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RADP IMPLEMENTATION PLAN

REVISED

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RADP IMPLEMENTATION PLAN

REVISED

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This project addresses USAID Strategic Objective 1.3: Accelerated private sector growth by supporting a market-driven environment.

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Introduction

This revised RADP Implementation Plan is based on the reduced budget and curtailment in the length of the program as called for in USAID Task Order Modification dated June 16, 2006. The program completion date was moved forward from 30 May, 2008 to July 31, 2007.

Despite the significant reduction in funding and the length of the RADP program, the major themes and thrusts of the original implementation plan remain in this revised plan. Planned areas of intervention over the remaining 14 months of the project are based on the priority constraints, problems and possible solutions as identified by program partners and beneficiaries, in consultation with program staff. A major focus of the revised implementation plan remains centered on the market for each cluster: what is the market? What are the requirements of that market in terms of quality, quantity and timing? Thus, the revised implementation plan presented below continues to be demand based – by the exigencies of the market and cluster identified priorities for finding and implementing solutions to the problems faced. Common issues and problems have been identified by most clusters. These include meeting new and more stringent EU standards and regulations, problems accessing credit and financing, market information and marketing and the need for better advocacy on policy issues. Other constraints are more cluster specific as are the planned activities. Below for each cluster, we first briefly describe the cluster, its members and the value chain. This description is followed by a short overview of the problems faced and a detailed description of our strategy for improving competitiveness through technical assistance and training over the remainder of the project. Activities are grouped as to those which target association strengthening, improving quality and standards, increasing productivity, better marketing, or policy.

The reduced budget and project timeline, however, have made it necessary to drop one cluster from the original implementation plan. RADP will not longer work in the value added wood products sector as was originally planned.

A. Wine Sector

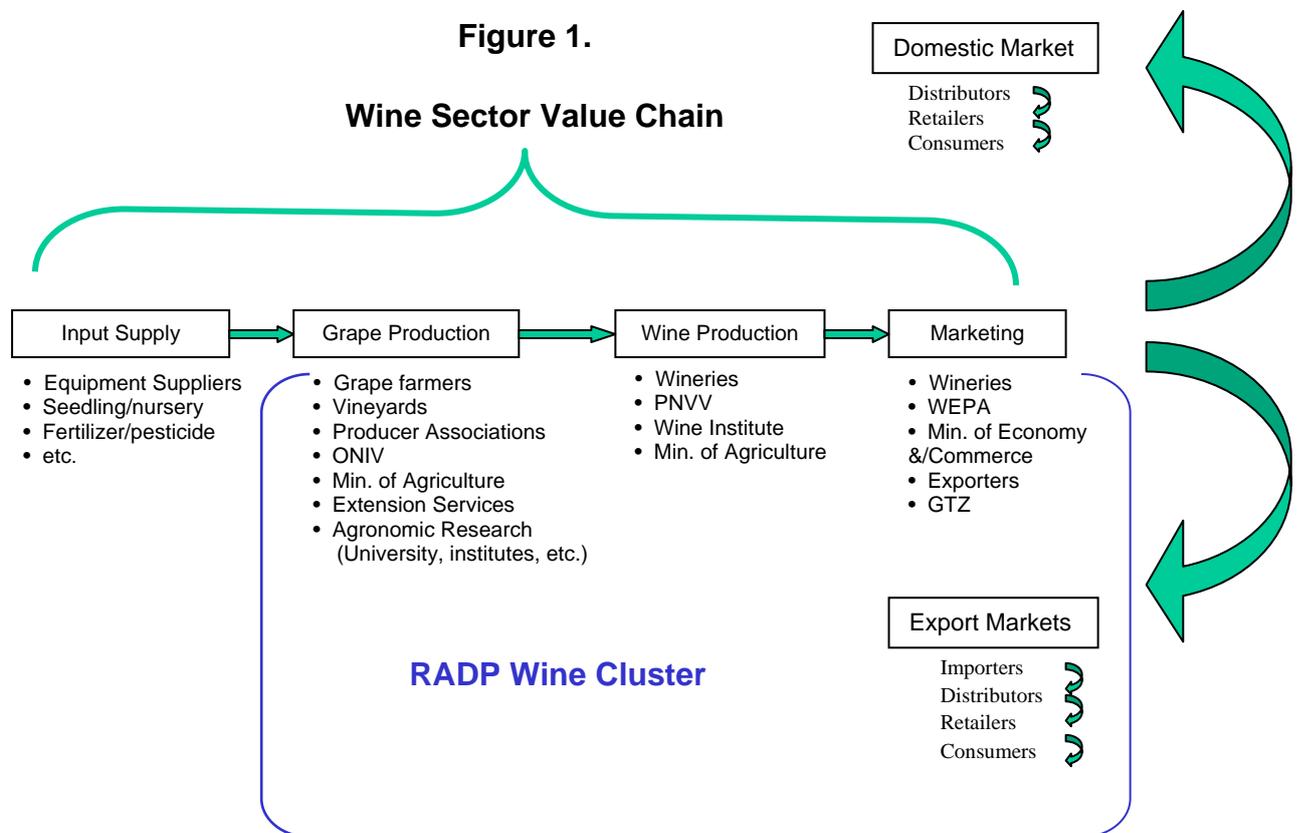
Romania has a long history of wine production and consumption. 2003 consumption put Romania in the top ten of wine consuming countries on a per capita basis. Although exports remain modest at \$30 - \$40 million/year, industry experts believe that this could grow, with the proper incentives and assistance, to \$500 million in the next decade. Improved marketing and export promotion are cited as the primary objectives of the sector. However the achievement of this objective is dependent, at least in part, on improving quality and the image of Romanian wines, on improving yields and the quality of grapes harvested, and in meeting EU standards and enforcing existing regulations. The central focus of the project strategy for the wine sector will continue to be on marketing and more specifically, on export promotion. Activities, interventions and training detailed below are built around this primary objective.

Geographically, the wine cluster targeted by RADP is at the national level. Thus, all grape growers, wine producers and exporters are potential beneficiaries of project assistance. Several associations and their member firms are involved in the wine sector and are already active participants in project activities. Key among these is the Wine Exporters Association (WEPA). Additional associations working in the wine cluster include the National Winery Owners Association (PNVV) and the National Vineyard and Wine Employees Association (ONIV). Other cluster participants include the Ministry of Agriculture and the Export Promotion Division in the Ministry of Economy and Commerce. Figure 1 provides a

schematic representation of the wine sector value chain from input supply through to the consumer. Although our primary focus is on export marketing, there are necessary backward linkages in the RADP wine cluster to ensure quality standards are met both in the vineyard and in the winery.

Association Strengthening

Many of the activities planned in the wine sector are aimed at strengthening the association, and in particular WEPA, and others are directly targeted to strengthen individual association members. Market information, training in marketing, planning and implementing tradeshows, etc. will be undertaken not only to obtain the information or to have a better tradeshow. They are also intended as training exercises for WEPA and its members so that these activities will not only be performed better this year and next, but also implemented better long after RADP has finished.



Advocacy Training. It is apparent from our many discussions with sector partners that the art of advocacy is not strong in Romania. This weakness is not unique to the wine sector and advocacy training will be provided across the board to the key associations in the RADP clusters. This training is also an integral part of the Project’s Agribusiness Policy Agenda, as it will provide needed skills which will help ensure continued public/private sector dialogue, and hopefully lead to a greater role for the private sector in developing, implementing and where needed, reforming policies. Although there are generally accepted means of advocating for change, advocacy remains an art and is best taught using a learn by doing approach. During the last year of the project we will provide assistance and training to WEPA to work on one or more of its policy issues. The objective is to produce documents and promote public/private sector dialogue that highlights critical policy issues and where applicable to pass new legislation that addresses these issues.

Quality and Standards

Quality for any product is obviously an extremely important component of competitiveness. The perception of product quality or a country's products can also have a very positive (or negative) effect on sales and marketing. At present Romanian wine does not have an excellent reputation and the lack of consistency from one year to another is a major reason. Therefore it is in the interest of the entire industry to create and maintain a high standard of quality.

Romania is scheduled to accede to the European Union in January 2007. As for all sectors and products, competition with imports from the other EU member countries will be very strong, as tariffs and duties will be eliminated. Increasing quality and meeting the stricter EU standards for health and safety will no longer be only an issue of competition, but also one of market access.

Wine Quality Assessment

Ultimately wine quality will be the determinant of how well a wine sells. Tastes also vary from one person to another and from one market to another. RADP will provide the assistance of wine tasting experts and wine journalists to work with the industry's wine producers, to first evaluate the quality of the overall wine and provide feedback on how it might be improved. Second, based on the wine's characteristics, the tasting experts will indicate in which market(s) the wine most fits the demand characteristics. We will also use the visit of the wine tasting experts to hold a workshop on wine tastes and market preferences and how they relate to industry and firm marketing strategies. (SAF)¹

Organic Wine

There are currently two producers working toward organic certification and one who has been certified. RADP will assist those interested wineries to market their wine in conjunction with our assistance to the organic honey sector (See Section F below). Given the limited time and financial resources available, this assistance will probably be limited to attendance at the BIOFACH organic tradeshow in 2007 to meet and discuss with potential German and European buyers.

Productivity

Cost and efficiency of production are also a primary determinant of competitiveness. Many of Romania's wine producers are using old equipment, which can have an effect on both cost and quality. The need to modernize is critical for some firms, but financing remains a large problem for many.

Investment and Financing

RADP will provide assistance to sector firms in accessing financing and credit. When requested, RADP will work with partners to develop business plans, write grant and credit proposals, develop viable financial packages, and pitch these to the donor/lending institutions. In addition, SAPARD funding is available to the wine sector for both capital investment (e.g. new equipment) and also for vine replacement. Firms are also interested in identifying outside investment and/or joint venture partners. As part of the RADP investment promotional activities, we will work to attract foreign investors (See Section H.), assist firms to prepare for (documentation, promotion, how to do due diligence) and work with potential investors.

¹ Throughout this implementation plan we will indicate activities and assistance that could be funded through the project's SAF – or Strategic Activities Fund.

Funding Resources

As part of project assistance for all sectors, RADP will develop a bulletin on funding resources currently available or will be available through Government, EU or other sources to modernize, expand or in other ways improve firm level competitiveness.

Marketing and Promotion

As noted earlier, marketing has been identified as the most important constraint faced by the wine sector. Therefore, training and technical assistance in improving market information and marketing know how will be a major focus of project assistance. Last year RADP provided assistance in developing a sector export marketing strategy. The strategy identifies and prioritizes target markets and includes a promotional plan based on expected available financing for the development of promotional materials, tradeshow participation, media campaigns, and other promotional activities. The following activities will be continued during the last year of the project (SAF):

Market Information

An important part of developing and implementing an export marketing strategy is to assess the various potential markets as to tastes and preferences, current and projected levels of demand, current suppliers, costs and prices, consumer profiles, regulations and restrictions and the ease of doing business. RADP will assist WEPA and exporters to obtain needed information and conduct market analysis. As with most activities, the objective will be to provide direct assistance, but also to use project interventions as a learning tool that the sector can continue to use in the future. One such activity, a rapid assessment of the Russian/Moscow wine market was conducted last year to help prepare exporters for participation in the Moscow Wine and Spirits. RADP will also provide assistance in obtaining market information through research and subscriptions to appropriate industry publications, internet sources, through the purchase of specific industry reports, and building databases of importers, distributors and important wine retailers in target markets. This information will be consolidated, published and made available to industry participants. (SAF)

Firm Level Marketing Training

Individual firms are also in need of training in firm level marketing. RADP will develop and present a workshop on marketing techniques. RADP expects to train up to 12 firms in marketing.

Tradeshows

Tradeshows can be an effective, but by no means, the only method of promoting a country's wine. The sector has admitted that they have not been happy with their participation in recent tradeshows. As an early activity to assist in this area, the project has already undertaken an assessment of the Romanian participation at the PROWEIN Tradeshow in Düsseldorf, Germany held in March 2005. Feedback has already been provided and many of the recommendations are being incorporated into preparations for future shows. Assistance for selected tradeshows will include:

- Market research
- Planning and implementation of tradeshows
- How to "work a tradeshow"
- Developing a database of importers, distributors, and retailers
- Promotional materials and events
- Media events and press releases

Roadshows and Wine Tasting Events

In addition to attendance at tradeshows, RADP will assist in organizing and implementing special roadshows and wine tasting events in target markets, to further promote Romanian wines. Where possible, these special events will coincide with a wine tradeshow in the country. RADP expects to assist with one or two Roadshows/Tastings during the final year of the project. (SAF)

Promotional Materials

RADP will provide assistance to improve promotional materials for the wine sector. This will include printed materials, translations, website assistance, etc.

Policy

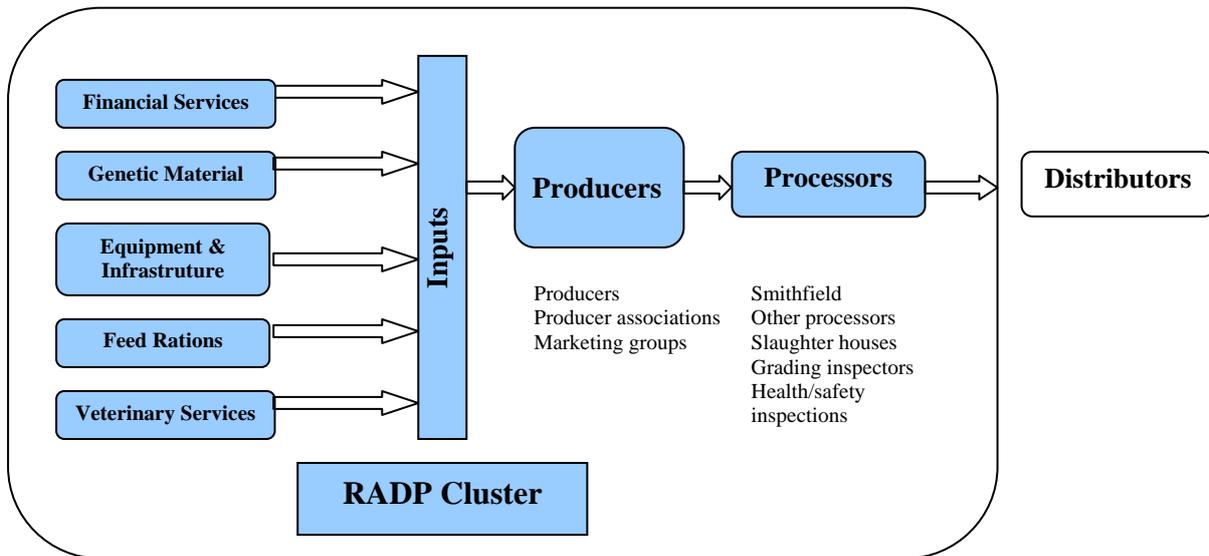
As with all RADP clusters, the project will provide advocacy training. During the training workshops, each sector will develop one or more advocacy plans for one or more policy issues of importance to the sector.

B. Swine/Processed Meat Sector

Pork meat is a staple of the national diet and prior to the 1989 revolution Romania was a net exporter of hogs and pork products. However, for most of the past decade Romania has increasingly relied on pork imports, which topped imported products and valued almost US\$222 million in 2004. With consolidation in the processing sector and the very significant investment by Smithfield and other large national and international firms, the demand for hogs and hog meat remains very strong, providing a good opportunity for the emergence of efficient local hog producers. Initial Project assistance to the pork sector has centered on hog producers in Timis, Arad and Bihor counties in the west of the country. The area was previously free of swine fever but recent outbreaks have wiped out this advantage. If certified, this would make the three counties able to export hogs and pork. However, given the huge quantity of pork meat currently imported, local demand will suffice for many years if local producers are able to compete with the quality and prices of imported meat. Therefore, project focus is on the domestic as opposed to export markets. Project assistance in the pork sector will continue to focus on facilitating marketing linkages along the value chain, and in particular between local producers and producer associations on the one hand and suppliers of inputs and meat processors on the other.

Smithfield is currently improving and expanding its hog production component. When completed, Smithfield hopes to be producing 2 million hogs per year. To do so, however, Smithfield must identify 200 farmers or investors willing and capable to invest up to 1.6 million Euros for the company's required infrastructure. Though very large, they expect that their own production will only cover 70% of the quantity needed, with the remainder to come hopefully from local producers. At present there are only a few large hog producers in the Timisoara area where Smithfield is located. Although Smithfield is currently buying from some producers, the quantity available is too small and the quality produced by most farmers does not meet Smithfield standards.

Pork Sector Value Chain



The project strategy in working in the swine sector will have two main thrusts. First to assist Smithfield to identify prospective contract farmers and second to help independent producers to improve the meat quality, facilitate investments to permit expansion, and to promote marketing linkages with Smithfield and/or with other processors. Actors in the value chain of direct interest to improving cluster competitiveness include input suppliers (especially high performing genetic material and feed), the banking sector and various Government and donor programs (SAPARD, Rural Loan Guarantee Program), Smithfield, research institutes, veterinary agency, extension service, and other potential processors, producers and their associations, and the Ministry of Agriculture which oversees many of the standards and regulations governing the sector.

Association Strengthening

There are hog producers associations in Arad, Bihor and Timis counties, but they are weak. RADP will provide assistance to the associations to strengthen their ability to provide services to and represent their members through a series of workshops and training sessions.

Strategy Development

With RADP assistance, an initial strategy exercise was completed with the Arad Hog Producers Association. Key findings of that exercise have been included in this Project implementation plan. RADP will assist the other associations in Timis and Bihour Counties to identify key needs and priorities to improve their competitiveness.

Advocacy training

As with other groups and associations, the Project will provide advocacy training to the hog producers associations using a learn by doing methodology. The objective of this Advocacy training is again to improve the ability of producer groups and associations to present their position on policies to government agencies. These could be on a national level issues such as subsidies or taxes or at the local or regional level to push for improved services or a better farm to market roads.

Market Information

Time and resources permitting, RADP will assist producers and associations in the 3 country BANAT region to improve market information so that producers will have a better idea of prices on a weekly basis.

Quality and Standards

To ensure that project assisted producers meet required standards and quality, RADP will continue to develop and present training courses and sponsor events and fieldtrips.

Carcass Grading

An initial training course on carcass grading was presented to hog producers in Arad county, in a collaborative effort of RADP, Smithfield and the regional office of the Ministry of Agriculture. The purpose was to show producers the different carcass grades and the reasons behind the different grades. In this way they would have a better idea of the technical input and management techniques needed to meet the required quality standards. The workshop will be repeated as needed as we begin working with other producers in different areas. Training has also been provided to carcass graders, in the utilization of new electronic equipment which will be the standard under EU regulations. Additional training will be provided as required and as permitted by budgetary constraints.

Awareness of EU regulations and Standards

As with all sectors with which RADP will work, we will develop information materials about key standards and regulations that will come into force at EU accession. Examples for the hog producer include quality, animal health, environmental issues such as waste management, etc. These materials will be distributed and used during training courses.

Solid Waste Management

Although mentioned above in relation to the promotion of awareness of EU regulations and standards, we cite here solid waste management because of its importance, particularly for livestock operations. It should be pointed out that waste management is an important policy issue and practical business problem around the world, in the U.S. as well as Romania. RADP has already developed an initial informative session on solid waste management, including an analysis of recent new legislation. RADP will also produce and provide more technical information and bulletins on various waste management options, which will detail the pros and cons, as well as to compare costs. In a planned study tour, modern methods of waste treatment and handling may also be covered. (SAF)

Study tour – Best Practices in Hog Production

The best teachers are often fellow producers. RADP will organize one or several study tours (international and domestic) so that local producers can visit well functioning and efficient operations, where they can learn about new methods and best practices in hog production. If possible we will try to organize these trips around a visit to a trade fair, where producers can see the latest equipment and discuss the benefits with other producers and with manufacturers. Given the importance of waste management, we will also try to include visits to one or several farms where producers are using different waste management systems. (SAF)

Productivity

Meeting or beating the competition at unit cost is a key factor in increasing producer competitiveness, especially when the flood gates of competition will be opened come 2007. Assistance will continue to be provided in improving producer productivity.

Farm Management

RADP will provide training in farm management and in particular on technical aspects of modern hog production to cluster firms. Many of the specific types of training sessions planned are dealt with in other sections or paragraphs of the implementation plan: use of improved breeds, proper feed, as well as quality and environmental standards which must be met. Overall farm management and the management of costs, input supply, timing of operations, market information, etc. are also critical components to managing a modern farm operation today. The series of one-day seminar/workshops will be continued in Arad County and in other counties as resources allow. Technical assistance will continue to be provided through local expertise where available (Ministry, university, Smithfield and other private sector firms, where relevant) wherever possible.

Genetics

Most local producers, particularly small producers, continue to use local pig breeds. Larger producers are changing to improved breeds, which gain weight faster and have better feed to weight gain ratios. Changing to improved genetics will continue as an important means of improving productivity. RADP will continue to bring together vendors of improved genetics with local producers through a series of training sessions or field visits.

Feed Rations

Nutritionally correct and cost effective feed rations are also essential in increasing productivity. RADP will continue to work with the producer associations, individual producers and feed manufacturers to increase the utilization of good feed rations through training sessions, demonstrations and pilot projects. RADP will continue to link farmers and their associations with additional feed suppliers to help ensure a competitive market for quality feed.

SAPARD and other Financing Assistance

Hog producers, as with most other agribusinesses, are in need of investment, both long term and operating capital to improve their operations with newer more efficient equipment, for expansion, and to finance operating costs. RADP has already begun this assistance in facilitating meetings with SAPARD representatives, officials from the Rural Credit Guarantee Fund, producers and one local bank. The project has also presented a workshop to better explain to producers the SAPARD program, its requirements, how the funding can be used, etc. RADP will compile a bulletin on funding mechanisms and opportunities which are available now and those which will be available after accession.

Marketing

As with all the sectors in which RADP is working, the starting and ending points are the market. Many of the quality, standards, and activities aimed at increasing productivity listed above are intended to make producers more competitive, in terms of both product quality and cost. RADP will also continue to provide marketing:

Smithfield Marketing Contracts and Facilitation

RADP is currently working with and will continue to work with the larger producers who are interested in expanding their operations or who are interested in becoming contract farmers. Smithfield is seeking farmers who can manage an 8000 hog per cycle (16,000/year) wean to finish operation. RADP will continue to assist Smithfield in identifying potential contract farmers and in organizing informational meetings for potentially interested farmers.

Marketing

Many smaller producers, raising from 10 to 150 hogs are interested in finding better markets and prices. At project startup, Smithfield had indicated it was interested in buying from independent producers. This policy was subsequently reversed. There has recently been an indication that the company may again be interested. If so, RADP will facilitate contact with the key producers and producer groups. Other marketing assistance to independent producers will be continued, including,

- Identifying and linking producers with additional buyers, in particular slaughterhouses.
- Creating better awareness of markets and marketing through attendance at international, regional and local tradeshows.
- Introducing a regional (Banat) price information system among producers.

Policy

EU Standards. The key policy issue facing hog producers are the stricter standards for health, food safety, and the environment that are being enacted in conformity to EU requirements. RADP will develop technical bulletins on key issues and continue to hold workshops so that producers are aware of the new regulations. RADP will also continue to provide farm inspections to assist producers who want to meet the new standards.

Advocacy Training

We will provide assistance with advocacy training, so that the associations and producers will be better able to lobby for change on this and other policy issues. RADP will help organize and train hog producers to assess both domestic and international policies and to advocate to the Ministry of Agriculture, national authorities and local officials to implement policies favorable to hog producers.

Classical Swine Fever Prevention

Classical Swine Fever (CSF) is a serious virus affecting swine, which can result in severe economic losses. RADP has been working with independent producers and with Smithfield in the three county region of Banat. RADP has plans to mount an information campaign on prevention of CSF in the Banat. However, we will also explore the possibility and feasibility of expanding this campaign into a national program.

C. Agro/Rural Tourism

Romanian agriculture is dominated in sheer numbers of producers by the small 1 – 2 hectare subsistence households, which resulted from the Government's land restitution program. It is clear today that these 4+ million subsistence households are not sustainable and in fact are holding back the development of commercial agriculture due to the patchwork of small parcels, preventing in many areas the creation of larger, more efficient farms. It is GOR policy to encourage the development of commercial agriculture, yet there are also concerns about the absorption of rural labor as consolidation takes place. Tourism and in particular rural tourism has a strong potential for growth and for absorbing this labor. There are also good possibilities of linkages and synergies between agriculture and tourism, as for example agro- and wine tourism. In the original RADP implementation plan, we indicated that we would work at three levels or in three clusters in the tourism sector: i) at the national level providing assistance in developing the national tourism strategy and the demand side of tourism aimed at increasing tourist arrivals; ii) at the county level, developing a regional tourism strategy, promotion and product development in Brasov county; and iii) developing and promoting ecotourism through the provision of technical assistance to the Ecotourism Association and its members. Based on experience over the past year and because of the reduction in resources and project length, RADP will devote most of its efforts to activities at the Brasov County level and in eco-tourism.

Brasov County

Technical assistance and training will be used to improve the number, quality and standards of tourism operations and attractions, while improved planning, enhanced marketing and promotion will help increase tourism sales and revenue. Key partners will include regional and local government authorities who have a very strong interest in promoting tourism in their regions and municipalities. The individual operators from the hotels, restaurants, and tourism attractions will also play a major role in RADP activities. Others who will be involved at times include the regional representative of the National Tourism Authority and regional counterparts of some of the tourism associations such as ANTREC, B&B, ANTAC, etc.

Key areas of intervention will include the following:

During the first year of the project, RADP assisted Brasov County and communities in the county to develop a tourism strategy. The strategy was adopted by the County Council in January 2006 and a joint public/private sector Tourism Association is currently being formed. A major part of RADP assistance over the remainder of the project will be to develop and improve the promotional efforts of the County, individual communities, and tourism operators to promote their towns, firms and tourism in the county in general.

Marketing and Promotion :

- *Improvement of Tourism Information Centers in Brasov and eight other communities*
- *Development of the Brasov County Tourism Information website*
- *Promotion/marketing assistance for the county, other communities, firms and special events.*
- *Media campaigns, such as the "smile campaign" to increase awareness of the importance of creating and maintaining a tourism friendly environment.*

Quality and Standards

Assessments and training will be conducted to improve the quality and standards of guesthouses, hotels, and agrotourism sites.

Training

Training will be provided in quality and standards, marketing, website design and in developing promotional materials.

Product Development

Assistance will be provided to operators interested in developing new tourism products.

Tourism – Eco-tourism

Romania's tourism is based mainly on nature: agro-tourism, national parks and forests, bird watching, fishing and hunting, hiking, skiing, adventure tourism, etc. Romania is also recognized internationally for its biological diversity, for having one of the largest wetlands in Europe, and some of the largest remaining virgin forests which host one third of the European large carnivore populations west of Russia. Industrial development, illegal logging, and unbridled and unplanned tourism itself put the sustainability of these natural habitats and resources at risk. The continued growth of the tourism sector and its long-term sustainability must therefore take cognizance of and be developed along sound conservation practices. RADP's other cluster or sub-cluster in the tourism sector groups together those agencies and organizations which are working towards meshing the interests of economic development through tourism and the necessity of conserving the natural base upon which tourism rests.

The Association of Ecotourism in Romania (AER) was created in 2002. AER's mission is "to promote the concept and development of ecotourism for the support of nature conservation, local communities in natural areas, and for raising the standard of ecotourism related services – as well as promotion of nature as an essential element of the Romanian tourist destination image."

Natura2000 is a EU network of protected areas. The areas are based on EU classification of bio-geographical regions, habitats and species. Natura2000 NGO Coalition is a group of 38 Romanian and international NGOs which work in the area of nature conservation. The Coalition is working on compiling a Romanian list of proposed Natura2000 sites, which will become protected areas at accession. Thus the Coalition's work is focused on the promoting the country's biodiversity and protected areas, both of which are at the center of Romania's tourism. RADP will provide assistance to AER, the Coalition, and local communities in making government and the general public more aware of the importance of conservation and in promoting a sustainable approach to tourism development.

Association Strengthening

Certification and Registration

AER is a new NGO and needs assistance in setting up the certification and registration procedures for both certifying its own members as meeting the necessary standards and for AER itself to register with RENAR and to meet the standards necessary to certify operations that follow sound ecological practices. RADP will continue to provide technical assistance,

organizational expertise and logistical assistance aimed at bringing together and strengthening AER and its members. AER, with RADP assistance, will develop training materials, certification procedures, training materials, and assist with the training of evaluators. It is expected that the first certification will begin in August/September.

Quality and Standards

RADP will provide technical and organizational assistance in developing materials that will be used to strengthen AER and its members while providing clear guidelines for developing and promoting ecotourism. Financial assistance will be provided if strategically appropriate.

Best Practices for Ecotourism – Training Workshops and Guidebooks

A series of workshops will be developed for certified and other tour operators who are interested in ecotourism. The workshops will target three groups including, one for accommodations, one for destinations and a third for tour operators. Three handbooks will be developed to serve as resource materials for the workshops and as after training reference materials. (SAF)

Productivity – Product Development

Assessment and Appraisal of Potential Eco-Destinations.

RADP will assist the AER and ecotourism partners in conducting a rapid assessment and information campaign which will be used to identify potential eco-tourism operators, possible regional accommodation networks and village eco-destinations that could adopt the ecotourism approach. The assessment will result in a list of nature and rural culture oriented domestic tour operators; a list of potential regional accommodation networks and identification of villages and communes which could benefit from the development of ecotourism operations. A database of potential ecotourism destinations will be developed. Work will continue with the National Park Service in identifying and developing tourism products in selected parks.

Marketing and Promotion

Market Research on International Ecotourism and Ecotourism Tour-Operators.

The assessment will provide information on the demand for ecotourism tours and destinations in key markets: profiles of market demand, tourism destinations sought, and a compilation of international tour operators who package and sell nature-rural-Eastern European holiday and tours. A written assessment will be presented to AER and other partners and will be used in conjunction with the above mentioned database to promote Romanian ecotourism destinations to the tour operators with highest potential for success. (SAF)

Participation in Tradeshows and Tourism Events

RADP will assist with the participation in at least three international tourism tradeshows or events in 2007 to promote rural/eco/nature tourism in Romania. RADP assistance will include technical assistance in preparing for shows, organizational and logistic support, and, when strategically beneficial, will provide financial assistance.

FAM Tours

Familiarization tours will be organized for tourism journalists and international tour operators so that they can learn first hand what Romania has to offer in terms of eco- and nature

tourism. The results of the market research above will be used to identify potential operators and journalists to include in the tours. One FAM tour has been completed and three more are planned over the remainder of the project.

Promotional Materials

Attendance at tradeshows requires good promotional material. Promotional literature and materials are also important to share with tour operators who package the type of tourism that Romania has to offer. RADP will continue to assist the sector to develop and distribute promotional materials, including brochures, leaflets, CDs, development of a website and a proposed short promotional film on Nature and Rural Culture in Romania

Policy

Advocacy

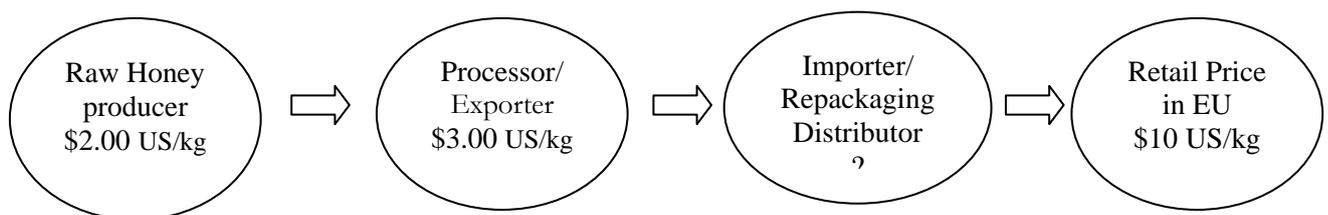
As with the other RADP sectors, assistance and training in advocacy techniques will be part of the policy agenda for AER. RADP will provide training in advocacy methods and procedures to participating associations and members. This advocacy training will assist the sector to work with national, regional and local governments to implement policies that will help promote and sustain eco-tourism.

D. Organic Honey

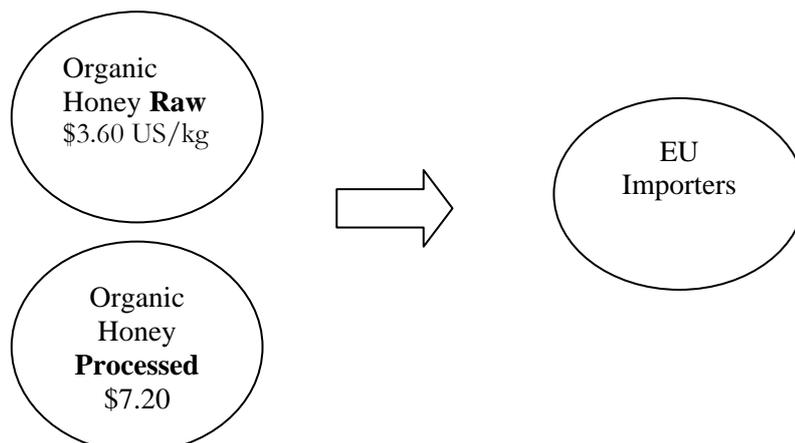
In the initial RADP Implementation Plan, the project was working with one association, Apicola Bacau. We have since expanded this and will continue to work over the remainder of the project with four beekeepers association: Arad, Deva, Iasi and Bacau.

Value Chain Analysis

Acacia Honey- Selling Price:



Organic Honey- Selling Price:



RADP assistance to the associations and their producers will focus, first on increasing the production of organic honey which will result in higher returns and increased revenue. Second, RADP will provide assistance in finding international markets. The project will also provide assistance to two associations to implement small pilot processing facilities that have the potential for greatly increase the marketing opportunities and increased value added in the beekeeping sector.

Productivity

Organic Certification

Assisting and promoting organic certification results in higher revenue and producer income. RADP will continue in 2006 to assist more beekeepers to meet certification requirements and to be certified.

Further Processing

As noted in the value chain diagram above, there is a very large price differential between raw honey and honey that has been processed. RADP will assist Apicola Deva and Apicola Bacau to establish small processing facilities as pilot projects. If successful, these could become models for other areas and associations around the country.

Quality and Standards

Quality Control

Currently beekeepers and their associations do not have the capacity to perform even simple quality control tests on honey supplied by their members. It is important to test for minimum parameters such as sugar levels, acidity, humidity, pollen, etc. The necessary laboratory facilities are not available up-country. Instead tests are conducted in certified laboratories in Bucharest, which means increased transportation costs, delays in obtaining results, in addition to the high costs for tests (around 100 Euros per test). Producers estimate that approximately 20% of their production fails one or more of the quality tests. Even rudimentary tests to weed out poor quality could result in considerable savings. RADP will assist in assessing alternative solutions to this problem in order to lower the cost of testing honey.

Marketing

Marketing Assistance

RADP will continue to provide marketing assistance in identifying potential buyers for the four associations. This assistance includes identifying importers, distributors and processors of organic food products, and in particular honey, in Europe and the U.S. Contact will be made to assess the interest in Romania's honey and to determine the quality, container size, level of processing, and timing of import shipments desired by importers in potential export markets. A database of buyers, importers, intermediaries, transport services, processors and market requirements will be developed with the association.

Policy

Advocacy

RADP will provide training in advocacy to strengthen the association so that they can better lobby the government (or others) on other current and future policy issues affecting the sector.

E. Investment

Given the reduced funding and time remaining, RADP investment promotion activities will focus on increasing the awareness of agriculture and agribusiness in Romania. The project will develop a series of articles for agriculture trade journals in the U.S. Each article will focus on different aspects of agriculture or agribusiness, highlighting the status of the sector or subsector, trends, who has invested, etc. The articles will form part of a package of informational materials for follow up direct contact with firms that could be interested in the sector.

Again, unless limited by resources and time, RADP will continue to assist potential investors, and in particular U.S. agribusinesses, who may be interested in investing in Romania. Assistance could include for example information about Romanian agriculture and the different sectors, providing contacts, arranging meetings, etc.