

Description of the social enterprise – information sheet
Mutual Help Association Tractorul Brasov (CAR Tractorul Brasov IFN)



A. Identification data	
1. Name of the enterprise	Mutual Help Association Tractorul Brasov (CAR Tractorul Brasov IFN)
2. Location/Address of the enterprise	Octavian Goga Street, no. 2, Brasov, Brasov county
3. Website of the enterprise	www.cartractorul.ro
4. Legal organisational form	Non-profit association
B. Good practice of the social enterprise	
Aspects that recommend the social enterprise as a good practice in the particular sector.	The organisation, member of the National Union of the Mutual Help Houses of Employees in Romania, is one of the best 15 Houses of the Union, from the 1912 member houses.
C. Context:	
1. Year of Founding	1997
2. Context of start-up – problem that the enterprise was set up to solve, economic social rationale	The organisation was started given the need of mutual financial help of its members. All the members make the monthly deposits, while the ones in need borrow variable amounts for which they pay an interest rate. The interest rate accumulated is returned to members, after deducting all the operating expenses and after forming the statutory and risk reserves.
3. What are the Main Activities of the entity?	The main activities provided by CAR Tractorul Brasov IFN are: <ul style="list-style-type: none"> - Monthly deposits at the social fund - Lending - Bereavements benefits for the members’ survivors
4. Who are the Main stakeholders (i.e. members, clients, producers, etc.)?	The main stakeholders are the members, individuals who have incomes from salaries or that became pensioners. These individuals can access loans for different purposes, such as: improving their agricultural production, buying new machinery, personal belongings, advance payment for a house, holidays, medical purposes etc.
5. Geographic coverage with respect to: <ul style="list-style-type: none"> i) to production of services and/or goods and ii) market/consumers or beneficiaries, clients, etc. 	i) Both the deposit services at the social fund and the lending services are accessed by people in both rural and urban area. The lending services were diversified and improved to fit the needs of the members. ii) The organisation also has offices opened in several towns, communes and villages in Brasov county, such as: Feldioara, Bod, Halchiu, Prejmer, Sanpetru, Cristian and Zarnesti.

D. Ownership Structure	
1. What is the ownership structure of the entity: i.e., does the entity have shareholders, owners/members, donors, etc.?	The organisation is owned by its members.
2. If membership, is membership open or closed? Is exclusivity required?	Membership is open; the only condition for the individuals to join the organisation is to demonstrate that they have income from salaries. Exclusivity is not required.
3. Is a capital contribution required? If so, how much? Is equity capital unallocated or individualised?	When joining the organisation, each member pays 25 lei (approx. 6€), from which 5 lei (1€) represents the contribution to social capital, 10 lei (2€) represent the registration fee and 10 lei (2€) represent their first deposit at the social fund. The social 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.).	In the case when there is a great number of members and they are dispersed around the territory, and thus the presence of all members is not possible at the annual meeting, the Board establishes a representation procedure for the Annual Conference (General Assembly). The decisions of the General Assembly are adopted by simple majority of votes, expressed by the members present at the discussions. An exception is given when the discussions aim decisions regarding the changing of the Statute, affiliation/disaffiliation from the county union, fusions or closing the Mutual Help House, in which case there are necessary 2/3 of the votes for the decision to be adopted.
5. Describe in a few words the main benefits for members or owners.	The members are also the owners of the entity. All of them benefit of rapid and accessible loans with low interest rate, which is added up to their social fund. The social funds are thus protected with a higher interest rate than the inflation rate. There are no supplementary taxes and the members also receive free counselling for solving their financial problems.
6. Indicate any <u>main changes</u> in ownership over the lifetime of the entity.	Not the case.
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).	The Board is formed of 7 members and 2 substitute members. The Economic Director is also part of the Board. The governance and control structures of the organisation are: <ul style="list-style-type: none"> - The General Assembly (Conference) of the members is the supreme governance structure of the organisation. - The Board has 8 members (Chairman, Secretary, Members) and the Economic Director. The members of the Board are elected every 4 years by the delegated members participating at the Annual Conference (General Assembly) of members.

	The Board members have to have outstanding professional qualities, to be respected by the other members and to be able to attract new members in the organisation.
2. Is there an entity or process for oversight of the board?	The Mutual Aid House is verified by its own elected censors and by the control entities of the territorial county union it belongs to. For the mutual aid houses that have less than 100 members, the General Assembly choses 1 censor. The censors are subordinated only to the General Assembly of members. CAR Tractorul Brasov IFN has 3 elected censors and undergoes controls from the County Union CAR Brasov.
3. Are there external independent board members?	Not the case.
4. Are there term limits for board members?	4 years
5. What is the gender composition of the board?	100% men
6. Describe management and board salary/ compensation policies and how they are decided/determined?	The salaries are established according to the Collective Labour Contract, which is negotiated and established at national level for all CARs' employees (at the level of the National Union), along with specific income grids for employees and Board members. Depending on their outcomes, the collaborators can receive 2% of monthly encashment if they attract new members.
F. Profit/ benefits/ surplus distribution policies	
1. Describe briefly the distribution policies and procedures for profits / benefits / surplus	The surplus to be distributed constitutes the transitional capital of the mutual aid house, and is consisted of the result achieved at the end of the fiscal year after the deduction of the statutory reserves, risk reserves and the social assistance fund. The determined surplus belongs and is shared to the members proportionally to their accumulated social fund and according to the procedures established by the board.
2. Are members/owners liable for losses of entity? Describe how liability is shared.	The organisation will make sure that this fund is always enough to protect the members' social fund against inflation. The surplus to be distributed to members can also be constituted each month, depending on the anticipated interest rate, but it can only be distributed to members at the end of the fiscal year or at withdrawal of the member. The statutory reserve and the risk reserve have to maintain at a rate of at least 10% of the total assets of the organisation. The Board has the obligation to manage the possible losses of the entity, by constituting special statutory and risk funds. The loans are retrieved from the borrowers or their endorsers. All the loans are guaranteed by endorser and/or the social fund of the borrowing member.

G. Strategy: highlight approaches adopted to address the identified challenges	
<p>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.</p>	<ul style="list-style-type: none"> - Deposits of monthly social funds, protected by a higher rate than the inflation. - Loans with reduced interest rate offered to individuals from both rural and urban area, individuals that cannot access loans from the banks, individuals that have financial problems or individuals that want to develop their business. - Lowering the interest rate in accordance to the financial market. - Free services of financial counselling. - Attracting an increasing number of members. - Accessing European non-refundable programs to develop the organisation by creating new branches in the rural area. - Accessing European programs to benefit of professional counselling for the alignment at the European Code of Best Practices in Microcredits.
<p>2. Describe briefly the relation between the business strategy and the social mission of the enterprise.</p>	<p>The section of the business strategy that aims the development of new branches in rural area complements the social mission of the organisation by offering financial opportunities for savings and lending at European standards to all social and age categories.</p>
<p>3. Please describe briefly the strategic partners or alliances that the enterprise has.</p>	<p>The strategic partners of CAR Tractorul Brasov IFN are the County Union of Mutual Aid Houses Brasov and the National Union of Mutual Aid Houses.</p> <p>The organisation also has collaborations with other important institutions in Brasov, such as: Brasov Opera, Brasov Finance Office, Brasov Court and different hospitals. These institution agreed to help their employees that are members of CAR Tractorul Brasov IFN by directly transferring their debits to the organisation.</p>
<p>4. Please describe briefly the methods and practices of communication/relationships with Stakeholders (members, community, donors, NGOs, etc.),</p>	<p>The communication with the members is made by several means of communication, such as: letters, phone messages, phone conversations, Facebook page and the web page of the organisation. The best way of communication remains the direct visit of the members at the office.</p>
<p>5. Innovation and key performance factors</p>	<p>Among the innovative practices used, we mention the special promotions at different occasions such as Easter holidays, Christmas, summer offers etc. Also, there are special promotions aimed to attract new members.</p> <p>The main indicators used for measuring the organisation's performance are:</p> <ul style="list-style-type: none"> - The solvency ratio – 19,85%, compared to the objective of at least 11% - Constituted reserves – 19,30%, compared to the objective of at least 10%

- Coverage rate of the social funds from the organisation's funds – 24,91%, compared to the objective of at least 13%
- Rate of return of costs – 57,21%, compared to the objective of at most 65%
- Rate of return of assets – 7,62%, compared to the objective of at least 3,5%
- Rate of return of capital – 7,65%, compared to the objective of at least 4%
- The protection index of the social fund of members - 5,99% in 2014, compared to the objective of being higher than the inflation, at least 3,5%

6. Human resources - personnel

- No. of employees 10 employees and 30 collaborators in different domains
- No. of volunteers 0 volunteers
- No. of members 6200 members

6.1. For Work Integration social enterprise - vulnerable employees if the case (i.e.), work integration plan/programmed used and management structure
Although the organisation is not a Work Integration social enterprise, an European funded project where CAR Tractorul Brasov IFN acts as partner states the necessity of employing persons from vulnerable groups.

H. Outcomes: results achieved and lessons learned

- Yearly social and economic results – every 5 years since start-up, and/or the last 3 years
- 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.

INDICATORI	2012	2013	2014
Capital	1,776,048	2,092,957	2,404,455
Total assets	9,191,988	11,396,947	14,691,108
Total income	1,340,701	1,591,985	1,912,418
Surplus (Profit)	609,046	711,294	818,382
Interest rate or the social fund	6.41%	5.96%	5.99%
Interest rate for loans	22.09%	22.02%	21.02%

I. Describe in a few words the broader social / environmental impact in your community – spill-over effects, in the last 3-5 years.
In the last 3-5 years the organisation offered loans exclusively in the national currency (LEI), getting to lower the interest rate each year, and thus lowering the indebtedness rate of its members and the individuals that want to become members.



J. Discussion Points: questions readers may want to consider and to discuss about it

- **What other services or social aids could the organisation offer to its members?**

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