

Description of the social enterprise – information sheet

Association of Fruiters and Fruits Processors in the Odorhei Area (Asociatia Pomicultorilor si Procesatorilor de Fructe din zona Odorhei)



| A. Identification data | |
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| 1. Name of the enterprise | Association of Fruiters and Fruits Processors in the Odorhei Area |
| 2. Location/Address of the enterprise | Odorheiu Secuiesc, Solymossy Street, no. 29 |
| 3. Website of the enterprise | www.szgy.ro |
| 4. Legal organisational form | Association (NGO) |
| B. Good practice of the social enterprise | |
| Aspects that recommend the social enterprise as a good practice in the particular sector. | The social enterprise is engaged mainly in local economic development of rural communities in isolated Romanian territories by sustainable use (processing and sale) of rare (neglected) fruit varieties. Thus the enterprise is having two main impacts: (1) biodiversity conservation by use of traditional (old) varieties of fruits in the Carpathian Mountains, (2) increase the welfare of rural communities by applying specific technologies suitable to add value to local biodiversity of fruits. |
| C. Context: | |
| 1. Year of Founding | 2010 |
| 2. Context of start-up – problem that the enterprise was set up to solve, economic social rationale | <p>Since 1960 in the rural areas have been established orchards with modern/intensive fruit varieties replacing one-by-one the traditional fruit gardens founded by the local communities especially as buffer zones between the arable lands and forest territories. In the modern orchards, the technology applied has been based on chemicals and mechanisation with a deep negative impact, amongst the disappearance of the old varieties, by polluting the land, water and air. By increasing the level of mechanisation, and in the same time by reducing the necessary workforce to maintain and exploit the orchards, most of the local people lost their jobs and consequently one of their income sources. In addition to all above mentioned issues, the intensive varieties became very vulnerable to pest and diseases due to their sensibility to local extreme weather conditions, so after a while the newly established intensive orchards entered into a tendency of losing a significant amount of production. In the period of 1990-1997 most of the farmers claimed back their land taken by communist regime and started to rebuild their farms, but unfortunately without a significant support (financial and professional) to define their primary production activity. In such conditions the small and medium size farmers failed in their efforts to make a profitable business. Most of the production has been acquired by intermediary agencies and/or companies at low prices pushing the farmers to desperate situations. Thus, the fruit production became an extremely neglected sector of the Romanian agriculture. In addition, due to several cuttings of the trees, our hilly region of Harghita County became very endangered by floods and landslips.</p> |

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| <p>3. What are the Main Activities of the entity?</p> | <p>Assisting the professional development of the farmers in terms of: (1) selecting the most adapted old fruit varieties for their microclimate, (2) orchard maintenance, (3) applying low-input organic practices, (4) product development, by using and developing the traditional recipes, (5) increasing the farmers' collaboration in order to increase the positive impact of their activities.</p> <p>In the economic dimension the Association has established and is running two processing centres (manufactures): (1) in Lupeni for processing the orchard fruits (apple, pear, plum, berries), (2) in Zetea for processing the forest wild fruits and mushrooms.</p> |
| <p>4. Who are the Main stakeholders (i.e. members, clients, producers, etc.)?</p> | <p>The main stakeholders are the fruit growers and pickers (in case of wild fruits and mushrooms) willing to be involved in the development processes launched by the Association. Amongst them are the members of the Association of course, but they do not have an exclusivity to use the facilities and supports provided by Association.</p> |
| <p>5. Geographic coverage with respect to:</p> <p>i) to production of services and/or goods and</p> <p>ii) market/consumers or beneficiaries, clients, etc.</p> | <p>The geographic coverage of the production activity and market is mostly overlapping. Since establishing the production facilities one of the main efforts was focused to involve the farmers actively in the marketing and selling activities. At the moment the Association is working closely with 1,200 farmers in the marketing and selling sector.</p> |

D. Ownership Structure

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| <p>1. What is the ownership structure of the entity: i.e., does the entity have shareholders, owners/members, donors, trustees, investors, etc.?</p> | <p>The Association is exclusively owned by the members. The NGO is not having any other shareholders, investors, etc.</p> |
| <p>2. If membership, is membership open or closed? Is exclusivity required?</p> | <p>The membership is an open one, but with very strict rules to become a member.</p> |
| <p>3. Is a capital contribution required? If so, how much? Is equity capital unallocated or individualised?</p> | <p>No capital contribution is required, only professional skills and an open personality to assist the community.</p> |
| <p>4. Describe in a few words the voting distribution (e.g. one member-one vote; proportional to equity contribution; proportional to use, etc.).</p> | <p>The distribution of votes is very simple: one member-one vote irrespective to its contribution to the Association's activities.</p> |

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| 5. Describe in a few words the main benefits for members or owners. | The main benefits of the members are: (1) professional and commercial representation, (2) direct access to information and best practices, (3) priority to access jobs opened by the Association, (4) exclusive right to decide about the way of using the profit and other advantages generated by the business, (5) exclusive right to participate in activities organized by the Association, such as study visits, (6) to receive goods and services delivered by the Association at a low or no costs. |
| 6. Indicate any <u>main changes</u> in ownership over the lifetime of the entity. | Not the case. |

E. Governance

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| 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 Association is governed by a Board of 5 people led by the Chairman. The selection of the Board is done by the Association' members, and the members of the Board are electing the Chairman. The work of the Board is assisted by the Inventory Board (IB) which is the control body of the processing activity. The total number of members in the organization is 39, from which is formed a three members IB. The positions in the IB are occupied by the members of the Association on a rotation base, only one member being substituted every time. The IB members are not elected, each member of the organisation must be at least once in the IB within a 5 years period. . |
| 2. Is there an entity or process for oversight of the board? | The financial supervision of the Board is done by a Censor. |
| 3. Are there external independent board members? | There are no external Board members. |
| 4. Are there term limits for board members? | The Board members are elected for 4 (four) 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 Board members have no salaries or other compensation for their activities, excepting the Chairman who is receiving the minimum salary per economy. The Chairman is acting as the representative of the organisation having the duty to implement the activities drawn by the Board. The salaries/compensations are also decided by the Board. |

F. Profit/ benefits/ surplus distribution policies

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| <p>1. Describe briefly the distribution policies and procedures for profits / benefits / surplus</p> <p>2. Are members/owners liable for losses of entity? Describe how liability is shared.</p> | <p>The benefits generated within Association are distributed according to the members' decision. Once a year the General Assembly is deciding what are the priorities of the Association and based on it the members are voting. The implementation of the Assembly's decision is the duty of Board. As a general rule the members are not receiving any financial benefits in form of cash. Instead the members should have only indirect benefits by being a member. The non-financial benefits provided to the members are presented in D.5. The losses are covered by the management of the enterprise through complementary economic activities.</p> |
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G. Strategy: highlight approaches adopted to address the identified challenges

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| <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> | <p>The products made at the manufactures should be categorized as following: natural soft drinks, jams, syrups, refrigerated and cured products. The main market for the products is the local market formed by shops, in-region retailers, and local consumers by door-to-door delivery by the farmers, local restaurants and bars, farmers markets, local food processors, hotels and pensions. Our main goal is to make high-quality products at reasonable prices in order to avoid by most of the population. The quality of the products stands on the first place; the products are made 100% from fruits with no additives, preservatives and other substances used in the food industry. Thus, the price of the products is a little above the medium price of similar products with less fruit content. The main changes occurred in time are mostly related to improvements done on the side of cost effectiveness. Since launching the production, the costs of all types have been reduced 35% in average, and due to it the final prices offered to customers have been reduced significantly.</p> |
| <p>2. Describe briefly the relation between the business strategy and the social mission of the enterprise.</p> | <p>The relation between the business strategy and the social mission of the enterprise should be highlighted taking into account one important issue from the state of mission of the social enterprise. In the processing unit the fruits processed are exclusively from traditional varieties, even if they are fruits grown in old orchard and/or fruits/mushrooms collected from the wild. Thus, the unique taste of these products is provided by the flavours of the wild and/or endangered fruit species offering comparable advantages for the products. On the other side most of the processing activities are done manually in order to ensure the handicraft character of the final products. The manual processing is assuming more workforce than in an usual system, so establishing workplaces and using the neglected elements of the biodiversity goes hand in hand in the general benefit of the rural communities.</p> |
| <p>3. Please describe briefly the strategic partners or alliances that the enterprise has.</p> | <p>The Association is performing its activities by having a substantial support from the forest owners associations. They provide, together with the local farmers, the necessary raw material collected from the forest.</p> |

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| <p>4. Please describe briefly the methods and practices of communication/relationships with Stakeholders (members, community, donors, NGOs, etc.),</p> | <p>The Board is having a very strong relationship with its members since every month there are organized informal meetings for the members of the Association where the results achieved in a one month period are discussed/presented, including debates about some very short plans. On an annual base, the Board is having at least 10 operational meetings and is organizing at least 1-2 General Assembly meetings. The communication to other stakeholders is done through the webpage, Facebook and face-to-face meetings and discussions. At least 15 times per year the Association is participating at different conferences, workshops, and email discussions around a specific subject.</p> |
| <p>5. Innovation and key performance factors</p> | <p>The innovation plays a significant role especially in the product development and technology used in the processing activity. Every year at least 1-2 new products are entering from the manufactures to the market in order to keep alive the customers' attention. On the side of technology the Association is looking to find new possibilities to reduce the costs of production, especially those related to energy and logistics. The key performance factor is the human resource, which through its ability to introduce new recipes and way of solving problems is acting continuously for a sustained development in the targeted sector.</p> |
| <p>6. Human resources - personnel</p> <ul style="list-style-type: none"> - No. of employees - No. of volunteers - No. of members <p>6.1. For Work Integration social enterprise - vulnerable employees if the case (i.e.), work integration plan/programmed used and management structure</p> | <p>Usually, on an annual average the number of employees varies between 6 and 55, the number of volunteers is between 15 and 30, and the number of members is 39.</p> <p>A powerful positive social impact of the social enterprise is found at the Zetea unit. In this community a number of 200 families are engaged by the social enterprise to collect and transport the wild fruits and mushrooms from the forest to the processing unit. Thus, during summer time, these families live on incomes paid by the enterprise, solving many of the social problems existing in the region.</p> |

H. Outcomes: results achieved and lessons learned

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| <ul style="list-style-type: none"> - 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 | <p>According to the financial statistics the social enterprise generated an increase of income of 1 mil. EUR for local people, mainly farmers, in the last 5 years. These incomes have been divided amongst 1,200 families. In terms of other measurable results please find below an aggregation of the main financial indicators of the last 3 years:</p> <ul style="list-style-type: none"> - Assets: 2,5 mil. EUR - Capital: 200.000 EUR - Production value: 450.000 EUR/year - Sales: 450.000 EUR/year - Profit: 100.000 EUR/year |
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to members (membership), indicators used to evaluate the enterprise.

– Social benefits – the income generated in the family, number of people engaged by the Association, number of consultancy hours received by the farmers etc.

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

The most important positive impact in the rural communities is related to the environment. Since running the project, the size of newly established or renewed orchards increased to 300 hectares, the forest owners association changed their mentality on the way the forest should be exploited and the raw material from the forest is exploited in a sustainable way due to the information campaign implemented by the Association.

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