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## **Romania Agribusiness Development Program (RADP)**

# **RADP ANNUAL REPORT**

**October 1, 2005 – September 30, 2006**

**October 2006**

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## INTRODUCTION

FY06 was very busy, with project partners assisted in attendance at nine tradeshows and on three international study tours. Nine familiarization trips were organized for wine and tourism journalists or operators. Over 40 training programs and working shops were hosted either entirely or in part by RADP, where over 1200 participants received training. Strategies were completed for the wine sector and for tourism in Brasov County, AER, and two national parks. Brasov County has created a new Tourism Development Association to oversee the implementation of its strategy and two beekeeper associations made a splash at Biofach, Europe's largest organic tradeshow. An EU forum was organized to help Romania's agricultural producers and processors better prepare for EU accession – with processors, producers and government officials from Hungary, the Czech Republic and Poland sharing their own experience after joining the EU.

The year was not without its problems. Smithfield did an about face in its agreement to purchase hogs from RADP's independent producers; the National Tourism Authority lost interest in working with any donors, after successive changes in leadership; and it was announced in mid-year that the Romania USAID Mission (and the Project) would close early. Though resources and the level of effort for RADP have been decreased, strong progress was made in meeting project performance targets, and LOP impact indicators for both increased sales and investment have already been surpassed, with seven months to go before technical assistance ends.

### I. Activities and Accomplishments During the Reporting Period

#### A. Livestock/Processing Sector

The project strategy in working in the livestock/meat processing sector continues to focus on making producers more aware of new and improved production methods; in meeting new, stricter EU standards for health, safety and the environment; and in improved marketing. The project is working at several levels and with different groups, including Smithfield, small and medium independent producers and on national issues at the country level.

##### *Collaboration with Smithfield*

Although Smithfield Foods has been in Romania since 2004, Romanian farmers and investors have been slow to sign up for its contract grower program. There are several issues that appear to be affecting farmers' interest in the program: concerns over environmental impacts, startup costs for the required infrastructure and uncertain returns.

##### Smithfield Contract Farmer Program

*Investor/Farmer Study Tour to the U.S.* Smithfield's biggest concern at this point is identifying potential investors who are willing and able to become contract growers. As part of the process of identifying and encouraging potential investors and producers for the contract program, RADP and Smithfield collaborated on a study tour to the U.S. to visit Smithfield operations in North Carolina and Iowa. The objective of the study tour was to introduce potential farmers/investors to the Smithfield model, to

see and meet with contract growers in the States to learn first hand from their experience. Participants included eight potential investors, the RADP technical staff person in the swine sector and two Smithfield representatives. As a group, the participants were impressed particularly by the technology of operations, the organization of the farms, and the management whereby a single individual was able to run almost single handedly two large operations. Participants noted that each farm of such size would have 10 laborers in Romania. To date, four of the eight participants signed letters of intent, but one has since withdrawn.

*Identification of potential investors* – During the past year, RADP organized two sessions so that Smithfield could present their program to area hog producers. 62 farmers attended the first session which was held at the Agricultural Office in Arad and fifty producers from 6 villages attended a second session held in Craiva. Two farmers indicated to us afterwards that they were interested.

*Recommendations to Smithfield on the Presentation.* RADP staff provided recommendations to Smithfield on ways to improve their presentation, including, better preparation, more specific information requested by attendees (particularly on prices to be paid), obtaining feedback from participants, using a more relaxed/informal presentations style. We also offered to conduct a short survey of participants to obtain their feedback on ways to improve the information sessions.

*Financial Assessment of the Contract Grower Program.* Farmers and investors may be right to be wary of signing up as a contract grower. Back of the envelope calculations indicate that operator income after expenses and debt repayment may be as little as 2000 Euros per year for the first 12 years. RADP has offered and Smithfield has accepted the project's offer to undertake a detailed financial analysis of the program, through the services of an agricultural finance specialist from another USAID project. The work is due to start next quarter.

### Environmental concerns

*Soils Workshop* – To date none of the 8 or 9 investors interested in the contract grower program have obtained the necessary environmental certification for their proposed operations. RADP assisted Smithfield in funding the participation of 4 staff persons from the Ministry of Agriculture's Soil Resource Unit in Timis County to attend a national conference on soil science: *Management and Use of Soil Resources, Protection of Agricultural Environment and Rural Development.*

*EPA Study Tour.* The project also organized and financed a study tour to the U.S. to meet with state and national officials of the Environmental Protection Agency, with USDA staff in Washington, and to visit Smithfield U.S. operations to see animal waste management in practice in large scale hog operations. The participants included the head of the Romanian environmental agency and local and national officials involved in environmental monitoring and certification.

*Independent Producers.*

From Project startup, RADP has been working with 5 or 6 of the larger independent producers in western Romania as well as with the Arad Hog Producers Association, whose members are small to medium sized producers. RADP activities during the year centered on association strengthening, meeting EU standards and improved management practices. Last year the project also expanded its coverage and began working with the Bihour County Hog Producers Association.

*Formation of a Banat Producers Association.* The existing swine producers associations in Timis, Arad and Bihour Counties are dominated by small producers. The larger producers are considering creating a new association covering the three Banat counties (Timis, Arad and Bihor). RADP assisted in organizing a workshop and enlisted the assistance of the *National Employers Association of Pork Producers* to speak to the large independents about the types of services its organization can provide, including market information, legislative changes affecting the sector, advocacy, etc. Some of the independents have since joined the National Association. If plans for the Banat Association are completed, it may seek an associate membership with the national organization.

*Small and Medium Producers Associations.*

The third group of producers in the swine sector are the small and medium producers, who raise from between 50 to 1000 hogs. Activities during the year included:

*Group Marketing Sensitization* - Early in the year a series of meetings were held throughout Arad County with association members and with individual producers who indicated that they might be interested in working with RADP on improving their operations. Over 30 farms were visited and other farmers participated in meetings that were held to explain RADP assistance and identify problems faced by producers. In mid-year RADP efforts were expanded to include the Bihour County association.

*Farm Inspections* – Quality and standards are essential, whether producers sell to Smithfield or to other buyers. The requirements for carcass grading, presented in a workshop last year, were used as the basis for improving producer management practices. RADP arranged for inspection of farms and hog installations by a local expert, who is a Professor in the Veterinary School at the University of Timisoara. For each of the farms inspected, needed improvements were identified with regard to pen size, ventilation, water and feeding infrastructure, flooring – in short anything that might not be in compliance with existing animal health and safety regulations and/or good management practices. Producers were given immediate feedback on needed improvements.

*Field Trips* – A series of field trips were organized with association members and other interested producers to allow them to meet with domestic suppliers of improved genetic piglets, feed operators and slaughterhouses. The purpose was to give producers wider options as to input supply sources, to introduce them to these new potential suppliers and to begin to introduce the idea of group buying as a means of lowering costs and/or widening marketing opportunities. A fieldtrip was also organized for a group to visit Indagra, the main agriculture tradeshow held annually in

Bucharest so farmers from Arad could see new tools and equipment available on the market and meet with national suppliers.

*Improved genetics.* Improved breeds which gain weight faster mean lower costs and more competitive prices. During the year RADP continued to link hog producers with suppliers of improved breeds.

*Improved feed.* RADP also continued to identify and meet with additional feed suppliers to increase producers' options to find the best feed at the lowest cost.

*Slaughterhouses and Marketing.* Although some of the larger processors may purchase live animals, slaughterhouses are the main buyers of live hogs in the Timis-Bihour-Arad area. Again, to increase the options available to producers to find better prices, RADP continued to arrange meetings with additional slaughterhouses throughout the three county region.

*Hungarian Agricultural Fair.* RADP sponsored the attendance of 13 hog farmers from Arad and Bihour counties to attend Mezogazdaexpo, Hungary's largest agricultural fair. Participants made new contacts with suppliers of inputs, equipment and improved breeds.

### Sector Level Activities

*CSF Prevention Campaign* – Classical swine fever is not new to Romania. However, the three-county area (Timis, Arad and Bihour Counties) was presumed to be CSF-free until late last year. Several outbreaks were verified and the GOR has decided to mount an eradication or prevention program. In principle, vaccination will eventually be banned. The start date and implementation of the program remains unclear. However an information/media campaign will certainly be a key component. RADP developed a technical information bulletin on CSF prevention and biosecurity. The bulletin explains what CSF is, how it is spread, and the farm-level steps needed to protect the farm from infection. Again, the Ministry of Agriculture has yet to define a clear policy on CSF. Once the policy is made clear, and if its is made in time, RADP will participate in the information campaign.

*Carcass Grading.* Most small- and medium-sized hog producers sell their pigs to area slaughterhouses, who then sell the meat to processors. Under new Romanian legislation, a new system of carcass classification or grades is now mandatory and this system will be compulsory when Romania joins the EU. Many slaughterhouses will probably close after EU accession, as many will not be able to meet the new, stricter EU health and safety requirements. To improve the competitiveness of the slaughterhouses and help ensure a competitive market for hog producers, RADP provide assistance during the year to the Carcass Classification Commission. The Commission is a non-profit organization established by Ministry of Agriculture to administer and implement the carcass classification system in Romania. RADP assisted the Commission to organize and implement three training programs for 30 participants. At the end of the program, the participants were certified to grade carcasses using the new procedures and equipment in slaughterhouses in their home counties.

*Balkan Breeder's Day Symposium.* The second annual Balkan Breeder's Day Symposium was organized this year by the national Hog Breeders Association and the agricultural journal, SUINVEST. 16 presenters (including commercial companies) made presentations during the symposium. Presenters and attendees from Romania, Bulgaria, the Czech Republic, France, Spain, Denmark, and the U.S. attended the 3 day event. RADP assisted the organizers by providing two key presenters at the Symposium, Phil Westerman (waste management) and Morgan Morrow (biosecurity) from North Carolina State University. Over 150 attended the event, among them 10 independent producers from the Arad and Bihor hog producers associations.

## **B. Wine Sector**

RADP activities during the year in the wine sector continued to focus on marketing and promotion. As EU accession nears, wineries are beginning to worry about competition on the domestic market, when trade barriers will disappear. As a result, the Project expanded its assistance from export marketing and promotion by adding assistance for domestic promotion.

*Moscow Wine and Spirits Fair.* During a Project sponsored sector retreat and planning session last year, Russia was identified as the focus export market for the sector. RADP assisted the sector to participate in the Moscow Wine & Spirits trade fair. Assistance included an assessment of the Moscow wine market (undertaken last year) and help with promotional materials, publicity and a special wine tasting event held for the major actors in the Russian wine market. 30 Russian wholesalers, importers and retailers and 27 journalists specialized in wine/food, attended the event, hosted by the Romanian Ambassador, to taste selected wines of the Romanian contingent. A post trade fair evaluation by participants indicated that one wine company established contacts with 15 potential clients, three made 12 new contacts and four wineries indicated they established 10 contacts. In addition, 28 articles on Romanian wines appeared in the press in Russia, Ukraine and Moldova. Participants indicated that this first foray into the Russian market was a success. It was felt that the objective of creating (or re-creating) interest in Romanian wines was achieved. But all stressed that it must be followed by other promotional/communication events. By mid-year one winery had cracked the Russian market for the first time and the previously sole Romania already in Russia firm, had increased its sales.

*Russian Wine Journalists Tour* – Later in the year, three wine journalists and an importer were sponsored by RADP to tour vineyards and taste Romanian wines, and ultimately to write about the wines. The journalists were also tasked for selecting wines to be presented at a “Wine Road Show” (discussed below) which was held at the end of the year.

*Moscow Wine Tasting Event.* International wine tradeshows are a good way to make new contacts and hopefully build new sales. However it is not always easy to make the necessary contacts, since these shows are also attended by world-class wineries from France, Italy, Spain, and other well known wine producing countries, often making it difficult for small wineries and countries such as Romania to be noticed. As a follow up to the RADP sponsored attendance at the Moscow Wine and Beverage

Tradeshaw, the project also organized a special Romanian wine tasting in Moscow at the end of the year. This provided wineries with another one-on-one opportunity to meet with the key people in the sector, without the competition from other wine producing countries. Eleven companies participated in the event, which included a presentation of high-end wines by an international wine journalist, as well as a second wine tasting event for all wines. As a result of this event, two more wineries are expected to enter the Russian market early.

*Regional Wine Journalists Trip* – RADP helped the wine sector take advantage of a wine tasting trip for international wine journalists, organized by a USAID regional project. The tour both began and ended in Romania, and included other stops in Macedonia, Montenegro, Serbia and Bulgaria. The group of wine journalists visited 4 Romanian wineries. In preparation for the tour, RADP developed a briefing book, which included a fact sheet and contacts for the four wineries visited, as well as a special wine tasting evening sponsored by RADP, so that six additional wine producers could present their wines.

*Presentation of Romanian Wines at the Prowein Tradeshaw* – RADP provided assistance to the Wine Exporters and Producers Association (WEPA) to increase the profile of Romanian wines at the Prowein Tradeshaw (Duesseldorf, March 26 – 28). With RADP assistance, Romanian wines were featured at a special tasting and presentation by *Vinum*, arguably the most influential wine journal in Germany. The wines were presented by Rudolf Knoll, one of the top wine journalists in Europe. Given the eminence of Mr. Knoll and *Vinum*, the most important wine buyers, wholesalers, importers, retailers, and wine journalists attended the Romanian presentation and gained a better awareness of Romanian products.

*Hugh Johnson Wine Handbook* - The Hugh Johnson Wine Handbook is one of the most complete wine guides and considered a “must-have” guide by the industry. Last year, RADP organized a journalist ‘wine tour’ in Romania and one of the participating journalists is emerging as an expert on Romanian wines. The journalist was invited to contribute to the 2007 edition of Hugh Johnson’s book, which will now feature 14 Romanian wineries and 18 varieties of wine.

*“Wines of Eastern Europe: A Buyer’s Guide”*. RADP also assisted WEPA to have Romania included in an upcoming publication, “*Wines of Eastern Europe*”. RADP shared the costs with Meininger Publishing and SIPPO, a Swiss import promotion program. Approximately 100,000 copies will be printed and distributed to importers, wholesalers and restaurants through five wine journals in Germany and Switzerland. A general section provides an overview of wine growing regions, wines, and trends in Romania. Participating wineries have a full page in the publication, with a company profile and presentation of several wines, tasted and reviewed by a distinguished and renowned taster. The Guide will increase the name recognition of Romania as a wine producing country and of the participating Romanian companies, hopefully resulting in new contracts and exports.

*Wine Catalogue*. RADP is also supporting participating WEPA members in the development of a *Romania Wine Catalogue 2007*. The professional-style catalogue will feature the 100 best wines of Romania, their characteristics, and the types of food that go best with each. The catalogue will also provide an overview of wines and wine

growing regions of Romania and an introduction by wine journalist, Darrell Joseph. Although not completed, pictures and text for the catalogue were finished during the year.

*Vinvest* – Romanian wine producers are growing increasingly concerned about their domestic market share, as foreign wines are proving increasingly competitive. One means of increasing competitiveness is to increase public awareness of local wines on the domestic market. *Vinvest*, an annual domestic wine fair held this year in Timisoara, was an excellent venue to promote local wines. RADP helped to promote the fair and provided the services of a wine journalist to present a variety of wines. Attended by Romanian journalists, wine tasters and the public, the event helped to promote and raise public awareness of Romanian wines.

*Bucharest International Wine Contest*. The Bucharest International Wine Contest, is a new wine contest intended to raise awareness both at home and abroad about Romania and its wines. To assist the wine sector with this initiative, RADP provided the services of two outside wine experts to serve on the panel of judges. Wineries from 16 countries participated in the contest.

*Wine Journals*. It is important for Romania's wine associations, in particular PNVV and WEPA, to stay on top of what is happening in international wine markets, changing tastes, and new production techniques. To assist the sector, RADP financed subscriptions to six wine journals:

- Vins et Spiriteux (FR)
- Harpers Magazine (UK)
- La Journee Vinicole (FR)
- Wine Business Insider (US)
- Just Drinks (UK)
- Vinum (GER) (French edition)

*Wine Tourism Development* – Wine tourism can provide a boost to both wine producers and tour operators. An initial assessment was conducted of 7 wineries in the Vrancea Region in the east of the country late last year. It was clear that most of the wineries are not ready for wine tourism at this stage. Key weaknesses noted included poor wine tasting infrastructure, lack of appropriate accommodations, no or little food services available, no foreign language capabilities and little knowledge of tourism and marketing. However, the wineries are very eager to learn more about the possibilities and opportunities. A workshop was held to discuss the requirements of a good wine tourism product. A domestic wine tour was also organized to visit Halewood, which has a very good facility and an increasing wine tourism trade. The Halewood staff walked the participants through the requirements for successful wine tourism, including winery visits, wine tasting, food and accommodations and the necessity of linking into other local attractions.

## **C. Tourism Sector**

Tourism provides many links to agriculture and in particular as a source of employment as consolidation of landholdings progresses. Currently over 4 million families farm less than 4

hectares, a system which is not sustainable. The fragmentation of farmland which resulted from privatization is also a hindrance to the development of a stronger commercial agricultural sector. During consultations at the beginning of the project and during the first year, RADP focused on three different areas within the tourism sector: the national level for policy and national branding, tourism in and around Brasov County, and eco-tourism. Project assistance at the national level was well received during the first year of the project. The National Tourism Authority (NTA) was engaged in working with RADP and requested and received help in laying the ground work for a national tourism strategy and in branding Romania as a tourism destination. Unfortunately, this early collaboration did not continue after a change in NTA leadership. The NTA is currently seeking a new President, who will be the third in two years. A basic principle for RADP assistance was enunciated at the beginning of the Project: that RADP would continue to work with those who showed strong engagement in working with the Project and as long as there was a strong potential for achieving results. The changing of leadership and a dwindling interest on the part of the NTA, coupled with the reduction in Project length and resources, resulted in a joint decision of RADP and the Mission, to reduce assistance at the national level, and instead focus on tourism in Brasov County and eco-tourism where interest and commitment of partners remain high.

### ***National Level***

*Tradeshaw Assistance – World Travel Market:* In keeping with prior commitments, RADP provided training and technical and financial assistance to the NTA and operators for attendance at the World Travel Market (WTM) in London. RADP assistance included:

- Assistance in identifying key operators who are or could be interested in “selling” Romania.
- Press releases leading up to the tradeshow and development of promotional materials.
- Arranging key meetings for the new NTA President
- Planning and organization of various events to entice operators to the Romanian booth:
  - Wine tasting
  - Contest to win a Transylvanian tour (a FAM tour in disguise)
  - Financial assistance for a “Romania Night”
  - Organizational assistance to the new Director of Romania’s UK Tourism Bureau.

The results of WTM were mixed. In general the participants evaluation of WTM were positive. Most saw WTM 2005 as an improvement over previous tradeshows and 19 participants out of 22 who responded indicated that they had attracted new partners or firms in the U.K. As to their opinion of Romania’s participation, 3 responded it was excellent, 8 said very good, 13 said good and 2 said satisfactory.

*Transylvania FAM Tour – Familiarization (or FAM) tours* are a good means to let foreign tour operators and tourism journalists see and write about tourism in Romania. As a follow-up to the assistance for WTM, RADP assisted in organizing and implementing a Transylvania FAM. Four British journalists visited a variety of touristic sites in Brasov County and in Transylvania. Several articles about tourism potential in Romania have resulted.

*BBC History Magazine.* As a result of RADP assistance and again as a follow-up to WTM, BBC History Magazine wrote an article, with RADP input, about Transylvania. RADP

placed an ad for tourism in the magazine facing the article with contacts of a British firm active in Romania. After only a few days the firm had five inquiries and one booked trip.

*National Geographic – Romania Edition.* RADP received a request for assistance from National Geographic/Romania (through the Mission and U.S. Embassy) for a photo exhibition on horses. The exhibition was a kickoff to the July edition of National Geographic/Romania, which traced the role of horses as part of Romania's history and heritage traditions. RADP placed a full page advertisement on equestrian tourism opportunities in the same issue, providing contacts for tour operators who sell such products. One of the equestrian tour operators has since joined the Romania Eco-tourism Association, RADP's partner in eco-tourism development.

### **Tourism – Brasov County**

RADP assistance in Brasov County tourism continued during the year to focus on planning, association strengthening, and marketing.

*Brasov Tourism Strategy* – Work continued during the first quarter on the development of the Brasov County Tourism Strategy. Workshops were held in several more communities which had not been involved last year. The draft strategy was circulated to tour operators, associations working in tourism and the communities in the county. The Strategy was officially approved by the County Council and launched in February. The launch was attended by over 150 persons, with representatives from all the tourism associations, municipalities and regional officials. The launch was the culmination of almost six months of workshops, site visits, and interviews. Over 200 representatives from the public and private sectors participated at some point in the strategy development. Key components of the strategy included the formation of a County Tourism Association, training to improve services, product development, and improved marketing and promotion.

#### *Brasov Tourism Association Strengthening.*

- *Brasov County Tourism Development Association (APDT).* Responding quickly to one of the recommendations in the strategy, RADP provided assistance in creating the Brasov County Tourism Development Association. RADP's association development expert helped to develop an outline of an association structure and provided recommendations on the roles, functions and responsibilities of the board, the executive director and the staff of the various service areas. The Interim Steering Committee which had supervised the development of the Strategy passed a statute which officially created the APDT. Although the statute did not incorporate all of RADP's recommendations, we are pleased that the County is moving quickly to begin implementing the strategy. Membership in the association includes communities in the county, NGOs, and individual tour operators. To date, a Director and initial staff have been hired and one staff person has been assigned to work directly with the RADP tourism team.
- *Tourism Information Centers.* The project also provided assistance in creating or improving and expanding seven tourism information centers in the County. The main information center in Brasov has been expanded and it will act as the hub for the other centers. Equipment and office furnishing were purchased and signage for

the centers have been placed to direct visitors. At the end of the year, RADP began a series of training workshops for information center staff. Topics included the role of the centers, how to deal with the public, information needs, etc. The workshops will continue in other centers early in October.

- *Tourism Information and Promotional Material.* Existing tourism information was collected from throughout the county so that all the centers will be able to provide information, not just for tourism in their town or village, but also for the entire county and for touristic sites throughout Romania. RADP also provided assistance in developing new and improving existing materials.
- *Brasov County Tourism Website.* The Tourism Website will be the center of tourism information for the county and a key component in the marketing of Brasov tourism both domestically and internationally. RADP provided technical assistance in designing and building the website and in developing content written with a tourism angle. The website was near completion at the end of the year and will be officially launched in October.

*Tourism Marketing.* As with the other RADP sectors, marketing and promotion are key parts of project assistance. A necessary component of the marketing strategy is to improve and expand the number of tourism products available.

- *Product Development Workshops.* Product development workshops were held with ANAT (Tour Operators Association) for Brasov county and with guesthouse operators of ANTREC. Product development activities in eco-tourism are discussed in a separate section. As a learning exercise, participants, working in groups, began the process of developing the following products or packages:

ANAT:

- A wildflower tour in the nature reserve: “Wild Thing You Make My Heart Sing”
- A wildlife viewing tour to see large carnivores
- A historic tour, including the Prejmer area.

ANTREC:

- A 7-day heritage package of the north and west of the county, including Brasov
- A 4-day package of the Bran/Moeciu/Rasnov area including a visit to Piatra Craiului National Park
- A horse back riding package in Parcul National Calamani
- A 7-day wine tour of Vrancea County

The products are initial attempts to develop interesting and feasible products, and were meant as learning tool, as well as packages that could be finalized and sold.

- *GEO Tourism – National Geographic.* RADP facilitated a series of workshops on geo-tourism, or “geographic” tourism. A geo-tourism expert from National Geographic (US) presented a series of five workshops in communities in Brasov County. The purpose was first to inform town/village officials and tourism operators about what geo-tourism is. Participants also learned the impact such tourism has had elsewhere. Rapid assessments were conducted of the potential for geo-tourism in the communities visited. Two of the five villages requested additional information about

what steps they should consider in promoting and/or developing geo-tourism in their localities.

- *Agro-tourism Assessment.* RADP assessed the potential and obstacles of initiating or expanding agro-tourism in Vama Buzaului. RADP assisted the community in developing an inventory of tourism assets, worked with a young woman to be the tourism coordinator in the community to provide a link to travel agents and act as a guide on excursions, and develop ideas to generate income from tourists on day trips. RADP also conducted a workshop on guesthouse operations and gave individual consulting to guesthouse owners. The mayor's office is assisting guesthouse owners in registering their businesses, and RADP facilitated a meeting with the County Council Tourism Department to instruct guesthouse owners in regulations. Initial assessments of agro-tourism potential in the communities of Sinca Veche and Poiana Marului were also conducted.
- *Special Events.* Many communities have annual town tourism or cultural events which target domestic tourism, particularly from Bucharest. RADP is providing assistance for several of these special events to improve the quality of the event and to help promote increased attendance. Two such events received Project assistance this past year, with the Fundata village registering a 22% increase in attendance at its agro-tourism festival.
- *Weekend Get Away.* The RADP Business Development Expert also provided direct assistance to individual operators who are interested in developing new packages or products. One such product "*Get out of Town*" targets the Bucharest market for weekend packages and tourists in Brasov with day trips off the beaten path.

In addition to the website and the improvements to the information centers and the new products described above, RADP also undertook a series of activities aimed at increasing the awareness outside of Romania about tourism opportunities in Brasov County.

- *German Journalist.* The project funded the travel of a tourism journalist, Christophe Geise, to visit and write about Brasov. In April one of Mr. Geise's article about Brasov tourism appeared on the front page of *Das Reisemagazin*, a syndicated travel supplement to two regional newspapers in Nordrhein-Westfalen (western Germany) with a circulation of 1.5 million.
- *Lonely Planet.* Last year Lonely Planet, the most popular guidebook for the fully independent traveler (FIT) market, updated its guides to Romania and Eastern Europe. RADP assisted Lonely Planet writer Robert Reid in exploring locales not included in the current edition, such as the agro-tourism community of Vama Buzaului, the monastery on the hilltop of Busteni, and the fortified church in Prejmer. Reid also visited the Halewood winery in Azuga. Mr. Reid also visited tourism offerings of the Romania Eco-Tourism Association (AER), another RADP partner. The updated edition of the guide will be published in 2007.

## **Tourism – Eco-Tourism**

Romania's tourism strength and potential lays in a combination of cultural/historical tourism and nature. However the protection of nature is critical if Romania's tourism is to grow and thrive. The project's most important partner is the newly created Romanian Eco-Tourism Association. Major activities during this past year, again focused on association strengthening, product development, and promotion and marketing.

### *Association Strengthening.*

- *Certification and Registration Procedures* – The legal research on the options for a certifying/accreditation agency and procedures was completed during the year. Two options were identified, one based on an informal arrangement between the Tourism Authority (NTA) and AER and the second a more official process with NTA overseeing the work of an accreditation/certification commission. The legal expert identified the strengths and weaknesses of both options and recommended, as a first stage, the adoption of the more informal arrangement. A test period of at least a year will be used to test this option to see if it is viable. A final determination will be made by AER in consultation with the NTA and the other various agencies and ministries that would be involved.
- *Association Expansion.* Workshops and informational sessions were held throughout the year with various groups who are or could be interested in ecotourism. These sessions included meetings or workshops with the National Park Service, individual national parks, communities, NGOs and individual tour operators. AER was formed three years ago with 10 members. Since RADP involvement, membership has increased from 15 to 33 members, with 7 new members added last year. .
- *AER Certification.* After the development of the certification process and procedures, towards the end of the year, AER identified and trained 10 independent inspectors or evaluator who now provide the on-the-ground inspections and recommendations on whether individual applicants meet the certification procedures and requirements. A certifying board was set up, which will make the final decision as to whether applicants will be certified or not. The certifying board or committee is composed of representatives from AER, the World Wildlife Fund, and the National Park Service. At the end of the year inspections of 7 operators were conducted.
- *Marketing Plan or Strategy* – RADP and AER held a two day workshop which focused on developing a marketing strategy for AER. Topics covered included:
  - Components of a marketing strategy
  - Market research, consumer needs and knowing the competition
  - Product development and branding
  - Customer relations management
  - Target markets
  - Marketing vehicles: websites, promotional materials, tradeshow, FAM tours, etc.Additional support was recommended for brochure preparation, marketing training/planning, FAM trips for foreign tour operators, and specialty tradeshow attendance.

The workshop laid the basis for much of RADP assistance for the remainder of the year.

### *Product Development*

- *Product Development Training* – A product development workshop was developed and implemented with AER members and others interested in nature tourism. 28 participants (including representatives of the National Park administration as well as staff from individual parks) attended the three day workshop. Five detailed draft tour packages were developed by the participants working in teams:
  - A 7-day bird watching tour by boat in the Danube Delta
  - A 6-day tour or “Trail of the Wolf” in Piatra Craiului National Park
  - A 5 day tour of Timasora Beech Forest
  - A 5-day tour of Hateg Geopark
  - A hiking and wildlife viewing in Retezat National ParkFollow up work will review the final products or packages once they have been completed.

- *National Parks.* AER is forming a collaborative arrangement with the National Parks Administration to develop tourism products in the parks. During the year, RADP and AER undertook initial assessments of the tourism potential in Retezat, Caliman and Macin National Parks. As a result, an agreement was reached to assist Retezat in developing a tourism development strategy, which will enable the park to be designated as a European Protected Areas Network (PAN) Park. In addition, RADP and AER are jointly helping Retezat, Caliman and Mican Parks to develop tourism products during a series of workshops which started this past year.
- *Small Grants Program.* RADP helped fund several workshops to teach NGOs who are interested in eco-tourism to apply for small grants to strengthen or support ecotourism. The funding for the grants was provided by the Dutch Doen Foundation. RADP and the Doen Foundation are collaborating in support of AER. RADP’s eco-tourism specialist was on the selection committee. Twenty grants, worth a total of 70,000 € were awarded for the development of tourism products and improving tourism facilities.

*Marketing* – RADP’s tourism specialist who assisted in the development of the marketing strategy emphasized that AER must build its capacity to promote itself and eco-tourism in Romania. During the year AER undertook the following promotional activities with RADP:

- *Tradeshows.* AER members attended 5 tradeshows in Vienna, Stuttgart, London, Berlin and Milan. AER is purposely targeting smaller, more specialized trade fairs that focus more on eco- or agro-tourism, nature and adventure travel, and heritage and educational tourism.
- *Brochures and Promotional Materials.* In preparing to attend the tradeshows, it became evident that neither the association, nor many of its members had good promotional materials and brochures. RADP tradeshow and tourism specialists reviewed existing promotional materials and recommended improvements. This resulted in significantly improved materials for six operators and AER.

RADP is also currently assisting AER to develop a database of photographs of ecotourism sites which can be used for promotional materials for the association and individual operators. Existing photos are being identified and collected, or purchased when necessary. In addition, two professional photographers are currently filling in gaps by taking seasonal photos which will include pictures of important sites and events throughout the year.

- *Database.* AER, again with RADP assistance, began developing a database of current and potential foreign operators interested, in “selling” eco-tourism or nature/heritage tourism in Romania. The database has already been used to contact potential foreign operators prior to tradeshow attendance and to set up meetings at the shows.
- *Familiarization Tours.* AER and RADP teamed up to plan and implement four FAM tours this past year. Two groups of journalists (one German and the other British) went on the *Wolves, Bears and Saxon Villages* tour. While journalists and tour operators were treated to *Wild Mountain Landscapes* and *Birds of the Danube Delta and Macin Mountain*.
- *Lonely Planet.* As described earlier, RADP provided assistance to Lonely Planet to update their materials on tourism in and around Brasov. The Project also arranged for the Lonely Planet writer to meet with and visit several eco-tourism products in the Brasov area.
- *Peregreen Adventures.* As a result of AER’s attendance at the Destinations Travel Fair in the U.K., Peregreen Adventures (an Australian firm) sent one of their representatives on a scouting trip to Romania. RADP/AER provided a short individual FAM tour for the Peregreen product specialist, who indicated in departing that she will begin selling two Romanian tours immediately.

## D. Honey Sector

Last year saw the expansion of RADP assistance to the honey sector from one association in Bacau to three other beekeeper associations in Deva, Iasi and Arad. Specific assistance during the year focused on strengthening the associations, on organic certification, assistance in marketing and in developing small pilot processing units in Bacau and Deva.

### *Association Strengthening*

The Apicolas, or honey associations, have existed for decades. They were formed during the Communist regime and were essentially controlled and run by government officials. The associations were privatized in the early 1990s and received the former state buildings and offices, but little else. The RADP strategy in trying to strengthen the associations has focused on increasing the services that the associations provide to their members.

- *Association Assessments* – An assessment by the RADP beekeeping/honey expert at the beginning of the year was undertaken to identify training and technical assistance needs. Key findings/recommendations of the assessments called for:
  - Training:

- Cost of production calculation
  - Marketing: market development and retention
  - Quality control
  - Processing
  - EU standards
  - Packaging, labeling and branding
- Development of small processing units on a pilot basis, which would increase value added and provide many more marketing advantages.
- *Organic Awareness.* Organic honey commands a high premium on export markets – as much as 40% over conventional honey last year. Each of the four associations have many registered members, who are scattered over wide geographic areas. Since few have access to the internet or email, maintaining contact with beekeepers is not always easy. To make more beekeepers aware of the requirements and benefits of organic production, RADP, in collaboration with the certifying company, Ecocert, organized a series of awareness workshops for beekeepers in all four regions. A total of 215 beekeepers attended the awareness workshops.
- *Organic Certification.* A major focus of RADP activities this last year was on organic certification of the first groups of beekeepers. 49 beekeepers in Bacau are now certified and another 20 will complete certification in 2006. 22 beekeepers in Deva have completed the first stage on the way to being certified in 2006. Certification continued during FY06 for interested beekeepers from all four associations. RADP has been assisting with the cost of certification, with the understanding that there will be at least a partial reimbursement which will be used to help others be certified in future years. 120 more beekeepers are currently switching to organic production this year.
- *Costs of Production Training.* Last year, RADP conducted a rapid assessment of market opportunities in Europe for organic honey. As a result, the associations have a good list of the major buyers and importers. Initial inquiries about Romanian honey arrived soon after the study tour to Biofach was completed (see discussion below). In early discussions between Apicola Bacau and potential buyers, it became evident that the associations had little knowledge about negotiating or any basis for price floor determination. RADP assisted the associations to determine their costs of production – which would at least give them a minimum price from which to negotiate. Both Bacau and Deva were assisted in determining their costs, both at the farm gate/producer and association levels. The workshop on cost production calculation was expanded and presented again at the end of this year for all four associations, to help prepare them for sales of this year's crop.
- *Study Tour to France.* Business-to-business contacts are one of the best ways to teach and see new products and methods. France is an important honey producer and their beekeepers, associations, and processing facilities are well advanced compared to those in Romania. RADP organized a study tour for honey producers to visit beekeepers, associations, laboratories and processing facilities in France to see and learn about improved practices, processes and equipment. The group was also hosted by a French processor with whom the Bacau Association signed a sales agreement at Biofach.

- *Processing* – In making contact with potential buyers and importers, it was clear that most require at least a minimum level of processing, if only filtering or homogenization. As a pilot RADP is helping the associations in Deva and Bacau to set up processing facilities which will enable them to filter, homogenize, de-crystallize, and bottle in a variety of containers depending on the needs of the client. Business plans were developed for their operation, modifications to their existing buildings were undertaken, and equipment was purchased. The equipment is due to be installed in October.
- *Assistance to the Morman Development Program* – The Church of the Later Day Saints has a development fund. They had heard of our work with small beekeepers association and were interested to learn more. We took them to meet our partners in the four association. The Morman delegation has since wrote a proposal to fund an additional four processing units, one of which would be in Arad. We await their final decision.

### *Quality Improvement*

- *Honey Quality, Pesticide Residues.* The RADP Beekeeping Specialist led workshops in Deva and Bacau on honey quality and the problems of pesticide residues. This workshop was held before Arad and Iasi associations were added to the RADP partnership.
- *Quality and Traceability.* RADP again joined forces with Ecocert to present a series of workshops on honey and apiary product quality and traceability. Both topics will increase in importance when Romania joins the EU. Traceability will become a strict requirement for sales within the EU. Ecocert also introduced monitoring worksheets so that beekeepers can keep track of each activity required for certification during the process. As a result of keeping these detailed monitoring reports, Ecocert says their own cost for visiting and inspection can be greatly reduced. Consequently, RADP has arranged for a reduced certification costs for those beekeepers who keep the necessary records.

### *Marketing –*

- *Overview of the European Honey Market* – To date in Romania, the vast majority of beekeepers and their associations sell their honey to processors in Bucharest who then do some processing and export. None of the associations that RADP is working with has ever exported and have almost no knowledge of specific buyers. Therefore , RADP undertook a rapid overview of the European honey market, for both organic and non-organic honey. Country overviews were provided for the major importing countries: Germany, UK, Spain, and France. EU regulations for the importation of honey were detailed and key European actors in the honey sector were identified in Germany, France and the U.K. A database of importers and processors has been started.
- *Biofach Tradeshow* - None of the associations or beekeepers had ever attended an international tradeshow. Given their lack of experience, RADP organized a study tour to visit Biofach this past year to give them the experience and an understanding of

what is required to have a booth, meet with potential buyers, negotiate, etc. To prepare them for this first visit, RADP also helped develop company logos, brochures for each company and business cards. The impact went far beyond our expectations. The group left not only with a greater knowledge of how the international trade for honey is conducted (in particular organic honey) but they were surprised to learn of the tremendous interest on the part of buyers of honey from Romania. The group had direct requests for samples and strong interest during the show:

- *Alterbio*. Meetings during Biofach between Apicola Bacau and Alterbio, resulted in a cooperation agreement and a sales agreement for the initial sale of 20 tons of organic honey. Under the two year agreement, Alterbio has agreed . to purchase all of Bacau's organic honey.
- *Walter Lang GbmH*. Walter Lang is one of Germany's largest dealers in organic products. The Company is negotiating with one participant for the sale of 1.5 tons of conventional pollen from this fall's crop.
- *ADI Apicoltura*. The Italian firm ADI Apicoltura made an offer for 20 tons of conventional honey from Apicola Bacau. Bacau has decided to wait until the processing equipment has been installed, so that it can ensure quality.
- *Marcell Fratta*. French company, Marcell Fratta, sent an inquiry to Apicola Deva for test shipments of acacia honey, organic propolis and organic royal jelly.
- *Direct Marketing Assistance* – RADP assisted in making initial contacts with potential buyers and in responding to specific inquiries. In addition, we enlisted the assistance of another RADP client, Apiland (a small processor who is already exporting) to provide export training to Apicola Bacau. RADP also facilitated the visits of two French buyers who have expressed interest in Romanian honey.

## **E. Other Activities during the Year**

*Investment Promotion*. During the year the Project undertook the following activities in promoting investment in agriculture/agribusiness.

- *FDI Assessment*. RADP undertook an assessment to determine what the project could realistically do to promote foreign direct investment, given the reduced budget and earlier than expected closeout. The team recommended :
  - Following up with foreign companies who have expressed interest in Romania, either through USDA trade missions or through other avenues.
  - Developing a series of articles on agriculture and agribusiness in Romania to be published in U.S. and other international agriculture trade journals (poultry, swine, cereals, oils, equipment, etc.) as means to get the information out about the opportunities in Romania.
  - Conducting a series of tradeshows so that key people in Romanian agribusiness could meet and discuss investment needs with potential investors.

It was decided that developing a series of articles about Romanian agriculture and the agribusiness sector was the best option in the face of the time and resource constraints. During the year, six articles were written and have been accepted for publication:

*“The Picture Comes Together For Romania’s Expanding Feed Industry: A Tale of Transformation”* Feed International

*“Romania: Multinationals Smooth the Path for Smaller Companies”* Feed Management

*“Snapshot of a Fast-Growing Market - Business is Booming in Romania”* Implement and Tractor

*“Romania: Growing Agricultural Output Supports a Vibrant Grain Industry on the Black Sea”* Grain International

*“Expansion of Organic Agriculture in Southeast Europe Offers New Opportunities”* The Non-GM Source

Plus an article on the Romanian dairy sector for Dairy Foods

- *Berry Investor.* Vital Berry Marketing S.A.(VBM) is a Chilean firm specializing in berry production and marketing. VBM is interested in Romania as a source of summer blueberries and raspberries, which with a winter supply from Morocco, will provide full year coverage for European customers. When VBM’s advance team was having difficulties finding land with the right conditions, RADP interceded, mobilized local resources to identify potential areas, and provided soils, relief and climatic maps which helped convince VBM to stay the course in Romania. RADP further assisted the company in identifying suitable soils and available land and VBM/Romania has now been incorporated.
- *Cargill.* Cargill has been in Romania since 1996; however, a Cargill *Strategy & Business Development* team turned to RADP for an analysis of the pork and poultry sectors in Romania. The U.S. based Cargill team spent a full day with the RADP technical staff discussing agriculture in general in Romania and more specifically about the opportunities and constraints in the poultry and pork sectors. The Cargill team was on a month long visit to Romania, Poland and the Ukraine to assess current conditions and to build a base of on-the-ground knowledge of investment potential, for an eventual expansion of Cargill meat processing operations in Eastern Europe. RADP followed up with a report for each sector that included a description of the market structure; import, export and consumption figures; profiles of major players; and production costs and pricing along the value chain.

*Flood Relief.* In late April Romania was again hit by widespread flooding, caused by a combination of the melting of the unusually high snowfall this past winter, coupled with spring rains. As with flooding a year ago RADP was able to quickly work with Pioneer and Monsanto, to provide seed for replanting to the hardest hit farming families in Dolj County, bordering the Danube River. An estimated 48,000 hectares of farmland in the county were

inundated, half of which had already been planted. USAID through RADP, financed the purchase of US\$100,000 worth of early maturing hybrid corn seed from Pioneer and Monsanto. Both companies in turn provided a 100% matching grant of the quantity purchased, for a total of \$200,000 in seed. The relief resulted in the re-planting of approximately 3000 hectares and 2000 small farmers benefited and will be able reap a good harvest, despite the late planting.

*EU Accession Forum.* Although the event only lasted a day, the planning and organization of the forum took much of the time and energy of several project staff during most of the second quarter. For the forum, entitled *EU Accession and Agriculture: Lessons Learned from New Entrant Countries*, RADP brought in 13 presenters from Hungary, Poland and the Czech Republic to discuss their experiences after having joined the EU two years ago. Representing Romania's most important agriculture commodities (dairy, swine, poultry, cereals/oilseeds, and fruits & vegetables) 5 processors, 5 producers and 3 government representatives spent the day relating their own experiences and answering questions from their Romanian counterparts. Although each industry will face its own problems and opportunities in the EU, several common themes were reported back to the plenary after the 5 sector specific breakout sessions. Key problems cited by the presenters from the new entrant countries included increased domestic competition from older Union members; problems with compliance with stricter health, safety and environmental regulations; and the complexity of EU regulations, particularly with respect to subsidies and accessing structural funds. Over three hundred Romanian producers, processors and government officials attended the forum

*Task Order Modification Deliverables.* As a result of the Task Order modification, Project staff, working with RADP partners, revised the Implementation Plan, the Project Monitoring Plan and the Final RADP Work Plan in accordance with priority activities, given the earlier than expected Mission closing date and reduced funding.

## **II. Activities Planned for Next Quarter (October – December 2006)**

### **A. Livestock/Meat Processing**

*EU Regulations for the Pork Sector* – RADP will continue work started last year to develop an informational bulletin for hog producers which will lay out the new stricter requirements on animal health and safety, environmental regulations, and subsidies.

*CSF Campaign* – The Project staff has met several times with the President and staff of the National Sanitary Veterinary and Food Safety Agency to discuss RADP assistance for an informational campaign to explain the Government's policy on CSF prevention. Unfortunately, a decision has not been agreed upon or announced. Assuming such a policy is enunciated shortly, RADP will assist in developing and implementing a campaign targeting household production, as well as the many small and medium hog producers.

*Marketing Tour to Eurotier Tradeshow* – In mid-November, RADP will assist participants from two hog producers association and several larger independent producers to participate at the Eurotier Agriculture Tradeshow in Hanover, Germany. Important segments of the show are the latest in equipment for swine production, waste management and technology, as well as the latest in feed, feeding equipment, and genetics.

*On-farm Inspections* – RADP will continue to expand the farm inspections in Bihour County. Started last year in Arad County, RADP provides the services of an expert veterinarian (and University professor) who assesses the readiness of interested hog producer's operations for EU accession. Immediate feedback is provided to producers on the facilities, feed and water, space, waste management, etc.

*Financial Analysis of the Smithfield Program* – As indicated earlier in the discussion of activities in the hog sector last year, Smithfield has found it very difficult to identify producers or investors for their contract farmer program. In assisting Smithfield to meet and present their program to farmers, it was clear to us that there are problems with the proposed contract. We have proposed and Smithfield has accepted our offer for the services of an agriculture finance specialist to review and provide recommendations on the financial viability of the current contract. RADP will undertake this in collaboration with the USAID/USDA ADAPS project.

### **B. Wine Sector**

*Wine Catalogue* – Work will continue, and hopefully be completed on the development of the wine catalogue.

*Wine Journalist Trip* – Early in October RADP will sponsor the visit to several wineries of one of Britain's better known wine journalists. A special wine tasting will be held in Bucharest at the end of the tour so that wineries that were not visited can present their wines. The journalist will provide written feedback to wineries visited and the wines tasted.

*UK Wine Tasting* – The GOR through the Ministry of Economy and Commerce, is subsidizing a wine tasting event at the Romanian Embassy in London. RADP will provide the assistance of a wine journalist who will present the Romanian wines.

## **C. Tourism Sector**

### **Brasov County Tourism**

*Launch of the Brasov Website* - The website will be completed and officially launched early next quarter. RADP will continue to add content to the website, identify assistance in translating the web site to German, an important target audience in this Saxon heritage area, and adding individual guest houses and rural locations that have tourism potential but get very little exposure to tourist markets.

*Launch of the Tourism Information Centers* – The furniture has been delivered and the equipment for the seven tourism information centers should also be delivered and installed early next quarter. Road signs will be erected to direct tourists to the centers. Touch screen kiosks will be installed and a graphical interface is being designed to adapt the web site to this other medium.

*Tourism Information Development* – As an on-going activity, RADP will continue to provide assistance in identifying, creating and improving existing promotional materials for firms and communities.

*Agro-Tourism Development* - Based on initial assessments of Poiana Marului and Sinca Veche, RADP sees potential in developing Poiana Marului as an agrotourism destination. RADP will conduct the same type of activities as in Vama Buzaului: work with the communities to inventory agro-tourism assets, conduct workshops on guesthouse operations, develop a community coordinator or travel agent to be point of contact for destination management.

*Product Development* – Assistance will continue to be provided to individual tourism operators in developing new products for both international and domestic tourism.

*Information Points* – The bids for the construction for tourism information maps to be installed at rest stops at the entrance (exit) to Brasov. The contract for construction will be let early next quarter and construction will hopefully be completed before the end of the quarter.

### **Ecotourism**

*Promotional Material* – RADP will provide assistance to AER and AER members to develop and improve promotional materials in preparation for attendance at tradeshow next year.

*Photo Database* – The two photographers currently filling in gaps in pictures needed for promotional efforts will continue. RADP will also assist in developing a database for storing and sorting the pictures for easy retrieval and use.

*Certification* – The certification committee will make a final determination on the first 7 applicants for eco-tourism certification.

*Preparation for Tradeshow Attendance* – During the first quarter of 2007, AER will attend 4 or 5 international tradeshows. Next quarter RADP will assist in the planning of this attendance.

*PAN Park Development Strategy* – Last year RADP provided assistance to AER and the National Park Service to develop a draft strategy for the sustainable tourism in Retezat National Park. If the strategy is accepted, Retezat will become an official member of the EU's PAN Park Network (Protected Areas Network). Next quarter, RADP will assist in finalizing the draft and in holding a stakeholders conference for a review of the strategy.

*Product Development Workshop* – RADP will sponsor a product development training workshop in Vatra Dornei for Caliman National Park authorities and area stakeholders. As part of the training, the participants will develop the interpretation for one of the trails in the park.

*Ecotourism Informational Sessions* - RADP will continue to assist AER to expand its membership by participating in a number of workshops, training programs and informational sessions to explain and promote ecotourism. Among the events planned for next quarter are:

- Presentation on Eco-tourism at the Bucharest Tourism Show in October.
- Lectures on ecotourism for Clubul Montan Apuseni and the Milvus NGO.

## **D. Organic Honey Sector**

*Honey Processing Units* – In October the processing units will be installed in both Deva and Bacau. The manufacturer will provide training. RADP will follow-up with additional training after a planned marketing trip to Bulgaria.

*Organic Certification* – Organic certification for this year will be completed during the quarter. 120 beekeepers are expected to have been certified this year.

*Cost of Production Training* – Follow-up training on calculation of the costs of production will be given to all four project partner associations in preparations for this year's marketing program and for attendance at Biofach next year.

*Marketing Tour to Bulgaria* – The development of Bulgarian beekeepers and their associations are ahead of those in Romania. In November representatives of the RADP partner associations will visit their counterparts in Bulgaria to discuss association management and services, markets and marketing and quality and processing.

*Preparation for Biofach* - RADP will again lead a delegation of Romanian beekeepers to Biofach in 2007. During the quarter, the Project will assist in preparations for attendance: logistics, promotional materials, samples, and in contacting potential buyers of their products.

*Marketing Assistance* – On an on-going basis, RADP will continue to provide direct marketing assistance. Two sales are pending for Apicola Bacau.

*Assistance to the Mormons as required.*

## **E. Other Activities**

*Foreign Direct Investment* – The six articles developed last year will hopefully be published next quarter. Additional articles will also be developed.

*Advocacy Training Workshop* – Advocacy training was targeted as an important part of the Project's policy agenda. Next quarter RADP will host an advocacy training workshop for associations with which the project works. Follow-up assistance will be provided by the project's advocacy expert and project staff to assist the associations to develop and implement a policy advocacy plan for an issue of their choosing.

*Project Closeout* – Continue work on developing the closeout plan to ensure a smooth end of the project.

### III. Progress Towards Development Results

As a result of the reduction in funding and project duration, the RADP Project Monitoring Plan was revised and approved by the Mission in June. In it we provided indicators and targets for each of five clusters (livestock/processing; wine; honey; Brasov County tourism; and eco-tourism.). In this section we present the results over this past year for most of the indicators selected to reflect progress in implementation. Unfortunately, reporting on the U.S. fiscal year poses problems for data collection, as GOR production and export figures are reported on a calendar year basis. In addition, most firms, for tax purposes are better able to provide figures for sales and investment in January for the previous calendar year.

Nonetheless, the figures reported below indicate that project partners, on the whole, have progressed well over the two years of the RADP Project in increasing sales and revenue and in sector investment. Performance targets indicate that the project has done well in implementing planned activities over the past year. Although all targets were not met, most were and in some cases greatly surpassing the expected number of persons trained, the number of FAM tours conducted, and new products developed.

**Hog Sector:** As indicated in the report of activities, Smithfield has been slow to attract farmers to its contract grower program. In addition, the Romanian Environmental Agency has been slow to give its approval for construction of these large scale industrial farms. It is only recently that Smithfield received approval to build two of its own farms. Thus, there have been no production or investment increases, since no farmers have begun as contract growers. RADP work with independent producers, on the other hand, has yielded very strong impacts in both sales and investment. It is true that four large independent producers account for the vast majority of increases in production, sales and investment. The group of 20 small producers account for only 9% of production increases, but 23% of investment. Nonetheless on average the small producers have doubled their production from an average of 205 hogs in 2004 to a projected average of 407 per farmer in 2006. At current prices this means increased sales of almost \$20,000 per year and an increase in net income of about \$7000.

**Wine Sector:** Unfortunately, country export figures for 2006 will not be available until the end of January. With only 3 of WEPA's wineries reporting thus far (we will obtain the same information from the others), overall sales have increased, but due to domestic not export sales. Investment was also much higher than expected: \$10 million for 2005 and 2006 for the three reporting companies.

**Honey Sector:** Although Apicola Bacau signed a two year sales agreement with the French company Alterbio over six months ago, the sale for this year has not yet been made. Alterbio insists it is still interested and has put in an order for 10 tons (value of 25,000 €). Other companies have expressed strong interest, but the associations in Deva and Bacau have preferred to wait until the processing units are operational, to ensure good quality.

**Tourism Sector:** The tourism sector is the most difficult to register impacts in the short term. Tourism assistance, whether in the form of FAM tours, training or new products, takes time to be translated into increased number of tourists. Tour operators, for instance, develop their catalogues of products and country tours 10 – 12 months in advance. Therefore, the effect of work undertaken this year could not be expected to have a significant impact for at least one year, and more likely two years. We are waiting for Government figures on tourist visits and

hotel beds sold in Brasov County. We expect, however, a very strong decrease this year (as happened in the Danube Delta) because of avian flu (possibly a decrease of 25 – 30%). Increases in ecotourism sales will be easier to measure, but will take a few more weeks to obtain. We are interviewing all AER members to determine the number of tourists and lengths of stay, as well as investments made.

RADP assistance to the tourism industry in both Brasov County and AER, are progressing very well. Strategies were developed for the county, for AER and two National Parks. RADP’s partners successfully implemented five FAM tours last year with RADP assistance, which will make Romania better known abroad; organized 30 training programs and workshops and provided training to almost 600 persons in the tourism industry. Seven tourism information centers will be functioning in Brasov County before the end of the year. AER’s membership increased by almost 30% last year; it has tripled since AER was formed in 2003. All these factors will combine in the medium term and be translated into a better awareness of Romania and Romanian tourism and into increased tourism numbers.

**Table I**  
**IR 1: Increased Private Sector Sales**

<b>RADP Targets for Increased Sales</b>		
<b>Increased Sales</b>	<b>LOP Target US\$ million</b>	<b>Sales to Date (9-06)</b>
<b>Total: All Sectors</b>	13.13	18.37
<b>Tourism Sector</b>	1.20	
<b>Brasov County*</b>	1.00	
<b>Eco-Tourism*</b>	0.20	
<b>Wine Sector**</b>	2.00	5.25
<b>Domestic Sales</b>	0.00	7.04
<b>Exports</b>	2.00	-1.79
<b>Hog Sector***</b>	9.43	13.12
<b>Domestic Sales</b>	9.43	13.12
<b>Exports</b>	0.00	0.00
<b>Honey Sector</b>	0.50	0.00
<b>Domestic Sales</b>	2.50	0.00
<b>Exports</b>	2.50	0.00

\* *Data not yet available*

\*\* *Data from only 4 wineries*

\*\*\* *Independent producers only - estimated total through 12-31*

**Table II**  
**IR 2: Increased Private Sector Investment in Selected Sectors - \$9.95 million**

<b>RADP Targets for Increased Investment</b>		
<b>Increased Investment</b>	<b>LOP Target US\$ million</b>	<b>Investment to Date (9-06)</b>
<b>Total: All Sectors</b>	9.95	11.16
<b>Tourism Sector</b>	1.20	
<b>Brasov County<sup>1</sup></b>	1.00	
<b>Eco-Tourism<sup>2</sup></b>	0.20	0.13
<b>Wine Sector<sup>3</sup></b>	2.00	10.35
<b>Domestic Investment</b>	2.00	10.35
<b>Foreign Investment</b>	0.00	0.00
<b>Hog Sector<sup>4</sup></b>	7.50	0.52
<b>Domestic Investment</b>	7.50	0.52
<b>Foreign Investment</b>	0.00	0.00
<b>Honey Sector</b>	0.25	0.16
<b>Domestic Investment</b>	0.25	0.09
<b>Foreign Investment<sup>5</sup></b>	0.00	0.07

<sup>1</sup> *Data not yet available*

<sup>2</sup> *Based on 7 responses, or 30% of AER membership*

<sup>3</sup> *Data from only 3 wineries*

<sup>4</sup> *Independent producers only*

<sup>5</sup> *USAID processing units*

<b>RADP Performance Targets</b>		
	<b>2005-2006</b>	
	<b>Target</b>	<b>Actual</b>
<b>Tourism Sector - Brasov County</b>		
1. Increase in tourist arrivals <sup>1</sup>	10%	11.7%
2. No. of Tour Operators/Journalists hosted in (Brasov+Eco-tourism)	40	37
3. No. of new Travel/tour packages or products offered (Brasov)	20	13
4. Number of training seminars, courses, workshops held	27	21
5. Number of Romanian tourism professionals receiving training	500	445
6. No. of hits on Brasov website	0	0
7. No. of users of Tourism Information centers*		
8. Increased attendance at RADP promoted events	20%	22%
*We were going to use this indicator but the centers will not be operational until September. The major use is between April and September.		
<b>Tourism Sector - Eco-Tourism</b>		
1. Increase in tourist arrivals <sup>2</sup>	10%	97%
2. No. of FAM tours conducted	3	4
3. No. of new international partners selling Romania	1	7
4. No. of new tour packages offered for sale internationally	3	8
5. No. of New tour products identified/developed domestically	5	18
6. No. of Training courses conducted	5	9
7. No. of Tour operators trained	10	148
8. No. of AER members	15	33
9. No. of Certified Eco-tourism operators	0	0
<b>Wine Sector</b>		
1. No. of Wineries/Vineyards receiving Technical Assistance	15	15
2. No. of Participants to Inter. Events	15	15
3. No. of marketing trips supported	1	5
4. No. of training programs conducted	3	1
5. No. of market surveys conducted	1	1
<b>Pork Sector</b>		
1. No. of training programs sponsored	6	5
2. No. of farmers meeting EU standards	10	5
3. No. of farmers using new techniques	15	19
4. No. of study tours conducted	1	3
5. No. of Producers attending study tours	7	26
<b>Organic Honey Sector</b>		
1. No. of Beekeepers receiving certification assistance	70	120
2. No. of Beekeepers receiving training	150	164
3. No. of participants attending inter. Events	20	14
4. No. of marketing trips sponsored	2	2
5. No. of training programs conducted	3	3
6. No. of potential markets surveyed	3	3
7. Quantity of improved honey produced	40 MT	40 MT

<sup>1</sup> Data for 2006 only available through June

<sup>2</sup> Based on 13 responses, or 56% of AER current membership