



GREEN ENTREPRENEURSHIP  
How to foster sustainable development in rural communities

A model developed jointly by the Romanian-American Foundation, the Environmental Partnership Foundation and the Center for Entrepreneurial Education and Development in Romania

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# FOREWORD

Many rural areas in Romania are still poor, underdeveloped and lacking opportunities, despite the many national programs currently aimed at addressing these shortfalls. In 2010, when the Romanian-American Foundation outlined the structure of the Green Entrepreneurship program, thought that the program was not in fact supposed to come up with a generally applicable solution, but rather to seek for a way to get the local communities engaged into developing solutions that best fitted their needs. One important idea was that, while focusing primarily on finding a quick fix to otherwise important problems (such as access to water supply, education and financial aid), most ongoing schemes were actually failing to address the real cause of the poor development: the lack of stable and sufficient sources of income. Unfortunately, a uniform approach to these issues would be unreasonable, in so far as differences in terms of local specifics, potential income sources and culture are so wide, that one single answer would not be enough to cover all the questions. Instead, more and better targeted answers are needed. Such answers may often be found right in the middle of the local communities, as the place where opportunities should be sought and aggregation mechanisms should be assembled to generate products with high chances of success in a free and competitive

market. The Environmental Partnership Foundation added considerable value to the architecture of the Green Entrepreneurship initiative when, by resorting to its own wide expertise, has brought into the model the natural and cultural heritage dimension, seen as one opportunity to be harnessed locally. And, luckily, Romania has outstanding resources, when it comes to its heritage. However, any approach based on market mechanisms is bound to fail, unless sustained by deployment in the field of the entrepreneurial expertise required to start a business. The Economic Education and Development Center in Romania has played a decisive role by integrating some specific tools designed to satisfy this particular condition. Green Entrepreneurship is a model that illustrates how small changes at community level will turn into a sustainable solution and trigger bigger changes, if the model is followed and replicated. We hope this model to become a source of inspiration for any other organization seeking to promote the development of local communities and to foster social entrepreneurship and sustainable investments.

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# EXECUTIVE SUMMARY

## THE BENEFITS OF MARKET-BASED SOLUTIONS

One of the first surprising things about Romania is the sharp division between two realities that, while coexisting, each belongs to a completely different scenario. Slightly over half of the country's population lives in rural settlements, where over two thirds of the household consumption is based on self-made goods, school dropout rate is constantly increasing and incomes are about 40 % lower than in the urbanized part of the country.

In spite of the substantial contribution of the European schemes and government policies, there are areas in the country that are still almost excluded from the overall business circuit, being deprived of access to jobs and to alternative income-generating sources, living in isolation and lacking opportunities. Why is this happening?

It appears that some assistance interventions have erred by ignoring local peculiarities, and others, by generation resources unconnected to the real

needs and demand of the market (for example, production capacities without a chain of raw material supply and a distribution market; training unrelated to actual local training needs, a.s.o.). Local communities are rarely involved in or responsible for the outcomes of these programs, which causes considerable problems when it comes to sustainability of results.

While markets are normally driven by customers' needs and market demand, many local devel-

## Green Entrepreneurship

**Duration:** three years

**Nongovernmental organizations and enterprises financed:**

- Center for Protected Areas and Sustainable Development: Ecotourism at Meziad Cave
- Romanian Ecotourism Association; Slow Travel Company
- Szekler Fruit Association; Berries and mushrooms processing
- Hilița Association for Orchard and Vineyards Owners: processes fruits based on traditional recipes
- EcoLogic Association; Greenway Tour Agency
- Agent Green Association; Wild Time Green Tours Agency
- ProPark Foundation for Protected Areas Training and consultancy programs

**Total Budget:** approximately USD 600,000

opment programs are concentrating on supply. Whether they are purchasing assets, providing specific training programs or producing goods, only very few development programs actually take into consideration the market demand and the exact extent to which the program as such can clearly and demonstrably satisfy the need of the target-client.

This report talks about market-based solutions as a means to support rural communities to create

sustainable welfare. Market-based solutions, which could be a valuable addition to the large-size national development programs or to the schemes developed by various other organizations, are doomed to failure, if they work in isolation. Market-based development could generate significant benefits by enhancing the self-reliability and the accountability across communities, by enhancing the people's awareness of the major role they play in creating their own welfare, making them more determined and able to achieve goals at a better cost/benefit ratio. Unlike assistance programs, market-based solutions may become self-sustainable, if constantly financed.

A market-based solution is required to concomitantly meet the following conditions: to identify a lucrative business opportunity, to address a real customer and to allow access to a market that links the manufacturer to its potential clients. Most rural communities in Romania do not meet any of these conditions. Most often than not, the cause of their underdevelopment is the lack of access to business opportunities and to a viable income-generating business model.

**The Green Entrepreneurship Program has drawn up a development model focused on creation of local business opportunities. It started from the idea that Romania's extremely rich natural and cultural heritage of Romania, proven by its many Natura 2000 sites and national parks, its well-preserved customs and traditions, its traditional lifestyle and its diverse wildlife are The opportunity based on which a sustainable growth model can be built.**

What makes the Green Entrepreneurship Program an innovative initiative is its orientation towards sustainable development, i.e. towards creating an economic growth model that is capable to achieve the balance between the economic results, the environmental conservation and the positive social impact. Green Entrepreneurship is therefore placed at a point of intersection, a point that is normally left aside by most specially-targeted programs implemented by central and local administrations or by corporations. Green Entrepreneurship is a program funded by the Romanian-American Foundation (RAF) and developed by a consortium of partners made up of the RAF, the Environmental Partnership Foundation (EPF) and the Center for Entrepreneurship and Development in Romania - CEED Romania. The program lasted three years, during which time a total of seven nongovernmental environmental organizations were funded and assisted to set up green social enterprises capable to responsibly harness local natural and cultural resources. One of the conditions for admission in the program was that enterprises be developed in partnership with local communities. Another eligibility criterion was the compliance with the principle of sustainability.

### Program Outcomes

By the end of the Green Entrepreneurship Program, the seven social enterprises established under the program had created more than 100 temporary and permanent jobs and had gathered together approximately 300 families, mainly local producers and small entrepreneurs, who now generate additional income.

The program revealed that economic growth

opportunities are very often readily available to be exploited, right within the community, provided however that there is a strong partnership amongst local authorities, organizations, small businesses and community members. Not all seven enterprises have succeeded to work to the expectations and achieve the profit figures estimated in their business plans, but their mere setting up has weighted more in the development model than the attainment of the expected level of business performance. In addition, the implementing environmental organizations involved in the program have generated – at least in theory and depending on the future success of the implemented enterprises – the additional income source to finance their core activity and the basis for triggering more funds or to engaging in bigger projects.

One chapter of this report is specially dedicated to a presentation of the results of the program in each of the three dimensions of the sustainable development: environment, entrepreneurship and social impact. This report presents in a nutshell the principle that stood at the basis of the Green Entrepreneurship Program, as a pilot program designed to create a sustainable community development model based on local environmental assets.

This report is dedicated to nongovernmental organizations willing to explore the social entrepreneurship opportunity, to donors in search of innovative investment models and to public and private institutions engaged in community development initiatives. Last but not least, this report contains recommendations and “field” observations that can pave the way to innovative public policies for sustainable local development.

# FUNDAMENTALS

## OPPORTUNITY AND “IDLE ASSETS”

Romania has - and will continue to have in the foreseeable future - to face a unique challenge in the European Union, given that half of its population lives in rural areas where household income is often generated by self-subsistence agricultural works or by activities that escape any business circuit whatsoever.

In most cases, rural communities in Romania live almost perfectly isolated from the classic income-generation systems (jobs, self-employed entrepreneurial activities integrated into a formal and structured market mechanism). Hence, the absence of sources to generate community welfare.

The dramatic social conditions in the rural areas are often the consequence rather than the cause as such of isolation and lack of opportunity. The programs and policies dedicated to the

economic growth of rural communities have been concentrated more on alleviating the bad social consequences of their state of isolation and economic underdevelopment, by providing assistance to disadvantaged groups of people. The Green Entrepreneurship Program has proposed a new approach: a sustainable development solution which, instead of treating the symptoms (social problems), addresses the cause (the lack of business opportunity) of the misfortune. In other words, the Green Entrepreneurship Program

*„We're dealing with a very locally-specific and focused model of sustainable development, that connects relevant areas in terms of their cultural and natural heritage. The legacy based on local custom, interconnections and traditions is about to be lost, following the embracing of the Western model of development. Or it simply becomes extinct, there where nature is savagely and intensively exploited.”*

**Laszlo Potozky, director, Environmental Partnership Foundation**



## The “Idle Assets” Concept

One of the underlying ideas of the Green Entrepreneurship model is that the various projects and grant schemes dedicated to communities are often creating scattered resources that remain underutilized. These resources generate either very little or no income at all, thus turning themselves into “idle assets”. As such, an effective community intervention should catalyze forces and build a mechanism that integrates the resources created by previous investments and make them work and generate income. One example of effective intervention is the Ecological Association of Maramureş, which, starting from the results of several distinct previous investment projects, set up the enterprise called “Drumul Moştenirii Maramureşene” (Maramureş Heritage Trail). This social enterprise set up under the Green Entrepreneurship Program has gathered together and put to work the assets created by the previous entrepreneurial initiatives and established a specialized agency targeting a specific category of tourists (niche tourism). The agency provides travel package deals that include stays at hostels in the area, trips along the “Maramureş Heritage Trail”, visits to local craftsmen shops, entertainment events promoting the local culture and traditions and guided tours.

has aimed at creating economic growth opportunities in the rural areas of Romania. According to the Green Entrepreneurship Program, opportunity is any solution designed to responsibly aggregate and harness resources and assets that are already available locally, in an intelligent manner. The solution must be such as it may lead to the integration of the community into a market-based business circuit (driven by the rule of supply and demand), generate a steady source of income and promote local economic growth.

**One of the fundamental ideas that underlie the Green Entrepreneurship model is that opportunity is absent in rural areas not necessarily because of lack of resources, but mainly because resources cannot be effectively harnessed by means of conventional economic models.**

For example, environmental restrictions specific to protected areas hinder the intensive exploitation of forests, as one of the main sources of income for communities on forest lands. In case of traditional products, the absence of processing capacities, the isolation of local manufacturers, the scattered forest lands and the extremely difficult access to market render impracticable the application of a large-scale production model. Geographic remoteness and lack of tourist travel infrastructure compromises the potential of areas in the country that are otherwise extremely rich in natural heritage, such as caves and the Danube Delta. Instead of a forced integration of the local communities into a classical pattern of natural or cultural resource exploitation, a better solution would be

to find customized economic growth methods and models, conceived in such a way as to warrant generation of sustainable sources of income for the target communities, while at the same time preserving their traditions, cultural their unspoiled natural environment. In other words, the opportunity can be created by building a lucrative business model that turns valuable resources to good account while at the same time preserving them. Green Entrepreneurship Program has identified two economic development vectors that are likely to impact on an entire community, provided that they are intelligently used:

**1. small-farm agricultural production**, which, once integrated into an economic circuit, can create wealth;

**2. niche tourism**, based on the wealth of Natura 2000 natural parks and sites, for which there is a growing market demand and which has the potential to drive the communities of an entire geographical area into a lucrative action.

In essence, the Green Entrepreneurship Program aimed at developing social enterprises to supplement the main activity of the implementing organizations, to exploit local resources in a sustainable manner and to trigger further community development initiatives. During its three years’ term, the program has provided grants and assistance to a total of seven social enterprises, whose line of business was closely linked to the natural and cultural heritage of the local community.

## The Four-Pillar Architecture of the Green Entrepreneurship Model

**1 Market mechanisms:** change at community level can be prompted by connecting the community to a market that can generate sufficient demand so that the community may gain income and thrive.

**2 Leadership and awareness:** grants are dedicated to local community initiatives that are expected to build local partnerships. Whatever the type of business, funds should act as a vector for local economic growth, while also backing up the initiatives that are seeking to preserve local cultural and natural heritage.

**3 Business opportunity:** is any entrepreneurial intervention seeking for and responsibly making good use of the resources (be they historical, cultural or natural) that are readily available in a given area or a given community, rather than assisting vulnerable groups of individuals. An entrepreneurial initiative should regard social welfare as its most desired end result, and not as the reason for its startup.

**4 Sustainability:** the expected results of any intervention follow the sustainable development principle by taking into consideration the economic, social and the environmental impact.



Photo: Asociația EcoLogic

# SUSTAINABLE DEVELOPMENT AND THE “AT THE SAME TIME” DILEMMA

A general definition: The Green Entrepreneurship Program is a community intervention that creates solutions based on market mechanisms, so as to improve access to opportunities in remote communities, while at the same time intelligently harnessing their natural and cultural heritage.

It appears that one of the biggest challenges of the development programs dedicated to the rural communities is linked to wordings like “at the same time” or “integrated”. Most funding policies and initiatives are channeled towards one or another of these key directions: training, environment, community aggregation, assistance for the needy (women,

children and elderly) and business growth. All these directions are right and each of them is worth pursuing. However, a simple observation of the realities reveals the downsides associated with the one-way type of orientation of an entrepreneurial initiative: businesses are frequently causing irreversible damages by the reckless exploitation of the

## Decisions that shape the intervention model

# THE GREEN ENTREPRENEURSHIP MODEL

1

**STARTING POINT**

Natural and cultural heritage

2

**INTERVENTION VEHICLE**

Green enterprise

3

**LOCAL PARTNER**

Environment-based non-governmental organization

4

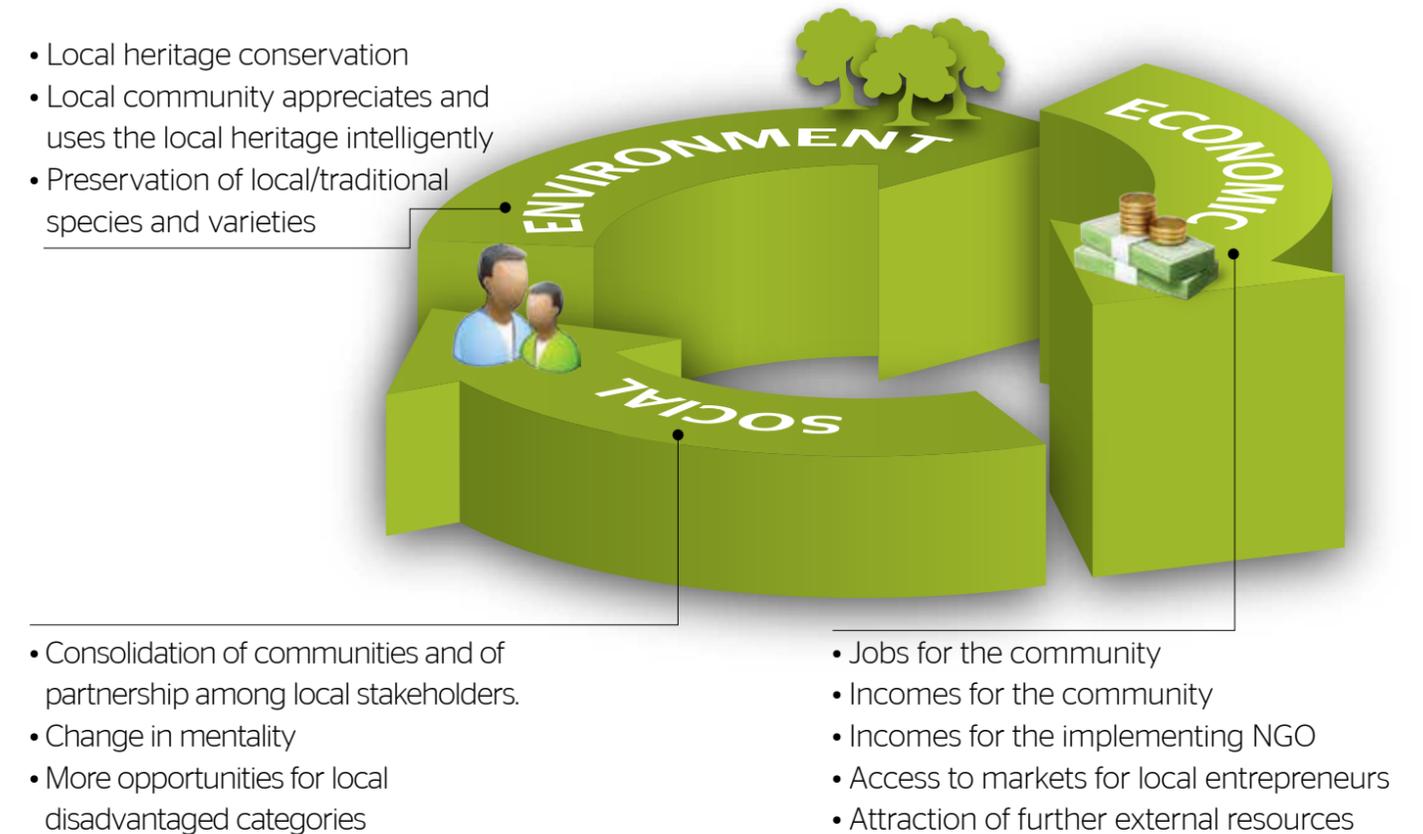
**SUSTAINABLE LOCAL DEVELOPMENT**

## Final Architecture

- 1 **The starting point** of the sustainable development concept: the environmental, natural and cultural heritage. In line with this concept, the program management consortium comprises a fund donor (the Romanian-American Foundation) and an expert in the fields of environment, grant disbursement and local community interaction (The Environmental Partnership Foundation).
- 2 **Community intervention vehicle.** Defines the formal structure through which the donor can intervene and trigger the evolution of a community. It could be a social enterprise, a local business, a local authority or any another vehicle. The Green Entrepreneurship Program chose the “green” enterprise as an intervention vehicle (see the next chapter for rationales and details). Within the management consortium, the business development and management skills were provided by the Center for Entrepreneurship Education and Development in Romania.
- 3 **Local partners.** They provide local leadership for the whole process and act as the liaison between the financier and the local community. The local partner has a key role in the success of the initiative, owing not necessarily to its expertise, but mainly to its ability to understand and work within the people in the community. In the case of The Green Entrepreneurship Program, environmental NGOs were the partners of choice, for the reasons to be explained below.

environmental assets; vulnerable groups of people see themselves forced to struggle again, as soon as external support stops; and environmental restrictions cause dissatisfaction amongst community members, who see such restriction as a limitation of their right to earn their living. The “at the same time” type of approach means that the community development project combines community aggregation with environment conservation, income generation, economic and social welfare, job creation and education, all at the same time. In other words, it is an approach based on the principle of sustainability. For Green Entrepreneurship, the key to the success of a sustainable development endeavor is the local cultural and natural heritage. As long as a community intervention takes due account of all the three dimensions specified above and is aware that acting in one of these directions only could influence (positively or adversely) the other two, the starting point may differ from one model to another. Although the starting point can be any point, it is the choice of such point that ultimately determines the configuration of the model as a whole, in terms of program management partners, local initiatives funded, as well as in terms of measurement tools. As a member of the Green Entrepreneurship management consortium, The Environmental Partnership Foundation provided both environmental and grant disbursement expertise, including extensive knowledge about local organizations and projects dedicated to natural heritage conservation and protection. Its contribution was of a crucial importance not only for the selection of eligible implementing NGOs, but also and primarily for keeping the right balance between the business needs and the environmental goals, for the benefit of the target

## Components of Sustainability for the Green Entrepreneurship Model



communities. Similarly, when one approaches the model passing through the “natural heritage door”, one assumes that the local recipients of funds have the required expertise and a sufficiently rich and relevant history in running projects dealing with the intelligent conservation and use of environmental resources. In this case, though, the program started from the assumption that the amount of local expertise in business development and business management would be smaller than one would expect in usual circum-

stances. Therefore, the management consortium had to include entrepreneurial expertise into the program. Choosing the starting point is a strategic decision that shapes the entire architecture of the community intervention. Besides this decision, The Green Entrepreneurship Program was the outcome of two other major and mandatory choices. These two other choices dealt with the intervention vehicle/tool and with the local partners that were to become the leaders of the community development process.

# THE MANAGEMENT CONSORTIUM

Sustainable development is one of the features that distinguish the Green Entrepreneurship Program from other community intervention schemes. A basic assumption designed to generate impact on all the three dimensions of the sustainability model (i.e. economic, social and environmental) is that funding is an essential, yet an insufficient component.

It happens quite often that economic interests take an otherwise well-intended intervention to a point where it causes irreparable damages to the environment. On the other hand though, if a social enterprise does not operate according to the market rules, its economic impact on the welfare of the community is often negligible and quite limited in time. Keeping the right balance amongst all the three dimensions of sustainable development is the ultimate goal of the management consortium, which can be achieved only through a combination of successful intervention skills and sustainable results in the long-run.

## Green Entrepreneurship Program Partners:

- **The Romanian-American Foundation:** it is the financier and the initiator of the program. As a financier, the Foundation operates more like a social investment fund, than as a grant provider. This translates into an attribute that is essential to the success of the program: flexibility in terms of the final destination of the

funding and customization of the social enterprise to the realities of the target community. This type of venture capital investment fund approach will nevertheless involve a greater risk on the part of the financier.

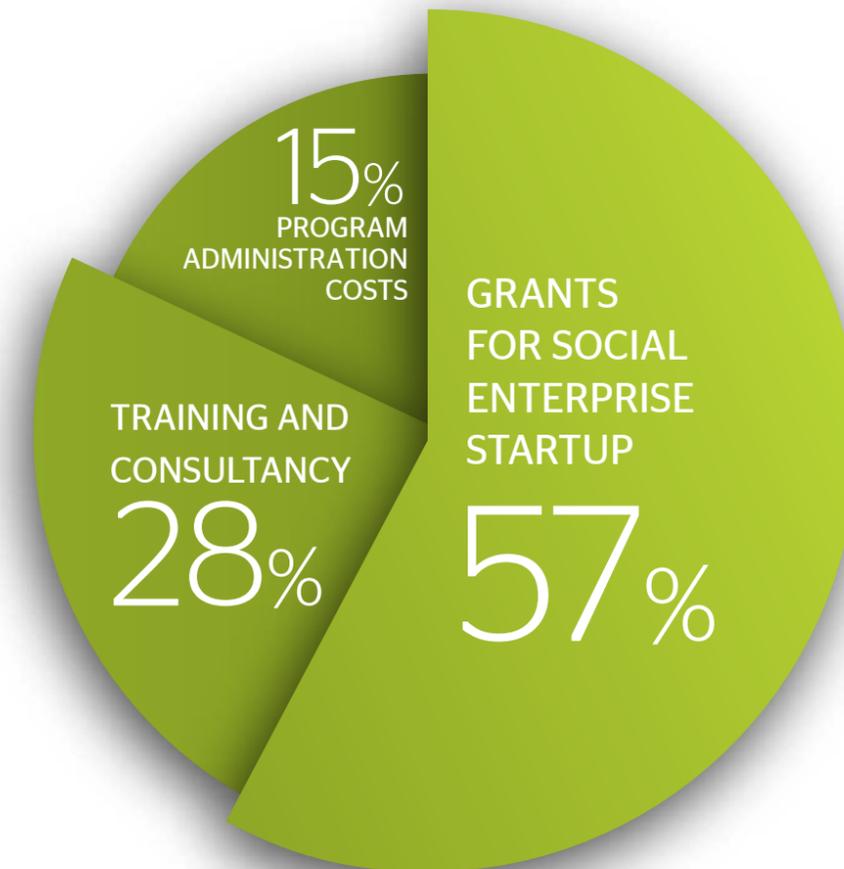
- **The Environmental Partnership Foundation:** it is the author of the program strategy and manager of the program. It has a decisive role thanks to its expertise in grant disbursements, in working with environmental NGOs and local communities, as well in preserving intelligently the country's natural and cultural heritage. From the sustainability perspective, the foundation ensures the balance between business operations and environmental compliance requirements.
- **The Center for Entrepreneurship Education and Development in Romania - CEED Romania:** trainer and partner consultant. It provides training and assistance to local partners (environmental organizations) in terms of knowledge of business development and business management, as the key skills required to run an economically viable social enterprise.

*„Funding comes with a developmental approach, a flexible cycle, well adapted to the real-life situations occurring during the three years of the program. When you work with communities, you expect them to differ one from the other and you have to pursue the ultimate, while at the same remaining ready to accommodate the unexpected.”*

**Roxana Vitan, president, Romanian-American Foundation**



## Green Entrepreneurship Financial Structure





*„We’ve been very careful to ensure the conditions for the enterprise to work by itself. The enterprise is a vehicle, and not a purpose in itself, and it must perform well, so that the program can generate the results we are expecting to see in the long run.”*

**Romeo Vasilache, program director, Romanian-American Foundation**

# THE SOCIAL ENTERPRISE AS A DEVELOPMENT VEHICLE

From the Green Entrepreneurship’s perspective, a social enterprise is an initiative based on entrepreneurial spirit and market mechanisms, whose purpose is to ensure the sustainable valorization of the local heritage and to ultimately improve the life of the communities.

According to the European and the international sustainable development models, the social enterprise and the social entrepreneurship pursuing a clear environmental mission are making their presence felt more and more, though only on a modest scale, for the time being. The “green enterprise”, as it is already called in the globalized jargon, exhibits several features that differentiate it from other entrepreneurial initiatives:

- it pursues an environmental mission in the process of creating benefits for the community;
- it engages in business to generate a income;
- it reinvests most of its profits in achieving its mission.

Unlike a project that is limited in terms of both its duration and its expected results, a social enterprise generates –at least in theory – a long-term positive impact on the environment and the

community.

On the other hand, in the Green Entrepreneurship model, the social enterprise is expected - again, in theory, at least - to help the implementing NGO to pursue its core mission in the long run. Because nongovernmental organizations are usually facing serious limitations in achieving their goals, due to their dependence on institutional donors or government funds, a mature social enterprise could provide enough income to be financially in good standing, while also providing the relevant implementing organization the means to carry on and accomplish its main mission.

For the reasons described above, a social enterprise can be regarded as a sustainable development tool and as a potential growth driver for the community it serves. Once the definition of the green enterprise as a vehicle of intervention established, the most important challenge the Green Entrepreneurship program had to face was finding the right local leaders, capable to set up and manage such a structure. Firstly, because running a social enterprise requires a change in mindset and special skills than in the case of most NGOs. The effective management of a social enterprise also implies to look in a totally different direction: from looking for funds, to seeking to generate income from running a market-based business. Secondly, because the idea as such of community development implies both a close interaction between the implementing organization and the locals, and the ability to aggregate community members into a driving mechanism.

## Szekler Fruit, a Community Aggregation Magnet

At Zetea, near Odorheiu Secuiesc, the Szeckler Fruit Association has initiated the establishment of a community enterprise (Forest Owners Association), in partnership with local Compossessorate, in the form a center for the processing of berries and mushrooms, which engages community members in a lucrative activity, thus generating revenues locally. About 50 people work seasonally or permanently for the center and a total of 200 families (mostly Roma ethnics) gain a steady income from picking up forest fruits and mushrooms. The Compossessorate provides the logistics and handles the financial management of the enterprise. The center has also developed a related activity by providing training to the locals in forest fruit and mushroom processing.

A whole training and support program is planned to be dedicated entirely to Roma ethnics in Zetea, who will be trained in the management and conservation of those forest lands that are rich in berries and mushrooms.

The ultimate goal of the Center is to gather the local community around an activity that is not only lucrative, but preserves the forest and generates income in the long run.



*„Soft considerations, such as trust, tradition and long cooperation, are often more important than the rational ones.”*

**Laszlo Potozky, director, Environmental Partnership Foundation**

## LOOKING FOR LEADERS

The three-year duration of the Green Entrepreneurship program is a short time, judging in terms of community development. Program configuration and its orientation towards opportunity generation based on environmental assets called for the selection of suitable local leaders, capable to perform successfully within these limitations.

Environmental NGOs - and, for the sake of model generalization and its application to other types of interventions as well, NGOs with experience in community work - have certain attributes that qualify them for the role of local leaders under the Green Entrepreneurship program. First of all, experienced organizations belong, by the nature of their line of work, to the communities where they work as custodians of protected areas (EcoLogic Association, for example, has over 15 years of community work experience in Maramureş; likewise, the Center for Protected Areas and Sustainable Development has been active for more than 10 years in the field of conservation in the Apuseni Mountains) or as pro-

fessional associations (The Romanian Ecotourism Association) or as a local producers' associations (Hilița Association and Szekler Fruit Association). Community facilitation skills, coupled with experience in the field, are putting NGOs in the happy situation where they can achieve more results much quicker than when the mechanism would have to be built entirely from scratch. Secondly, by definition, their mission and objectives are spread across longer time intervals and the mission of the NGO aims higher than the interests of an individual or of a business.

**Apart from assets and performance, the so called „soft” skills played an important role in the decision to work locally with NGOs. Although unseen, the trust capital built within communities and the public perception that an NGO provides support and value, rather than deriving personal benefits are extremely important elements in a community intervention model.**

## The Portrait of a Leader

The Green Entrepreneurship program aimed at providing financing to social enterprises, but its evolution was somewhat different from other approaches. Instead of looking for ideas, it started by seeking for leaders from among local organizations exhibiting special features and having a specific history, while definition and examination of proposals were postponed to a later stage. A good business idea is worth very little in the absence of a determined and capable leader to make it work in practice. In addition, according to the idle assets theory, the opportunity can be created in almost any community, as long as there is a local leader who understands how resources can be put to work. There are some basic criteria in evaluating local leaders, and these are:

**History:** the leader organization should have a history not only in terms of its age, but also of in terms of its past achievements and its consistent performance in the relevant field.

**Reputation.** No leader is a true leader unless he or she is recognized as such by the community he or she belongs to. The leader should belong to and be trusted by the community, to be able smoothly interact with its members.

**Network.** It is important to have the right connections in the community, namely those types of relationships that are critical for the smooth running of the social enterprise. For ex-

ample, relationships with guesthouses owners and craftsmen, in the case of a tourism-based business; relationships with the local authorities, if the enterprise needs infrastructure facilities; relationships with local producers, in the case of traditional manufacturers.

**Know-how.** To ensure the balance between the three components of the sustainability concept, it is imperative that the local leader know in detail how local heritage can be harnessed in an intelligent way. Actually, this type of know-how is the cornerstone for opportunity generation.

**Community Facilitation.** It is one of the key competences required to aggregate the local community and to stimulate key stakeholders to get involved.

**Capacity.** One of the major risks occurs when the business operations subordinate the wider mission of the implementing nongovernmental organization or annihilates it completely. The purpose of the Green Entrepreneurship Program is to make sure that the social enterprise and the implementing environmental organization coexist in parallel and that the former serves the mission of the latter.

Organizational capacity is utterly important from this point of view and covers stability, internal culture, relations with the Board of Administrators, ability to innovate, team stability etc.

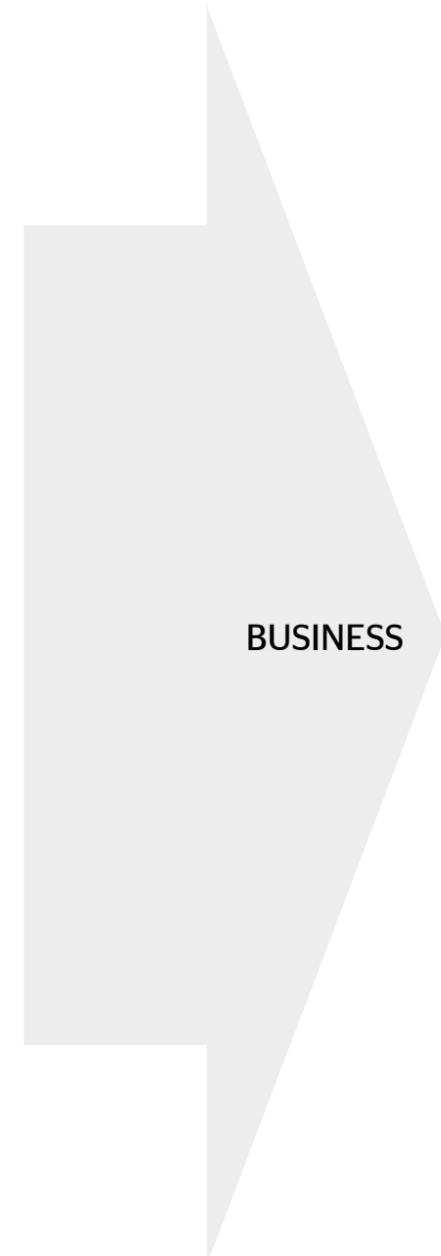
**Determination.** The will and desire to get involved.

# RESOURCES AND STAGES

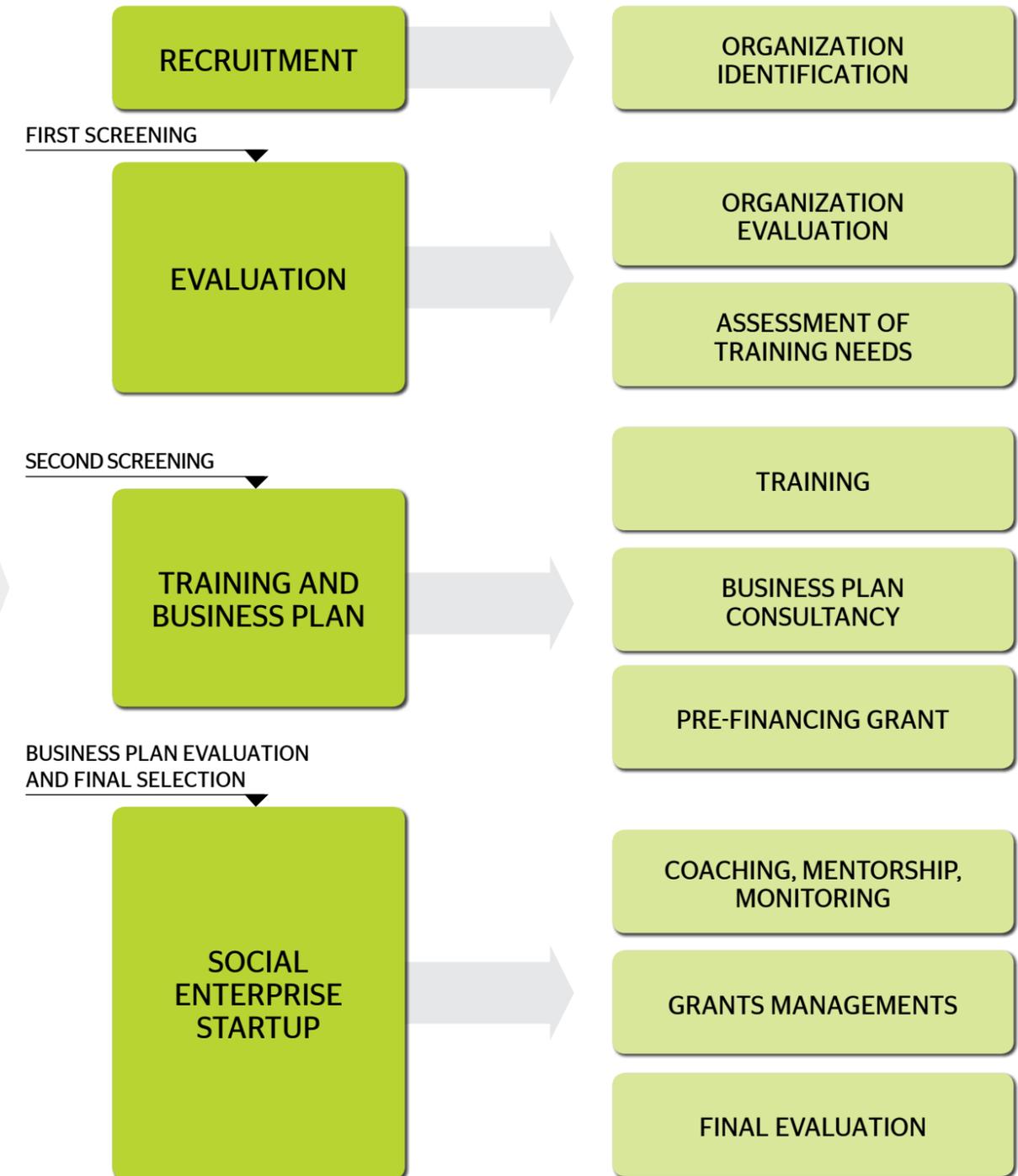
In brief, the Green Entrepreneurship model consists of allocation of grants to finance the business plan of a social enterprise developed by an environmental NGO. The enterprise will operate as an addition to and in parallel with the NGO, supporting it to accomplish its mission.

There are two equally important components that define this model: on the one hand, the resources made available under the Green Entrepreneurship Program to local leaders and social enterprises and, on the other hand, the stages that define the process of creating and running the social enterprises as such. Both components are extremely important, but neither of them leads to sustainable development, if separated from the other.

## Resources



## Stages



## RESOURCES AGGREGATED BY THE CONSORTIUM

### FINANCING

(ROMANIAN  
AMERICAN-  
FOUNDATION)

The program consisted of allocation of grants for the implementation in practice of a business idea based on a business plan. The grant covered the immediate needs of the newly established enterprise: startup costs, asset procurement costs, wages costs etc. The ultimate objective of the grant was less important than the purpose as such of the Green Entrepreneurship program, namely that of contributing to the creation of market-based enterprises. The NGO's co-financing amounted to 10% of the grant. The most important attribute of the financial component of the model is FLEXIBILITY. Basically, the grant "molded" itself onto that investment project that was likely to cause the most significant impact.

### EXPERTISE

ENVIRONMENTAL  
PARTNERSHIP  
FOUNDATION

#### EXPERTISE in grant allocation

It ensures compliance of grant allocation and utilization with a set of good practice criteria, throughout the entire duration of the program.

#### LOCAL EXPERTISE in environmental and sustainable development

The main purpose of this resource is to provide the right balance between the three dimensions of sustainable development: economic, environmental and social. Actually, all implementing organizations included in the Program were provided with ongoing support in the form of personalized advisory services on how to attract business partners, boost institutional development and strike the balance between their environmental and their financial interests.

The expertise component acts as a safety belt, in that it prevents business operations from jeopardizing the implementing organization's environment conservation projects.

#### CEED ROMÂNIA Business expertise

It covered the following two components, targeted to social enterprise leaders:

1. training in business plan preparation and in business management;
2. advisory services provided throughout the program: on marketing, sales, financial management and other issues.

The purpose of this component was twofold: to transfer knowledge and know-how, and to trigger a change in mentality. Managing a donor-funded project differs fundamentally from managing a business which is expected to generate long-term income, operate in a free market and make profits to keep itself afloat.

### ADDITIONAL RESOURCES

Although originally not included in the Green Entrepreneurship Program, these resources were attracted in response to the various needs identified later in the process. Again, a flexible approach was essential for the model to be able to create the maximum degree of impact and achieve its goals.

1. Mentorship provided by a panel of independent experts of varied skills. Mentors helped with evaluating the business plans and remained at the disposal of the social enterprises throughout the entire duration of the Green Entrepreneurship Program.
2. Customized consultancy provided to social enterprise managers, covering a wide range of topics, from how to sort out problems to how to manage people.

### MONITORING

CEED ROMÂNIA  
ENVIRONMENTAL  
PARTNERSHIP  
FOUNDATION

Monitoring comprised two components, both designed to support the idea of sustainability:

1. Firstly, the assessment of financial performance and of business indicators. Preparation of a monthly report in simplified format, describing the results of the enterprise. The report is designed to confront the figures in the business plan with the actual situation and to help enterprise managers get accustomed with the strict business rules.
2. Secondly, the assessment of grant utilization and of the social and environmental impact generated by the operations of the enterprise.

Although the rigorousness of this kind of financial reporting may seem exaggerated, it nevertheless serves as an invaluable tool for monitoring the situation in the field and for understanding the pulse of the market.



*„The success of a social enterprise depends on the change in the mindset of its leaders. Before it becomes a social enterprise, the business should be economically viable, and that requires thinking in business terms. Our role was to insist on the importance of the entrepreneurial spirit. To help the community, it is essential to help yourself first so that you become able to generate profits for the organization and implicitly for the community”*

**Cristina Mănescu, executive director, Center for Entrepreneurship Education and Executive Development**

## THE STAGES OF THE MODEL

### IDENTIFYING ORGANIZATIONS

month 1+2

1,7%

Legend:

- Stage duration
- Percentage allocated from the total budget

Unlike traditional model where the sponsor places an open call for proposals to any interested organizations, Green Entrepreneurship adopted a different procedure.

1. The Environmental Partnership Foundation shortlisted a number of 13 organizations (retained based on the selection criteria described at page 21 and relying on the Foundation's 15 years of experience in working with environmental organizations).
2. RAF and EPF then visited every organization on the shortlist, to assess the extent to which they understood the idea of the program and whether they were willing to join in the program and had a business idea in plan.
3. Each organization was invited to send a letter of intent describing its business idea on a few pages.

This stage was not necessarily designed to harvest a bunch of well-defined and infallible business ideas, but to examine the compatibility between the selected organizations and the program as such.

*„The letters of intent were supposed to be very simple, containing a brief description of the candidate's business idea. What we did, in fact, was to invite them to daydream.” Laszlo Potozky*

### THE FIRST SCREENING

month 3

0,3%

Two basic criteria were reviewed at this stage, namely:

1. Ability to articulate an idea that made sense in economic terms and could be developed into a social enterprise.
2. Consistency between the business idea, the implementing organization's mission and the manner in which the enterprise could generate benefits for the community.

The condition was that the idea should springs from and be closely linked to the organization's mission, to put to work the resources (cultural or natural heritage assets) existent in the community and to support the parent-organization accomplish its ultimate mission, yet without jeopardizing the business interests. Seven out of the thirteen organizations were finally retained for the next evaluation stages. Whatever the candidate organization might have been famous for environmentally-wise, sustainability of its business idea was the crucial criterion at this stage.

### ORGANIZATIONAL CAPACITY ASSESSMENT

month 4-7

1,0%

The purpose of this step in the process was to assess whether the organization was ready to sustain the social enterprise. The assessment was conducted by the Association for Community Affairs and included dimensions such as the organization's structure and maturity, resources, strategic and long-term vision, support available from its management board, its management capacity, human resources, its determination to set up an enterprise etc.

All seven organizations were accepted for the next step of the evaluation process. The essential condition was for the organization to be able to balance its environmental projects with the management of the social enterprise.

### ASSESSING THE NEEDS OF THE ORGANIZATIONS

month 7-8

1,1%

This stage was dedicated to examination of the extent to which the organizations selected had the knowledge and skills required to develop a business. Based on the results of this assessment, CEED Romania could outline the training module for the next stages.

*„When selecting ideas, we started from what the organizations had achieved by that time and we tried to see what they could use as the foundation for a business startup. An important condition was that the enterprise should be closely linked to the mission of the parent-organization.”*

**Romeo Vasilache**

### THE SECOND SCREENING

month 9

0,4%

Screening the organizations eligible to go through the next stages of the program, taking account of their scoring in the organizational capacity assessment phase. All seven organizations were accepted for the next step.

### TRAINING

month 10-11

4,9%

The main purpose of this stage was to provide organizations with the necessary tools to implement the business plan and manage an enterprise for-profit.

This stage lasted two weeks, during which time organizations developed their business plans, based on their business ideas.

Participation in this stage was a mandatory condition for final acceptance of the organizations in the program and for their funding.

## THE STAGES OF THE MODEL

### BUSINESS PLAN CONSULTANCY

month 10-14

1,5%

The purpose of this step in the program was the finalization of the business plan of the future social enterprise. Organizations refined their ideas about how they could make their resources work and about the object as such of the grant. This phase focused on the following two topics:

1. Changing the mindset: from a mentality oriented towards managing well-defined projects financed by various donors, to an entrepreneurial mindset focused on managing an income-generating business sustainability in the long-term.
2. A realistic business plan, designed to draw on the company's ability to generate revenues and profit in a real market situation.

Program flexibility played a vital role at this point. Organizations were expected to be able to change in whole or in part the business ideas based on which they had been selected to participate in the program, and to be aware that such changes might happen on the way, whether they would have to adapt their business plan to the real market environment or find other opportunities or partners.

### PRE-FINANCING

month 11-14

2,5%

This stage was dedicated to a preliminary market study dedicated to completion of the business plan. Organizations were free to choose whether or not to use the prefinancing.

*„It's a great philosophical gap between an economic activity and a non-governmental endeavor. In a non-profit environment, you normally think in terms of projects of a limited time and scope. You don't think in terms of a constant income generation. In a business environment, if one day you don't handle your sales properly, you lose and you can't catch up.”*

**Cristina Mănescu**

### THE FINAL SELECTION

month 15

0,7%

The final selection was made on account of the results scored in the business plan evaluation stage. This stage was dedicated to selecting those enterprises that were indeed eligible to receive the grant funds. All seven organizations were retained for the next steps.

### DEVELOPING AND MANAGING THE ENTERPRISES

month 16-39

grant 51%  
consultancy 16,5%

This stage covered not only the allocation of the grants and the provision of advisory services, but also an ongoing evaluation.

1. The management consortium provided ongoing assistance, personalized advice and support for the enterprises.
2. The operating performance was assessed each month, on the basis of simplified financial reports.
3. Business plans were reviewed and updated to reflect the actual situation of the enterprises and of the market one year after the business startup.

The flexibility of both the model and the management consortium was again a key factor. The viability of the business weighted heavier than a rigorous fitting into a business plan and into some preset quantitative objectives, while learning, too, was part of the model.

*“The idea is not to make profit at all costs, but to make profit intelligently by harnessing the true value of the heritage assets available locally, while also caring for their preservation. In other words, the idea is to make money from a sustainable business and reinvest it for the benefit of the organization and the community.”*

**Roxana Vitan**

### CONSOLIDATION GRANT

month 36

3%

The Environmental Partnership Foundation awarded a grant in the form of post-financing to four of the seven companies. The grant, in the amount of approximately US\$ 6,000, was dedicated to financing activities and investments which, though outside the scope of the original business plan, were likely to contribute to the success of the core business.

### FINAL REPORTING

month 15

0,7%

Final reports described the results of the business enterprise as well as information about its social and environmental impact.



## THE RESULTS OF THE GREEN ENTREPRENEURSHIP PROGRAM

The outcome of the Green Entrepreneurship Program's can be quantified based on multiple criteria ranging from the change in the mentality of the leaders of the implementing organization, to the creation of new jobs for the community.

The objectives of the program were nevertheless closely linked to the combination of multiple criteria into the concept of sustainability. In other words, the program was intended to create a triple impact: environmental protection and conservation, profitable business, and local community

development. Besides its concrete and quantifiable results, the Green Entrepreneurship Program's contribution was also recognized in 2013, at the Civil Society Gala, when the Program won the first prize at the "Economic and Social Development" section.

### Environmental Impact

All the seven recipients of grants have as their key area of interest the development and preservation of the local heritage (environment, traditions and culture, local plant varieties and species). The social/community enterprises set up under the Program are contributing to the:

- rescuing and perpetuation of local plant species and crops (Zetea Center for Berries and Mushrooms Processing and Hilița Association for Orchards and Vineyards);
- preservation of traditions, craftsmanship and rural lifestyle (EcoLogic Association acting via the Greenway Tour ecotourism agency);
- preservation of the county's natural resources (the cave in Meziad and the Slow Travel Company in the Danube Delta);

### From Thinking "By Project" to Business Thinking

*„Before, we had certain budgets to spend and reports to deliver every six months or every year. Now, we have to constantly manage the money we make from doing business and do everything we can to be competitive and ensure the self-sustainability of the agency.”*

**Emil Pop, Greenway Tour Agency**

*„In business you have to risk a little, to overcome obstacles, if you want to win. That's what we've learned, we've learned to be a little more business-oriented.”*

**Paul Iacobaș, Meziad Cave**

*„We've learned how to work and think financially. We've learned how to calculate and use our money carefully and how to determine the value of our product in relation to our customers.”*

**Tiberiu Chiricheș, ProPark**

## THE GREEN ENTREPRENEURSHIP MODEL

- environmental training and education (ProPark and Agent Green, through Wild Time agency). In addition, the financial gains incurred by the social enterprises developed under the Program will contribute in the long run to the funding of the core activity of the implementing environmental organizations.

### Economic Impact

The social enterprises set up under the Green Entrepreneurship Program have created over 100 new seasonal or permanent jobs. Moreover, where the business idea is coupled with forming clusters of local artisans and manufacturers, the degree of economic impact on the life of the community is even higher: in total, nearly 300 families (of local manufacturers or entrepreneurs) are currently working for or with the social enterprises created under the Green Entrepreneurship Program.

In terms of attraction of additional financial resources to the communities through the establishment of enterprises, the precise impact is difficult to quantify in the short term and in the aggregate. The fact is that:

- in the case of the Danube Delta, for example, the Romanian Ecotourism Association has succeeded to trigger three more projects, worth about EUR 40,000, centered on the social enterprise.
- following the establishment of the social enterprise, ProPark has quadrupled its project funding capacity.
- At Zetea, the US\$ 50,000 grant allocated under the Program has triggered EUR 350,000 in resources from the community and additional funding for a new investment project.



In terms of profitability and financial results, it is difficult to draw a final conclusion after only 18 months from the putting into operation of the social enterprises. Some of them (Meziad Cave, Greenway Tour agency and ProPark) are profit-making. Others are expected to start to make profits from their third year of operation (Zetea, for example), while the rest should fine-tune their business strategy and business model further, so that they may eventually turn into profitable undertakings.

Several brand-new products were manufactured locally during the Program (16 products in Zetea and 3 certified traditional products in Hilița).

Two of the most important benefits of the Program - which are otherwise rather difficult to mea-

sure in figures - are the transfer of business and management knowledge and know-how and the change in the mindset of the organization's leaders: from a mentality oriented towards short-term projects with immediate results, to one focused on generating long-term income.

Profit-making social enterprises are reinvesting their money in diversifying the range of projects undertaken by the nongovernmental organizations that created them, thus contributing to the financial sustainability of the latter.

### Social Impact

One of the main objectives of the Green Entrepreneurship Program was to unite the local community around a common goal and create local

partnerships. Another objective was to multiply the impact of the social enterprises and redirect it from the mere generation of income for the benefit of the implementing organizations as such, towards the wider goal of generating extra welfare for the community. Although social impact was not the ultimate goal pursued by the program, it was nevertheless one of the results expected to be generated by the success of the business enterprise.

- At Zetea, for example, the Center for Forest Fruit Processing has generated an income source for more than 150 Roma families, with the next step consisting of delivery of a training program for the younger members of those families. At the same time, Roma families involved in the activities of the Center have received as incentive firewood for winter.
  - Wild Time agency has involved in organizing tourist camps in the Retezat National Park some of the rangers and mountain rescuers in the region and worked in partnership with the Park administration to carry out its camp project.
  - The Meziad Cave project has created the opportunity for a long-term partnership between the Center for Protected Areas and Sustainable Development and the Mayor Hall of Remetea.
  - Scattered along the Green Road of Maramureș Heritage, more than 30 local partnerships are providing goods and services incorporated in the travel packages of the Greenway Tour travel agency, a good opportunity for the local craftsmen to promote their traditional artifacts.
- All seven social enterprises are continuing and are developing their business following the closure of



# RECOMMENDATIONS AND GOOD PRACTICES

Photo: Asociația EcoLogic

## A FEW IDEAS FOR DONORS AND OTHER ORGANIZATIONS

The Green Entrepreneurship model is a community development model based largely on entrepreneurship. From a flexible funding to a constant adaptation of the intervention to the realities of every organization/community and every social enterprise, the model requires a “grassroots” approach, coupled with ongoing involvement of the management consortium. It also implies a higher tolerance to risk from the part of the donor.

Nonetheless, the reality of major donors such as EU or governmental organizations is different, and flexibility and partnership are rarely feasible at this level. In contrast, the Green Entrepreneurship model can be easily replicated - with quantifiable results and a long-term impact - by organizations oriented towards sustainable smaller-size projects. In this case, the direct

quantitative assessment, which is prevailing in any large-size funding scheme (as number of participants, number of projects developed etc.) is replaced, as clearly shown under the chapter dealing with impact assessment, by a system based both on directly measurable quantitative criteria and qualitative and impact assessments. Moreover, unlike the traditional EU funding

## Flexibility: a Key Factor

Programs that are pursuing the achievement of a real and long-term impact on the target communities need flexible boundaries, to be able to adjust themselves to the actual conditions in the field.

### The following are several important dimensions attached to the concept:

- 1 adaptation to the actual funding needs of each initiative;
- 2 integration of further components in the program, as new needs and limitations occur, that are directly linked to the needs and objectives of the program (for example, a particular type of training or a marketing investment);
- 3 changes in the business plans to match market conditions.

### At the same time, the model should maintain well-defined boundaries in several areas:

- 1 going through all the stages of the program should remain a compulsory condition;
- 2 monitoring and reporting, and in particular the reporting of the enterprise financial results.

schemes, the Green model allows a modular approach, where the different investors join into partnerships and consortia to achieve common objectives.

### Five Good Governance Rules

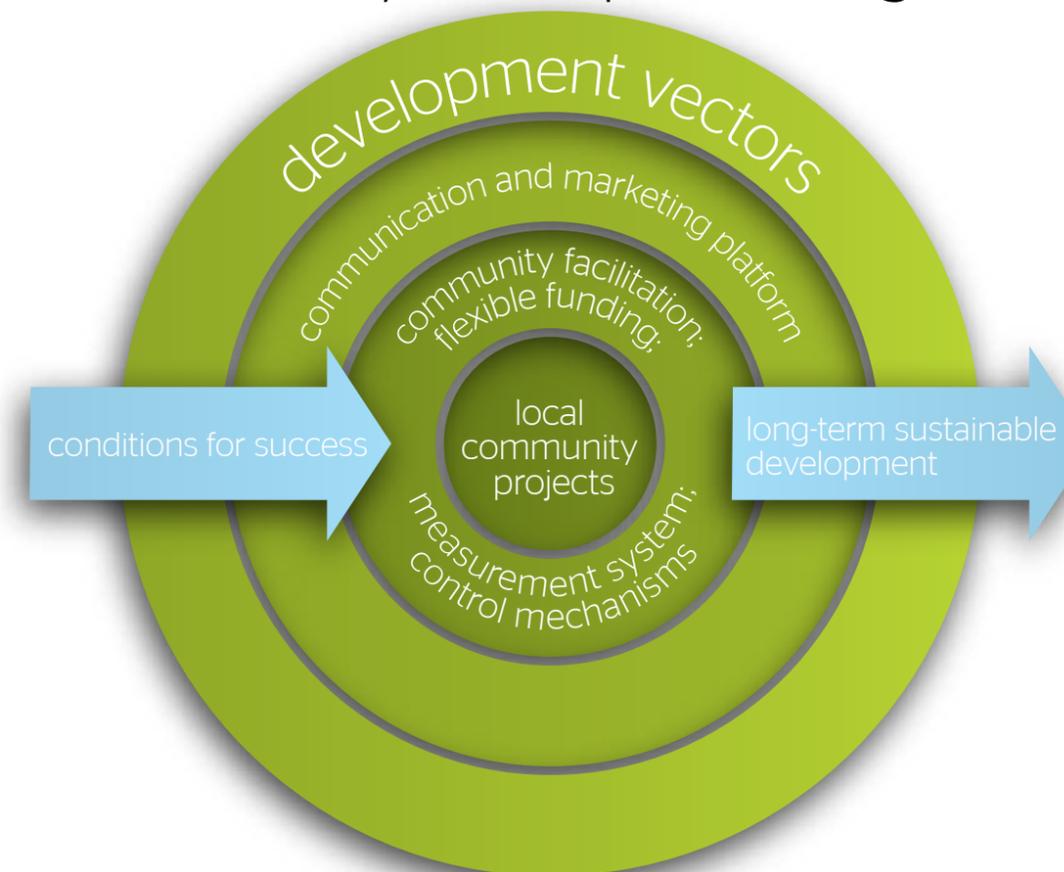
Local development would be hardly imaginable in the absence of cooperation and involvement of local leaders; on the other hand, though, it can easily turn into chaos, unless coordinated from a higher level. The right track to follow does not necessarily mean choosing one of these two approaches - the centralized top-down or the participatory bottom-up approach, with one excluding the other. The right track means a smart integration of both dimensions.

The strategic decision as to **what vectors can turn into development opportunities** rests with the public authority, the donor and with any other institution that undertakes a community project of some scale. At the same time, it is the local community's task to come up with a concrete plan that matches the preexistent framework, the specific background and the interests of each and every community.

An effective mixture between these two dimensions - the strategic plan and the community - depends on several key elements:

**1. area preparation**, translated into community facilitation. Before anything else, the local community must understand the rationales behind the program and build up the internal mechanisms to join it. At this stage, local

## The Elements of a Sustainable Community Development Program



leadership is developed and conditions are put in place for the local community to start preparing a plan that suits the strategy.

**2. flexible financing** of several components, to reach different stakeholders engaged in the economic growth of the area. For example: infrastructural resources for local

governments, training in ecotourism for guesthouse owners, startup funds allocated to a local aggregator such as an ecotourism agency.

**3. independent audit systems** (good governance system) designed to warrant program integrity.

**4. a realistic measurement and reporting system** that takes into account the actual conditions and the impact the program is expected to generate. For example, the simple quantitative reporting on the printing of 10,000 training manuals will not suffice, nor will it provide relevant and useful information on the impact or the sustainability of the project.

**5. an integrated marketing and communication platform** covering the entire program. The idea that every community and every producer is capable to cater for its own marketing program is far-fetched. Marketing programs are expensive and local budgets are never big enough to finance them. Ideally, the program initiator should build a communication platform that could later serve various other individual projects (e.g. marketing for ecotourism destinations in Romania).

## Five Best Practices for Financiers

The Green Entrepreneurship model is geared towards the setting up and development of social enterprises based on the exploitation of local opportunities through market mechanisms. Implementation of the model in seven communities in Romania has revealed that the following good practice principles are applicable to similar models.

**1. FUNDING.** Green Entrepreneurship allo-

cated a fixed grant fund worth the equivalent in Ron of US\$ 50,000, to support the business plans of the newly established enterprises. The amount of the grant is not sufficiently large to cover setup and start-up costs, startup operating costs and the possible acquisition of assets. Therefore, it is important that this kind of minimal funding should be seen as a basis for securing further resources from different other sources.

### Danube Delta Case Study

In the Danube Delta, the Slow Travel Company - one of the enterprises financed under the Green Entrepreneurship Program - was the starting point for the involvement of other donors and the development of complementary projects.

Andrei Blumer, the president of the Romanian Ecotourism Association (one of the two partners in the Slow Travel Company project) talks about how new ideas and partners join together "like the pieces in a puzzle".

Organizations such as Danube Competence Center, UNDP through GEF Small Grants Program or the Environmental Partnership Foundation contributed by approx. EUR 40,000 to three new initiatives: specific green tourism offers on various routes in the Danube Delta for paddling, cycling, bird watching and innovative interpretation of natural habitat and Delta ecosystems.

**2. TRAINING AND CONSULTING.** Changing mentalities is one of the keys to the success

of any social enterprise. Mentality change covers the following two directions: the first one is about thinking freely and opportunity-wise (as apposed to dependent thinking that relies on external factors (authority, donor etc.) to solve problems. The second direction is very specific and relates to the ability to handle the business tools (business plan, cash flow, revenue etc.). Training and consulting are must-have tools, but they need to be tailored to the specific needs of businesses and spread across the entire duration of the program.

**3. MENTORING.** This program component was added on the way. Although used to a very little extent, the component is a highly valuable resource for the transfer of business knowledge and experience. To be operational, mentoring should be introduced into the model architecture and delivered by a multidisciplinary team of mentors.

**4. GOOD GOVERNANCE RULES.** It is important to have a clear-cut distinction between the social enterprise management and the management of the implementing organization (whether an NGO or other structure). The enterprise must have its own manager right from its start. Therefore, it is recommendable that the model incorporates such a requirement.

**5. MEASUREMENT AND EVALUATION.** This is a key component for the success of the social enterprise, especially when it comes to a change in mindset. While flexibility may and should exist here and there in any com-

## Community Development and Investment Risk

In essence, Green Entrepreneurship started from the assumption that an opportunity is available locally, which could be converted into a revenue-generating model. But this kind of approach exposes the businesses created as well as the program as such to the risk normally associated with any entrepreneurial initiative.

In terms of investment risk, the Green Entrepreneurship model is on the same level with any venture capital fund that provides funding to business startups.

Later in the process, when enterprises start generating a steady income based on a predictable model, they become potentially attractive to the donors with a lower appetite for risk, but with long-term support capacity, such as banks and governmental schemes.

community intervention model, the ongoing measurement and monitoring of company performance is a must. Monthly financial reports in simplified format and a regular confrontation of the business plan with the situation in the field are the basic conditions for a successful business.



*„It’s a complex situation, socially and economically speaking. Mayors often see us as a nuisance: when they plan to open a quarry that ignores the need to protect the natural environment, we have to tell them no.”*

**Paul Iacobaș, president, Center for Protected Areas and Sustainable Development**

# MEZIAD CAVE REINVENTED

There are still very few people who actually know why Meziad Cave in Pădurea Craiului Mountains is one of the most extraordinary places to visit in Romania. The cave houses the longest cave route in Romania for mass tourism, the second largest bat colony in Romania and fascinating archaeological relics.

However, statistics about the number of visitors of the cave have changed considerably: there are now three times more visitors coming to Meziad Cave compared to two years ago. And Meziad Cave has become the core of sustainable community development projects, which are conceived as an intelligent combination of tourist travels, nature conservation and local craftsmanship with the interest of the local administration.

## Current Background

Pădurea Craiului Forest shows some enviable and exquisite features: owing to its unique natural

heritage, it was included, in 2009, in the Natura 2000 network of protected sites. The site stretches over an area of 40,000 hectares (Pădurea Craiului being the largest area of this kind in Bihor county) and is inhabited by a total of 18 local communities. For the locals, living in a protected area has its downsides: private business is subject to environmental limitations and approvals, which are otherwise meant to prevent the destruction of the natural heritage. Communities often perceive environmental restrictions more like a limitation of their right to economic growth.

It’s a complex situation, socially and economically

speaking. Mayors often see us as a nuisance: when they plan to open a quarry that ignores the need to protect the natural environment, we have to tell them not no.” says Paul Iacobaș, president of the Center for Protected Areas and Sustainable Development (CAPDD) and the custodian of the Piatra Craiului protected site. Iacobaș has been working for over ten years with the local communities, to find development models that bring revenue and protect natural heritage at the same time.

## The Opportunity

One of the ideas that seemed to beautifully combine the two dimensions was based on the promotion of local crafts. It was, in fact, the idea for which the CAPDD was selected during the first round of screening conducted under the Green Entrepreneurship program. “Initially, we were planning to teach local craftsmen how to adapt their products to the needs of tourists visiting the area and to the needs of the companies that were buying traditional products for their employees or business partners”, explains Iacobaș. Apparently, things got complicated when they started to write down the business plan: the enterprise they had in mind would have been supposed to work with a large number of artisans, to seek for and assemble sales channels and dispatch markets, and to invest in stocks, which seemed an impossible dream. Iacobaș and his team returned from the kickoff meeting in Bucharest totally convinced that they were lacking the ways and means to make their plan work.

CAPDD had somehow forgotten that they were

managing a valuable and underused resource: the Meziad Cave. CAPDD had taken the cave into their custody from Remetea administration. In addition, CAPDD was at that time already successfully exploiting a smaller cave, the Crystals Cave, in Farcu mine, in partnership with the local public authority in Roșia.

The Green Entrepreneurship grant was spent to finance the business plan covering the refurbishment of the Meziad Cave and its utilization as a tourist attraction.

## The Enterprise

The social enterprise was set up as a distinct line of business (with separate accounts and a clearly distinct activity) of CAPDD, for very important economic reasons like the possibility to share administrative resources (accounting), the chance to generate direct and immediate income for the implementing organization, to name but a few. In 2011, only a few thousand tourists dared to visit Meziad Cave: the cave had no interior lighting and, except for a flight of steps, it was a totally pristine place. Tourists had to carry flashlights and visiting the cave was an adventure at their own risk. The cave’s bat colonies, prehistoric archaeological relics and unique cave-bear ossuary could not be admired by ordinary tourists, as they were outside the visitation area of the cave.

As such, the grant fund was mostly spent on purchasing the basic facilities inside the cave: lighting, extension of the sightseeing route to over one kilometer (the longest cave route for visitors in Romania) and safety equipment. A hall for concerts and other cultural events inside the cave was added to

the plan. In addition, CAPDD built a zip line circuit outside the cave, designed as part of an adventure park nearby the cave. The plan worked, says Paul Iacobaș, almost flawlessly: “we started to feel more confident seeing the proceeds coming in right from the first month of cave operation, in spite of the fact that we had opened the cave two months later than planned, at the end of the season.”

In 2013, the Meziad Cave social enterprise won the prize awarded by Unicredit Foundation, consisting of a grant, which enabled the implementing organization to build additional indoor and outdoor cave facilities. A small museum now displays those cave areas that are out of the sightseeing track (bat colonies, cave bear bone deposits and Paleolithic and Neolithic archeological sites). The outdoor adventure park has been added a new attraction (rail), and the concert amphitheater was extended and fitted with documentary film projectors.

The number of tourists visiting Meziad has tripled, thanks partly to cave decoration and partly to a strong promotional campaign conducted in various media and with various partners, ranging from articles in the local press, cultural events organized inside the cave, partnering with hotels in the area, participation in local fairs, to promotion via social media and joint events with travel agencies. In other words, CAPDD did not miss any opportunity to “sell” the cave to visitors from all around the country, from Hungary and other countries. Meziad is the only cave in the area where organized groups of tourists and schools are offered cave visit tickets at a discount.

The plan to diversify the entertainment ground



Photo: Laszlo Potozky

from outside the cave includes the opening of a tourist center to sell tickets, as well as souvenirs manufactured by local craftsmen. CAPDD spent the consolidation grant allocated at the closure of the Green Entrepreneurship Program on buying an old farmhouse in Remetea and moving it near the cave and turning it into a reception center. Besides development and marketing activities, the relationship with Remetea Mayor Hall has an important role in the smooth running of the cave project: the partnership provides the local administration with 20% of the net proceeds gained from cave operation. In exchange for that, the Mayor Hall contributes with infrastructure works, such as, for example, the widening of the access road to the cave, a project completed in 2012. The impact the social enterprise has on the life of the local communities is relatively small for the time being. Although more people are now visiting the cave, they usually do not spend more than a few hours in the area. For CAPDD and Paul Iacobaș the challenge lies in “integrating the cave into a full package deal and encourage tourists stay here for seven days.” This is, in fact, the idea that stands

at the basis of a much larger and more complex project dedicated to making the area into a green destination (ecotourism), a plan that is expected to involve the entire local community.

### A Critical Point – Revision of the Business Plan

A mere calculation error turned what appeared to be a success story into a total uncertainty right in the first months: calculations were showing that cave lighting works were going to cost ten times more than estimated in the CAPDD’s business plan. “I mistakenly added one more zero to the price per meter and we’ve ended up with a funding deficit of 16,000 euros”, says Iacobaș. However, owing to the flexibility of the Green Program and of the vendors of equipment the enterprise was able to go ahead, following to pay for the lighting work from the money it was going to gain from cave exploitation. A second critical point was dealing with arranging the cave as a tourist attraction, while preserving it as a natural monument. In this case, a vital contribution was that of speleologist Viorel Lasku, who joined in and worked with CAPDD throughout the project, coordinating all the works at Meziad Cave.

### Results

- Meziad Cave contributes about 25% to the revenues of CAPDD, being an important source of sustainability for the organization.
- The US\$ 50,000 grant allocated under the Green Entrepreneurship Program has triggered additional resources and has resulted into submission of a proposal for a new project of a much larger

## Business Model: Local Development Based on Natural Assets

**Parteneri:** Centre for Protected Areas and Sustainable Development in Bihor county (80%), the Mayor Hall of Remetea (20%).

Objective: Meziad Cave

Income generation model:

- Tourists visiting the cave pay a ticket. A total of 13,000 tourists in 2013.
- Additional sources of income: the natural adventure park, the tourist center and the sale of souvenirs.
- The cave is more affordable than other similar travel destinations in the area (discounts for school excursionists and tourist groups).
- Events and marketing activities that attract tourists (concerts, documentary films for children).

scale and impact.

- Remetea Mayor Hall gains additional income as a project partner and the recipient of 20% of the proceeds incurred by Meziad Cave.
- Six people in the area are engaged in operating the cave and the outdoor adventure park.
- Transfer of knowledge and entrepreneurial skills to CAPDD. “We’ve learned how to be more business-oriented”, says Paul Iacobaș.



*„At first, we thought that our main market would be the Romanian market. But we were soon to discover that most of the tourists were from abroad, which took us by surprise. We didn't have any promotional material.”*

**Emil Pop, EcoLogic Association**

# GREENWAY TOUR: A COMMUNITY-ORIENTED AGENCY

The Maramureş Heritage Trail is one of eight roads in Romania included in the “green roads” concept. The Environmental Partnership Foundation has initiated the program and developed it jointly with environmental-based organizations in each area, in its efforts to preserve natural heritage and local traditions while promoting excursion routes as exquisite green travel destinations.

EcoLogical Association in Maramureş, the custodian of the natural park “Creasta Cocoşului” in Gutâi Mountains (now a Natura 2000 site), resorted to its over ten years of experience in working with local communities, hostels and craftsmen in the area to build a social enterprise providing integrated travel services close to the Green Road of Maramureş Heritage.

## Current Background

More than ten years ago, EcoLogic started with a simple activity, funded by friends or members of the association: marking the tourist tracks in the

Gutâi Mountains. It was a voluntary activity from which various projects sprang later on, dedicated to local communities: training courses for hostel owners and guides, bikes to rent for travelers staying at the hostels, guided excursions and professionally marked tourist tracks.

The Green Road of Maramureş Heritage fitted itself naturally and beautifully in the network of contacts that had in time been built with the local community.

The road connects seven traditional villages, seven protected areas and two Natura 2000 sites along a route of over 80 kilometers south of Ocna Şuga-

tag. Moreover, “Drumul Moştenirii Maramureşene” has become a registered trademark extensively promoted via the project website and other specialized publications.

Edit and Emil Pop, the founders of EcoLogic, initially saw the road as a means to reveal and highlight what they call “the historical Maramureş”, a region inhabited by rural communities with specific crafts and traditions. It did not take them too long to realize one sure thing: a tourist track may turn into a source of income and a tourist attraction, only if managed as such.

Although the entire Maramureş region is itself a tourist destination, the “Merry Cemetery” in Săpânţa and Bârsana are the most visited attractions, which in time turned into mass tourism destinations. “That was not what we expected for from the Gutâi Mountains and the Heritage Road”, recalls Edit Pop, president of EcoLogic. They wanted that the tourists coming into the area should really understand what ecotourism was about and to stay longer and spend their time assisting to or doing traditional activities. In other words, a special holiday experience and at the same time a source of revenue for the local communities. “There is no formal market for local craftsmen, for example. And if they can't earn a decent income from their craft, we can't expect the younger generation to follow in their footsteps. This is how this old and one-of-a-kind tradition will be lost”, says Edit Pop.

## The Opportunity

Emil Pop is the both a coordinator of the Association's projects and a tourist guide. He has had the chance to put his knowledge and skills to the test

as a tourist guide in the eight years in which he has served as a guide to various donors, collaborators and partners of EcoLogic, who were interested in discovering the reality behind the project reports. He knows a lot of interesting people and places along the Heritage Road, better than any travel agency. And his experience of over ten years in working with the communities of the seven villages (for example, EcoLogic supported 20 hostel owners to license their hostels), coupled with his status as EcoLogic custodian, are the skills and strengths that helped him put together an integrated tourist offer.

Greenway Tour Agency, the social enterprise established under the Green Entrepreneurship program, funded from the US\$ 50,000 grant, was therefore a solution to the yet unresolved portion of the sustainable growth equation: the business part. He has integrated in the tourist packages some of the local hostels, craftsmen, man-made tourist attractions (wooden church) or natural sites (parks and reservations). The Agency is a source of income not only for the community, but also for the funding of the Agency's conservation projects developed in the Gutâi Mountains Natural Reservation (knowing that, in Romania, custodians are appointed and controlled, but not financed, by the Ministry of Environment).

## The Enterprise

The Maramureş Heritage Trail comprises two loops that are crossing through communes and isolated portions of natural reservation and protected sites, where there are no accommodation or other facilities for tourists. Each loop can be

traveled in one day, which proved to be a boon for Greenway Tour. The Agency has structured its offer around three broad categories of tourist services: one day visits, a few days stay and various related services (ski monitors, transport and guided trips). Of all these, the one-day excursions and the visits to local craftsmen and to the relics of the wood civilization in Maramureş proved to attract the largest number of tourists for the Agency. Unfortunately, not as many tourists as anticipated in the business plan. Indeed, Greenway Tour fell short of achieving the number of tourists and the revenues as originally estimated.

Emil Pop, who now handles exclusively the projects of the Agency and coordinates the sales and the daily work, explains one of the reasons of the failure: "At first, we thought that our main market would be the Romanian market. But we were soon to discover that most of the tourists were from abroad, which took us by surprise. For example, our promotional materials were written in Romanian only".

For six months, Greenway Tour has promoted its travel packages on one of the largest travel portals in Romania, yet without obtaining a single contract. In addition, another unexpected thing happened: the final prices of the travel packages seldom corresponded with the prices quoted in the beginning, especially in the case of group travels, where the sale is preceded by a complicated negotiation that can take as long as three months. And there was yet another unexpected detail that Emil Pop discovered as a businessman: a nongovernmental organization is in a position to work with the local community and develop its projects.

For a social enterprise, the goal is not only to carry out projects, but to make profits, too. And this businesslike approach changes the relationship with the hostel owners, for example: it involves a negotiation and a selection in the interest of the client. Greenway Tour has often found itself in a situation where it had to compete with guesthouse owners who promote their board and lodging and their recreational offers via their own websites.

It turned out that the initial estimate in the business plan was wrong - the 30,000 Romanian visitors who come to Maramureş each year come for tours organized by travel agencies from big cities. Their interest in buying services from a local specialized agency is so close to zero, in part because they do not yet understand the difference in role between a local travel agency and a national one. After several months, Greenway Tour had to revise its strategy: it redesigned the Agency's website, turning it from a promotion medium into a sales tool and placing it in the center of the Agency's efforts to attract foreign tourists. In addition, the 4 initial travel packages were diversified and expanded to 7 packages plus specific services. The Agency consolidated its relationships with other travel agencies and participated in international fairs. Emil Pop highlights the very good relationship of the Agency with the Maramureş County Council which helped Greenway Tour to be present with promotional material at the Tourism Fair in London, for example. In spite of the difficult start and the adjustments made on the way, Greenway Tour has become a promising enterprise: all expenses are now covered from the money gained from running its business and, from the third year of

operation, the profit will be invested in initiatives dedicated to the conservation of Gutâi-Creasta Cocoşului Natura 2000 site.

### Critical Point – Market Estimation

The figures in the initial business plan of the Agency proved to be much too optimistic in terms of prices and estimated number of clients. Romanian market potential compared to the European market was also overestimated. Almost two-thirds of the Greenway Tour's customers are tourists from countries such as the Netherlands, Austria and Hungary. Emil Pop also admits that their estimates were wrong with respect to the behavior of the tourist in Romania: "most tourists prefer to handle their travel by themselves and don't seem interested to pay 10 to 20 euros for a service provided into a package deal." One of the Agency's local partners - the hostel "Popasul din Deal", whose owner is also the manager of the Agency - has proven to be one of the most important promoters of the one-day travel packages offered by Greenway.

### Results

- The profit made by Greenway Tour contributes to the funding of the conservation projects developed by EcoLogic Association. By the end of 2013, Greenway Tour Agency's operating profit amounted to approximately RON 22,500.
- The agency has two full-time employees.
- The services provided by Greenway Tour integrate 20 local hostels, craftsmen, local producers and wood artisans, as well as ski monitors and tour guides.
- A total of 35 local producers and service provid-

## Business Model: Aggregation of Local Products and Services

Greenway is a social enterprise organized as an independent travel agency fully owned by EcoLogic Association.

**Objective:** to promote tour packages and services that integrate excursions, hostel accommodation and the tourist attractions located on the Maramureş Heritage Trail.

#### **Income-generating model:**

- Partnerships with local service providers and manufacturers;
- Integrated packages with various lengths of stay and attractions;
- Travel packages are offered mainly to local and foreign travel agencies;
- Agency's income comes from board and lodging fees and from value-added activities (guided tours in protected areas, transport and ski monitors);
- The Agency's website is now the main promotional tool, besides the direct talks to travel agencies and participation in fairs.

ers incur benefits from the activity of the social enterprise.

- Approximately 500 travel packages sold to groups and individuals.

*„Many of us have to educate or even create a certain type of client. It is not enough to make a product, put it on the shelf and expect it to be saleable. There are businesses with a certain degree of innovation that create new categories of customers. That takes time.”*

**Andrei Blumer, president, Ecotourism Association**

# SLOW TRAVEL: A NEW WAY TO DISCOVER THE DANUBE DELTA

The Danube Delta, one of the dream destinations for any wildlife fan, remains still underestimated by those who visit it. Tourists visiting the Danube Delta do that at a much too quick a pace: stays are very short, speedy motorboats are the most popular transport means and the amount of money gained by the local community from this kind of tourist visits is small.

Slow Travel Company, a partnership between the Romanian Ecotourism Association and the Ivan Patzaichin Association, proposes a different kind of travel experience, which cares more for the Delta natural environment as well as for the economic growth of the local communities. At the core of this special travel experience stands the “canotca”, a novel type of rowing boat

built by craftsmen in Mila 23 village, specially designed to give tourists a chance to savor at leisure all that Delta has to offer.

## Current Background

Ecotourism Association has been active for over five years in the Danube Delta, working closely with the local communities and the administra-

tion to define local travel policies and a visitor management strategy for the Biosphere Reservation.

Andrei Blumer, the president of the Association, knows in every detail the way the Danube Delta is being exploited today in terms of tourism and is aware of the bad consequences in the long term of the nowadays “speedy travels.”

A stay in the Delta of only 1.8 days in average is inefficient in every way. “Increase this average length of stay to three days, and the economic impact will triple. The question is how to achieve this with the same or even lower environmental costs”, says Andrei Blumer.

The visitor management strategy is centered on what the Association believes to be a key concept: slow traveling.

## The Opportunity

While Andrei Blumer was working on a draft strategy to encourage responsible and profit-making tourist travels in the Danube Delta, Ivan Patzaichin Association was working on designing a new rowing boat, called “canotca”. Canotca is an elegant and speedy boat, a combination between the traditional fisherman boat, called “lotcă”, and a canoe. It was specifically designed and built to satisfy those visitors and tourists who dislike the noise and speed of motorboats.

Green Entrepreneurship Program has brought together the resources for the birth of an undertaking designed to give life to the concept of slow travel: the US\$ 50,000, the 20 canotcas built by former world rowing champion, Ivan

Patzaichin, and the expertise of the Ecotourism Association in the Danube Delta.

Slow Tourism Company is a social enterprise offering tourist packages incorporating the canotca as a transport means for visiting the Natural Reservation of the Danube Delta.

## The Enterprise

Slow Travel Company is a partnership in equal shares (50% each) between the Ecotourism Association and the Ivan Patzaichin Association, headquartered in the village of Crişan, where the Green Entrepreneurship grant was spent mainly on building a center for canotca rentals and tourist information and education. “Our strategy identified Crişan as the suitable the hub for green travels in the Danube Delta”, says Blumer. From Crişan, canotcas leave to various destinations in the Delta for a few hours, one day or several days’ tours.

Initially, the rental center was designed to be built on the land, but the plan changed because the local authorities were late in releasing the statutory approvals for the project. The rental center was eventually built as a lacustrine structure, right behind an existing guesthouse in Crişan - which in the end proved to be a fortunate change in plan, as it gave birth to the partnership between the Slow Travel Company and the guesthouse owner. Slow Travel Company has retained the power to decide the strategy, while the local entrepreneur is responsible for operating the Center.

The trips by canotca have been supplemented by a full travel package deal, with canotca row-



ing included in the offer. Much to the surprise of the associates of the enterprise, one of the travel products that was expected to be a great success proved to be a total flop: the one-day travel package, consisting of travel by cantoca and a traditional fishermen lunch, which had been specially designed and promoted to tourists visiting the town of Sulina, was a failure. “Nobody asked us anything, not one single question”, Blumer recalls.

That was not the only thing that did not happen according to the business plan. The company started its business with only two products, which were later diversified, but it never reached

the figures estimated in its business plan. Tourists were, for various reasons, less numerous and much more difficult to attract than the company had expected, partly because slow travel is new concept that is not so easy to sell to customers who are traditionally accustomed to other types of vacationing. Another explanation would be what Blumer calls a different perception of the value of money: 10 euros spent in Romania seems to be, in the eyes of Romanian customers, more expensive than 10 euros spent in Austria, for example. The expectation is that tourist stays in the Romania should be at least three times cheaper than in other countries in similar conditions. Last but not least, the moderate success of this initiative may be also explained by the widely spread idea that tourist services in Romania are of a poor quality. During the course of the Green Entrepreneurship Program, Slow Tourism Company had to change its strategy and adapt it to a reality where the actual sales volume was lower than estimated: canotca can now be rented not only from the center in Crișan, but also from two other points in the Delta, so that we can speak of a network of rental centers. Moreover, the project has diversified its range of services, thanks to the additional funds attracted, worth about 40,000 euros (spent on wildlife interpretation boards mounted near the Center and an audio guide for the Delta birds). Slow Tourism Company is just one of the pillars on which the two associations base their strategy to develop the Delta as a green destination for tourists. The Company should become capable

to incur enough revenues to be able to sustain in the future the operation of the organization in charge with travel destination management.

### Critical Point -Demand Estimation

Tourists coming to the Center in Crișan to ask for travel services proved to be less numerous than anticipated in the business plan. Slow Tourism Company made, according to Andrei Blumer, the same mistake as many other organizations and social enterprises - it had overestimated the demand of the free market where the product meets not only with the customer, but with competitors as well. “You can have as many info panels and canotcas as you may well please; you’re efforts are useless, unless tourists pay you a fee for using them.”

It is clear now that a change of mindset as to how the Delta should be “consumed” takes time, patience and, as Andrei Blumer puts it, a different amount of effort than originally expected.

### Results

- canotcas manufactured by local craftsmen are used by tourists who buy services from Slow Tourism Company.
- the social enterprise has triggered further funds and more projects.
- two local hostels incur additional revenue owing to the establishment of the Company.
- slow travel packages are now sold in Bucharest, too, where a tour by boat on the Dâmbovița River offer tourists a miniature replica of a travel by canotca on the Danube Delta canals.

## Business Model – Aggregation of Local Products and Services

Slow Travel Company is an independent social enterprise created as a partnership in equal shares between the Romanian Ecotourism Association and the Ivan Patzaichin Association.

**Objective:** to promote a new kind of tourism in the Danube Delta - slow travel - to preserve the environment and develop the local community.

### Income generation model:

- The travel offer is centered on a paddle boat made by local craftsmen (canotca) and designed expressly for a “slow” rowing along the Delta channels;
- Routes start from the ground zero of ecotourism in the Delta - the Rental Center in Crișan - and from two other secondary points ;
- Slow Travel Company has partnered with local guest houses, providing complete travel packages;
- The enterprise gains income from canotca rental, sale of value-added services (guided trips and interpretation) and of full package deals;
- The company is promoting its services via its website and by participation in fairs and events, through its main center in Bucharest and partnerships with travel agencies.



*„I've seen on this planet many instances when nature was saved thanks to ecotourism. I believe this is the right option to generate benefits and protect the Retezat area. But to do that, we've got to have authorities on our side.”*

**Gabriel Păun, president, Agent Green**

## WILD TIME – A DIFFERENT TYPE OF CAMP

By a happy combination of the forces of nature and historical evolution, the natural landscape of Romania is a one of a kind in the whole of Europe. In 2005, Greenpeace, together with an international network of organizations, introduced to the world the first global map of the pristine forest landscapes of Romania.

Romania is the only country in the temperate climate zone that is home to a completely unspoiled pristine natural area, which stretches over 100,000 hectares. The area is found in the western part of the Southern Carpathians Mountains and is known as the Retezat Godeanu-Țarcu area. In October 2006, this discovery was presented to the Ministry of Environment and to the minister of that time (Attila Korodi). A scientific study commissioned by the Ministry later on has confirmed the existence of this pristine landscape. 799 Protection of such a territory, of which only a part is classified as a protected area, depends entirely and directly on the ability of the communities to

generate alternative income and prevent reckless exploitation of timber, road works or other activities that may destroy this area for good. The main reason why Green Agent Association set up the social enterprise Wild Time was to contribute to the efforts of preserving this natural landscape intact.

### Current Background

Green Agent Association was established in 2009 with the purpose to seek for, make known and promote environmental protection solutions. One of the Association's most important campaigns was against the plan to build roadways through the

intact forests in the Retezat Mountains area. Road building is just one of the many possible threats to this area. Gabriel Păun, president of Agent Green, talks about the association's sustained efforts to bring the entire zone under the protected area regime, so that all the 100,000 hectares be subjected to a special conservation scheme. "The danger for the area to be exploited commercially is huge," says Păun.

Unfortunately, the territory the Association seeks to protect is home to some of the poorest communities in Romania, including Valea Jiului: Petroșani, Caransebeș, Hațeg and Țarcu Jiu. In the absence of an integrated development master plan, the locals have no choice but "to sell their forests, provide guide services to hunters and accept chaotic developments such as Straja resort, hoping that, this way, they'll get rid of poverty." National road 66A, which is planned to be built and cross through the southern part of the Retezat Mountains has become a hit-target for environmental organizations in Romania, that are strongly determined to preserve nature's biodiversity. To build this road would mean to destruction of ecosystems, deforestation and polluting car traffic. The Association has been fighting for years to stop the road building and to identify initiatives that could generate alternative sources of income in the region. Despite its efforts, local inhabitants and administrations are of little or no help. In the absence of a strong cooperation between municipalities and of an integrated master plan addressing the entire area, alternatives remain scattered and unconvincing. Gabriel Păun believes that a viable solution in the long-run is the ecotourism.

### The Opportunity

The Retezat - Godeanu - Țarcu area has, in terms of natural landscape, everything it takes to become a coveted destination for those who relish the idea of green travels. The northern portion of the Retezat massif is dominated by vast forests and alpine landscape inhabited by 55 species of mammals, including large mammals (bears, wolves and lynx), which are now so rarely found elsewhere in Europe. Going further down towards the south-west, the climate becomes Mediterranean, so that, once you reach the town of Herculane, you can find thermal waters, caves and limestone formations and a whole collection of endemic species (i.e. plants and animals that exist nowhere else).

Devising a development master plan that takes into account the huge potential of the entire area as an attractive tourist destination, would in the long-run solve at least part of the economic difficulties the local communities are struggling with. Gabriel Păun, who defines himself as a "an intensive globe-trotter" thinks about how things once happened, for example, in Costa Rica, now a green destination with a huge waiting list of travelers, despite its otherwise rather prohibitive prices. Costa Rica has become a champion of the global ecotourism, thanks to the awareness and the strategy of its national and local authorities. "No investor comes, unless you have a master development plan", says Păun. Which is a plain fact also confirmed by the ambassadors in Romania of three countries, who might be interested in investing in ecotourism in Romania and whom the Associated invited to visit Retezat in the summer of 2012.

Agent Green Association set up Wild Time as a social enterprise that provides ecotourism services for Retezat area. The Association's idea was that the enterprise would generate the revenues for the organization to be able to carry on with its efforts and its campaign to coagulate local stakeholders round a common development strategy, thereby generating benefits in favor of the local community.

### The Enterprise

Basically, Wild Time began its operations by organizing camps in Retezat area. Agent Green took this decision following a market study showing that agencies in the adjacent towns were pretty much satisfying the market demand of package tours for travelers in search of an exciting travel experience. Moreover, those types of package deals were requiring an amount of investment that Wild Time could not afford.

Gabriel Păun and his team sought to invest the US\$ 50,000 grant from the Green Entrepreneurship program to build a niche offer, relying on the organization's environmental expertise and its contacts with the rangers and mountain rescuers in Retezat area. The business plan was centered on the idea of organizing green education camps for children.

The clients approached in the beginning by the enterprise were the schools in Bucharest, the city where the organization is, in fact, and based. At first, they approached the public schools. Soon, Wild Time realized they had to struggle with the price barrier, once they started to compete with other travel agencies that were organizing camps

throughout the country. That fact that, in addition to board and lodging, Wild Time was offering specialized environmental education, nature observation tours and expert guides specialized in the environment and the history of the Retezat area, was highly appreciated, but it was not enough to warrant a profit-making business. "Ok, our package deal was fabulous, and we got a terrific feedback from children and parents, but the clients we succeeded to attract were in the end very few", says Păun. Later, Wild Time shifted its focus towards private schools, but there the barrier was that the agency had to compete with the schools' internal travel programs.

The Agency's second category of travel offers has had a relative success, too. Again, the price was a problem, given that the clients the Wild Time agency negotiated with were all looking at Romania as to a supposedly cheap travel destination. Most of them eventually chose Thailand as an alternative destination, for example.

Looking back, Gabriel Păun believes that the key to the success of an undertaking of this kind is to have people specialized in marketing and sales in your team. For a long while, Wild Time did not understand the importance of this kind of expertise, and that is one of the reasons why the agency is now forced to rethink and reposition its entire, currently unprofitable, business.

### Critical Point – Marketing and Sales

Wild Time team focused mainly on school camps, exciting learning experience, life in nature and interaction with the local community, which other-

wise triggered an excellent response and feedback from children and parents, but not enough sale volumes to make the business work profitably and help the enterprise achieve its ultimate goal: generate income in the area and funding sources for the Agent Green Association's environmental projects.

According to Gabriel Păun, the main cause of this state of facts lies in the fact that the management team lacked marketing and sales expertise. Financial resources were spent more on product development than on revenue generation. Towards the end of the three-year Green Entrepreneurship Program, when the fault was finally corrected, wages funds were no longer sufficient.

### Results

- Wild Time has organized about ten camps and tours for foreign tourists in Retezat.
- The enterprise has worked in partnership with rangers and rescuers in Retezat area, to provide accommodation, meals, guided excursions, educational and entertainment events.
- Cooperation with local authorities in the region in developing an integrated ecotourism master plan for the Retezat-Godeanu-Țarcu is continuing, though at a much slower pace than anticipated.
- Agent Green has invested in the social enterprise more funds than originally estimated in its business plan, due to Wild Time's failure to make the profit estimated.
- Agent Green managed to bring to Retezat area ambassadors from three countries, in its efforts to seek for alternative development solutions based on ecotourism.

## Business Model: Environment-friendly Travel Offers for Students

Wild Time is a social enterprise set up as a travel agency wholly owned by Agent Green Association.

**Objective:** promote and sell travel offers consisting of camps dedicated to environmental education, nature observation and sports in the Retezat National Park. The project was redesigned and supplemented with packages for couples and couple relationships.

### **Income generation model:**

- Partnerships with rangers and mountain rescuers from Retezat area;
- Eco-education camps for public and private schools;
- Camp packages were promoted especially amongst schools in Bucharest;
- The Agency's income consists of the commission charged on packages sold;
- Promotion is done mainly by direct contacts with school teacher and school principals and via the agency's website [www.wildtime.ro](http://www.wildtime.ro).



*„Our most important gain from the Green program is that we’ve learned to think and work financial-wise: how to spend the money carefully and what investments are worth making and which are not.”*

**Tiberiu Chiricheș, executive director, ProPark**

# PROPARK – THE CONSULTING COMPANY

Managing a protected area means much more than preserving natural values. Daily management of such areas requires administrators and custodians to reconcile nature protection with the need for economic growth of the local communities.

Protected areas management principles are the subject of the training courses the Foundation for Protected Areas - ProPark has been delivering since 2008 to interested people from around the country. The social enterprise implemented as an addition to the Foundation’s main activity enabled ProPark to increase its financial resources and engage in four times as many local development and protected areas projects as before.

## Current Background

ProPark’s line of business is, by its nature, likely to exert an indirect influence on the communities. The management tools with which the Foundation is equipping custodians and administrators

of protected sites ensure the conditions to attract more visitors, to better use resources and generate more income, while also enhancing the cooperation between zone administrators and community members.

Tiberiu Chiricheș, the executive manager of ProPark, takes “visitor management” as an example, to make his point: “In Austria, a natural park administrator would organize 400 visitor tours and events per year. In Romania, this figure is 20 times smaller. Each event attracts in average some scores of tourists and visitors, who are bringing revenues to the area by getting accommodated, fed, entertained and taken on guided tours around the place.”

Tiberiu Chiricheș is experienced enough to be able to talk for hours about how to manage a protected area professionally, how to develop natural habitat animation and interpretation techniques and how to work with communities, and so on. Very few of these tools are used in Romania, where protected areas continue to be seen as rather poor communities, deprived of sustainable sources of income. Unfortunately, administrators and members of the local communities cannot afford to pay for training courses teaching them how to attract revenues. In turn, due to the insufficiency of its resources, ProPark cannot afford to train people free of charge. Setting up a social enterprise to generate income from entering into commercial contracts was the solution, with ProPark following to reinvest the profit gains in protected areas, in the form of grants or scholarships.

## The Opportunity

The original business plan had identified as many as four opportunities which all seemed like promising income sources for the enterprise: training courses, educational camps; corporate volunteering for communities living in protected areas; studies and consultancy projects for various environmental organizations. The education camps and the corporate volunteering, the two ideals ProPark had been very deeply attached to in many ways, including emotionally, and whose potential had appeared to be very high, finally proved to be completely unproductive economically.

“I realized, after a market research, that we would have been supposed to invest enormous time and money in exchange of a rather modest finan-

cial benefit”, says Tiberius Chiricheș. The market in Romania is still not prepared to accommodate the concept of corporate volunteering and the idea of green education camps in protected areas, as they are understood in Western Europe, where teams of employees from various corporations travel to protected areas and work with the local community, or where there are specific programs dedicated to nature interpretation and environmental education. Corporate event market in Romania is still dominated by “team-buildings”, where participants get indeed very active, but do not interact in any way with the locals or with protected areas managers, while school camps are mainly dedicated to practicing sports in a natural environment.”

“We would be supposed to strive for about a year to convince a customer. Indirect costs would be five times higher – we would be supposed to spend 20,000 euros for a meager income of 5,000 euros. That would drag down all the projects of the foundation, as we would be forced to reallocate resources otherwise dedicated to projects impacting the community.” ProPark and Tiberiu Chiricheș have learned during the Green Entrepreneurship program how to recognize and analyze better the opportunity from an economic perspective.

By the end of the day, environmental studies and consultancy – the field in which ProPark had already established itself as a reputed specialist – turned out to be the most profitable of the opportunities in their plan.

## The Enterprise

ProPark Ltd. was established to work as a distinct



Photo: ProPark

yet complementary business to the activity of the Foundation. The enterprise has a management team and trainers and is engaged in consultancy projects, environmental studies and training programs for customers in Romania and from abroad. All the profit - over 44,000 euros in 2013 - is reinvested in projects that impact the communities in protected areas.

The Foundation is, for example, a partner in a project designed to enhance farmers' ability to manage agricultural lands in five areas of Romania. Co-financing for this project was provided from the profits generated by the "business function" of the Foundation", as Chiricheş calls the enterprise. Although consultancy products had been included in the Foundation's portfolio for quite a long time, setting up the enterprise has helped the Foundation define a clear strategy on how to promote and sell the products. While ProPark

Foundation will not refuse a customer, it, on the other hand, does not seek actively for customers and contracts. "Our most important gain from the Green program is that we've learned to think and act financially: how to spend our money carefully, which investments are worthwhile and which are not, and how to convince financiers or clients of the need for training, education etc."

ProPark Ltd's customers include foreign organizations, such as the Federal Agency for Nature Conservation in Germany, as well and Romanian ones as, for example, Romsilva. The enterprise has developed a strategy to identify customers, submit proposals and participate to tenders just like any other business.

ProPark had initially overestimated the training market and, in its original business plan, the estimated revenues proved much higher than what the enterprise proved capable to actually incur eventually: resources originally allocated to more than 20 training courses were therefore reallocated to consultancy projects, where the market demand proved to be higher. In short, the ProPark Foundation's capacity to engage in projects impacting the local communities has quadrupled as a result of the development of a market-oriented enterprise.

### Critical Point - A Competitive Product

It took ProPark Ltd. two years, a lot of trials and errors and a considerable amount of resources to find its place in the market and in the minds of customers and to shape its product portfolio.

It took the enterprise as much as two years to realize that it had to give up the two activities that were not profitable enough if compared to the inputs of the enterprise: tourist camps and corporate volunteering. However, ProPark has kept these two products in its offer, but it no longer invests resources to promote them intensively to potential customers.

The reassessment of the portfolio from a business perspective was one of the most difficult things to do. A second critical point was linked to the realistic assessment of the budgets for a consultancy agreement, which, again, implied a change in mentality and in the way the enterprise used to evaluate the input-output ratio.

Tiberiu Chiricheş found that there was a significant gap between the nongovernmental world and the for-profit world: in an NGO environment, the main concern is how to make things work perfectly, sometimes in exchange of an insignificant fee; in the for-profit world, there must always be a balance between the actual needs of the customer and costs, profit and performance. The product, in other words, must be competitive, not perfect and perfect only.

### Results

- The enterprise provides more than half of the annual financial resources of the Foundation in 2013.
- ProPark has created 10 jobs, plus some 30 contracts concluded with Romanian and foreign expert trainers and consultants.
- ProPark Foundation has quadrupled its capacity to get involved in and co-finance community

## Business Model: A Related but Self-sustained Business

ProPark SRL is a self-sustained business, wholly owned by the Foundation for Protected Areas - ProPark.

**Objective:** provision of consultancy and training services to clients

**Purpose:** the profit gained by the enterprise is fully invested in enhancing the Foundation's capacity to work on projects that impact the local communities from protected areas.

#### Income generation model:

- ProPark Ltd. participates to tenders, calls for proposals and to selection of projects covering provision of paid consultancy or training services.
- Its customers include environmental organizations and government institutions from Romania and from Europe.
- ProPark Ltd. has its own dedicated team and hires independent experts whenever the need arises.
- Projects developed are closely related to ProPark's specific area of expertise: research on protected areas, consultancy in protected site management and specific courses and training sessions.



*„The Green Entrepreneurship Program gave the organization the chance to expand its capacity and thereby to preserve the local traditions. Fruits are no longer left to rot and the family income of every Association member has increased significantly.”*

**Constantin Străinu, president, Asociația Pomivicolă Hilița**

## THE FRUIT PROCESSING CENTER IN HILIȚA

Hilița village, located 30 kilometers south of the city of Iași, is famous for its orchards. Old villagers keep recounting an ancient story of the place. Legend has it that once upon a time there lived a man and his wife, who were growing fruit trees and who had no children...

Every year, they used to make jam by a secret recipe and serve it to the village children, when they got back from church on Sunday. The story says that of all the jams made by the old women, the red and black cherry jam was indeed special. And it appears that the tradition has lived to our days. Hilița community, grouped around the Orchard and Vineyard Association, obtained in 2010 the traditional product license for its Hilița cherry jam and compote. The social enterprise that collects and processes the fruit uses the old and secret recipes and has become today an important source of income for the households in the area.

### Current Background

World Vision Romania supported the setting up in 2009 of the Hilița Association for Orchards and Vineyards, under a rural development program funded by the organization. The soil around the city of Iași is extremely good for growing vine and fruit trees (especially cherry-trees), and many farmers are orchard owners. Many fruit crops used to remain unpicked: the cherry harvest season was short and, given the very low selling price of the cherries (only 1 Ron per kilo) farmers could not afford to hire helpers to pick their cherries. The purpose of the Association, made up today of a

total of 35 farmers, was to support local producers to collect and harness the entire quantity of fruit. The project funded by World Vision facilitated the establishment of the center for fruit collection and processing: the program financed the building materials and the farmers built the center as volunteers. In 2011, the Association was producing 2,000 jars of jam and compote of various fruits. All the work was done manually, which was delaying both the processing and the income generation for the local community.

### The Opportunity

In 2009, the Chamber of Agriculture and the Iași County Council had the idea to open special markets for traditional producers, where they could sell their products. The Association had the products and the license, but did not have enough production capacity. Străinu Constantin, one of the founders and the president of the Association, says that the Green Entrepreneurship Program gave the organization the opportunity to increase production and thus pass on the old fruit processing tradition. Străinu knows not only the legends of the place, but also all the secrets of fruit tree growing, as he is himself a farmer. “I’ve been doing this since I was a child”, he says. The US\$ 50,000 grant was spent on equipping the center for fruit collection and processing with jam dosing machine, a jars lid screwing machine and a sterilization facility, which resulted into a tripling of the production.

### The Enterprise

The social enterprise was established as a separate entity (without legal personality) within the Associ-

ation and took over the production and the sale of jams and jellies. The center is now producing 7,000 jars per year, even 10,000 jars in a good harvest year, and the price per kilo of picked fruit is three times higher than before (3 Ron instead of 1 Ron per kilo of fruit), so that farmers can harvest their entire crop of cherries, apricots, peaches, plums, grapes, pears, quince and walnuts. Each year, approximately 10,000 kilograms of fruits arrive at the Center, not only from the member-farmers, but also from other farmers in the area. The Center would be able to process even larger quantities of fruit, should it find a market to sell on a steady basis their production of jams and compotes. The main partner of the Hilița community is the Agricultural Chamber in Iași, which supported the Association to create a brand for the products of the Centre (graphic identity, labels), and which is now promoting the Hilița fruit jelly at all the fairs it organizes and, more recently, through potential customers in the Netherlands. Străinu hopes that new partnerships such as that with the Cărturești Bookshops or a possible collaboration with the network of organic food stores may increase the Center’s sale volumes and, implicitly, the income of the villagers. So far, about half of the jars of jams, compotes and jelly marketed under the brand name “the treasure in your pantry” remain unsold, stored in the warehouse of the local parish courtyard.

Under a partnership agreement between the village church and the Association, the Center works as an attachment to the social home of the Hilița parish. Constantin Străinu talks about plans to expand the enterprise and enhance its collaboration with the church by building a cold room for

keeping fruits longer. This could prolong the time available between harvesting and processing from one or two days to several weeks, which would reduce costs and the workload of the women who work 12 hours a day during the harvest season. Workers at the Center prepare the products using a secret recipe passed down from generation to generation and well kept by community: they cook fruit on a wood-fired stove; fruits are still fully processed manually, including cleaning the green walnuts and taking out cherry pits. During the harvest season, when production is in full swing, 15 women from Hilița work at the Center.

Although the revenues returning to the community from the center operations are not enough to satisfy the needs of all Hilița villagers, they represent about a quarter of the amount of money earned by the families of the farmers who are members of the Association. And this amount of money is significantly higher than it was a few years ago. "They earn 25 % more", says Străinu. At the time when it started the procedure for obtaining the sanitary and veterinary license required by law, Hilița Association for Orchards and Vineyards was the first fruit collection center and processing center in Iași county, which made the whole process incredibly difficult for Străinu and his partners: test laboratory were inexistent in the region (the only test lab in the city of Iași had been relocated to Bucharest), while the other test centers in the country did not provide the full set of lab analyses required. The Center saw itself forced to send its products to be physically and chemically tested to a private laboratory.

After many troubles and tribulations, Hilița Associa-



tion finally got its sanitary-veterinary authorization (the first authorization of this kind in Iași county) thus becoming, in 2012, the first licensed fruit collection and processing center in the county.

### Critical Point – Distribution Channels

The Association in Hilița has made considerable efforts and spent a great deal of time with developing its production capacity, so as it may become able to collect as many fruits as possible from the orchards of its member-farmers. According to Constantin Străinu, traditional food products are much more difficult to manufacture than industrially-made products. Traditional products are also more expensive and are produced in smaller quantities than the goods manufactured in factories. Besides, the end products are nearly impossible to market through the major retail channels, because the Association cannot afford to pay the listing fees. Fairs in the country and local

groceries remain the main sales channels, though the Association continues to seek for more clients, such as hotels and hospitals. In its second year of operation, half of the Center's jam and compote jars remained unsold. The social enterprises does not have specialized marketing and sales people (sales are mostly handled by Ionuț Herea, the vice-president of the Association) and its daily management is provided by Străinu who, besides his main occupation as a teacher at the local school, is also the president of the Association. The consolidation grant allocated to the Center at the end of the Green Program enabled the Center to hire a distribution manager.

### Results

- The Hilița Association for Orchards and Vineyards brings together 35 local farmers, growers of fruit trees (especially cherry trees).
- The social enterprise (i.e. the Centre for Fruit Collection and Processing) has developed its own traditional local brand "The Treasure in Your Pantry" for the Hilița fruit jams and compotes.
- A total of 15 women villagers work at the Center in the harvesting and processing season.
- Each year, the Center processes approximately 10,000 kilograms of fruit and pays 3 Ron per kilogram per farmer, meaning three times the price paid before the opening of the Center.
- The production of the Center amounts to approximately 7,000 jars per year, though, due to lack of distribution channels, only half of the jars can be sold, for the time being.
- The Centre contributes about 25% to the income of the Association members.

## Business model: Community Development Based on Local Entrepreneurship

Hilița Fruit Collection and Processing Center was set up as a social enterprise operating within the Hilița Association for Orchards and Vineyards.

**Objective:** the collection and processing the fruits picked from orchards owned by the Association's members, and the production and sale of traditionally-made jams, jellies and compotes.

### **Business model:**

- The fruits come from the local orchards.
- The community is involved in fruit picking, processing and production
- Products: jams and compotes made according to traditional recipes.
- Two products (the cherry jam and the cherry compote) are now certified traditional products since 2010.
- Products are sold mainly at fairs and exhibitions of traditional products from around the country.
- The revenues incurred by the enterprise return to the community in the form of fees paid to member-farmers for the fruits they deliver to Center, salaries paid to the personnel of the Center, as well as in the form of various services provided by the Association to its members.



*„You’ve got to take a risk in the first year, because otherwise you can’t test the market, you can’t participate in fairs; and you can’t enter into negotiations, if you don’t have products.”*

**Istvan Mar, president, Szekler Fruit Association**

# ZETEA BERRIES AND MUSHROOMS PROCESSING CENTER

At Zetea, a community located a few kilometers northeast of Odorheiu Secuiesc, Harghita County, the partnership between the Szekler Fruit Association and the local Compossessorate has given birth to a community enterprise that exploits the forest resources responsibly, while preserving the natural heritage.

With a total annual processing capacity of approximately 40 tons of wild blackberries, raspberries, blueberries and mushrooms, the processing center in Zetea is capable to generate a steady income for the local community. In time, this community enterprise may become a very plausible alternative to forest cutting and timber selling.

## Current Background

The largest Forest Owners’ Association (Compossessorate) is found at Zetea, Harghita county. A community made up of about 2,800 private forest owners and their families earns its living mostly

from logging. This community exercises a high and constant pressure on the Compossessorate management: each family earns 110 lei per cubic meter of cut forest wood. As the forest resource is depleting, loggers’ income become lower and lower and, obviously, forest logging gets more and more intensive. Not far away west of Zetea, in Lupeni, Istvan Mar runs the Szekler Fruit Association, made up of 35 members, who are local farmers involved in growing traditional varieties of orchard fruits (apples, pears, plums, cherries etc.). Mar is an expert with extensive experience in implementing local economic growth models based on

sustainable use of natural resources: from 1997 to 2005 he worked on three continents in various international projects dedicated to local development models designed to cater for the interests of local growers of traditional fruit varieties. Mar returned to Odorhei in 2008 and stated up, jointly with the Civitas Foundation, the Szekler Fruit Association, whose main purpose is to help local community members preserve as much as possible the many and very old fruit varieties of the region (apple tree alone, for example, has at least 52 local varieties), which are now in danger of extinction (20 years ago there were 100 different kinds of apple growing in the area, but the lack of market and the need for income forced fruit growers to turn their orchards into grain and corn fields). Now the two processing centers in Lupeni and Zetea collect the yearly fruit crops from nearly 1,000 local fruit growers and process them into various fruit products such as traditional apple juice, jams, compotes and deep frozen fruits, all under the Szekler Fruit brand.

## The Opportunity

The Fruit Association’s expertise in processing traditional fruits, coupled with the natural heritage held by the local Compossessorate, have created suitable conditions for replication of the manufacturing processing model. Apart from forest wood, which is known to be an extremely valuable but, if recklessly exploited, a rapidly exhaustible resource, Zetea forests are home to another valuable natural resource: wild berries and mushrooms. Wild berries and mushrooms have for years on end been illegally harvested by companies in the countries and abroad, being picked up and sold to different

go-betweens, thus depriving community members from a potential source of income and business opportunity. For one year, Szekler Association has worked with the Compossessorate to devise a plan that would lead to the efficient use of forest berries and mushrooms. The Green Entrepreneurship grant was used to fund the early stage of this initiative.

## The Enterprise

In 2012, Szekler Association implemented, under the Green Entrepreneurship Program, a business plan consisting of setting up and fitting-out the Center for berries and mushrooms processing in Zetea. The center was established as a joint venture between the Association and the Compossessorate, each contributing 35% and 65%, respectively. The Center produces frozen fruits and mushrooms, fruit jams, jelly and compotes, all under the brand “Székely Fruit”. While Szekler Association has contributed with cash (the Green Entrepreneurship grant), expertise and reputation, its partner in the joint venture has invested in building the production floor and in creating a network of 14 fruit and mushroom collection points. During its first operational year (the “trial year”, as Mar calls it), the Center collected nearly 20 tones of fruit. “You’ve got to take a risk in the first year, because otherwise you can’t test the market, you can’t participate in fairs; and you can’t enter into negotiations, if you don’t have products.” says March. In that year, the sale of collected fruit stock took much longer than planned, because of a sharp fluctuation in demand. Despite of ending its first year of operation with a

loss, the Association has nevertheless gained valuable experience on how to approach the market and how to work as a partnership.

After revising their initial figures, the partners now estimate that the Centre will start making profits in 2014, that is in its the third year of operation.

The clients of the Center are now mainly companies from Germany or Austria, which buy large quantities of frozen fruits and mushrooms from the Center in Zetea and repack them under their own brands. Jams and mushrooms are bought mostly by local clients at fairs or in stores.

Price level is a critical issue that the enterprise has to urgently address. The Center's goal is twofold: to not only manufacture 100% organic products, but to also contribute the welfare of the community people. As such, the price the Center pays to fruit collectors per kilogram of berries or mushrooms is good enough to help them earn a decent income from doing this job. That explains why the final price of the products manufactured by the Center is often up to 20% higher than that of similar import products.

For Istvan Mar, one of the major concerns is to consolidate the brand and find and cater for those customers who are aware not only of the premium quality of the products, but also the fact that locals are given a chance to earn a decent living by picking up forest fruits and mushrooms.

A total of 200 families in the area are involved in collecting forest fruit and mushrooms, which are thus given the opportunity to gain a legit and steady income. Most of them are Roma ethnics, whose only income source is the picking of berries and mushrooms.

The setting up of the Centre has triggered the devel-



opment of two other projects, funded from alternative sources. The first project, whose documentation was submitted with an application for funds to the Romanian Social Development Fund, is a partnership between the Association and the Mayor Hall in Zetea and consists of a program designed to stimulate children in the area to pick up forest fruits and mushrooms. "Basically, says Mar, the project is about letting local Roma families become custodians of those forest lands where berries and mushrooms are plenty. Thus, we'll encourage them to watch over and protect the forest lands they are made responsible for and which are sourcing their income."

The second project is a new investment meant to expand the current production capacity of the Center by purchasing a fruit and vegetable dryer. The project is developed in partnership with the Caritas Foundation in Alba Iulia and generates not only a new income source for Zetea community, but also trains locals in fruit and mushroom processing.

### Critical Point - Working with the Local Community

According to partners' estimations (and the

figures in the initial business plan), the Centre was expected to start making profits earlier than its 3rd year of operation. The big expectations of the Compossessorate with respect of profit-making and income-generation for the benefit of the community prompted the Centre to collect much more berries and mushrooms than the market actually demanded. The separation of tasks between the two partners (with collection and financial management handled by the Compossessorate and operation and sales handled by the Association) resulted into a lack of correlation between supply and market demand. Starting from the 3rd operational year, the management of the Center is entirely the task Szekler Fruit Association.

### Results

- The Center works with a total of about 50 people in the area, mostly women, of whom 46 work on a seasonal basis, and has created a legal and regular source of income for 200 families.
- Zetea centers manufactures 16 local traditional biological products.
- In the long term, the Center will create a local community whose members will work together to preserve the resources (the forest) and generate alternative sources of income.
- The US\$50,000 grant allocated under the Green Entrepreneurship Program resulted in the mobilization of additional resources amounting to approx. EUR 350,000 from the part of the Compossessorate (in the form of investment in the production hall).
- The Center becomes the basis for further projects

## Business Model: Community Development Based on Local Production

**Parteneri:** Szekler Fruit Association (35%)  
Zetea Compossessorate (65%)

**Enterprise:** Center for berries and mushrooms processing

### Income generation model:

- The raw material (fruits and mushrooms) is supplied by the community from renewable resources.
- The community is involved in processing.
- Products: deep frozen fruit and mushrooms, organic jams and compotes.
- Market positioning: market niche products sold at a medium/high price level.
- Direct distribution to commercial customers.
- The benefits return to the community in the form of fees paid to fruit collectors, salaries or funds used by the Compossessorate to preserve the forest or as revenues for its members.

for the local community and for attracting partners.

- Szekler Fruit Association has expanded the range of products manufactured under its own brand and will generate further income sources, once the Center becomes profitable.

