than a quarter of the young population, the Cr dit Agricole’s initiative appears to be sustainable because it brings an additional and practical value to members. The practice is also aligned with the mutualist nature of the financial cooperative that is strongly anchored in its territory. The main stake of this strategic position, via the “Job +” initiative, is to support the local economy by reducing, for instance, population migration, that is crucial to the regional *caisse*’s prosperity, as well as for local development over the long term.

In 2016, on the Wizbii platform, 33,000 jobs have been filled, 1,500 entrepreneurial projects were created, thanks to young talent meetings, and about 900,000 students and young graduates are currently registered via the platform. In October 2017, this initiative was launched at the national level by [Cr dit Agricole Group](#) as a partner of Wizbii. The practice was deployed under the brand “[1er Stage, 1er Job](#)” (meaning 1st Internship, 1st Job) with its own and national website.

By supporting local employment, Job+ contributes to attracting talents, retaining the younger generation, and encouraging local residence (Table 3).

2.2.4 Desjardins Group – Canada

In the case of the Desjardins Group (Desjardins Group, 2016a), the leading innovation practices selected are the Solidarity-based finance programs, The Cooperathon and La Ruche. As part of this study, we will detail the Solidarity-based finance programs and briefly describe the two other practices.

Solidarity-based finance

Why the Solidarity-based finance?

The [Solidarity-based finance](#) programs are aimed at individuals and entrepreneurs who are partially or entirely excluded from the traditional financial system. These programs help people to take or retake an active role within the economic ecosystem and to contribute to their community vitality. Indeed, they are based on partnerships between local Desjardins *caisses* and specialized non-profit organizations (NPO) in areas of budget consultation and entrepreneurship support.

What is the Solidarity-based finance?

The Solidarity-based finance programs offered by Desjardins comprise two key elements:

- An accompaniment of proximity (mentorship for entrepreneurs in starting or managing a business, budget and finances education for persons having financial difficulties) offered in partnership with local NPOs;
- A financing program adapted to the financial capacity of borrowers.

Investments sums by Desjardins in these programs are composed of subventions granted to NPOs partners in order to support their work of accompaniment as well as of capital to provide loans.

How the Solidarity-based finance works?

The solidarity-based finance (Desjardins Group, 2016b) is composed of three microcredit programs offering mainly microcredit, consulting services and accompaniment.

TABLE 3 – Cr dit Agricole: leading innovations mapping

Local innovation levers	Le Village	Point passerelle	Job +
Trade & Transfers			
Buy local	✓	⊗	⊗
Supports exports	✓	⊗	⊗
People & Residence			
Attract talents	✓	⊗	✓
Retain young generations	✓	✓	✓
Encourage local residence	✓	✓	✓
Investments			
Invest locally	✓	✓	⊗
Attract investments	✓	⊗	⊗
Support new ventures	✓	✓	⊗
Support cooperatives	✓	⊗	⊗
Industries			
Develop key industries	✓	⊗	⊗

Source: Authors (2018)

- **Desjardins Mutual Assistance Funds (since 2002):** aims to support people having financial difficulties or facing one-off urgent expenses. The program associates, at the regional scale, local *caisses* and a community partner specialized in budget consulting. This partner provides, in all confidentiality, consulting services and accompaniment for budget management. The program also allows accompanied persons to benefit, if necessary, of assistance loans varying from CAD \$500 to \$1,500.
 - General indicators: number of accompanied members, amount of loans, Caisse participation rate (%);
 - In 2016, about 7,719 people in difficult situations received help with their personal budget issues and financial management tools. The Caisse participation rate increased respectively from 58% to 65% between 2014 and 2016⁵.
- **Desjardins Microcredit to Businesses (since 2004):** aims to provide entrepreneurs having modest financing needs and self-employed workers with the support they need to start or consolidate their businesses. The program is also offered to immigrant newcomers who need support to finance a start-up. The program includes services of proximity accompaniment provided by community credit partners (borrow funds or borrow circles). Participating local *caisses* also contribute to the capital of these same partners.
 - General indicators: Number of members, number of created jobs, repayment rate (%), average finance amount, Caisse participation rate (%) and total financing amount;
 - In 2016, 456 entrepreneurs were supported (65 businesses) and 154 jobs were created or maintained. The Caisse participation rate increased respectively from 29.7% to 43.0% between 2014 and 2016⁶.
- **Créavenir (since 2007):** aims to support young entrepreneurs looking to start or consolidate a business. Loan and subventions granted can be used as working capital for the business in order to access to other sources of financing, and none of the usual down payments or security deposits are required. The program also has a component of accompaniment and sometimes of mentoring provided by local partners with entrepreneurship and business expertise. Créavenir is a program open only to members between the ages of 18 and 35 who have an incorporated company or a cooperative that has not yet been started, or that has been in business for less than three years.
 - General indicators: number of members, number of created jobs, finance amount, average finance amount, repayment rate (%), Caisse participation rate (%), and total grants amounts;
 - Specific indicators: methodology developed by Dare2Impact, a non-profit organization. The “impact indicators” are based on three categories of change: immediate change, intermediary change and desired (or future) change;
 - In 2016, financing of CAD \$1.1 million was granted (83 business projects) and 164 jobs were created. The Caisse participation rate increased respectively from 22% to 44% between 2014 and 2016⁷.

In 2016, the Desjardins Group has invested CAD \$7 million in the Solidarity-based finance programs. The average repayment rate for the programs Desjardins Microcredit to Businesses and Créavenir are of more than 90%. (Desjardins Group, 2016b). In summary, The Solidarity-based finance programs aim to improve the financial inclusion of persons or entrepreneurs excluded from the traditional credit network. Hence, they contribute to their economic and social integration and therefore, citizens participate to the vitality of communities. In terms of local development levers (Table 4), they contribute to supporting local trade, retaining younger generations and encouraging local residency. It also contributes to local investments, leading to improved employment opportunities.

The Cooperathon

The Cooperathon, launched in 2015, is an event combining open innovation and cooperativism that is held each year in Montreal, Quebec City, Lévis and Lyon (France). It is a three or four-week hackathon which aims to connect aspiring entrepreneurs, developers, designers and citizens with organizations and companies. The goal is to develop innovative, sustainable and impactful solutions for real life challenges. The concept was designed and developed by the Desjardins Lab, in partnership with the non-profit organization, Health Hacking. For the 2017 edition, the Crédit Industriel et Commercial from the Crédit Mutuel Group (France) joined the partnership.

The participants develop their projects in line with one of the challenges relating to four fields: fintechs, health, education and smart city. At the end of the cooperative marathon, the teams, supported by Desjardins experts and its partners submit a draft solution to their selected challenge. Indeed, since the goal is to innovate, neither perfection nor a definite outcome are expected. Participants are encouraged to surpass the previous edition’s excellent results, thanks to various monetary prizes and access to a variety of tools and accelerator programs.

5. Source: Desjardins report of social and cooperative responsibility (2016)

6. Idem

7. Idem

For the 2016 edition, the Cooperathon brought together 300 businesses, health and IT professionals, supported by 80 coaches and mentors. The Cooperathon participants submitted over 90 ideas of which 43 made it to the semi-finals and 15 finalists were selected to present their ideas to the jury. The winning team developed an application to improve monitoring of patients with heart problems (Desjardins Group, 2016b). To date, 45% of last year's projects are still materialising from which new businesses have been launched.

In summary, the Cooperathon is a key contributor to the fostering of local ventures and investments (Table 4). It, therefore, support local economic development, employment and retention of a younger generation.

La Ruche

[La Ruche](#), launched in 2013, is a crowdfunding platform and a non-profit organization that aims to motivate and encourage people to get involved in the local development of their regions. In 2016, Desjardins Group and the City of Montreal partnered with La Ruche to launch the crowdfunding solution for the region of Montreal. Since then, La Ruche has covered five regions in the province of Quebec: Quebec City, Montreal, Mauricie, Bas-Saint-Laurent and Estrie.

La Ruche offers project promoters and entrepreneurs from a region not only a technological tool for financing, but also support from groups of public and business personalities involved in their community. La Ruche Montreal, for instance, numbers about 80 local ambassadors, also known as angel counselors, who provide mentoring sessions while sharing

their professional experience and network of contacts. All projects are eligible, as long as they leave a social, economic or cultural impact in Quebec's regions and communities.

For the Desjardins Group, such a partnership with La Ruche would allow the testing of crowdfunding as a complementary tool to the Desjardins financial services offering. Indeed, this practice would contribute to the creation of new businesses and employment, by developing business opportunities for Desjardins and improving member satisfaction (Desjardins Group, 2016b). To date, there are 61% of successful projects, CAD \$2 million collected so far, 19,316 contributions and an average of CAD \$9,200 collected per project.

In summary, La Ruche helps finance local projects in many categories leading to local developments, such as trade, housing, and other ventures (Table 4).

2.2.5 DZ Bank Group – Germany

In the case of DZ Bank Group (DZ Bank Group, 2016) as part of the cooperative financial network, the leading innovation practices selected are Viele Schaffen Mehr, Bankomo and TechQuartier. As part of the study, we will detail Viele Schaffen Mehr and briefly describe the two other practices.

Viele Schaffen Mehr

Why Viele Schaffen Mehr?

“What one does not create, many create”, is the credo of the cooperatively organized “Volksbanken Raiffeisenbanken” (VR banks) and the DZ Bank as their central institution. Therefore,

TABLE 4 – Desjardins Group: leading innovations mapping

Local innovation levers	Solidarity-based finance programs	Cooperathon	La Ruche
Trade & Transfers			
Buy local	✓	✓	✓
Supports exports	✗	✓	✗
People & Residence			
Attract talents	✗	✓	✓
Retain young generations	✓	✓	✓
Encourage local residence	✓	✓	✓
Investments			
Invest locally	✓	✓	✓
Attract investments	✗	✓	✗
Support new ventures	✓	✓	✓
Support cooperatives	✗	✓	✗
Industries			
Develop key industries	✗	✓	✗
Other lever	Support creation of jobs	—	—

Source: Authors (2018)

this basic premise of cooperative banks is quite close to the idea of crowdfunding. Indeed, many people have good ideas and want to work to help other people, to improve their communities and regions. However, financial resources are often lacking to be able to realize any of these projects. This is why “Viele Schaffen Mehr” was created in order to support such projects.

What is Viele Schaffen Mehr

[Viele Schaffen Mehr](#), launched in 2013, is a crowdfunding platform provided by the participating local banks of the financial cooperative network for their members and customers, so that they can support non-profit regional projects. The aim is to win a large number of supporters from the respective region for a project and to realize it together. Each of the 972 local banks has the opportunity to set up its crowdfunding platform with its own domain from a given kit. So far, 139 banks have opted for their own local platform. The banks often participate in the financing of projects in the form of “co-funding”.

How Viele Schaffen Mehr works?

Crowdfunding projects are organized via the online platforms of the participating local banks. Project initiators from the respective region can set up their projects on the platforms and, thus, advertise for supporters. A predefined minimum sum must be achieved over a certain period of time. If this sum is not realised, the project supporters get their money back. If the financing is successful, they usually receive a small thank-you of symbolic value. In addition to financial support, crowdfunding also reinforces the community and social commitment in the region, hence, reflecting the motto “Many create more” translated from Viele Schaffen Mehr.

On the platforms of participating local banks, non-profit organizations such as kindergartens, sports clubs, retirement homes, as well as children’s and youth groups can set up their own projects. There are also social or cultural NPOs that can apply online for their projects. The project’s charitable nature must be prominent.

The success of this practice is measured on general indicators, such as the amount of funds collected, the number of contributors and the number of submitted projects. To date, EUR €10.8 million has been collected, there are 270,010 contributors, and 2,510 projects submitted on the crowdfunding platform.

In terms of local development levers for this practice (Table 5), Viele Schaffen Mehr aims to retain young people and encourage local residence, to stimulate local investments and support new ventures.

[TechQuartier \(TQ\)](#)

The [TechQuartier](#), launched in November 2016, was founded by two entrepreneurs: Dr. Sebastian Schaefer and Dr. Thomas Funke, who are also academic lecturers at the Goethe University

in Frankfurt. The DZ Bank Group joined this project as a key partner among other financial institutions. Within a particular regional context, the Frankfurt Rhine-Main region is brewing with start-ups, especially from the financial sector. Hence, the Frankfurt city-based TechQuartier was created to serve as a focal point for the start-up and Fintech community in the largest financial center in continental Europe.

The mission of TechQuartier is “to promote the regional start-up ecosystem and foster innovation locally, nationally and globally”. Thus, with a broad network of company and technology partners, service providers, investors, academic institutions and government representatives, the TechQuartier provides an environment for start-ups to develop their ideas and scale their businesses. At the TechQuartier hub, start-ups have access to 120 workspaces and conference rooms spread across currently two floors. A third floor is already in the planning stage. Companies can choose between open space, private office and community membership. The flexible, short-term rental contract benefits especially start-ups. Consequently, start-ups from Frankfurt Rhine-Main as well as international companies can set up their offices in this Europe’s financial headquarter.

The TechQuartier also provides start-ups with event spaces, workshops and six programs (three accelerators, a springboard to Europe’s largest market, an Investment Bootcamp, and a Start-up Academy), but in particular with a great network of business experts, companies-partners and public institutions. On the TechQuartier website, there is also a section dedicated to the mapping of the Frankfurt Rhine Main start-up ecosystem. Thanks to a geographic and interactive map, called [Innovation Map](#), anyone can search the Rhine Main region and identify all start-ups implemented in the region. The map also provides the locations of key actors within the region, such as Investors, Accelerators, R&D Centers, Corporates, Networks and Co-working spaces.

The TechQuartier strengthens the Rhine-Main region and the financial centre Frankfurt and is, therefore, an important project for the banking and financial community. Moreover, the cooperation with the TechQuartier is also of purely practical importance for DZ Bank Group. Indeed, the cooperation with the TechQuartier complements the innovation management of the DZ BANK Group, because it offers additional options and networking opportunities with the Frankfurt start-up-ecosystem.

The DZ BANK Group has already used the offers of the TechQuartier for numerous activities and has become actively involved in the community via mentoring. In 2017, a highlight was the GENO Hackathon, an initiative of the DZ BANK Group, the computer centres Fiducia & GAD and the Academy of German Cooperatives “Akademie Deutscher Genossenschaften” (ADG). At the three-day event, 100 experts and developers,

together with participants from local cooperative banks, developed prototypes to use in the cooperative financial network. Fintechs were also there for the first time and they started out with their own ideas.

Furthermore, the companies of the DZ BANK Group used the TechQuartier for numerous formats, workshops, events and for ideation formats. One example is the “Challenge & Inspire” workshop, during which new business models were considered. The Group Coordination Committee of the DZ BANK Group, which comprises the Board of Managing Directors of DZ BANK as well as CEOs of large group companies, gained an insight into the work at a meeting in the TechQuartier. In October 2017, Board Member Dr. Cornelius Riese and alumni graduates from the Harvard, St. Gallen and Insead Universities discussed the transition from banks to digital technological companies.

DZ Bank was also able to make valuable contact with representatives of start-ups, service providers and accelerators, for instance, by participating to a speed dating with Fintechs, which was organised by Aareal Bank and ING-DiBa. The Innovation Round Table, with innovation and product managers from the DZ BANK Group, also met in the TechQuartier and used the opportunity to exchange views with the Head of the TechQuartier and start-ups.

TechQuartier is mostly aimed at developing key industries in Fintechs, fostering investments in local economic development, supporting employment and the retention of people (Table 5).

Bankomo

Bankomo was launched during the summer 2017 by The ReiseBank, “the Travel Bank” – a 100% subsidiary of DZ Bank Group – in partnership with Wirecard Bank AG. It is a mobile application, combined with a prepaid credit card account, aimed at people with high mobility, a migration background including refugees, as well as Western Union customers. The project bankomo originated at the height of the migration movement towards the end of 2015.

The customer can open an account within minutes with an appropriate ID card and a European mobile number. Customers only pay account fees and they can only spend what is charged beforehand, because the account and the MasterCard are purely cash-based. It is a complete digital and a smartphone account based on an app for iOS and Android, which also has a multi-lingual interface (German, English, and soon in Arabic). The opening of an account does not require a credit check or a minimum income. The app allows the transfer of money to other Bankomo customers via peer-to-peer, and it also includes traditional banking transactions such as transfers, direct debits, cash withdrawals and deposits.

The ReiseBank targets people who are referred to as “unbanked” in specialist jargon, but who are dependent on transferring money quickly to or from their native countries. The ReiseBank estimates that there are around 4.5 million customers in Germany who need specific financial products, but who are largely not customers with an established financial institution. Hence, Bankomo is a digital ecosystem according to ReiseBank, in the sense that it will be expanded to meet the

TABLE 5 – DZ Bank Group: leading innovations mapping

Local innovation levers	Viele Schaffen Mehr	TechQuartier	Bankomo
Trade & Transfers			
Buy local	⊗	✓	✓
Supports exports	⊗	✓	⊗
People & Residence			
Attract talents	⊗	✓	⊗
Retain young generations	✓	✓	⊗
Encourage local residence	✓	✓	✓
Investments			
Invest locally	✓	✓	⊗
Attract investments	⊗	✓	⊗
Support new ventures	✓	✓	⊗
Support cooperatives	⊗	⊗	⊗
Industries			
Develop key industries	⊗	✓	⊗

Source: Authors (2018)

needs of customers. As this innovative initiative is quite recent, there is no available data to measure its success. Although, with Bankomo, The ReiseBank offers the first smartphone solution within the Cooperative Financial Group of DZ Bank, with its branch offices at established entry points for people from all over the world.

Bankomo aims, in terms of local development levers (Table 5), to encourage local residency since it mostly targets immigrants and new arrivals throughout all regions of Germany.

2.2.6 Groupama – France

In the case of Groupama Group (Groupama Group, 2016), the leading innovation practices selected are the Mutual certificates, Granvillage and a project of studies on territorial dynamics. As part of this study, we will detail the Mutual certificates and briefly describe the two other practices.

The Mutual certificates

Why the Mutual certificates?

Groupama and all its entities initiated the Mutual certificates program for three reasons: 1) to reinforce its Group equity capital; 2) to reinforce the bond between the mutual and its members; 3) to re-establish savings at a local level. Groupama proposed an adaptation of the legal framework, in order to allow the issuance of these mutual certificates in France. Other mutual insurance companies and associations also joined this initiative. From the French law perspective, cooperative banks had the jurisdictional capability to conduct such financing practices, but this was not the case for mutual insurance companies. In July 2014, Mutual certificates were authorized by the law of social economy and solidarity (ESS) in France.

What are the Mutual certificates?

[Mutual certificates](#) are Groupama's new savings product (Groupama Group, 2016) which is the first mutual insurer to issue in France. These perpetual securities offer members a long-term savings option and provide the Group with a new source of funding. The certificates are issued by regional mutuals and were launched for the first time in December 2015 by Groupama Auvergne-Rhône-Alpes, a regional pilot mutual, before general deployment across all regional mutuals between June and September 2016.

Members can access an innovative investment opportunity, for which potential returns will depend on the results of regional mutuals. For Groupama, these certificates provide leverage to reinforce the financial solidity of regional mutuals, and the entire Group, while confirming its roots as a mutual company. As an example, one of the roles of Mutual certificates is to enable members to become involved in the everyday life of each Groupama regional mutual. Consequently, members participate in the development of the local economy, and they also support local authorities and non-profit organizations (NPOs).

How the Mutual certificates work?

Mutual certificates are long-term investments. The nominal value of each certificate is fixed at EUR € 10 over time. It is not subject to fluctuations in financial markets; thus, an investor who has subscribed to these securities only risks a loss of capital in the event of a financial default by the issuer. Each year, the General Assembly of the issuing regional mutual defines the remuneration paid to subscribers based on its results. The remuneration is variable, capped and non-guaranteed. In addition, for each issue of mutual certificates, Groupama is the subject of a prospectus approved by the Autorité des Marchés Financiers (AMF), the French financial markets authority.

The subscription is reserved exclusively for members of the local mutuals and those with Life insurance from Groupama Gan Vie. The Mutual certificates program is extremely mobilizing for elected administrators and commercial networks because it generates three important actions: 1) it encourages Groupama to seek profitability of its companies because the mutual certificates are an additional financial incentive; 2) it reinforces the institutional link between Groupama and its members and encourages the loyalty; 3) it encourages the development of different relationships with the local ecosystem in which each regional mutual works. Members also contribute to reinforcing businesses in the territories, and to investing in local projects, besides other local actors.

The main indicator for this product is reported in the Group's combined financial statements under the KPI "Mutual insurance certificates" in the section "Shareholders' equity at 'year' opening" (Groupama Group, 2015). The launch of mutual certificates is successful to date, with almost EUR €200 million issued by the end of 2016. The Group aims to approximately collect EUR €570 million over 4 years.

In summary, the Mutual Certificates aim to foster local investments and support of enterprises and cooperative businesses (Table 6).

Studies on territorial dynamics

In May 2015, The Fédération nationale Groupama (FNG) signed a research contract on [the dynamics of territories](#) with the Conservatoire national des arts et métiers (Cnam) which is a French based research and training institution. The first study focused on the local development in departments of the implemented regional *caisse* Auvergne-Rhône-Alpes (corresponding to some departments near the Auvergne-Rhône-Alpes's region) that was carried out until the end of 2015. This original approach, led by the FNG, aims to "better identify the development dynamics of this region and anticipate its evolutions in order to feed the company's strategic orientations" as stated in a joint press release by Groupama and the Cnam.

Numerous working sessions were planned between researchers from Cnam, external experts and Groupama operational representatives (employees and elected administrators), in order to cross-reference external data (sociodemographic, economic, etc.) with internal studies carried out by the regional mutuals with their knowledge of the territory. Hence, the research team carried out very detailed analyses, using economic and geographical data, and also by confronting them to the grassroots reality as it is lived by local actors.

Today, the results of each study are being carried out in each of the regional mutuals and are being translated into operational actions, in terms of both sales and commercialisation. There are also actions related to the institutional level. These studies allow regional mutuals to take ownership over their territories and local problems. It is also a way for them to interact with their partners, such as political representatives, enterprises, non-profit organizations etc., by affirming their strong territorial anchorage and knowledge. This can lead to the development of joint actions between different territorial actors (institutional, political, economic etc.), which could benefit the local development.

In summary, the approach developed by Groupama helps local cooperatives to design customized development plans, taking into account local specificities. These plans allow the cooperative to focus on local trends and to focus their innovation on the most promising or demanding areas. This will help develop their local presence while contributing to the development of local economies (Table 6).

Granvillage

Granvillage, launched in 2012, is a social network for local producers and artisans. It is an online platform that connects producers and consumers throughout France to promote the local economy. The platform was developed by the regional mutual of Groupama Auvergne-Rhône-Alpes, in partnership with Avencall. The goal is to support businesses, SMEs and farmers that contribute to the local economy, creating 40% to 80% of jobs in local regions⁸.

The service is free and accessible only for members and clients in five regional *caisses*: Groupama Auvergne-Rhône-Alpes, Groupama Paris Val de Loire, Groupama Grand Est, Groupama Méditerranée, and Groupama Nord-Est. Each entrepreneur creates his own profile on the Granvillage website and can add products and services, which are continually published on Granvillage's newsfeed. Clients-users can also download the Granvillage application, and look for local products by using a search option, based on categories of products and sectors or a geolocation map. Clients can subscribe to the newsfeed of their favorite local shop and instantly receive news of products, offers and discounts.

In April 2015, there were 236 consultations for each published offer, with about 68,124 offers consulted per month, and 18,041 producers' pages consulted per month. Granvillage has been recognised as an innovation with an award of the *Palme Coup de Coeur* by the 2013 jury of the French Association of Customer Relationship (AFRC). The first Granvillage launched by the regional *caisse* Groupama Auvergne-Rhône-Alpes was so successful, that the initiative was deployed in four other regional *caisses* covering several regions in France.

In summary, Granvillage aims to develop local trade, enhancing the attractiveness of local economies (Table 6).

2.2.7 LABORAL Kutxa, Mondragon Group – Spain

In the case of LABORAL Kutxa (Laboral Kutxa, 2016), the leading innovation practices selected are EaSI Agreement, Compyte Tool and the InnovFin SME Guarantee Facility. As part of this study, we will detail the EaSI Agreement, and briefly describe the two other practices.

EaSI Guarantee Instrument Agreement

Why the EaSI Guarantee Instrument?

The Employment and Social Innovation (EaSI) program is a financing instrument managed by the European Investment Fund (EIF). Its goal is to promote a high level of quality and sustainable employment, to guarantee adequate and decent social protection, to fight social exclusion and poverty, and to improve working conditions. One of EaSI programs is dedicated to the access to micro-finance and social entrepreneurship under the Microfinance and Social Entrepreneurship axis. In October 2015, LABORAL Kutxa and EIF signed an EaSI Guarantee Instrument agreement of EUR €75 million for two years and half, starting October 2015, by enabling loan contracts to micro-enterprises and entrepreneurs in Spain. In May 2017, LABORAL Kutxa signed a second EaSI agreement, this one for social enterprises. Its aim is to increase the access to financing of cooperatives and other social enterprises. The enterprise should be part of the social economy, and the financing per client is up to EUR €0.5 million. The total volume of financing agreement is of EUR €50 million.

What is the EaSI Guarantee Instrument?

The *EaSI Guarantee Instrument* is specifically dedicated to microfinance and social entrepreneurship. One of its key objectives is to increase the availability and access to finance for vulnerable groups wishing to launch their own enterprises, micro-enterprises and social enterprises, both in their start-up and development phases. The program aims to support eligible financial intermediaries to enhance their capacity to provide micro-credits through four specific funded instruments and micro-credit guarantees. Within this framework, LABORAL

8. France Entreprise Digital [2015]. «Granvillage est le réseau social des producteurs de biens et services qui favorise l'économie de proximité. Le mot simple guide ce projet», [online]: <http://www.france-entreprise-digital.fr/projets/lire-granvillage-3.html>

TABLE 6 – Groupama: leading innovations mapping

Local innovation levers	Mutual certificates	Studies on territorial dynamics	Granvillage
Trade & Transfers			
Buy local	⊗	✓	✓
Supports exports	⊗	✓	⊗
People & Residence			
Attract talents	⊗	✓	✓
Retain young generations	⊗	✓	✓
Encourage local residence	⊗	✓	✓
Investments			
Invest locally	✓	✓	⊗
Attract investments	✓	✓	⊗
Support new ventures	✓	✓	✓
Support cooperatives	✓	✓	✓
Industries			
Develop key industries	⊗	✓	⊗

Source: Authors (2018)

Kutxa signed the agreements to benefit the Spanish micro-enterprises, cooperatives and social enterprises by providing micro-credits and loans. The EIF covers most of the risk in order to ease and increase the feasibility of the financing.

How the EaSI Guarantee Instrument works?

The EIF does not provide financing directly to micro-entrepreneurs or social enterprises. Instead, through the EaSI Guarantee Instrument, the EIF offers guarantees and counter-guarantees to financial intermediaries. These are selected after an application under a call for expression of interest followed by a diligence process. Once selected by the EIF, these partners act as EaSI financial intermediaries, and start providing loans to eligible beneficiaries within the agreed availability period.

LABORAL Kutxa targets, with the EaSI Microfinance Guarantee Instrument, entrepreneurs, start-ups, micro-enterprises with less than 10 employees and less than EUR €2 million in invoicing. The financial cooperative aims also to finance self-employed workers, cooperatives and social economy companies. It also offers financing for machinery, capital goods, office or workshop renovations, and commercial vehicles. The preferred conditions for the financing are fixed to an amount up to EUR €25,000 with a term up to 5 years, an interest rate of 3.40% at nominal interest rate, and opening commission of 1%. In addition, the EaSI Agreement for social enterprises is focused on cooperatives and other social enterprises. It also targets more consolidated businesses since the limit on annual turnover is EUR €30 million and the financing per client is up to EUR €0.5 million.

To date, these agreements are working accordingly to their expectations. Both EaSI agreements, for microfinancing and social enterprises, are, so far, the largest in volume in Europe, despite that LABORAL Kutxa being a medium sized cooperative bank limited in its scope to the Basque Country, the North and Center of Spain. LABORAL Kutxa had previously signed an agreement with the EIF, in October 2013, for the Progress Microfinance program. This program allowed LABORAL Kutxa to sign 1,560 projects in microfinancing with a volume of EUR €24 million.

In terms of local development levers for this practice (Table 7), the EaSI Agreement aims to support levers such as buying local, retaining the younger generations and encouraging local residency, as well as investing locally, supporting new ventures and cooperatives.

The Compyte Tool

The [Compyte](#) tool, launched in September 2016, is an online tool developed by LABORAL Kutxa with the R&D center in management of Mondragon University called Mondragon Innovation & Knowledge (MIK). The MIK has set up a project called Competitiveness Observatory 2020 that analyzes the keys to excellence in different sectors with a focus on SMEs. MIK and LABORAL Kutxa have developed this tool to test a company's data performance against this database of excellent behaviours of sector peers in order to measure its level of competitiveness. The tool is aimed at companies mainly in Euskadi and Navarra regions. Despite occupying the top positions in the state competitive ratings, these regions are still behind the most prominent regions at European level, and even more after almost a decade since the financial crisis of 2008.

Because SMEs do not usually have the resources to hire a consultant to develop a plan to be more competitive, the Compyte tool is free and open for all companies even those that are not clients of LABORAL Kutxa. The test is carried out confidentially through a self-assessment based on five categories of indicators: innovation, entrepreneurship, internationalization, people management and financing. The software contains the information about companies contained in the Pyme2020 Competitiveness Observatory of the MIK. From the analysis of the five pillars broken down into 20 competitive factors, companies can establish a diagnostic and obtain conclusions that will help them, in turn, to adjust their strategies and actions. When a company finishes the comparison phase, a second phase begins: a relationship customer manager from LABORAL Kutxa contacts it in order to plan how the bank can collaborate with the company to improve its competitiveness.

The third phase for the company is to set up an action plan with the bank that offers financing, and involves itself in discussing the company's strategy and future investment. The bank provides also contacts with advisors to further deepen in the opportunities and risks of investments, and in the development of good management practices. Since its launch in September 2016, the Compyte tool has already deliver results to allow LABORAL Kutxa to draw its first conclusions. Indeed, companies that used this tool have achieved, in general terms, good scores in "business model innovation" but most of SMEs do not have an internationalization strategy, structure and human resources beyond national borders.

Regarding local development levers (Table 7), the Compyte tool aims to enable levers such as buying local and supporting exports in the Trade & Transfer category, and also supporting new ventures and cooperatives in the Investment category.

InnovFin SME Guarantee Agreement

The European Investment Fund (EIF) and LABORAL Kutxa have signed, in October 2016, the [InnovFin SME](#) Guarantee Facility agreement to enhance access to finance innovative SMEs in Basque Country and Northern Spain. The InnovFin SME Guarantee Facility provides guarantees and counter-guarantees on debt financing between € 25,000 and € 7.5 million in order to improve access to loan financing for innovative small mid-caps and SMEs (up to 499 employees). The EIF covers 50% of the risk of LABORAL Kutxa. This European Union's (EU) support for innovative Spanish companies under this transaction is expected to generate a portfolio of EUR €100 million of banking loans.

The new agreement will allow LABORAL Kutxa to provide financing at more attractive conditions to SMEs over the next two years. Businesses that are eligible for financing should be SMEs, with a turnover over EUR €0.8 million, new and innovative. Innovation criteria required are: SMEs are fast-growing,

they have registered patents in the last two years or they have been awarded with an R&D prize or innovation prize, or they would invest 80% of the new financing in R&D activities. The reduction of the cost for LABORAL Kutxa due to the EIF guarantee is expected to reduce the loan costs given to the final client. This reduction is also monitored by the EIF.

This partnership with LABORAL Kutxa reflects the EU's commitment to rapidly launch concrete initiatives under the European Fund for Strategic Investments (EFSI), which accelerates lending and guarantees transactions capable of boosting jobs and growth in the EU. Thanks to this partial guarantee from the EIF, LABORAL Kutxa provides more financing and attractive conditions to innovative local businesses. This initiative also confirms its role as a catalyst for business revitalization in the Basque country and Northern Spain.

The InnovFin SME Agreement, in terms of local development levers (Table 7), aims to enable all levers. Indeed, the financing is mainly aimed at innovative SMEs in Basque Country and Northern Spain and therefore, support the revitalization of key mature and innovative industries in this region.

2.2.8 Rabobank Group – The Netherlands

In the case of Rabobank Group (Rabobank, 2016), the leading innovation practices selected are Present Your Startup, Terra and Sallandse Dialogo. As part of this study, we will detail Present Your Startup and briefly describe the two others practices.

Present Your Startup

Why Present Your Startup?

The city and municipality of Haarlem, located in the province of North Holland, did not have a physical location for start-ups, nor the possibility to share knowledge and experience. In order to respond to the needs of start-ups by bringing them together, a few local entities, including Rabobank, have decided to realize a start-up location and an accelerator program. Besides this need, in order to grow, there were two other needs among start-ups: having access to financing and access to SMEs and corporates. These needs were fulfilled by organizing pitching days where investors, business angels, SMEs and corporates were invited.

What is Present Your Startup?

[Present Your Startup](#), first launched in 2014 under the brand Haarlemvalley, is an initiative of Valérie Vallenduuk. She created this Foundation after observing that entrepreneurs needed support at a local level, in order to gain access not only to funding but also to knowledge and expertise. In 2016, the third edition was launched, under the brand Present Your Startup, as an accelerator program and pitching event. The platform links start-ups to capital by organizing events, supervising and finding proper funding for a start-up. It also consists of a network of professionals and experts in various

TABLE 7 – LABORAL Kutxa: leading innovations mapping

Local innovation levers	EaSI Guarantee Instrument	Compyte Tool	InnovFin SME
Trade & Transfers			
Buy local	✓	✓	✓
Supports exports	✗	✓	✓
People & Residence			
Attract talents	✗	✗	✓
Retain young generations	✓	✗	✓
Encourage local residence	✓	✗	✓
Investments			
Invest locally	✓	✗	✓
Attract investments	✗	✗	✗
Support new ventures	✓	✓	✓
Support cooperatives	✓	✗	✗
Industries			
Develop key industries	✗	✗	✓

Source: Authors (2018)

fields. The Rabobank network is made available, in order to facilitate access to capital for start-ups. Moreover, by linking start-ups to corporates, it fulfills another need: the start-up gets access to the corporate as a source of knowledge and as a launch customer, while the corporate gets access to a source of innovation.

How Present Your Startup works?

The accelerator program and pitching platform is designed for start-ups that have a business plan and that are in the pre-seed or seed stage. The start-up should also be part of a growing market such as technology, Internet of things, new media, sustainable energy, gaming industry, social entrepreneurship or 3D printing. During the preliminary round, the start-up has to be available for two days for the Network and Selection Days. After the selection, the start-up team has four days for the Prepare Your Startup Academy (the accelerator program) and one day for the Pitch Day.

The costs for the two days of the Network and Section Days are EUR €150 that includes various workshops on the possible types of routes to financing, knowledge, help with the pitching process and a one pager of tips for a successful pitch. It also gives access to networking opportunities with investors, CEOs and government representatives. Moreover, start-ups which receive funding pay a “success fee” of 2% on the amount received to Present Your Startup. If the start-up is in the finals, the Present Your Startup organization receives 2% of the company’s shares. Overall, the Present Your Startup program is a seven step process.

Rabobank takes a mediating role, as it has a customer relationship with both the start-up and the corporate. The role of the cooperative bank, therefore, changes from providing access to financial solutions to playing a more strategic role in stimulating the regional economy. Indeed, the solution is to collaborate with local and regional stakeholders in order to help start-ups to grow. The expectation of this collaboration is to stimulate innovation and the local economy, to create jobs, attract and retain talent, and to obtain the No 1 position in Europe.

In 2017, 10 to 15 regions in the provinces of North Holland, Flevoland, and South Holland are planning to be part of the program Present Your Startup. Today, Present Your Startup is known for its – like tv-show -live funding, and for stimulating the local start-up ecosystem.

In summary, Present Your Startup aims to stimulate entrepreneurship and new ventures (Table 8). This will favor local investments and, therefore, support the development of the local economy.

Terra

[Terra](#), the food & AG Tech accelerator, launched in 2016 by Rabobank and RocketSpace, is a first-of-its-kind program bringing together the industry’s most progressive start-ups and corporations to fuel cross-industry innovation. This accelerator model combines RocketSpace’s global tech ecosystem and start-up network with Rabobank’s food and agri-business leadership and expertise. Terra was designed to address a strong industry shift – towards the emerging growth of food & agriculture start-ups – while simultaneously leaving

behind the traditional accelerator model and enabling open innovation between corporations and start-ups.

Selected start-ups will have the opportunity to work from RocketSpace's tech campus in downtown San Francisco, among its community of more than 150 start-up members. The eight-week tailored curriculum, led by industry experts, will allow start-ups to sharpen their product and pitch before the eight-week product validation phase. Start-ups do not need to give up equity or pay for admission to join the program. Terra immerses participants in the complete innovation process from beginning to end, in order to see products evolve and to provide real-time feedback.

Between 2016 and 2017, Terra has selected 14 start-ups for the first cohort in January 2017, and 18 start-ups for the second cohort due for February 2018. During the last accelerator program 14 proofs of concepts were started between start-ups and corporates. To date, Terra can count on 10 major worldwide food and agriculture corporate collaborators, including Nestlé USA, which joined Terra in June 2017.

In summary, Terra aims to develop the Agritech sector, raising investments and supporting entrepreneurship (Table 8).

Sallandse Dialoog

Established in January 2015, the [Sallandse Dialoog](#) is a cooperative of more than thirty member-partners from four types of organizations: profit, non-profit, public and knowledge. Rabobank is part of the cooperative through its local bank, Rabobank Salland, as a profit organization. Sallandse Dialoog is an open and dynamic network of businesses, government, social institutions and non-profit organizations in the Salland region, located in the province of Overijssel in the Netherlands. All actors involved contribute with people, knowledge and expertise, and financial resources, working towards one common objective: improving financial sustainability and providing debt assistance for people.

The network members meet several times a year for the dialogue sessions. The task force also organizes Dialog Labs for innovation in some fields where required. The Board monitors the preconditions for joining the cooperative; the project bureau organizes the connections and communication, and the Advisory Board manages the long-term policy. The main activities of Sallandse Dialoog evolve around five spear points: 1) prevention and debt problems; 2) early warning signs to prevent financial and personal problems; 3) voluntary work, in particular by recruiting employees from financial institutions; 4) cooperative cases of short innovation processes, aimed at the work of one or more partners; 5) DialoogNet, a digital meeting place for financial sustainability with the possibility for any other region to set up its own regional DialoogNet.

The Sallandse Dialoog had a successful launch since several dozen Rabobank employees volunteered to participate in debt

mediation training courses in the regional cities. After training, participating local banks expect to help people in the region with home administration or to clear their debt situations with local partners (NPOs and public institutions). One of Sallandse Dialoog's collaborations, with Aventus, aims to dispatch working groups in the area of education in schools, with regard to debt problems. There is also another collaboration, with Topicus and Pactum Jeugdzorg, which aims to develop a new App in order to support the reduction of debt problems among young people.

In terms of local development levers, Sallandse Dialoog aims to enable levers such as retaining young generations, encouraging local residence in the People & Residence category, and also investing locally and supporting cooperative businesses in the Investments category (Table 8).

2.2.9 Sicoob Sistema, Bancoob – Brazil

In the case of Sicoob/Bancoob, the leading innovation practices selected are Plataforma Space, Sicoob#Goals, and Sicoob Faça Parte. As part of the study, we will detail Plataforma Space and briefly describe the two others practices.

Plataforma Space

Why Plataforma Space?

Rio de Janeiro is considered an important city in Brazil but, according to the Index of Entrepreneurial Cities 2016, a survey conducted by Endeavor Brazil, Rio de Janeiro only occupied the 14th position in 2016. The city lost four positions compared to the previous survey in 2015, and is now behind smaller cities like Caxias do Sul, Blumenau and São José dos Campos. However, according to the local credit union, Sicoob Empresas RJ, the Rio de Janeiro Metropolitan Region has a great potential for entrepreneurs, intellectual capital, a strong community, investors and a favorable environment for local development. With this in mind, Sicoob Empresas RJ, in partnership with CAAP, a consulting firm, created the Plataforma Space. The objective is to foster entrepreneurship in the Rio de Janeiro region, by helping start-ups to grow.

What is Plataforma Space?

[Plataforma Space](#), launched in 2016, is a platform dedicated to innovation and incentives for start-ups. It is also an accelerator program which provides start-ups with operational and technical training, infrastructure, as well as funding and market access. Start-ups also have access to a co-working space located in Rio de Janeiro and which is also available for Sicoob Empresas RJ associates.

How Plataforma Space works?

The platform offers a range of services and support for start-ups through specific programs, such as Fintech.Rio. This program focuses on the Fintechs segment with the objective of mapping existing start-ups in the market and innovative financial solutions. Start-ups have one month to subscribe to the program

TABLE 8 – Rabobank: leading innovations mapping

Local innovation levers	Present Your Startup	Terra	Sallandse Dialog
Trade & Transfers			
Buy local	✓	✓	✗
Supports exports	✓	✓	✗
People & Residence			
Attract talents	✓	✓	✗
Retain young generations	✓	✓	✓
Encourage local residence	✓	✓	✓
Investments			
Invest locally	✓	✓	✓
Attract investments	✓	✓	✗
Support new ventures	✓	✓	✗
Support cooperatives	✗	✗	✓
Industries			
Develop key industries	✓	✓	✗
Other lever	—	—	Help people

Source: Authors (2018)

and, after the selection, start-ups begin the program with a 5 weeks bootcamp and a 12 weeks follow-up.

Thanks to the program, start-ups receive benefits such as: free access to open work space, innovation programs, monitoring and technical training, access to investors, consulting services with national and international partners, team support and access to clients' portfolio of partner companies from Sicoob Empresas RJ, support for internationalization, networking and events, and access to the media for visibility. In addition, start-ups can receive free equity with no administration fees and up to BRL R\$2,000 (per start-up) of exemption from current account fees with the credit union Sicoob Empresas RJ.

The added value of this practice is measured by two general indicators: the number of start-ups that contacted the Plataforma Space, including those which were selected, and the visibility of the Sicoob brand in the SME sector. To date, two editions of the Fintech.Rio program have been successfully achieved, with a total of 12 selected start-ups.

In summary, Plataforma Space aims to support local investments and venturing, as a key lever to enhancing the local economy (Table 9).

Sicoob#Goals

[Sicoob#Goals](#), launched in April 2017, is a target strategy project aimed at young people, materializing in a ludic physical space and with an agenda of events and interactions. The

initiative was launched within a local credit union of the Maringá Metropolitan Region. The main objective is to replenish the member base with younger generations. The visual aspects of the project are inspired by several references to young people's reality. The Pixel Art attracted the project team's attention and inspired the project's development.

Besides the physical space, the project brings strategies to establish contact with young people. The first approach is to gain trust by direct contact, by showing that it shares the same values as young people. The geographic and sociodemographic target is the Maringá Metropolitan Region, subdivided into 2 groups: Z generation (13 to 17 years) and university students (18 to 26 years). The main strategy is to use the existing Sicoob mobile Apps (Minhas Finanças and SicoobCard), social media, and a digital influencer ambassador, in order to generate value and attract the target audience to Sicoob#Goals space.

The continuity of the project is set up around social, sport and gaming events such as social activities with the Sicoob Social Responsibility Institute; online FIFA football tournaments organized in high schools with the finals at the physical space of Sicoob#Goals. This project is expected to have an impact on the local community in the Maringá area, and also on the whole Sicoob system, because it encourages other local credit unions to launch their own innovative projects.

In summary, Sicoob#Goals aims to attract talent and retain the younger generations (Table 9).

Sicoob Faça Parte!

The **Sicoob Faça Parte!** (Be part of it!) is the Sicoob new brand and communication positioning, via the launch of a package of mobile applications. Launched in 2016, the main objective is to get closer to communities, some of which do not have access to banking services. Hence, one of the mobile applications, named “Sicoob Conta Fácil” (Easy Account), can be used to open digital accounts and is aimed at people who do not have access to a bank service point in their area.

The first communication action of the digital campaign also highlights the value of cooperativism and collective sense. In the video, Sicoob expresses the individual’s role in a system in which people are not just a number or a client, but a fundamental part of a whole, of a cooperative financial institution. The campaign also reinforces the similarities between financial cooperativism and the shared economy, showing how much the institution has focused, since its beginning, on promoting human interactions.

In this context, much more than financial transactions, Sicoob offers new relationships between the institution, the people and the community. Along with the campaign, a mobile application was launched in order to help citizens find their nearest Sicoob credit union, and hence, bringing the Sicoob system closer to the local population.

In summary, Sicoob Faça Parte aims to extend the reach of services to less well-served communities, contributing to the sustainability of the local community and economy (Table 9).

The next section presents the classification of these innovations into five categories and a proposition of an analytical framework to identify local priorities and deploy focused innovations.

TABLE 9 – Sicoob/Bancoob: leading innovations mapping

Local innovation levers	Plataforma Space	Sicoob#Goals	Sicoob “Faça Parte!”
Trade & Transfers			
Buy local	⊗	⊗	⊗
Supports exports	✓	⊗	⊗
People & Residence			
Attract talents	✓	✓	⊗
Retain young generations	✓	✓	⊗
Encourage local residence	⊗	⊗	✓
Investments			
Invest locally	✓	✓	✓
Attract investments	✓	⊗	⊗
Support new ventures	✓	⊗	⊗
Support cooperatives	⊗	⊗	✓
Industries			
Develop key industries	✓	⊗	⊗

Source: Authors (2018)

3 Framework to identify local priorities, select and deploy focused innovations

The review of the 27 leading innovation practices from the nine participating financial cooperatives and mutuals suggests a clustering of practices. Indeed, innovations tend to focus on specific levers contributing to a set of development challenges, as described in figure 14.

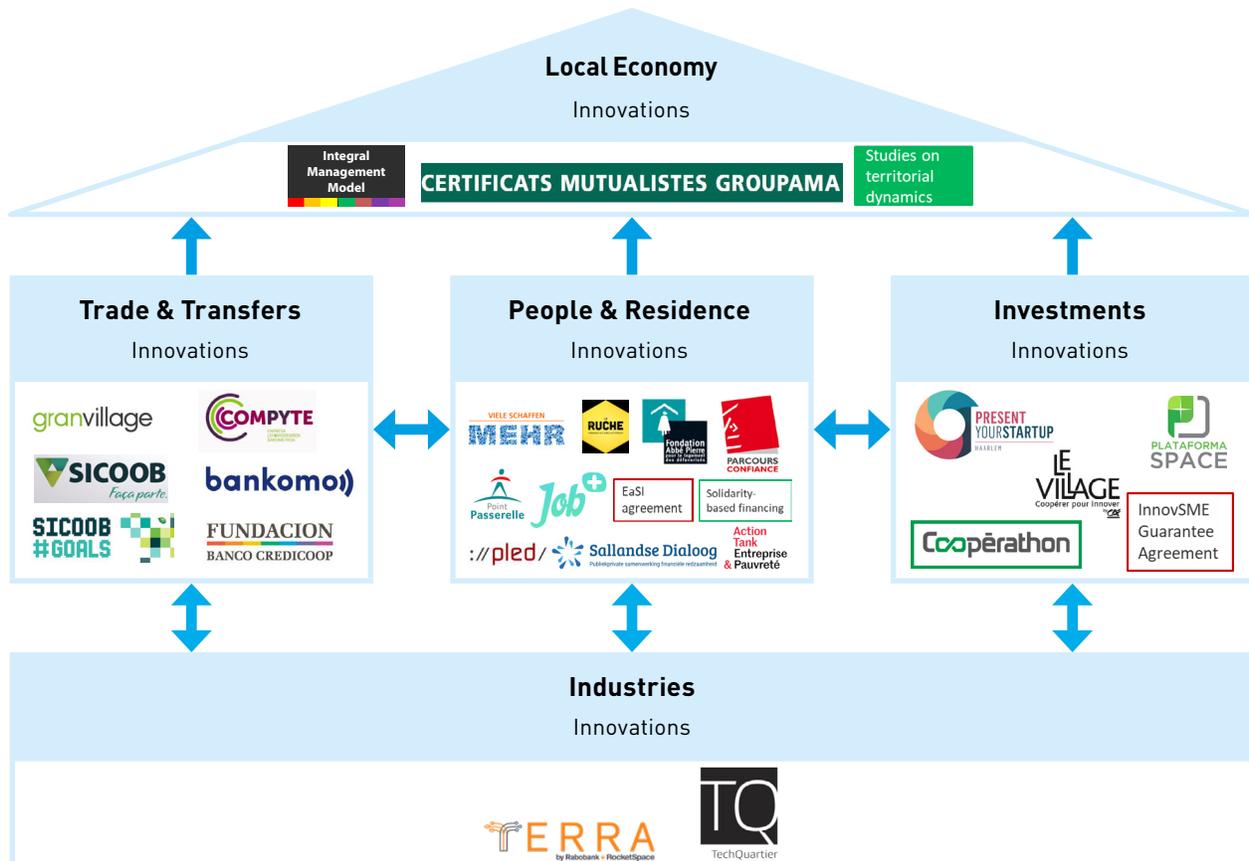
We can, therefore, define a typology of innovation practices, as presented below.

Trade & Transfer innovations: these tend to support levers of buying local and/or growing exports. As this happens, cooperatives benefit from these developments through new or improved services and products for individual and business members (e.g. Compyte by LABORAL Kutxa; Sicoob Campaign Faça Parte). These services might be offered

through affiliated entities or subsidiaries (e.g. Banco Credicoop Foundation; Bankomo from ReiseBank owned by DZ Bank Group). The innovations in this category tend to emerge both at central and local levels (e.g. Granvillage, developed by a Groupama local mutual). They often exploit new digital technologies.

People & Residence innovations: these focus on retaining younger generations, attracting talent, and encouraging local residency. Cooperatives provide specialized social and financial services, such as microcredit for housing, mobility, entrepreneurial projects through microcredit programs (e.g. Solidarity based-finance by Desjardins), crowdfunding platforms (e.g. Viele Schaffen Mehr with DZ Bank Group; La Ruche with Desjardins Group), non-profit organizations offering

FIGURE 14 – Framework to deploy focused innovation practices



Source: Authors (2018)

microcredit services on behalf of local *caisses* (e.g. Parcours Confiance of Caisses d'Épargne), a member-partner of cooperatives (e.g. Sallandse Dialoog with Rabobank), affiliated agencies (e.g. Point Passerelle of Crédit Agricole), and as a beneficiary of a EU investment program (e.g. LABORAL Kutxa's EaSI Agreement).

These innovations are mostly initiated by local *caisses* and their partners. Indeed, since they are closer to their communities, they quickly identify the social or economic needs and coordinate with local partners to develop innovative solutions (e.g. Parcours Confiance of Caisses d'Épargne as best case). In our sample, we have identified 11 initiatives in this category.

Investments innovations: these focus on developing local investments, attracting external investments, supporting new ventures and cooperative businesses. This mostly takes place through the creation of technology enabled start-ups, active in the local ecosystem. These innovation practices rely on incubators, accelerators, as well as co-working spaces (e.g. Present Your Startup with Rabobank; The Village by Crédit Agricole; Plataforma Space by Sicoob), hackathons (e.g. The Cooperathon by Desjardins), and investments partnerships with public and/or private institutions (e.g. InnovFin SME Guarantee Agreement of LABORAL Kutcha with the EIF). Cooperatives can also offer a broad range of services to participating companies, both in terms of fund-ing, banking and insurance services. In this study, these innovations usually stem from a central level, with a pro-gressive regional deployment.

Industries innovations: these focus on developing key local industries by fostering cooperation between several stakeholders (start-ups, SMEs, corporates, government and public institutions, universities and R&D centers). They can organize around local incubators, Labs or R&D alliances (e.g. Terra by Rabobank and RocketSpace; TechQuartier with DZ Bank as key partner) targeting key industries such as Agritech in the case of Rabobank, and Fintechs with DZ Bank AG. Financial cooperatives and mutuals act as key partners of such initiatives.

Local Economy innovations: these refer to practices that systematically support local development and mostly aim to enhance the innovation capability, while stimulating the local economy in a geographically defined scope. We have spotted three practices: the systematic studies of territorial dynamics and Mutual certificates by Groupama, and the Integral management model implemented by Banco Credicoop. In the case of the Mutual certificates and studies on territorial dynamics, Groupama aims to achieve both economic and institutional innovation, while the Integral management model from Banco Credicoop could be considered as an institutional innovation that aims to support economic growth in its territories.

Altogether, this study shows that financial cooperatives and mutuals not only initiate focused innovation practices to support their own development, but they are also active in other components of the local development, such as Trade & Transfers, Investments, Industries and Local Economy.

Conclusion

This study addresses the challenge of reinforcing the local presence of cooperatives and mutuals in their territories. First, we propose a framework to explore and analyse local economic and social trends. Then, we review leading practices of innovations which contribute to the local development. Finally, we conclude by proposing a framework for cooperatives wishing to build a portfolio of innovation, adapted to their regional context.

Using mainly a qualitative research methodology, firstly, this study draws a diagnostic of four regions' current trends, based on economic and socio-demographic indicators from statistical reports; secondly, we explore local development levers of 27 innovation practices from nine financial cooperatives and mutuals, based on semi-structured interviews and desk research; and finally, we propose a framework, for cooperatives and mutuals, that they could use to foster innovation in order to reinforce their presence, while supporting their local regional development.

We have applied the diagnostic of the local development to four diverse regions: Bas-Saint-Laurent (Canada), Auvergne-Rhône-Alpes (France), Neuquén (Argentina) and Santa-Catarina (Brazil). This allows us to identify social and economic challenges, as well as trends. These regions were chosen to illustrate different situations, scales and geographies, with no objective of comparing them. These trends are classified, based on five categories of indicators: Trade & Transfers, People & Residence, Investments, Industries, and Local Economy.

Based on the local development diagnostic, we list a set of levers to support local economies. We then review leading innovation practices and connect them to these levers that they could influence.

Therefore, a cooperative can create a portfolio of innovation adapted to its specific economic context and objectives. We have classified these innovation practices in five categories:

- **Trade & Transfers innovations:** these are set up as new or improved services and products. They contribute to local trade by developing local markets and supporting exports. In some cases, they are offered through affiliated entities and subsidiaries of cooperatives.
- **People & Residence innovations:** these usually focus on specialized social and financial services, such as microcredit. They help attract talent, encourage local residency and retain younger generations. They are, usually, provided through microcredit programs, crowdfunding platforms, non-profit organizations (NPOs), and partnerships with other NPOs and cooperatives.
- **Investments innovations:** they often consist of incubators, accelerators, co-working spaces, hackathons and investment programs in partnership with private and public institutions. They focus on attracting external investments, investing locally, supporting new ventures and cooperative businesses. Financial cooperatives/mutuals offer a broad range of services to participant companies.
- **Industries innovations:** these are organized around local incubators, Labs or R&D alliances focused on specific industries using mostly an approach of open innovation.
- **Local Economy innovations:** they refer to practices that systematically support local development. They mostly aim to enhance the innovation capability, while stimulating the local economy in a geographically defined scope.

In addition, three important challenges have been raised during this study:

- **The process of “glocalization”.** The deployment of ideas and local initiatives into the global network of financial cooperatives or mutuals could be challenging in terms of its adaptation from one region to another.
- **Local visibility and access** to innovations. In most cases, although there are resources and local needs, there is a lack of local public information about the programs.
- **The measure of impact** on the local development. Financial cooperatives and mutuals evaluate the success of their innovation practices mostly based on KPIs reported in annual, financial or activities reports. We find few methods and indicators that measure and quantify the impact on local economic development (i.e. except for Desjardins' Créavenir program and its new measuring method).

Cooperatives: “hybrid” organizations and innovations

This study shows that cooperatives are capable of pursuing “hybrid” innovation in their territories. Indeed, cooperatives are “hybrid” organizations combining both a commercial and social role. These findings suggest that cooperatives “hybrid” organizational capabilities allow them to initiate “hybrid” innovation, having two objectives: the development of the cooperative's economic activities and the development of local economies.

Appendix I. Sources list for regional and national statistical reports by region

Bas-Saint-Laurent (Quebec) – Canada

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Auvergne-Rhône-Alpes – France

- Association française des investisseurs pour la croissance – AFIC (2016). *Le capital-investissement en Auvergne-Rhône-Alpes*, Présentation AFIC Études 2016, Lyon, le 25 novembre 2016, 31 p.
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- Institut national de la statistique et des études économiques – Insee (2016). *Une croissance modérée mais régulière de l'activité*, Insee Conjoncture Auvergne-Rhône-Alpes, N° 5, Octobre 2016, 4 p., <https://www.insee.fr/fr/statistiques/2423620>
- Institut national de la statistique et des études économiques – Insee (2015). *Un Rhônalpin sur trois est diplômé du supérieur*, Insee Flash Rhône-Alpes, N° 14, Juin 2015, 2 p., <https://www.insee.fr/fr/statistiques/1288146>
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- Institut national de la statistique et des études économiques – Insee (2016). *Des territoires inégaux face à la précarité*, Insee Analyses Auvergne-Rhône-Alpes, N° 25, Septembre 2016, 5 p., <https://www.insee.fr/fr/statistiques/2128987>
- Institut national de la statistique et des études économiques – Insee (2016). *Des territoires spécialisés au sein d'une économie diversifiée*, Insee Flash Auvergne-Rhône-Alpes, N° 02, Février 2016, 2 p., <https://www.insee.fr/fr/statistiques/1895171>
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Neuquén – Argentina

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Santa Catarina – Brazil

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