

Description of the social enterprise – information sheet

Cooperativa Agrícola San Isidro (CASI)



A. Identification data

Name of the enterprise: Cooperativa Agrícola San Isidro (CASI)

Location/Address of the enterprise: Ctra de Níjar, Los Partidores, CP 04120 Almería

Website of the enterprise: www.casi.es

Legal organisational form: Andalusian Cooperative Society (SCA)- first tier/level

B. Good practice of the social enterprise

CASI can be considered to be the **largest specialist enterprises in tomatoes in the world**. From its birth, its principle objective has been to concentrate the production/offer of its farmer members, focusing on **high quality product and the sustainability of the surrounding area**.

It is unique in that it is an example of a cooperative that started with a diverse portfolio of product but transformed into a predominantly **single product focused cooperative** (which has been the strategy of many USA agricultural cooperatives). It participated in applying for a **geographically protected product (tomato “La Cañada Níjar”)** to add value.

It has a **mixed system of marketing/sales (both in origin and destination)**. In 1992 it was recognized as a **Producer Organization under EU regulations**, yet it continues to market **60% of its production through an auction system**.

CASI was a first starter in many respects: it invested in **innovation, not only in marketing, but in the production stages and increased efficiencies at the farm level**. For example, it first introduced having its farmers quality sort and package directly into crates on the farm at the moment of harvest.

Guaranteeing a **continuous flow of information between cooperative and members through a network of technical advisors**, whose services are offered free to members.

Growth has always been internal, by attracting more small farmers—it has one of the most diverse small farmer member bases in the area. It is an example of **cooperatives based on family farms that have been able to resist the fierce competition of non EU countries, predominantly in Africa, or countries with lower labour costs, and actually increase its exports**.

Refusal by the membership to “delocalize” production has persisted although this has created much friction with regional/EU politicians and created a risky situation for the members.

Almost 50% women on the Board of Directors and 40% women members.

C. Context:
Year of Founding: 1944
Context of start-up – problem that the enterprise was set up to solve, economic social rationale: The Cooperativa Agraria y Ganadera San Isidro (CASI) was founded in 1944 by a group of farmers who united to market their products, principally potatoes and vegetables at that time, in the daily auction market stalls. In the 1960s this market stall had become too little so they began to look for a larger place in which they could store larger volumes and to carry out auctions, which had become the method of selling. It was also at the end of 1960s that vegetable production began to become more significant in the province of Almería. The tomato took over the potato as the most marketed product in CASI. In the 1980s CASI had strong internal growth and its membership continued to increase, necessitating the development of new and better services for the members, particularly the creation of a technical services department to help the farmer produce tomatoes of higher quality. Once again CASI outgrew their installations and they amplified progressively during the 1990s. In this period volume increased dramatically and they went from producing 40,000 tons to 140,000 tons in 2000. Currently they sell 210 million tons of products to 1,500 clients throughout Europe, with 4 work centers.
What are the Main Activities of the entity? The tomato is their main product for marketing, comprising 95% of their portfolio, although they also market watermelon, melon, zucchini and cucumber. CASI represents 30% of the total tomato sales in Almería. All other activities are focused on client service: the sale of inputs, technical services, business advice, etc.
Who are the Main stakeholders (i.e. members, clients, producers, etc.)? CASI has 1,800 members (40% women) who cultivate 2,200 hectares and it is the Almería cooperative with the largest membership. It has very diverse clients, and can be considered to be a wholesaler in origin. Typical clients are: <ul style="list-style-type: none"> ▪ Supermarket chains of Spain and Europe. ▪ Hotel, restaurant and catering companies, (Horeca). ▪ Intermediaries dedicated to the sale of tomatoes, including other cooperatives in Almería.
Geographic coverage with respect to: to production of services and/or goods and market/consumers or beneficiaries, clients, etc. Although CASI has clients all over Europe, it markets 58% of its production in origin through auction (the auction is held every morning in CASI's installations and auction room.) Gradually it has increased the direct sales to clients through their own marketing dedicated to exports, which has taken some of the pressure off the auctions, allowing better prices for the farmer. Currently they are seeking to reach the US, Canadian, Chinese and Indian markets, without leaving out the traditional EU markets such as Poland, France, Holland, Italy, the Czech Republic, Germany and the UK. Exports make up 42% of their sales.
D. Ownership Structure
What is the ownership structure of the entity: i.e., does the entity have shareholders, owners/members, donors, trustees, investors, etc.? The cooperative is owned exclusively by the farmer members.
If membership, is membership open or closed? Is exclusivity required? The cooperative has open membership, who must agree to sell all their product exclusively through the cooperative.
Is a capital contribution required? If so, how much? Is equity capital unallocated or individualised? The General Assembly fixed the amount of obligatory contributions (unallocated) of new members and the conditions and time periods for return, balancing the economic necessity of the cooperative and the entrance of new members.
Describe in a few words the voting distribution (e.g. one member-one vote; proportional to equity contribution; proportional to use, etc.). Given the heterogeneity of the membership, a plural vote exists proportional to use, which is capped at 7 votes, the limit established by the Andalusian cooperative law.

Describe in a few words the main benefits for members or owners.

The members obtain better prices due to the prestige and reputation of the cooperative at an international level. They also benefit from a series of services that the cooperative offers for free:

- Technical advice on cultivation techniques
- Training oriented to crops and market awareness and knowledge
- Assistance with financing and subsidies to modernize and improve greenhouses and installations
- Sale of agricultural inputs at reduced prices, including the sale of gasoil for industrial use.

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

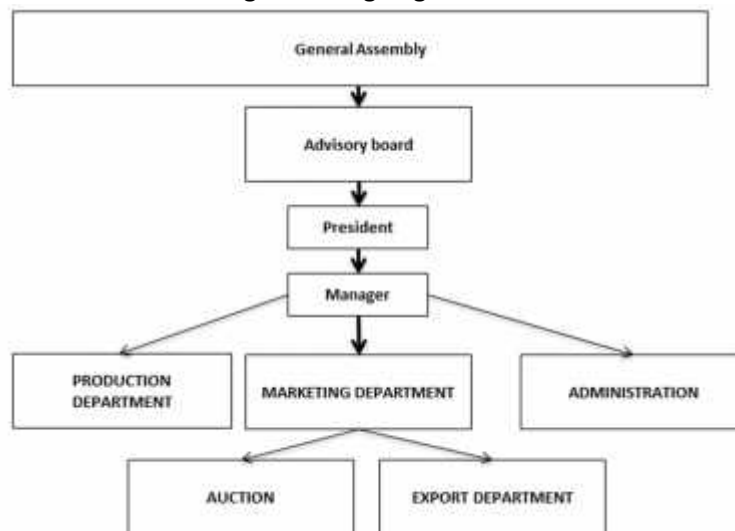
Ownership has not changed aside from the continuous addition of new members over time.

E. Governance

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 of Directors or Advisory Board of the Cooperative is composed of 15 people. They are chosen by the members by a simple majority in the General Assembly. The President is a member and does not have a salary. Management tasks are delegated to a professional General Manager. The structure of the organization is as follows:

Figure 1. Organigram of CASI.



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

The General Assembly

Are there external independent board members?

No, although at time the Board will seek external advice.

Are there term limits for board members?

No, they can be re-elected.

What is the gender composition of the board?

8 men and 7 women

Describe management and board salary/ compensation policies and how they are decided/determined?

The members of the Board do not have a salary, although they are compensated for their expenses in the carrying out of their work as board members.

F. Profit/ benefits/ surplus distribution policies

Describe briefly the distribution policies and procedures for profits / benefits / surplus

Are members/owners liable for losses of entity? Describe how liability is shared.

The distribution of cooperative benefits is in keeping with the Andalucian cooperative law. First, deductions are made for losses from prior years, 20% is destined to the Obligatory Reserve Fund (up to 50% of the capital) and 5% to the Cooperative Education and Sustainability Fund. The rest of the benefits are divided in function of the activities of the members. The losses are claimed against reserves (voluntary and obligatory) and the rest is covered by the members in function to their cooperative activity.

In the last few years, benefits have been applied to the development of certain expansion projects: structural improvements in installations purchase of other installations and the creation of new departments (e.g. marketing).

G. Strategy: highlight approaches adopted to address the identified challenges

Describe briefly the business strategy looking at aspects like: main products/services, market niche, market share, quality and pricing/costs and main changes occurred in time.

The philosophy and business strategy of the cooperative can be summed up in the words of the president: "We should feel proud to belong to CASI, to have the largest concentration of product in origin, the tomato with the most taste, the best prices on the market and a consolidated brand worldwide. The cooperative will be what the members say it will be. While I am president I will fight to improve the quality of life of the farmer and their families".

CASI is predominantly a single product cooperative, carving out a specialist niche in tomatoes. It has a growing market share, with a focus on high quality, unique products (denomination of origin) and a mixed system of producer organization and auction to obtain the best price for its members.

As a cooperative, CASI depends on the F&V distribution sector as a whole. In general various circumstances can influence CASI: i) the loss of profitability of the farmer as a consequence of rising costs or the reduction of income; ii) the substitution of products from Almería by non-EU products. In this last instance, Morocco is the country which most affects Almería in the short and medium term as their exports to Europe continue to grow. The calendar of production is equal and yet their costs (including packaging and transport) are 25% less than Almería. In light of this the principle strategy of CASI is to increase its export activity. For example, recently it has established agreements with Dutch marketing companies to share installations in the Netherlands.

Describe briefly the relation between the business strategy and the social mission of the enterprise. Please describe briefly the strategic partners or alliances that the enterprise has.

CASI attempts to improve its commercial activity with the objective of increasing revenues for the farmer.

As an organisation completely committed to and integrated into its territory, CASI forms part of the specific denomination of protected geographical indication "Tomato of La Cañada Níjar", recognized as such since 2007. It is a tomato with specific characteristics, difficult to reproduce in other areas, as the unique territory influences the quality of the product.

The constant reality of the difficulties of agricultural cooperatives in Andalucía and their common problems (e.g. loss of negotiating power against the large distributors) has led to several attempts to create one large Andalusian enterprise. In 2006 it maintained contacts with other large Spanish cooperatives such as Covap, Hojiblanca (DCoop) and Agrosevilla. The intention was to put together the various sectors of milk, olive oil, table olives and tomato. However, what might have been a good strategy has proven difficult to put into practice given the difficulties in joining functional characteristics of the cooperatives involved.

However, CASI is a member of the organization of producer organisations, which advocates for common positions for the sector.

Please describe briefly the methods and practices of communication/relationships with Stakeholders (members, community, donors, NGOs, etc.)

CASI has a close relationship with their members fundamentally through their network of technicians, made up of 30 agricultural engineers. It also has a developed internet system where the member can access to weekly prices and the most up to date news on the cooperative. It has always been a participative cooperative in sector forums and associative entities, evidence of which is its membership in the producer organization in Almería, COEXPHAL, and in Andalucía, APROA and the federation of agricultural cooperatives of Andalucía.

Innovation and key performance factors

CASI was one of the first agricultural cooperatives that invested in innovation fundamentally in the production phase, for example, introducing a system to monitor the state of the crops through information technology. As well, it complies with all the highest quality standards imposed by European clients (Global Gap, IFS, BRC, etc.). It has also not forgotten the necessity to create new channels to get closer to the consumer, such as having its own website <http://www.rafdecasi.com> to market varieties of tomatoes to the national market.

Human resources - personnel

No. of employees: 850 (81% women)

No. of volunteers: None

For Work Integration social enterprise - vulnerable employees if the case (i.e.), work integration plan/programmed used and management structure

Amongst its service providers (cleaning and maintenance) are associations dedicated to provide work for workers with disabilities. In this way, traditional cooperatives can collaborate with social enterprises.

H. Outcomes: results achieved and lessons learned

Table 1. Evolution of the Balance sheet and results of CASI (M €).

Year	1993	1997	2000	2006	2010	2013
Farm revenues	33	48	109	165	197	202
Total Assets	9	18	34	64	78	93
Capital and reserves	8	12	20	23	24	26
Tons sold (x1000)	98	126	159	190	216	220

Profit/loss Social benefits - describe the benefit to members (membership), indicators used to evaluate the enterprise.

The main indicator of benefits to members is member satisfaction (gauged through feedback, mostly informal) and the average price received by the member. This price is then compared to other cooperatives in the area. When members feel that they are not enjoying sufficient benefits, they raise their concerns either formally or informally and if they are not satisfied with the response they vote out the board and elect others. CASI has always had an active social and cultural program for its members as well, as local farmers otherwise had little knowledge of or access to such programs.

Indicators such as market shared and resilience are also considered in general.

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

CASI participates in diverse public-private businesses whose principal function is the collection, treatment and re-utilisation of agricultural residues. Its support for Integrated Pest Management (predator bugs and other non-pesticide methods) and technical support for farmers regarding resource use and sustainability has had a very positive impact on the environment.

It is a cooperative very active in relation to the community in which it is located. This can be seen for its financial support for various projects such as:

- Research and organization of events (conferences, workshops) in the University of Almería.
- Promotion of healthy diets and the consumption of vegetable in schools.
- Funding the promotion of tourism in the area, as well as cultural activities within the province of Almería.

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

- What type of growth strategy has CASI followed? What are the strengths and weaknesses of such approach?
- Are CASI members correct in choosing not to “delocalize”? What strategies can they take on to maintain market share, employment and a dignified livelihood for their farmer members?
- How can they further advance in the value chain?

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