

Description of the social enterprise – information sheet

Romanian Vegetables Işalnița Association (ALRI)



A. Identification data	
1. Name of the enterprise	Romanian Vegetables Işalnița Association (ALRI)
2. Location/Address of the enterprise	Işalnița, Dolj county, Romania
3. Website of the enterprise	Not available
4. Legal organisational form	Association
B. Good practice of the social enterprise	
Aspects that recommend the social enterprise as a good practice in the particular sector.	Romania is the EU member state with the highest number of farms. The level of association among farmers is very low. Numerous associations, and more recently cooperatives have been set up, but their results are poor and farmer's satisfaction with how these organisations perform is very low. There is a need to develop knowledge and skills among farmers and rural development/agriculture professionals on how to setup and manage a successful farmer organisation. ALRI is a good example for this kind of development.
C. Context:	
1. Year of Founding	2013
2. Context of start-up – problem that the enterprise was set up to solve, economic social rationale	<p>Işalnița is a village with a long tradition in vegetables production. The production has decreased during communist times, in 1945 – 1989, since in the area numerous industrial projects have developed and there were workplaces for all inhabitants. Following the same political change there were no voluntary associations or cooperatives of farmers – in Romania there were only forced collective farms and state farms. Since 1991, in Romania started a process of land restitution – or as it was called forced de-collectivisation – and was given back in property to former owners who owned it in 1945 and have been abusively deprived of their property but, which have lost connection to the farming occupation in the meantime and had no technical or financial means of engaging in agriculture. Following the change of political regime in 1989 and the privatisation and closure of the main industrial facilities in the region, many of the inhabitants returned to their traditional occupation of vegetable farmers.</p> <p>The village has a farming/agricultural area of approx. 2114 ha, representing 66% of the overall surface of the community. The official data on vegetable production are the following: 190ha (in 2009) as compared to 210 ha in 1998, with slight increase in production figures from 2139 tons in 1998 to 2181 tons in 2009 (we believe these figures are to a large extent underestimated by producers – they are based on declaration and not financial/accounting documents). Other villages in the region are producers of vegetables – in the village next to Işalnița there is an industrial producer of cucumbers - 10 thousands of tons for export every year – holding 75 hectares of greenhouses.</p>

In 2012 in Isalnita there were 346 certified farmers for a total surface of arable land of 573 ha out of which 127 ha for vegetables in the field and 6,9 ha in protected spaces. Of these, 173 farmers had protected spaces for vegetable production with surfaces varying between 100 and 2500 sqm. IES estimates are that in fact these surfaces are much higher (in a field survey conducted among 100 farmers resulted that only these owned 6,9 ha of protected spaces for vegetable production). From the same survey we discovered that 50% of the farmers considered agriculture as their main income source – many of the farmers are involved only in subsistence farming. Most of the farms are family farms – all family members contributing to the production and sales of vegetables – generally the man are in charge with production while women sell in the fresh markets their products – in Romania fresh produce markets are open daily and therefore farmers have somebody in the market everyday during the production season – they have very little storage capacities for their fresh products. Farmers work without social, medical or old age insurance. More than half of the farmers in the village sell their products only in their closest big city, Craiova. The market in the city is characterised by high costs and low prices offered to farmers, which was one of the prime reasons of the establishment of the Association. The main problems they are facing are: the small prices they get for their products 87%, high taxes 35%, high costs (transportation etc) 8%, low level of sales 10%. 49% of them complain about problems with insects, 24% of plant diseases, and 26% of costs of treatments.

Işalnița was selected as an experimental site by the Institute of Social Economy (IES – part of CSDF) to develop and test a model of associative – cooperative organisation of farmers. This was financially supported for 3 years by PETROM company, the owner of the man industrial complex in the region which was closed down following privatisation. The enterprise was set up with the aim to develop the economic capacity of the vegetable producers in Isalnita.

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| <p>3. What are the Main Activities of the entity?</p> | <p>Since start-up ALRI has initiated two projects:</p> <ul style="list-style-type: none"> - A farmers wholesale market - A project to expand farming land available for vegetable crops in the region and delivery of agricultural machine services to members and to non-members. <p>The first project is on stand-by for the moment. The second has started since 2014 and is going quite well.</p> |
| <p>4. Who are the Main stakeholders (i.e. members, clients, producers, etc.)?</p> | <p>The Main stakeholders are farmers, mainly vegetable farmers, also other agricultural land owners.</p> |

5. Geographic coverage with respect to: i) to production of services and/or goods and ii) market/consumers or beneficiaries, clients, etc.	Agricultural machine services are delivered for the moment only to farmers in the respective village Isalnita, Dolj county.
D. Ownership Structure	
1. What is the ownership structure of the entity: i.e., does the entity have shareholders, owners/members, donors, trustees, investors, etc.?	ALRI is owned by its members.
2. If membership, is membership open or closed? Is exclusivity required?	Membership is open, but each person that wants to become a member has to demonstrate his/her quality of agricultural producer by presenting a certificate obtained from the public authorities. All new members have to be approved by the General Assembly. Exclusivity is not required.
3. Is a capital contribution required? If so, how much? Is equity capital unallocated or individualised?	It is required a capital contribution of 100 RON (approx. 20euro). The equity capital is unallocated.
4. Describe in a few words the voting distribution (e.g. one member-one vote; proportional to equity contribution; proportional to use, etc.).	The voting distribution is one member – one vote. All the members approved by the General Assembly have the right to vote.
5. Describe in a few words the main benefits for members or owners.	At the moment members can use the Association’s assets (tractor, seeding machine, plough etc.) and have priority in benefiting by the services offered by the Association (agricultural works).
6. Indicate any <u>main changes</u> in ownership over the lifetime of the entity.	The Association had 9 founding members, and since the establishment the number of members grew to 21.
E. Governance	
1. Describe the governance structure of the entity (board, management, committees, etc.), number of members and method of selection (appointed or elected and by whom).	ALRI is governed by the General Assembly of Members. The meetings take place at least once a year (in April/May), but usually the GA meets whenever important decisions have to be made. The Board of Directors is the executive body of the Association and has 5 elected members: president, vice-president, secretary and 2 members. The Board is elected by the General Assembly.

2. Is there an entity or process for oversight of the board?	The Association has a censor that mainly controls the financial management and the usage of the Association's patrimony.
3. Are there external independent board members?	According to the Statue, ALRI cannot have independent Board members.
4. Are there term limits for board members?	Board members have a 2 years mandate that can be renewed.
5. What is the gender composition of the board?	All Board members are men.
6. Describe management and board salary/ compensation policies and how they are decided/determined?	For the moment the Board has no salary and there are no compensation policies.
F. Profit/ benefits/ surplus distribution policies	
1. Describe briefly the distribution policies and procedures for profits / benefits / surplus	All the profits are now reinvested in the development of the Association.
2. Are members/owners liable for losses of entity? Describe how liability is shared.	No
G. Strategy: highlight approaches adopted to address the identified challenges	
1. Describe briefly the business strategy looking at aspects like: main products/services, market niche, market share, quality and pricing/costs and <u>main changes</u> occurred in time.	ALRI's strategy foresees the development of the enterprise as an economical viable social enterprise that provides performant services to a growing number of members – farmers in the area, that will have available much needed services such as: agricultural mechanization, the development of new crops and the expansion of the cultivated surfaces. The strategy foresees supplementing the Association's equipment with necessary items (disk, miller, sprayer station), the expansion of the vegetables crops to the irrigable area in Jiu Meadow with crops of potatoes that have a high demand in the area and the valorisation of existing opportunities such as a field rented to the Association by the City Hall and professional consultancy to access national rural funding.
2. Describe briefly the relation between the business strategy and the social mission of the enterprise.	The business and development strategy of ALRI has as main focus the Association's development in a strategic instrument for the long-term wellbeing of the farmers from Isalnita, Dolj county.

3. Please describe briefly the strategic partners or alliances that the enterprise has.	ALRI works in partnership with the Local Authorities and the local community, and has a good collaboration with the Institute of Social Economy (that provides professional guidance) and with its main sponsor, the PETROM company. Also, ALRI is a member of a national network, the Confederation of Peasants' Associations in Romania (CATAR).
4. Please describe briefly the methods and practices of communication/relationships with Stakeholders (members, community, donors, NGOs, etc.),	The Board communicates directly with the members and the community, all being inhabitants of the village Isalnita, either by phone or through meetings at the Association's office. The relationship with the sponsor (PETROM Company) is maintained through the Institute's consultants.
5. Innovation and key performance factors	Key performance factors were: <ul style="list-style-type: none"> - The capacity to attract financial resources necessary to invest in the first phase of the initiative, a phase characterised by mistrust among farmers among each other and for a group, collective initiative - A facilitated process of group building confidence and trust among farmers and the definition of common goals and objectives, agreement on particular strategy - Leadership building – consistent efforts to build leaders able of strategic thinking and ensuring stakeholder engagement and effective organisational management
6. Human resources - personnel - No. of employees - No. of volunteers - No. of members	1 1 21

H. Outcomes: results achieved and lessons learned

- Yearly social and economic results - Assets (raw numbers); Capital (raw numbers); Production; Turnover /sales; Profit/loss - Social benefits - describe the benefit to members (membership), indicators used to evaluate the enterprise.	INDICATOR	2013	2014
	Sales	0	10.467 RON
	Assets	0	165.498 RON
	Capital	900 RON	900 RON
	Profit/ Loss		973 RON

- I. Describe in a few words the broader social / environmental impact in your community – spill-over effects, in the last 3-5 years.
- The Association will have to grow to serve most of the over 300 registered farmers – from the current membership of 21. Through its work ALRI will:
- Improve performance of farms and living standards of farmers members
 - Provide a model of successful collective enterprise that may inspire others in the village or in the neighbouring communes
 - The Association may support members that are growing traditional spices of produce and also traditional, ecological ways of production

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