

Description of the social enterprise – information sheet

Lunca Somesului Mic Agricultural Cooperative



A. Identification data	
1. Name of the enterprise -	Lunca Somesului Mic Agricultural Cooperative
2. Location/Address of the enterprise	Apahida, Dezmir Village, Criseni St, Cluj County
3. Website of the enterprise	www.luncasomesuluimic.info
4. Legal organisational form	Agricultural Cooperative
B. Good practice of the social enterprise	
Aspects that recommend the social enterprise as a good practice in the particular sector.	The Lunca Somesului Mic Agricultural Cooperative is a social enterprise made by farmers for farmers. In 2013 and 2014 the Cooperative helped small farmers to get their products (vegetables) on the market, reaching a quantity of 340 tonnes of vegetables in 2013 and more than 620 tonnes in 2014.
C. Context:	
1. Year of Founding	2013
2. Context of start-up – problem that the enterprise was set up to solve, economic social rationale	The Cooperative solves the problem of lack of proper connection of the farmers with the market. BY creating bigger volumes together and respecting quality standards the Cooperative reached two important supermarkets and helped small farmers to avoid selling their products at prices below the production costs. This way the Cooperative opened new possibilities for small farmers and supported them to grow.
3. What are the Main Activities of the entity?	<ul style="list-style-type: none"> • Services for farmers’ products: promotion, selling, depositing and labelling; • Communication with clients (retailers, HORECA); • Representing the farmers in public and private umbrella entities; • Informing the farmers on legal issues and funding opportunities.
4. Who are the Main stakeholders (i.e. members, clients, producers, etc.)?	Small vegetables producers, members in the cooperative. Also, the cooperative has affiliate members, local producera that are not members in the Cooperative.
5. Geographic coverage with respect to: i) to production of services and/or goods and ii) market/consumers or beneficiaries, clients, etc.	The production is located in the Small Somes River area, while the market is spread all around Transylvania historical region.

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.?	The entity is owned by its members, the farmers, small vegetables producers. Each farmer has an equal share (now at around 7% of the Cooperative's share). The Cooperative was supported (financially and with consultancy) by the Romanian American Foundation and the Civitas Foundation For Civil Society. The support of both Foundations is still active, being scheduled until March 2016.
2. If membership, is membership open or closed? Is exclusivity required?	The membership is open, a tax of 4000 RON being required for each farmer that wants equal rights with the other members.
3. Is a capital contribution required? If so, how much? Is equity capital unallocated or individualised?	Capital is required when entering the entity. Each farmer is contributing with an amount of 4000 RON – around 1.000 Euros. 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 is done on the rule: one man one vote – not being determined by equity distribution.
5. Describe in a few words the main benefits for members or owners.	The main benefits are access to new markets and access to funding.
6. Indicate any <u>main changes</u> in ownership over the lifetime of the entity.	In 2013, at the establishment of the Cooperative there were 17 members. The obligations of membership were not respected by 4 for of the initial members, so they left the Cooperative, thus the capital was reduced proportionally.
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 entity is governed by the General Assembly of members, which is the decisional body. The executive body is the Administration Board formed of 5 members elected by the General Assembly. The entity has an Executive Director appointed by the Administration Board. The Executive Director is not a member of the cooperative, but an external marketing professional and he's also the only remunerated person.
2. Is there an entity or process for oversight of the board?	The board is overseen by the General Assembly. Furthermore, the board must report to the censors that verify the entity's activity at the end of each year.
3. Are there external independent board members?	No.

4. Are there term limits for board members?	No.
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 executive director is the only employee of the Cooperative. He receives a fixed salary and a variable salary (now set at 2%) depending on the volume of sales. The fixed salary and the variable salary are set by the General Assembly.
F. Profit/ benefits/ surplus distribution policies	
1. Describe briefly the distribution policies and procedures for profits / benefits / surplus	Each member receives a share of profit proportional with its share in ownership (around 7 %.)
2. Are members/owners liable for losses of entity? Describe how liability is shared.	Yes. The members are liable for the losses proportional with the shares.
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.	<p>The business strategy is developed on the following pillars:</p> <ul style="list-style-type: none"> - Focus on reaching the market demands on fresh products (quality and packaging). - The market niche are the supermarkets and HORECA - The pricing is determined weekly taking into consideration the fluctuations in the vegetables market. <p>The main challenges are:</p> <ul style="list-style-type: none"> - Reaching the quality needed for the market. - Tackling the volatility of prices. - Educating the producers on the new challenges of the market (competition, liberalisation etc.). - Education the members on internal communication and mutual respect.
2. Describe briefly the relation between the business strategy and the social mission of the enterprise.	The business strategy is focused on getting the products of small and medium sized producers on the market. The cooperative gives the opportunity of development for subsistence and semi subsistence farmers. Furthermore, the Cooperative is an active entity in the local community being a catalyst of local events and local philanthropy actions as donations of vegetables and supporting other causes.
3. Please describe briefly the strategic partners or alliances that the enterprise has.	The Cooperative is a member of the Agro Transylvania Cluster (an umbrella entity that supports agricultural enterprises and favours access to market and networking). Also, the Cooperative has a close relation with two important national Foundations – Civitas Foundation and Romanian American Foundation.

4. Please describe briefly the methods and practices of communication/relationships with Stakeholders (members, community, donors, NGOs, etc.),	The methods used for communicating with members and stakeholders are monthly meetings between members and phone communication. Also, the Cooperative is represented in other relevant meetings where important stakeholders are present.		
5. Innovation and key performance factors	Bringing practices from corporative management to agricultural small entities.		
6. Human resources - personnel			
- No. of employees	1 employee		
- No. of volunteers	15 volunteers		
- No. of members	15 members		
6.1. For Work Integration social enterprise - vulnerable employees if the case (i.e.), work integration plan/programmed used and management structure	Not the case.		
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.	INDICATOR	2013	2014
	Sales	54.000€	110.00€
	Assets	10.000€	10.000€
	Capital	3.000€	3.000€
	Production	> 700 tones	> 700 tones
	Profit	-	-
	Social benefits – more than 50% of the members’ products are introduced on the market.		
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 Cooperative had an important role in the region and even national level setting an example on working together and marketing local fresh products. Furthermore local farmers were motivated to keep on going and continue their activity despite the difficulties tackled.		
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