

## Description of the social enterprise – information sheet

### Cajamar Caja Rural Credit Cooperative



<b>A. Identification data</b>	
1. Name of the enterprise	Cajamar Caja Rural
2. Location/Address of the enterprise	Almería, Spain (head office)
3. Website of the enterprise	<a href="http://www.cajamar.es">www.cajamar.es</a>
4. Legal organisational form	Credit Cooperative (governed under Spanish national law)
<b>B. Good practice of the social enterprise</b>	
Aspects that recommend the social enterprise as a good practice in the particular sector.	<ul style="list-style-type: none"> <li>• Committing itself financially and socially to a vulnerable community so that initially the only security it had was to make sure that the activity of its members was worthwhile funding. This led to implicating itself in a profound way in the economic and social activities of the community;</li> <li>• Encouraging the establishment of a cooperative economic fabric through the set up of cooperatives and the coordination of family/sme based enterprises;</li> <li>• Building on but going far beyond relationship-based finance through pro-active production and dissemination of technical, economic and social knowledge and playing an active role in the incorporation of the same;</li> <li>• Funding/investing heavily in r+d+i and agricultural extension services (there were no other i+d entities);</li> <li>• Shifting and transforming individual economic risk (including technological and experimental risk) to community risk, thus involving not only the cooperative bank, but the community in shared success;</li> <li>• Recognizing the transformation from peasant to agricultural entrepreneur and providing management and financial training as well as support to other institutional players;</li> <li>• Assuming the role of intermediating international and political changes and eu policy for community members;</li> <li>• Pursuing organic growth strategies in order to sustain innovation and sector growth amongst its members and as well, to diversify its activities beyond local specialization (both sector and territorial) thus protecting against undue potentially volatile concentration;</li> <li>• Pursuing strategic growth strategies in response to government imposed integration in order to maintain its strength both inside and outside its original territory;</li> </ul>
<b>C. Context:</b>	
1. Year of Founding	1966

2. Context of start-up – problem that the enterprise was set up to solve, economic social rationale
- The province of Almería in the 1960s was a poor region in Spain and one of the poorest in Europe. Its lands were arid and unfertile, with an important percentage of its population having emigrated due to lack of opportunities and the remaining rural population living a subsistence life. Although the sunniest region of Europe, the annual rainfall is scarce. Geographically, it is isolated and the lack of infrastructure at such time made it more so. Autarky imposed by the dictatorship of Franco resulted in much starvation and isolation. Land ownership was predominantly in the hands of elites. A new way of farming discovered in the 60s was done in rudimentary greenhouses, which consisted of using a layer of fertilizer, soil, then sand to preserve moisture. The small plots were surrounded by a wall of cane to cut the winds and when plastic became available, a sheet was attached as a roof to cut the excessive heat of the sun. By farming this way, the beginnings of intensive greenhouses was set up and farmers were able to produce surpluses of tomatoes, peppers and other crops during October to June, when the rest of Europe had little or no production. However, access to markets were controlled by companies from other areas of Spain who took advantage of the local farmers, who had no bargaining power.
- The cooperative bank's activity was initiated quietly by a group of dedicated young lawyers in 1963, who were looking for an economic model that was an alternative to both communism and facsim. They had heard of the Raiffeissen model and decided to try to copy it, starting at „kitchen tables” in the small towns of the province of Almería, pooling resources to lend to farmers who needed financing. They soon realised that individual farmers' main problem, in addition to lack of financing, was a lack of bargaining power and poor access to markets. Cajamar realised that it had to support a whole cooperative fabric in order to address the problems. It helped set up export institutions, R+D experimental farms, knowledge transfer methods, small local branches, help with regulatroy requirements, etc. It also realised that the farming methods needed to be environmentally sustainable in order to be economically sustainable.
- As the sector grew, so did the cooperative bank, in what can be described as a „virtuous circle”. Now Cajamar is the largest cooperative bank in Spain (3.9 million clients and 1.4 million members, 1,311 offices and over 6,441 employees, 65,000 M Euros of business volume) and the Almería model of production, based on small holding (1.5 hectare) family farms and SMEs, has grown into an agricultural cluster with almost 2,000 M Euros in collective turnover and an equal amount in the auxilliary agricultural SMEs. The Cajamar experimental farm and economic studies, housed in its Foundation, are a very important part of the continuing development of Almería's agricultural economy.
3. What are the Main Activities of the entity? Banking and financial services, agricultural research, knowledge transfer.

4. Who are the Main stakeholders (i.e. members, clients, producers, etc.)?	Agricultural, cooperative, family and SME businesses; local community in which it serves clients; members and banking clients;
5. Geographic coverage with respect to: i) to production of services and/or goods and ii) market/consumers or beneficiaries, clients, etc.	i) although originated in Almería, it now provides service to almost all of Spain with the exception of a few regions ii) Clients and beneficiaries can be found throughout most of Spain now but it is heavily involved in cooperative, family and SME agricultural businesses throughout Spain. Cajamar operates in 41 provinces in Andalusia, Aragón, Asturias, Balearic Islands, Canary Islands, Cantabria, Castile-La Mancha, Castile-León, Catalonia, Community of Valencia, Galicia, La Rioja, Madrid, Navarra, Murcia, and the autonomous cities Ceuta and Melilla.
<b>D. Ownership Structure</b>	
1. What is the ownership structure of the entity: i.e., does the entity have shareholders, owners/members, donors, trustees, investors, etc.?	The cooperative bank functions as a cooperative, but as it is a credit institution, it must also comply with banking regulations. They have members, but no donors.
2. If membership, is membership open or closed? Is exclusivity required?	Open membership to those who maintain a minimum account balance (100 Euros for persons, 500 Euros for entities) and who buy a participation (71 Euros).
3. Is a capital contribution required? If so, how much? Is equity capital unallocated or individualised?	In order to be a member a capital contribution of 71 Euros for the social capital. Unallocated equity capital.
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 General Assembly, one member, one vote.
5. Describe in a few words the main benefits for members or owners.	Access to a broader range of services and with price savings. Benefits are also available to non-members, as activities benefit the sector and community as a whole.

6. Indicate any main changes in ownership over the lifetime of the entity.

The original Caja Rural de Almería was based in Almería and was limited to its territory. Cajamar Caja Rural, Sociedad Cooperativa de Crédito is the result of a merger in the year 2000 between Caja Rural de Almería and Caja Rural de Málaga, two banking entities that began operating in 1966. An important process of expansion started in 2000, although certain mergers took place before then. Before the year 2000, Caja Rural de Almería had expanded its activity to the Region of Murcia (1989) and to Barcelona (1990), and Caja Rural de Málaga had a few branches in the province of Cádiz (1990), Madrid (1992), Melilla (1996) and Ceuta (1998). From the year 2000 onwards, Cajamar Caja Rural embarked on its process of national expansion, merging with many other entities. It was established as a result of the merger between rural savings banks in Andalusia (Almería and Málaga, 2000), Murcia (Campo de Cartagena, 1989), Madrid (Grumeco, 2000), Castile-León (Caja Rural del Duero, 2007), the Balearic Islands (Caixa Rural de Balears, 2010), Community of Valencia (CajaCampo, 2011; Caja Rural Castellón and Ruralcaja, 2012; Caja Rural de Casinos and Crédit Valencia, 2013) and the Canarian islands (Caja Rural de Canarias, 2013). The Cajamar Cooperative Group is a consolidated group of credit entities which was authorised and classified as an Institutional Protection System (SIP) by the Bank of Spain in December 2009. Important mergers also took place in 2009 and 2013. In 2014 the Cajamar Cooperative Bank was set up, governed by the European Central Bank. Its shareholders are Cajamar Caja Rural, other credit cooperatives and also outside investors (2 investment funds), the latter of which hold 10%.

**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).

There is the General Assembly (made up of members), the Board of Directors and an Executive Committee. As well there is a general manager. The Board of Directors is composed of a President, 2 Vice Presidents, and a Secretary, with 6 additional members. The Board is chosen from its members. The governing bodies of the entities that make up Grupo Cooperativo Cajamar, by general legal mandate, are the General Assembly and the Steering Committee, and by specific mandate or statutory self-regulation, the Executive Committee (and, if required, Chief Executive Officers), Auditors, the Audit Committee and the Resources Committee. The General Assembly is the highest body in terms of expressing social will, whereas the Steering Committee is the main governing body, responsible for senior management, the supervision of executives and representing the entity in the terms indicated by current legislation.

2. Is there an entity or process for oversight of the board?

The Executive Committee acts as an oversight, but because it is governed by the Bank of Spain it depends heavily on auditors and regulatory compliance. It has a IIA (International Institute of Auditors) Qualification and also a QAR certification from the International Standards for Professional Internal Auditors.

3. Are there external independent board members?	Not in Cajamar Caja Rural (in the group, yes.)
4. Are there term limits for board members?	No, they can be re-elected
5. What is the gender composition of the board?	Only 2 women members on the board and none on the Executive Committee.
6. Describe management and board salary/ compensation policies and how they are decided/determined?	Voted on by the General Assembly, but not available.
<b>Profit/ benefits/ surplus distribution policies</b>	
1. Describe briefly the distribution policies and procedures for profits / benefits / surplus	1. From the results, the interest on social capital is deducted, and then contributions to the Obligatory Reserve Fund and the Obligatory Education and Promotion Fund are made. After that, there are voluntary contributions to both funds. For example, as of June 10, 2015 (in Euros):
2. Are members/owners liable for losses of entity? Describe how liability is shared.	Results: 102 M minus interest on social capital (57 M) = 45.4 M for distribution. Cajamar and the General Assembly decided: Obligatory Reserve Fund: 9.1 M Voluntary Reserve Fund: 21.4 M Obligatory Coop Education and Promotion Fund: 4.5 M Voluntary Coop Education and Promotion Fund: 10.4 M 2. After resource to the reserve funds, liability is limited to the social capital contribution.
<b>F. Strategy: highlight approaches adopted to address the identified challenges</b>	
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.	The first strategy was to provide financing to financially excluded poor farmers. This was followed by a strategy of education and institution building, in essence constructing a “cooperative fabric” and cluster to create synergies. Subsequent strategy, dictated by political and economic events at the EU level, became more focused on Europe and external markets and competition. As a result a growth and I+D+i strategy was necessary, coupled with extension and education. Growth opportunities were sought which brought complementary benefits for members, eg. an area that had people searching for investment opportunities with areas that needed more available capital. More services such as insurance, investment and pension funds, financial consulting and advising, special programs for SMEs, rural women and youth, etc. were created. Every strategy is related to member needs. The market niche is one of agriculture (its “DNA”), SMEs and rural economies. Cajamar is focussing on

	<p>increasing market share in these areas and they maintain small branch offices in rural areas and neighbourhoods, which otherwise would not have any access to a financial institution. Their strategy is to have their members think of them as a partner, and not an outside financing provider.</p>
2. Describe briefly the relation between the business strategy and the social mission of the enterprise.	<p>Business strategy is clearly focused on the needs of the members and client. Its growth strategy was based on meeting the capital needs and strategic necessity of its members and the local economy, which found itself in need of more investment to compete internationally. Because of its origins, Cajamar Caja Rural is a social economic entity. In accordance with its articles of association, the purpose of Cajamar Caja Rural is grounded in financial intermediation and in operations that support the real economy. As a banking entity it has a clear focus on local development, is committed to the different sectors of production, pays particularly close attention to the agri-food sector and aims its financial activity at domestic economies, self-employed professionals and small and medium sized enterprises. R+D is still a major business strategy for Cajamar as is the tracking and provision of economic and sector knowledge.</p>
3. Please describe briefly the strategic partners or alliances that the enterprise has.	<p>Their partners are their clients and members. As well, they work closely with administrations and other private entities such as the association of producer organisation, cooperative federations, universities, and research centres.</p>
4. Please describe briefly the methods and practices of communication/relationships with Stakeholders (members, community, donors, NGOs, etc.),	<p>The website and online services and information are central to its communication strategy. In addition, it holds many different series of workshops and seminars. The Cajamar Foundation has a wide range of publications and it also sponsors Chairs in universities throughout Spain. They act as a sponsor for many community related activities.</p>
5. Innovation and key performance factors	<p>If their clients and the sectors in which they are involved do well, Cajamar considers that it has done well. They are governed by the Bank of Spain and thus common financial ratios are used within the sector. They also have an audit done which rates their environmental, social and economic performance. They also look to market share and position as well as number of customers. They are now the 1<sup>st</sup> cooperative bank in Spain and the 15th largest financial institution.</p> <p>R+D in agricultural/energy innovation is a central activity as it ties into the business activities of its members and clients.</p>
6. Human resources - personnel	
- No. of employees	6,441 employees and 1,311 branches
- No. of volunteers	No volunteers
- No. of members	1.4 million members

6.1. Work Integration plan/programmed used and management structure They have agreements in place with social enterprises for work integration practices—they also support various WISE in the area.

**G. 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.

Cajamar Caja Rural is the leading rural savings bank and credit union in Spain. It has 1.4 million members and 3.9 million customers.  
 At 31 December 2014, the Cajamar Cooperative Group, has assets amounted to 36,031 million euros, business volume went beyond 65,000 million euros, solvency ratio of 11.78%, CET1 capital ratio of 11.09%, computable capital amounted to 2,552 million euros (with a surplus of 819 million),  
 Regarding social benefits, the Cooperative Group carries out an audit of financial and non-financial results. The non-financial includes social and environmental. <https://www.grupocooperativocajamar.es/recursos-entidades/es/pdf/informacion-corporativa/responsabilidad-social-corporativa/informe-integrado.pdf>  
 Within the audit report indicators include: % of staff with permanent full-time positions, female to male ratio of salary ; responsible purchasing; transparency; conflict of interests; energy consumption and environmental footprint; complying with best practices; Client protection; products oriented to having a social impact (youth/rural women/rural areas, etc.); etc.

**H. Describe in a few words the broader social / environmental impact in your community – spill-over effects, in the last 3-5 years.**

Without Cajamar, most likely two options would have occurred i) small holding family farm agriculture would never have been possible and the innovative techniques which brought about intensive agricultural activity suited to this climate would never have occurred, or ii) agriculture would still be an economic activity but in the hands of multi-nationals who sooner or later would have exhausted the soil and water, and thus moved on elsewhere. As well, the experimental farm, financed by Cajamar and which is part of its Foundation, was a key player in sustainable innovation, which has had a very important socio-ecological impact. Cajamar serves financially excluded and under-served areas. Other shareholder banks would not set up a branch in such rural/underpopulated areas.

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

1. Is there a difference between cooperative finance and other sources of financing? If so, what are these differences?
2. Would the story of Cajamar still be possible in light of the regulatory environment at both a national and European level?
3. What social/alternative financing is available to support social enterprise?

**Contact info - Address** Plaza de Barcelona, Almería, Spain 04006  
**Email** [cajamar@grupocooperativocajamar.es](mailto:cajamar@grupocooperativocajamar.es)  
**Webpage** [www.cajamar.es](http://www.cajamar.es)  
**Contact person** Chairman, Mr. Juan de la Cruz Cárdenas Rodríguez





## LINKS

- [www.cajamar.es](http://www.cajamar.es)
- Giagnocavo, C.; Fernández-Revuelta Pérez, L.; Uclés-Aguilera, D.; **Modern agriculture, sustainable innovation and cooperative banks: the development of Almería (1963-2010)**, *Acta del congreso Financiamiento co-operativo approaches to local development through sustainable innovation*, 2010, Trento, Italia, (Fuente: EURICSE: <http://www.euricse.eu/it/node/694>)
- Giagnocavo, C. L.; Fernández-Revuelta Pérez, L.; **Co-operative Banks and Agricultural Co-operatives: Building Innovative and Sustainable Communities**, *Journal of Co-operative Studies*, 2012, 45, 15-31
- Giagnocavo, C. L.; Sforzi, J.; Gerez, S.; **Cooperative Bank Strategies for Social-Economic Problem Solving: Supporting Social Enterprise and Local Development Initiatives**, *Annals of Public and Cooperative Economics*, 2012, 83, 281-315
- Giagnocavo, C. L.; Fernández-Revuelta Pérez, L.; Uclés-Aguilera, D.; **The case for Proactive Cooperative Banks in Local Development: innovation, growth and community building in Almería, Spain**, In *Financial Cooperatives and Local Development* (Editores Goglio, S. and Alexopoulos; Y.) Routledge, 2012, pp. 93-110;