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# ROMANIA AGRIBUSINESS DEVELOPMENT PROGRAM

FINAL REPORT

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WILLIAM LORD / RADP

**Beekeeping and honey was one of four sectors receiving RADP assistance. At Biofach 2006 in Nuremberg, Germany, President of Apicola Bacau, Gheorghe Sava (right) signs a two-year exclusive sales agreement with Louis Debernart (left), the president of French organic food distributor Alterbio.**

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USAID Contract No. PCE-I-00-99-00003-00 Task Order 824



GORDON STUDEBAKER / RADP

**When floods devastated parts of the Romanian countryside, USAID provided assistance through RADP to help farmers get back on their feet. As seen above, a full corn crib meant enough animal feed to last the winter.**

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**FRONT COVER:** Marketing and promotion were a major focus of assistance to the wine sector. The cover photo was part of new promotional materials developed by RADP partner Halewood Winery.

BOGDAN GAROFEANU / HALEWOOD WINERY

**BACK COVER:** Maria Magdici is director of the Apiary Research Station in Iasi and president of Apicola Iasi. Maria demonstrates how new queens are selected to start new colonies.

DOINA CINDREA / RADP



GORDON STUDEBAKER / RADP

**Dr. Ioan Tibru (left), a professor of animal science at the University of Timisoara, led a group of pork producers to the Eurotier trade show in 2006. RADP helped introduce producers to new technologies to help increase pork exports.**

# EXECUTIVE SUMMARY

At project start-up in 2004, agribusinesses in Romania faced two major challenges: ongoing structural changes in the transition from a communist command regime to a market economy and preparations to meet the challenge of European Union (EU) accession, scheduled for January 1, 2007. Helping firms to meet these two challenges provided the framework for the Romania Agribusiness Development Program (RADP).

Although each sector of focus (pork, wine, beekeeping, and rural tourism) had their own problems and strengths, the need to improve marketing, to listen to the changing market, and to adapt to new and stricter regulations were themes common to all. Training programs, workshops, and market studies were the means used to improve the promotion of sector products. Study tours and attendance at international trade shows and industrial fairs were used to link RADP farmers and processors with markets in Bulgaria, Hungary, Germany, France, the United Kingdom, and the United States. Journalists, tour operators, foreign buyers, and investors were invited to visit and learn about the products and opportunities in Romania. Ministry officials, producers, and processors from Poland, Hungary, and the Czech Republic shared their personal experiences of joining the EU with their Romanian counterparts, and pointed out the many opportunities and pitfalls that lay ahead.

More than 2,000 producers and processors participated in RADP activities and gained a better understanding of what will be required of them to become more competitive. Many have already fulfilled the requirements and feel more confident about the future. The road ahead, however, will not always be smooth. There is much that remains to be done. Stronger associations, better dialogue between the private and public sectors, and an understanding of when to compete and when they must work together are needed if they are to continue to thrive.

## **Key Impacts**

### **Pork Sector:**

- \$39 million investment facilitated in large scale production
- RADP small farmers hog production up by more than 50 percent, resulting in increase of average net farm income of \$2,100

### **Wine Sector:**

- Two wineries break into the Russian market; two more increase sales
- Total wine sales increase by \$2.5 million per year despite large drop in exports

### **Honey Sector:**

- Small beekeepers association delivers its first export worth \$28,000
- 200 beekeepers certified organic — reap 40 percent price premium

### **Rural Tourism:**

- Ecotourists grow at annual rate of 48 percent over two years
- Ecotourism membership doubles

### **Overall Impacts:**

- \$12 million in new investment
- \$25 million in increased sales

## **Major Accomplishments**

- Project coordinated national classical swine fever eradication and control campaign
- Almost 300 hog farmers attended the first ever joint ministry-producer policy workshops
- 350 producers and processors from major agricultural sectors learned from experiences of counterparts from other recent EU entrant countries
- 6 wine and 20 tourism journalists visited Romania and began to change product images
- More than 20 articles about Romanian wine were published in the international press and via the Internet
- Two honey associations began processing, packaging, and exporting honey
- 40 new tourism products were developed and offered for sale
- Tourism Web site reaches 100,000 hits in 6 months
- 2,400 persons received training across all sectors
- 107 businesses participate in international study tours and trade shows

## CHAPTER ONE

# FROM COMMUNISM TO EU INTEGRATION: 1989-2007

**“ The contribution of agriculture to the overall economy is more important in Romania than in any other Central and Eastern European country, with the exception of Albania.”**  
**USAID, 2004**

At the start-up of the RADP, Romania’s economy, and in particular the agriculture sector, was at the center of two very opposing forces. The first was the vestige of a communist mentality that allowed for little private sector initiative or participation. Prior to the revolution of 1989, the government ministries, huge state farms, and public sector marketing boards controlled Romanian agriculture. State planning dictated what was grown and where it was sold. The change to a democratic style of government and a market-based economy was not easy. It was not until 2002 that agricultural production again reached levels of the mid-1980s.

The revolution resulted in two different structures of agriculture. In the days after the revolution land tenure policy focused on restitution, resulting in a parceling of small plots (two to three hectares) to almost 3 million peasant families. On the other hand, the well connected were able to buy up large landholdings from former state agencies. Outside investment over the past several years, mainly from Western Europe, resulted in consolidation and the emergence of a more modern agriculture based on economies of scale. However, according to the 2002 Agricultural Census, subsistence and semi-subsistent peasants still account for 79 percent of the land under cultivation.

The second force in play at the beginning of RADP was the impending accession of Romania to the EU, scheduled for early 2007. Government efforts focused on meeting the strict requirements for accession. These preparations were most onerous in the agricultural sector, where most legislation had to be completely rewritten, new regulations enacted, and state agencies and ministries restructured. New agencies were created, and new staffs with different skills were needed.

In 2004, and over much of the life of RADP, the private sector struggled with a changing regime with new rules. Gone were the master planners and the marketing boards; the producers and processors were more and more on their own. At the same time they faced changing rules and regulations governing how they must conduct business in the European Union. Information passed slowly, but the rules changed quickly and often.

The decline of the old order and the promise of EU accession provided the framework for RADP assistance. Although the four sectors in which the program worked (pork, wine, honey, and tourism) all had their particular problems and strengths, the common themes which tied them together were the need to speed up the transition to a market economy and help to educate businesses concerning the requirements for each sector in the EU.

The four sectors were selected after wide-ranging discussions and meetings with many actors in the agricultural and agribusiness sectors. Selection criteria included the potential competitiveness of the sector; the problems faced by increased competition; market requirements in terms of quality, quantity, and timing; and the willingness of sector members to work with USAID. Several overarching themes were found across sectors:

- New and more stringent EU standards and regulations
- Better information about new methods, new tools, and new technology
- Better marketing, more market information, and a better knowledge of changing demand
- Stronger associations to support the needs of the members

The next four chapters describe RADP's approach to, and the impact from, working with each of the primary sectors: pork, wine, beekeeping and honey, and rural tourism. Not all program activities were limited strictly to the four sectors. Chapter Six discusses three activities: an EU forum, flood relief, and investment promotion, which applied to many sectors and had an impact on producers and processors in all sectors.

It is not possible to discuss all the activities, training programs and workshops held, and field trips organized. Instead, throughout the report, we provide examples of activities and the impact of RADP on clients in each sector. Activities and impacts are summarized in the appendix.

## CHAPTER TWO

# PORK PRODUCTION

**With the breakup of the old order, Romania went from a net exporter of pork products to a significant importer. To build Romanian capacity to export, RADP informed producers of new regulations, introduced new production methods and technologies, organized attendance at regional trade fairs and supported a campaign against Classical Swine Fever.**

Romania has long been a major hog producer, and pork is a staple of the Romanian diet. During the Communist era, in addition to meeting domestic needs, more than 60,000 tons of pork was exported annually. Hog farms, until 1989, were mammoth, with several state farms producing more than a million head per year. With the breakup of the old order and the breakdown in government services and state enterprises, Romania went from a net exporter of hogs and pork products to an important importer (215,000 metric tons in 2005).

One focus of post-revolution agricultural policy was land redistribution. In the pork sector, the country went from a few large state farms to 2 or 3 million small producers, whose annual production varies from two to three pigs raised in the backyard to large farms producing several thousand head per year. By the start of RADP in late 2004, two important forces were poised to impact the pork industry: Romania's impending accession to the European Union and an increasing interest from foreign investors in large scale swine production.

These factors provided the basis for RADP assistance to the sector. Small rural farmers unfortunately continue to have limited access to information. A key niche carved out by USAID assistance was to educate small and rural farmers as to what would be required of them if they were to compete with subsidized western European producers. RADP worked nationally and locally to assist the Ministry of Agriculture provide better information to hog producers.

The program worked directly with two producer associations, serving 100 hog farmers in 3 counties in western Romania. Training programs, technical materials, information campaigns, and farm inspections introduced new Government of Romania (GOR) policies, informing producers of new, stricter regulations



SANDU BUHA / RADP

**In 2006, in collaboration with the National Association of Meat Processors and the National Meat Graders Commission, USAID, through RADP, organized a series of workshops throughout the country to train meat inspectors in the electronic grading equipment required for EU meat inspections. Parallel workshops were organized with local farmers to demonstrate the newly adopted EU meat grades, which in large part determine the price producers receive.**

covering animal health and welfare, environmental restrictions, and new production methods. The workshop topics and training programs targeted were:

- Waste management and new environmental standards
- Carcass grading and meat quality
- Farm and investment subsidies through GOR and EU programs
- Farm inspections for animal health and safety
- EU standards for biosecurity, transportation of animals, and farm management practices
- Classical swine fever

In addition to specific technical training, the project introduced producers to new methods and technologies and helped them forge new contacts with local suppli-

ers of improved feed, equipment, and breeding stock. Study tours were organized for farmers to attend EuroTier, Germany's largest agricultural trade fair; Biofach, Europe's largest organic trade show; Mezagazda Expo, the largest agricultural fair in neighboring Hungary; and several agricultural fairs in Romania.

Two study tours were organized for sector members to visit hog production and meat processing facilities in the United States. The first, for large farmers, visited Smithfield production facilities and learned about large-scale contract farming. The second U.S. tour was for the minister of the environment, the head of the Environmental Protection Agency (EPA), and their staffs to study agricultural waste management systems in the United States.

By attending national, regional, and international trade shows, producers learned firsthand about new products, equipment, and methods. One producer found a new supplier for an improved breed of pig after attending the Hungarian Agricultural Fair; a second farmer purchased an automated feeding system after seeing one in operation during a project-sponsored tour of hog farms in the United States. Several members of the Arad Hog Producers Association are considering a conversion to organic production after visiting organic farms in Germany and attending the Biofach Organic Trade Fair in Hannover.



**LEFT: November 2005 — Cristian Axente (center) buys 250 piglets weighing 20 kg.**

**RIGHT: February 2006 — Three months later Cristian supervises the loading for market. Their average weight was 100 - 110 kg.**

## PRODUCER PROFILE

### CRISTIAN AXENTE

Cristian Axente, from the village of Olari in Arad County, typifies the young farmers with which RADP worked. With his father and brother, Cristian runs a small, family-owned mixed farming operation of pigs, dairy cows, and 150 hectares of mixed crops. Cristian participated in training programs and field trips organized by USAID. He became interested in the potential of greater profits that could result from switching from producing local pigs to producing improved breeds in a hog-finishing operation. Cristian also benefited from a RADP-arranged inspection of his family's hog-production facilities and project assistance in meeting EU animal health and safety regulations.

A RADP-organized trip to meet piglet suppliers in other regions enabled Cristian to negotiate a crops-for-piglets exchange which resulted in increased profit. "I actually ended up getting nearly double the price for my crops in neighboring Sibiu County than I would have been able to sell them locally. That let me buy more high-quality genetic pigs at better prices."

"If RADP had not brought together small hog farmers from around Arad County, none of us would ever have thought about group buying or marketing of high-quality genetic pigs," Cristian said. "But they went further and introduced us to new suppliers and helped us negotiate good prices. This was an unbeatable deal for me and my family."



**RADP Technical Specialist Sandu Buha, a qualified veterinarian, participated in the CSF vaccination program.**

## ACTIVITY PROFILE

### CLASSICAL SWINE FEVER ERADICATION

Classical swine fever (CSF) is a highly contagious disease, which can wipe out a farmer's herd almost overnight. CSF also costs the GOR millions of dollars in compensation payments to affected farmers. Of perhaps greater concern to the industry is that the importation of hogs and pork meat from CSF affected areas is banned by most countries, and its continued existence would prevent the development of a potentially lucrative export market for Romanian farmers.

RADP coordinated an effort involving the National Sanitary Veterinary and Food Safety Authority (ANSVSA) and the private sector for a joint national campaign to inform producers and farmers of the government's new policy on CSF prevention and eradication. The government policy calls for strict enforcement of biosecurity measures at the farm level, limits on animal movements, and an initial one-year vaccination program to reduce the incidence of the disease. The EU donated 1 million doses of vaccine and RADP partner Smithfield Foods provided much of the funding for the initial media campaign.



In 2006, RADP arranged a study tour to the United States for Romanian Ministry of Environment and Environmental Protection Agency officials. As a result of the tour, above-ground waste storage tanks (left) and direct incorporation of manure into the soil (right) were approved in Romania, opening the way for a \$39 million investment by Smithfield Foods Inc.

## COMPANY PROFILE

### SMITHFIELD FOODS

In addition to working with small and medium producers at the farm level and with the government for key national policy issues, RADP also assisted U.S.-based food processing giant Smithfield Foods with its expansion into Romania. Although one of the world's largest agribusinesses, the Smithfield Romanian subsidiary had encountered frequent obstacles during its start-up in Romania. With excellent on-the-ground contacts, RADP was able to assist Smithfield set up meetings with larger producers who might invest in the Smithfield wean-to-finish contract grower program. USAID also sponsored a study tour for interested farmers to visit modern hog production and processing facilities in the United States, so they could witness the production firsthand and talk to contract growers.

Smithfield also had difficulties obtaining environmental approvals for the planned construction of their large production facilities. USAID sponsored a second study tour, this time for the minister of environment and the director and several staff from Romania's EPA. The Romanian delegation met with USDA environmental personnel and with U.S. EPA officials in Washington, D.C. The group also visited Virginia and North Carolina and met with state and local environmental protection staff while touring several Smithfield farms and processing facilities. The tour was instrumental in convincing the participants that large-scale hog pro-

duction using the Smithfield model could be undertaken in an environmentally secure way. By the end of RADP, 5 Smithfield farms had been completed and were operational, 10 more were under construction, and 20 facilities were targeted to be built by the end of 2007. The total value of the 20 facilities will be \$39 million with an expected total annual production of 530,000 hogs. Said Corporate Affairs Officer Mircea Cotosman, “We cannot express our thanks enough to USAID for the assistance provided by RADP over the life of the project. We tried for two years to push the government to implement a program to eradicate classical swine fever, which will eventually allow us and others to export. It’s only after RADP’s intervention that something finally got started. Similarly, we tried for over a year without success to obtain our environmental permits. Thanks to the excellent study tour organized by RADP, the government was convinced that large-scale production can be done in an environmentally sustainable manner, and we finally obtained the necessary authorizations.”

### **RADP IMPACT AT A GLANCE**

Number of trade shows and study tours to increase awareness	7	
Number of workshops and training programs to increase knowledge	19	
Total number of participants in trade shows, workshops, training, etc.	724	
Farm level impact of the 25 producers (6 large, 19 small) who adopted recommendations and new methods	Overall	Small Farmers
Overall group production increase from 2004 to 2006	279%	66%
Average value of new investment	\$21,800	\$6,300
Average annual increase in net farm income	\$22,404	\$2,111
Investment facilitated by RADP (Smithfield)	\$39,000,000	



**USAID helped Livius Ranta and the Arad Hog Breeders Association support its members and prepare for changes due to Romania's entry into the European Union.**

## PRODUCER PROFILE

### LIVIUS RANTA

Livius Ranta was born and raised in the village of Macha in northwestern Romania. Prior to the revolution of 1989, Livius worked as an economist with a state-run construction company. He now has a small farm 20 kilometers from the provincial capital of Arad County. Livius farms 80 acres and has 40 breeding sows, producing about 300 hogs per year. In 2000, Livius and a few friends formed the Arad Hog Breeders Association. On the formation of the association, Mr. Ranta explains, "In the early days, the government said producers had to belong to an association to get government subsidies, so we formed ours. But government rules changed, and later association membership was no longer required to get a subsidy. So many members lost interest, and the association ground almost to a halt."

"When USAID first visited us in 2005, the RADP team said that they were interested in working with hog producers in our region. We were interested, but frankly we didn't know what to expect. The first thing they did was to go around and visit all our members on their farms. That was a first for us — to have someone go visit our farms and talk to us about what we are doing, what our problems are, and what we hoped to do. We knew that the EU was coming and most of us were afraid of the competition — we still are. But what USAID and RADP brought to us was a better understanding of what our options are. They made us

look beyond our own farms. We visited feed mills, slaughterhouses and other input suppliers, and potential buyers throughout the region. Some of our members made new contacts and found new and better suppliers offering better prices. I worked closely with the RADP association expert. He really helped me see what the association should be doing. We always complained that we didn't have a lot of money and so it was hard for the association to do much. However, RADP showed us that it's not always a question of money, but instead, it's about trying to work together. Traveling to other towns and counties to visit suppliers isn't expensive and it's something we can now do on our own. Making trips outside of Romania was also a great experience for us. It gave us the opportunity to see what hog producers are doing in other countries, what equipment they are using, and how they handle the same problems we have."

"We know that it's still going to be hard for us small farmers now that we're in the EU. Not everyone is going to stay in hog production. Prices are already falling, and we also face competition from big farms like Smithfield. But we now know better what to expect and RADP has helped give us some options. Myself and a few other members are looking seriously at organic hog production. This is something we can do on a small scale and still earn a good price. We're still worried about the future, but because of USAID, we feel that we're better able to help ourselves."

## **USAID PARTNERS AND STAKEHOLDERS IN THE HOG SECTOR**

The associations, agencies, and organizations listed below are the partners and stakeholders with which RADP collaborated in the pork sector; and without whose efforts and contributions the success and impact achieved would not have been possible:

- Ministry of Agriculture and Rural Development (Ministerul Agriculturii si Dezvoltarii Rurale)
- National Sanitary Veterinary and Food Safety Authority (Autoritatea Nationala Sanitar-Veterinara si pentru Siguranta Alimentelor)
- Directors General of Regional Agriculture (Directia Sanitar-Veterinara si pentru Siguranta Alimentelor)
- National Pork Producers Association (Asociatia Nationala a Producatorilor de Carne de Porc)
- Arad County Ecologic Breeders Association BIOANIMA (Asociatia Ecologica a Crescatorilor de Animale din judetul Arad BIOANIMA)
- Hog Producers Association Salonta Bihor (Asociatia Crescatorilor de Porcine Salonta Bihor)
- Meat Processors Association (Asociatia Procesatorilor de Carne de Porc)
- National Meat Graders Commission (Comisia de Gradare a Carcaselor)
- Ministry of Environment and Sustainable Development (Ministerul Mediului si Dezvoltarii Durabile)

## CHAPTER THREE

# THE WINE SECTOR

**Faced with many larger competitors, Romania's wineries found it difficult to compete for the attention of buyers at large international trade shows. RADP organized several individual wine tasting events where wineries could make the one-on-one contacts needed to increase sales.**

Romania is a major European producer and consumer of wine. Viticulture goes back almost 2,000 years to the Kingdom of Dacia, in what is now Romania. Behind most rural and urban households with spare land for gardening, grapevines grow. With such a long tradition of winemaking, the nationalization of the industry under the communist regime hit particularly hard. Production went from small wineries making a high quality product to mass production and exports in bulk, mainly to the Soviet Union. Since the revolution of 1989, the road back to quality export wine has been slow and rarely smooth. Inconsistent vintages continued to plague the sector in the early 1990s which only served to further tarnish the reputation of Romanian wines.

Today, privatization of the vineyards is almost complete and most new owners and investors have replaced, or are in the process of replacing, their old, inefficient equipment. Improvement in the quality of grapes has been assisted by outside investment, in particular from France, Germany, and the United Kingdom. However, it is the poor image of Romanian wines that has continued to limit exports. It was feared that this perception would eventually negatively impact domestic sales once the market was open to competition from other European countries after EU accession. Improving that image via better marketing and promotion thus became the primary objective of USAID assistance to the sector.

The Wine Exporters and Producers Association (WEPA) is a small organization whose mandate is the promotion of wine exports. There are currently 10 or 12 wineries which have the quality and quantity for export. In early discussions with WEPA members, key problems identified included inconsistent quality, poor image of Romania, lack of a brand, and poor promotion and marketing. Developing a sector-level marketing strategy was one of the first activities undertaken with



BOGDAN GAROFANU / HALEWOOD WINERY

**Legend says that Dionysius, the Greek god of wine, was born in Thracia, in what is today Romania. – Romanian Wine Exporters and Producers Association Web site**

WEPA, from which emerged a plan to improve promotion and marketing and to target the Russian market.

In an effort to improve the image of Romanian wines, and also to make them better known by buyers and the consuming public, RADP helped organize visits by foreign wine journalists. Journalists from Austria, Germany, the United States, the United Kingdom, and Russia participated in tours. The resulting articles and the inclusion of Romania in two important wine publications (Hugh Johnson’s 2006 Wine Book and the “SIPPO Wines of Southeastern Europe”) have raised Romania’s profile in important markets.

Although WEPA and its members have been attending international trade shows, these venues have not been as successful as hoped in winning new clients. As one winery owner noted, “It’s almost impossible for the Romania stand — let alone an individual winery — to get noticed when you compare our stand to those of France, Germany, Australia, or Chile. We’re too small and don’t have the financing they do.”

To help remedy this problem, RADP helped plan and implement several special wine tasting events. Following up on the visits of Russian wine journalists in early



DOINA CINDREA / RADP

American wine journalist Darrell Joseph inspects wines at the Romanian wine trade show, VINVEST. Mr. Joseph was first introduced to Romania and its wines when he participated in a USAID-sponsored Romanian wine tour in 2005. Mr. Joseph has written extensively on and presented Romanian wines at international fairs in Russia and Germany. He also arranged Romania's inclusion in the prestigious wine reference book, *Hugh Johnson's 2006 Wine Book*, which introduced the wine regions of Romania and featured 14 Romanian wineries and 18 varieties of wine.

**Despite significant inroads by foreign wines in Romania's domestic market, Romanian wines are holding their own and have registered modest domestic sales increases over the past two years.**

2005, the first such event was organized parallel to the Russia Wine and Spirits Trade Show. Several months prior to the trade show, RADP and WEPA had commissioned a rapid appraisal of the Russian wine sector, based both on published research and on direct in-country interviews. The report helped prepare Romania's wineries for the trade show and the parallel tasting event. The report covered tastes and preference of Russian consumers, price ranges, key competitors, and current suppliers. It also identified the key actors in the sector, including wine journalists and publications, important importers, wholesalers, and major retail outlets, all of whom were invited to attend.

Hosted by the Romanian ambassador to Russia and organized with the assistance of the Moscow Wine Club, the event attracted a "who's who" of wine in Moscow.

RADP was successful in its goal of helping Romanian wineries enter the Russian market. Previously there were only two wineries selling to Russia. As a result of

RADP assistance, two more have broken into the market, and the original two have increased their sales. Despite significant inroads by foreign wines in Romania's domestic market, Romanian wines are holding their own and have registered modest domestic sales increases over the past two years. Back-to-back flooding in 2005 and 2006 resulted in decreased production and lower quality, both of which resulted in decreased export sales.

### **USAID PARTNERS AND STAKEHOLDERS IN THE WINE SECTOR**

- Wine Exporters and Producers Association of Romania (Asociatia Producatorilor si Exportatorilor de Vinuri din Romania)
- National Vineyard Growers and Wine Producers Association (Patronatul National al Viei si Vinului)
- Romanian National Interprofessional Viticulture Organization (Organizatia Nationala Interprofesionala Vitivinicola)
- Ministry of Economy and Commerce (Ministerul Economiei si Comertului)
- Research Center for Wine Studies Iasi (Centrul de Cercetari pentru Oenologie Iasi)
- Swiss Import Promotion Program (Programul Elvetian de Promovare a Importurilor)



**Marketing Manager Elvira Cox (right) promotes Recas Wines with Russian buyer Dmitry Pozdiankov (center) at a RADP-sponsored trade event in Moscow to showcase Romanian wines. They cemented a deal nine months after the event.**

## COMPANY PROFILE

### CRAMELE RECAS

Founded in 1998, Cramele Recas has become one of the success stories in the renaissance of the Romanian wine industry. By 2004, Recas exported to almost 20 countries, including Germany, Spain, the United States, and Canada. One country that had eluded the sales efforts of Marketing Manager Elvira Cox was Russia. “During the communist regime, Romania was a major wine exporter to Russia. Our wines were very popular and sold well.” Whether for political reasons or declines in quality, or both, by the start of RADP, there was only one Romanian company selling wine in the Russian market. “Our efforts at breaking into the market were very frustrating,” explains Elvira. “Although we attended the ‘right’ trade shows in Moscow, it was almost impossible for an individual, small company like ours to get noticed when competing with the well-financed and obviously much larger and better-known wine producers from France, Italy, and Australia. RADP proposed that the Romanian wineries host their own separate wine tasting event parallel to the next trade show in Russia. That first special event turned out to be the key that opened the door. It took another nine months of hard work afterwards to finally clinch our first contract in Russia, but the RADP sponsored event allowed us to meet one-on-one with the major Russian buyers and importers. Later follow-up events, such as visits by Russian journalists and another special tasting event, were icing on the cake, but it was that first event sponsored by USAID that helped open the door.”

## CHAPTER FOUR

# BEEKEEPING AND HONEY

**RADP worked with honey processors and associations to encourage collaboration and find new markets.**

Many areas of Romania, particularly those in the foothills of the Carpathian Mountains of rural Transylvania, are pollution-free and rich in the flora necessary for the production of high-quality honey. As with wine, Romania has a long tradition in beekeeping and producing quality honey. Unlike the other sectors, the production, or gathering of honey, remained in the hands of private individuals during the communist period. But as with other sectors, the processing and marketing became functions of the state. Beginning in 1990, the state-run marketing boards in each county were privatized through the creation of apicolas or commercial companies, 80 percent owned by the beekeeper's association in the county, and the remaining 20 percent owned either by a regional apiary research center or the National Beekeepers Association. The apicolas inherited little more than a building, which served as a honey storage center, a small store to sell apiary supplies, and minimal processing equipment, which was old and mostly in disrepair. Beekeepers generally relied on the apicola in their area for assistance in marketing their honey and other apiary products. Buyers were limited to four or five processors nationwide who collected honey from the apicolas, provided some processing (usually only filtering and homogenizing), and then exported the honey in bulk. Prices paid to the beekeeper were a fraction of the bulk export price.

Romania produces excellent honey. In addition to producing one of the world's most popular varieties (acacia), most rural areas of Romania were already organic, in that few, if any, fertilizers or other chemicals had been employed in agriculture for decades. It is estimated that there are more than 35,000 beekeepers in Romania, most tending to fewer than 50 hives. For many of these small producers, honey is the main cash crop, complementing their subsistence agriculture. After meeting with individual beekeepers, with the apicolas and association officials, processors, and research centers it was clear that increasing value added at the



WILLIAM LORD / RADP

**Most beekeeping is done by rural families tending fewer than 50 hives. For many of these households, honey is the main cash crop.**

producer level is not only important as a means to increase incomes, but also to provide the capital for the purchase of new equipment to sustain the improved quality needed to remain competitive.

The project initially worked with Apicola Bacau (2,500 beekeepers) and Apicola Deva (3,000 beekeepers) and later added two more (Iasi and Arad) and another 3,000 beekeepers. Although all beekeepers in a county are members of the apicola, in practice, generally only about half pay dues. To increase value added, RADP assistance targeted organic production, downstream processing, and direct exports.

In addition to organic certification, RADP also helped finance two pilot processing units to increase value added for small beekeepers. An appraisal of the organic honey markets in Europe, commissioned by RADP, revealed a strong demand for honey, both organic and conventional, but that most importers required a minimum amount of processing. That is, few were looking for bulk, raw honey. Small processing units, with the capability of filtering, homogenizing, heat treating for decrystallization, and packaging in a variety of wholesale and retail containers, gives the apicolas greater flexibility to serve domestic and export markets. Installed in Apicola Bacau and Apicola Deva only a few months before the end of the USAID program in Romania, they will serve as a good test, which if successful, will serve as models for expansion of such units throughout the country.

The final area of assistance was to help the apicolas market their products. As with other sectors, the state had previously handled the domestic and export marketing in the honey sector. After the revolution, several large processors, mainly in Bucharest, began processing and marketing. Although small amounts were hand-processed and sold in local shops, none of the apicolas had experience in identifying markets and market demand, negotiating with potential buyers, and exporting. Individual beekeepers had little power to negotiate better prices with the local processors and as a result earned less than half the world market price.

**“ Although we only had one year working with USAID, they really changed my ideas about beekeeping and how we can help our members. The training programs and especially the study tours and attending Biofach opened my eyes to the importance of marketing. From now on, that will be our main focus.”**

**MARIA MAGDICI,  
PRESIDENT  
APICOLA IASI**

## **ROMANIAN BEEKEEPERS GO ORGANIC**

Romania presents ideal conditions for the production of high quality honey. The varied flora (acacia, linden, sunflowers, forest flowers) and a favorable climate facilitate Romania's long tradition of beekeeping. The lack of industrial development in the foothills of the Carpathian Mountains, plus a history of using few chemicals in mountain valley agriculture, makes Romania a relatively easy country to certify organic production. Since Romania joined the EU in 2007, it has free access to the world's most important market for organic products. RADP assisted 200 small producers through a cost sharing arrangement to become certified in organic honey production. The price obtained for the apicola's first export of organic honey was 50 percent higher than the price then paid by domestic processors.

Better marketing, identification of new buyers and markets, and testing the export market were all intended to add additional value at the level of the producer.

A rapid survey by RADP of the major European markets for honey and other apiary products provided a solid base of information for the apicolas of the production, sales, and imports in France, Germany, the United Kingdom, and Italy. The report provided a detailed list of each country's importers and processors of apiary products, their contacts, the state of processing required, and the quantities normally purchased. Intended as an introduction to export marketing and to see how companies packaged, displayed, and marketed their products, USAID organized a trip for 10 beekeepers and managers of two apicolas to attend the 2006 Biofach organic trade show in Nuremberg, Germany. The trip was organized as an introduction to marketing and international markets. Although the team took samples



WILLIAM LORD / RADP

**Colorful mobile hives are moved by tractor or car to different areas or fields as different plants begin to flower. The varied colors and markings help orient bees to their own hive.**



WILLIAM LORD / RADP

**The installation of a pilot processing unit in Apicola Bacau enabled the first export of organic honey to France in early 2007.**

of their products, the purpose was to look and learn. The results, however, were beyond all expectations.

The quality of Romanian products generated tremendous interest from potential buyers. The trip resulted in a sale of organic propolis, and Apicola Bacau ended up signing a two-year sales agreement with a French company. In addition, there was strong interest from several other French companies as well as follow-up contacts from Italy, Germany, and Bulgaria. In 2007, beekeepers from all four counties where RADP works attended Biofach, and prospects are very high for additional exports after the next harvest in early summer.

## **USAID PARTNERS AND STAKEHOLDERS IN THE HONEY SECTOR**

- Apicola Bacau
- Apicola Deva
- Apicola Iasi
- Apicola Arad
- National Beekeepers Association (Asociatia Nationala a Crescatorilor de Albine)
- Ministry of Economy and Commerce (Ministerul Economiei si Comertului)
- National Sanitary Veterinary and Food Safety Authority (Autoritatea Nationala Sanitar-Veterinara si pentru Siguranta Alimentelor)
- ECOCERT (organic certification company)



**Professor Sava, president of Apicola Bacau, helps load the first barrels of organic honey for export to France.**

## PARTNER PROFILE

### GEORGHE SAVA

Retired biology professor Gheorghe Sava is the President of Apicola Bacau and one of RADP's first partners in the honey sector. Professor Sava is the driving force to modernize production and improve the quality of the honey produced by his apicola members. He is continuously on the move: visiting his members, planning and implementing training programs on ways to improve quality and increase production, and looking for additional resources to help improve the lives of beekeepers in Bacau County. Professor Sava, a beekeeper himself, tends to 60 hives behind his house, makes his own wine every year, and still finds time to lead the apicola.

Dr. Sava has worked with USAID projects, including RADP, for the past four years. "The support and assistance from the USAID team has really moved us forward. We have received a lot of assistance, but if I had to mention only one, it would be the opportunity to visit with beekeepers in other countries to learn how they operate and also the good fortune we had to visit Biofach. There we learned what a good product we have. Everyone was interested in meeting the team from Romania, and we didn't even have a booth that first year. But this year brought everything that USAID has helped with together. We were able to export our first shipment of organic honey to France. It was only seven tons as a 'test,' so the buyer could see our quality, but that first shipment brought in \$28,000 — almost double what it would have sold for locally. We're now much more confident of our future. This year, I already have a contract with a German company for 250 tons, and it's still several months until the harvest!"

## CHAPTER FIVE

# RURAL TOURISM

**RADP concentrated its tourism assistance in Brasov County and with the Romanian Ecotourism Association. Along with strategic planning at the county and association levels, RADP also provided firm-level assistance to kick start private enterprise.**

RADP's decision to include rural tourism into an agribusiness competitiveness project was as a result of several factors. First, the land redistribution program following the 1989 revolution carved up of Romania's vast and rich agricultural land into very small plots of two to three hectares. The policy was to provide restitution to all who had lost land when the communists took over. The result, however, is not conducive to the development of a modern competitive agricultural sector, and may not even be adequate for subsistence farming. The negative impacts of the parceled land are now fully realized by the government and means are being sought to promote consolidation.

The second factor was that an expanded tourism sector offers the potential to absorb the excess labor once consolidation of landholdings accelerates. Tourism in Romania, and especially rural, nature, agro- and ecotourism, are in their infancy, but have tremendous potential. There is a need for more small businesses to provide the added benefit of absorbing excess rural labor as a result of consolidation. Finally, the Mission itself indicated an interest in a larger program to focus on a promising sector. It was felt that RADP could help increase the impact of USAID in the sector by complementing a second Mission project working in tourism.

RADP concentrated its tourism assistance in Brasov County and with the Romanian Ecotourism Association (AER). Brasov County is located three hours north of the capital Bucharest, in the Carpathian Mountains of southern Transylvania. The county itself is home to several AER members and ecotourism destinations. AER, formed in 2003, has a stated objective to bring a greater awareness of the need to develop sustainable tourism and to assist its membership and ecotourism to grow. In evaluating the needs of both groups, two fundamental problems were noted. First, efforts to develop tourism, whether in Brasov County or ecotourism,



DRAGOS FLORESCU / AER

**Small plots of land, diverse landscapes, historic towns, and the prospect of absorbing excess labor all contributed to RADP including tourism as one of its four main sectors for assistance.**

lacked a coordinated approach. Second, there was little knowledge of tourism opportunities both within Romania, and in the international market. Although working with different partners and at different levels, the two areas in tourism were based on the same needs and similar focus: association/partner strengthening, product development, and, as with the other RADP sectors, promotion and marketing.

Initial assessments and workshops throughout the county and country led to the development of the first real tourism and marketing strategies for both Brasov County and AER. The county plan called for the creation of a Brasov Tourism Development Association to oversee implementation of the strategy. The strategy itself called for better marketing and promotion on the Internet and renovating tourism information centers throughout the county.

The focus of AER assistance initially concentrated on putting the association on firm ground by developing legislation and procedures to certify tour operators, accommodations, and tourism products as meeting ecostandards. Workshops and information sessions were held to promote the ecotourism concept. In two years working with RADP, AER membership doubled. Important new partners (and members in AER) include three national parks interested in promoting tourism



LAURENTIU POP / RADP

**The launch of the Brasov Tourism Strategy was attended by more than 200 tourism operators, hoteliers, and politicians. Comparing notes at the launch, the mayor of Brasov City (right) and the president of the county council joined forces to adopt and promote the strategy. “This strategy lays out a blueprint for the development of, and growth in, tourism in Brasov County,” said the mayor. “We thank USAID for their assistance, but now it’s up to us to see that it gets implemented.”**

toward their parks. A sustainable tourism strategy was developed in collaboration with AER and Retezat National Park in western Romania. The strategy was used as the basis for the park’s application to join the European Protected Areas Network (or PAN parks). Based on the strategy developed with RADP technical assistance, Retezat’s application was accepted and it is now a full member of the PAN Park Network. In addition, network administrators based in the Netherlands requested Retezat’s strategy be used as a model for other potential applicants interested in joining the PAN park network.

AER’s certification procedures and requirements were accepted by the Ministry of Tourism, and legislation is to be introduced which will make AER, in collaboration with the National Tourism Authority, the sole ecotourism certification body in Romania. The AER procedures and requirements have been presented twice in international conferences and the AER sustainable tourism model has been adopted by three national parks in Romania. To date, 10 tour operators have applied for certification and 8 have received their certification.

**“A hidden jewel,” is how one tourism journalist described Romania after participating in a RADP sponsored familiarization tour. USAID helped make the jewel less hidden by sponsoring the visits of 28 foreign tourism journalists, helping to build a database of 500 photos for marketing and promotion, and by sponsoring attendance at 20 international trade shows.**

The second focus of RADP assistance was to improve existing and develop additional tourism products. Although Romania is rich in natural beauty and has a diverse culture and history, the organization of tourist programs, itineraries, and activities is weak. RADP assisted AER members and individual tour operators to develop and market new products. RADP provided support funding, which enabled AER to obtain a \$70,000 small projects grant fund from the Dutch Doen Foundation. Through the grant program and through RADP direct funding and technical assistance, 40 new products are available in ecotourism and Brasov County.

Promotional activities played an important part in RADP, particularly over the final year of the project. Attendance at international trade shows, development of new brochures, and visits by journalists has put Romania on the map. The AER marketing strategy developed with USAID assistance in early 2005 provided for a much expanded representation at international trade shows to let the world know what Romania has to offer. After 2 years and 20 trade shows, the effort is beginning to pay off.



LAURENTIU POP / RADP

**New or refurbished tourism information centers in nine cities and towns in Brasov County now provide travelers with a one-stop location for finding facilities and tourism attractions. The new Brasov tourism Web site ([www.brasovtourism.com](http://www.brasovtourism.com)) racked up more than 100,000 hits in only six months.**

**Some of the reactions of AER members who attended various trade shows in early 2007:**

Holland – Vakantiebeurs, January 2007: “[M]any Dutch people are beginning to see us in a different light now. Romania’s stand, although not large, was even busier than those of Hungary and the Czech Republic.”

Vienna – Ferien Messe Wien, January 2007: “An article by one of the journalists who visited Romania last year was on the front page of a major newspaper two days before the trade show. The timing was perfect. We had almost more visitors at our booth than we could handle and they all knew what they wanted because of the newspaper article.”

Hannover, Germany – Reisepavillon, February 2007: “The most important conclusion: the “passers-by” are interested — finally — in Romania; some of them even have some concrete preliminary information, which is a break from the past.”

Goteborg, Sweden – Swedish International Travel and Tourism Trade Fair, February 2007: “We returned exhausted but thrilled about having discovered that Sweden has discovered us! There was great interest in the kinds of activities and destinations that we (AER) promote.”



CSILLA DANIEL / ROMANIAN ENVIRONMENTAL PARTNERSHIP FOUNDATION

**New tourism products developed with RADP assistance include day and weekend trips, horseback riding trips, new hiking and interpretive trails which are now marked and mapped, and village agrotourism, where visitors can bale hay, milk cows, visit a shepherd’s camp, and experience the rural life in a mountain village.**

## Key Impacts

- AER membership doubled
- AER tourist visits up 97 percent over two years
- Ecotourism certification procedures researched, adopted, and operational: eight companies certified
- Brasov tourist arrivals up 14 percent since 2004
- Retezat National Park approved for EU PAN Park Network
- At 2007 trade shows, 22 groups and 32 individuals confirmed for Romanian visits
- AER members invest \$100,000 to improve operations
- 40 new tourism products developed

## Major Accomplishments

- 8 foreign tourism journalists visit Romania
- Partners attend 20 international trade shows
- Strategies and implementation plans developed for three partner groups
- Brasov Web site gets 100,000 hits in first 6 months of operation.
- AER links with three national parks and the National Parks Administration
- 935 participants attend 51 USAID sponsored training programs and workshops



CSILLA DANIEL / ROMANIAN ENVIRONMENTAL PARTNERSHIP FOUNDATION

**Tourists read an informational poster and map at the Buila-Vanturarita National Park. RADP helped the Romanian Ecotourism Association (AER) design and promote new ecotourism products.**

# COMPANY PROFILES IN TOURISM



LAURENTIU POP / RADP

## CARPATOUR, IZABELA COTINESCU, PROPRIETOR

Izabela Cotinescu worked in the tourism industry for several years before starting CarpaTours, in Brasov in 2002. “I had heard that USAID was working in the county, and I attended several meetings when RADP was assisting with the county tourism strategy. When they offered to work with me, I thought I would take a chance. I was not certain whether the RADP advisor’s sugges-

tion to develop new tourism products in the county would work. But the first one, a ‘Get Out of Town’ weekend package, was an instant hit. I attended a trade show with new promotional materials that RADP helped design. We have already booked one tour for 50 tourists and have received numerous inquiries that are likely to turn into more sales. My business has already doubled in the year I’ve been getting assistance from RADP.



LAURENTIU POP / RADP

## BRASOV TRAVELER, JULIAN FERASTAURU, PROPRIETOR

“RADP taught me a lesson in how to do business in terms of starting from customer demand. RADP told me to go to the Tourist Information Center and ask them what tourists want. As a result, I started renting bikes to tourists, and business has been great. The Tourist Information Center is the best source of business for me because independent travelers who go there are my target market.

I completely changed my business cards and flyers, and with RADP’s help, have started building a Web site. I’ve already got over 50 days of bike rentals reserved for the summer.”

## USAID PARTNERS AND STAKEHOLDERS IN THE TOURISM SECTOR

- Association of Ecotourism in Romania (Asociatia de Ecoturism Romania)
- Brasov County Council (Consiliul Judetean Brasov)
- City of Brasov (Primaria Municipiului Brasov)
- Commune of Predeal (Primaria Predeal)
- Municipality of Prejmer (Primaria Prejmer)
- Municipality of Fagaras (Primaria Fagaras)
- Village of Vama Buzaului (Primaria Vama Buzaului)
- National Forest Administration (Regia Nationala a Padurilor)
- Retezat National Park (Parcul National Retezat)
- Caliman National Park (Parcul National Caliman)
- Dinosaurs Geopark Hateg Country (Parcul Dinosaurilor Tara Hategului)
- Macin National Park (Parcul National Macin)
- National Tourism Authority (Autoritatea Nationala pentru Turism)
- The Doen Foundation (Fundatia Doen)
- World Wildlife Fund – Danube Carpathian Programme Romania (Fondul Mondial pentru Mediu – Programul Dunare-Carpati Romania)
- National Geographic GEO Program (Programul GEO – National Geographic)
- Environment Partnership Foundation (Fundatia pentru Parteneriat)



One of several promotional brochures produced with RADP assistance.

## CHAPTER SIX

# OTHER ASSISTANCE

It is impossible to list in detail the many activities, workshops, training programs, and individual impacts of RADP. Although efforts were concentrated in four sectors, the scope of the program was broad and involved individual farmers and businesses in dozens of communities across the country. There were activities which were not sector specific, but which directly targeted RADP goals of increasing competitiveness and investment in agriculture, enhancing farm and rural incomes, and helping prepare agribusinesses and individual farmers for EU accession.

Three of these activities stand out and either have had a lasting impact or have the potential for doing so: The EU Forum, investment promotion, and flood relief.

### **JOINT FINANCING INCREASES IMPACT**

RADP worked closely with donors and businesses to increase the overall funding for project activities. Cost-sharing permitted almost a \$350,000 increase in the resources available:

- Smithfield Romania (\$65,000) for CSF eradication/information campaign.
- Monsanto and Pioneer Seed (\$200,000) for flood relief.
- The Dutch Doen Foundation (\$70,000) for a small grants ecotourism program



MARIAN NICULAE / RADP



**LEFT:** Opening remarks from U.S. Chargé d’Affaires Taplin (at podium), Agriculture Minister Flutur (center), and Head of the EU Delegation Scheele kicked off the conference.

**RIGHT:** Forum attendance drew producers and processors from 33 of Romania’s 42 counties.

## THE EU FORUM

Under the title, EU Accession and Agriculture: Lessons Learned from New Entrant Countries, USAID enlisted the assistance of 13 private and public sector experts from countries that had previously joined the EU to come to Romania to discuss their own experiences.

The conference targeted the growing anxiety in the agribusiness community as Romania rapidly approached accession. Many producers and processors expressed fear and anxiety over complicated EU legislation and the threat of competition from highly efficient and heavily subsidized EU nations. Romanian producers were eager to learn first hand from their colleagues about past impacts of EU accession.

Representing Romania’s most important agricultural commodities (dairy, swine, poultry, cereals/oilseeds, and fruits and vegetables), five processors, five producers, and three government representatives from Poland, Hungary, and the Czech Republic 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 five sector-specific breakout sessions. Key problems cited by the presenters from the new entrant countries included increased domestic competition from older Union members; problems complying with stricter health, safety, and environmental regulations; and the complexity of EU regulations, particularly with respect to subsidies and accessing structural funds. Benefits from accession included the huge infusion of funds for infrastructure, better prices and opportunities in export markets, and EU subsidies. Recommendations to their Romanian counterparts focused on the need to have strong associations to promote sector interests and expert assistance to navigate the myriad of regulations.

# INVESTMENT PROMOTION

As part of its foreign investment component, the RADP investment specialist wrote a series of articles about agriculture and agribusiness opportunities in Romania. Listing Romania's advantages in terms of abundant and relatively inexpensive farmland and skilled labor, the articles point out the advantages and benefits from EU accession to potential investors. The articles were published in major U.S. technical trade journals, all of which have a worldwide readership. Though completed only a few months before the end of RADP, inquiries requesting additional information have already been received by Romania's Investment Promotion Agency (ARIS), which has also posted the articles on its Web site.

## **IMPLEMENT & TRACTOR**

**Snapshot of a Fast-Growing Market: "Business is Booming in Romania"**

IMPLEMENT & TRACTOR | SEPTEMBER-OCTOBER 2006



**"Romania's Dairy Industry Emerging"**

DAIRY FOODS | OCTOBER 2006



**Joining the EU: "Romania Accesses Its Feed Future"**

FEED INTERNATIONAL | OCTOBER-NOVEMBER 2006



**"Romania...is starting to make its mark on Europe's map of organic agriculture"**

THE ORGANIC & NON-GMO REPORT | JANUARY 2007



**LEFT:** Prime farmland transformed into “Lake Dolj” along the Danube in 2006.



**RIGHT:** Pioneer Area Manager Jean Ionescu (right) receives the thanks of Vergil Sovaila, the mayor of Calarasi, for the seed his village received.

## FLOOD RELIEF

Two years in a row, USAID, through RADP, teamed with U.S. agribusiness giants Pioneer and Monsanto to provide seed for replanting. In 2005, in the northwest, and again in 2006 in areas bordering the Danube River to the south, spring flooding threatened disaster, occurring after many farmers had already planted.

USAID, through RADP, financed the purchase of \$200,000 worth of early maturing hybrid corn seed from Pioneer and Monsanto, both of which have operations in Romania. The companies in turn provided a 100 percent matching grant of the quantity purchased, for a total of \$400,000 in seed.

The U.S. donation and matching grants from Pioneer and Monsanto allowed for the replanting of approximately 7,000 hectares and 5,000 small farmers were able to reap a good harvest, despite the late planting.

Dorina Balan, a long-time Conop family farmer expressed farmers’ sentiments best. “When the seeds came,” Mrs. Balan said, “I had very little faith they would work. I did not see any difference between our seeds and those given by USAID. So how could they be better? I was totally surprised, as were my neighbors, that we could plant so late and still harvest at the normal time. We planted more than two months late and still got 10 tons per hectare — better than our old corn.”

## CHAPTER SEVEN

# THE ROAD AHEAD

**Now a member of the European Union, Romania is a much different place than it was just two and a half years ago, when USAID began the Romania**

**Agribusiness Development Program.**

**Competition has grown fiercer, but opportunities have also expanded.**

Romania's economy continues to grow at an accelerated pace. Growth in GDP was 7.7 percent last year and is projected to reach 6.5 percent in 2007. The expected influx of potential investors from within the EU has become a reality. Land and construction prices are soaring. For agriculture and agribusinesses, government continues to reform legislation and enact new regulations to bring Romania into conformity with the rest of the EU. RADP has played an important role over the past two and a half years, in helping to provide information about changes due to accession. The project has also introduced farmers and businessmen to new technologies and equipment and new ways to manage their farms and businesses. Marketing and understanding changing demands were also an important part of RADP. The importance of all of these will only increase in the future.

The road ahead will not be easy. Agribusinesses must continue to listen to the market. The outside competition in the six months since accession has been fierce. In the months and years ahead, there are several critical issues and problems that must be dealt with if Romania's agribusiness sector is to continue to grow, and firms are to become more competitive.

- *Accessing EU structural funds.* Many firms still have a long way to go to meet the new health and safety and other regulatory requirements demanded by the EU. Romania will have a significant amount of funding (in billions of Euros) available to firms, associations, and various government bodies to continue the restructuring process. The rules for accessing these funds are often very arduous, particularly for small firms. However, the gains can be enormous. Firms, their associations, and the relevant government agencies must ensure that the administrative burdens do not defeat the purpose of the EU funding.

- *Strong associations.* Individual farmers or businesses do not have the time or resources to obtain all the information they need. Associations can play a critical role in finding and disseminating information about new regulations, changing markets and product demand, and new ways of doing business. Members must learn that these services are not free and they need to support the association and leaders. A necessary corollary is that members need to learn when to compete with each other and when to work together.
- *Advocacy.* As in most countries, the government plays an enormous role in the economy through legislation, codes and standards, benefits and subsidies, and, of course, taxes. Romania does not have a tradition of public/private sector dialogue on policy-making or for planned changes. Since most firms and associations are relatively new, there is also no tradition and little experience in advocating for change. RADP was only able to touch on advocacy issues and training towards the end of the project. More advocacy and public/private sector dialogue are critical to ensure that government policies are used as an effective tool to increase competitiveness.

## APPENDIX

# RADP BY THE NUMBERS: PROGRAM IMPACTS

### INTERMEDIATE RESULT 1: INCREASED PRIVATE SECTOR SALES

#### RADP Targets for Increased Sales

	LOP Target	Sales through
	US \$ Million	Jan 1, 2007
Increased Investment		
Total: All Sectors	13.13	25.74
Pork Sector <sup>1</sup>	9.43	13.12
Domestic Sales	9.43	13.12
Exports	0.00	0.00
Honey Sector <sup>2</sup>	0.50	0.31
Domestic Sales	0.25	0.28
Exports	0.25	0.028
Wine Sector <sup>3</sup>	2.00	7.45
Domestic Sales	0.00	6.25
Exports	2.00	1.20
Tourism Sector <sup>4</sup>	1.20	4.86
Ecotourism	0.20	0.16
Brasov County	1.00	4.70

<sup>1</sup> Based on 24 RADP farmers. One large farmer increased revenue by \$10 million. Without him, RADP producers averaged \$65,000 increase in sales per year and smaller farmers averaged about \$2000 in net income increases.

<sup>2</sup> Based on four apicolas with which RADP worked.

<sup>3</sup> Figures based on six wineries with which RADP worked closely. National figures for the sector showed an \$18 million increase in domestic sales and an \$11 million decrease in exports. Floods in 2005 and poor weather in 2006 combined to significantly reduce the grape harvests and the quality of wine.

<sup>4</sup> Based on county tourism statistics for Brasov and on AER members for ecotourism.

## INTERMEDIATE RESULT 2: INCREASED PRIVATE SECTOR INVESTMENT IN SELECTED SECTORS

<b>RADP Targets for Increased Investment</b>		
	LOP Target	Investment
	US \$ Million	to Dec. 2006
Total: All Sectors	9.95	12.19
Pork Sector	7.50	0.52
Domestic Investment <sup>1</sup>	7.50	0.52
Foreign Investment	0.00	0.00
Honey Sector	0.25	0.16
Domestic Investment	0.25	0.16
Foreign Investment	0.00	0.00
Wine Sector	2.00	10.35
Domestic Investment	2.00	10.35
Foreign Investment	0.00	0.00
Tourism Sector	1.20	1.16
Ecotourism	0.20	0.16
Brasov County <sup>2</sup>	1.00	>1.00

<sup>1</sup> A RADP sponsored study tour to the United States resulted in GOR environmental approval for 20 of Smithfield's large production facilities, opening the way for a \$39 million investment in 2007 alone.

<sup>2</sup> Since data is not currently collected at the county level for investments in tourism, the increase in accommodation capacity was used as an indicator. Between 2004 and 2006, the number of accommodations available increased by 13.8 percent. A conservative estimate of construction costs for hotels/pensions on a per room basis indicates an investment of around \$28 million. Although all the investment can not be attributed to the project, RADP activities resulted in increased tourism and awareness and confidence in the future of tourism.

## RADP Performance Targets

	Life of Project	
	Targets	Actual
<b>Pork Sector</b>		
1. No. of training programs sponsored	12	16
2. No. of farmers meeting EU standards <sup>1</sup>		
3. No. of farmers using new techniques	35	24
4. No. of study tours conducted	2	7
5. No. of producers attending study tours	17	54
<b>Honey Sector</b>		
1. No. of beekeepers receiving certification assistance	210	200
2. No. of beekeepers receiving training	400	442
3. No. of participants attending international events	27	34
4. No. of marketing trips sponsored	3	4
5. No. of training programs conducted	6	6
6. No. of potential markets surveyed	5	3
7. Quantity of improved honey produced (Mt)	110	390
<b>Wine Sector</b>		
1. No. of wineries/vineyards receiving technical assistance	20	18
2. No. of participants to international events	30	29
3. No. of marketing trips supported	3	3
4. No. of training programs conducted	5	2
5. No. of market surveys conducted	1	1
<b>Tourism Sector - Ecotourism</b>		
1. Increase in tourist arrivals (target of 10% per year)	20%	97%
2. No. of FAM tours conducted	4	4
3. No. of new international partners selling Romania	6	8
4. No. of new tour packages offered for sale internationally	13	12
5. No. of new tour products identified/developed domestically	25	43
6. No. of training courses conducted	9	17
7. No. of tour operators trained <sup>2</sup>	25	421
8. No. of new AER members (base of 15 in 2004)	15	15
9. No. of certified ecotourism operators	5	8
<b>Tourism Sector - Brasov County</b>		
1. Increase in tourist arrivals (target of 10% per year)	20%	14%
2. No. of tour operators/journalists hosted in (Brasov + ecotourism)	45	45
3. No. of new travel/tour packages or products offered (Brasov)	35	11
4. Number of training seminars, courses, workshops held	42	26
5. Number of Romanian tourism professionals receiving training	650	513
6. No. of hits on Brasov Web site	12,000	104,000
7. Increased attendance at RADP promoted events	20%	60%
<sup>1</sup> The number of farmers meeting EU standards was intended to be one indicator for the hog sector. However, the GOR was slow to develop and communicate the new regulations and standards, as evidenced by two RADP activities (CSF and Standards workshops) which were not undertaken until the last month of the project.		
<sup>2</sup> Represents the number of persons trained, not only tour operators.		





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