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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 itcomes 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.

Roxana Vitan, president of the Romanian-American Foundation
Laszlo Potozky, director, the Environmental Partnership Foundation
Crăciun Mănescu, executive director, Economic Education and Development Center in Romania
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Cover photo: Laszlo Potozky
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, etc.). 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 demand and market demand, many local develop...
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
- Hilpa Association for Orchard and Vineyards Owners; processes fruits based on traditional recipes
- EcoLogic Association; Greeway Tour Agency
- Agent Green Association; Wild Time Green Tours Agency
- ProPark Foundation for Protected Areas

Total Budget: approximately USD 600,000

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. This program 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.

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 weighed more in the development model than the attainment of the expected level of business performance. In addition, 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.

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 weighed more in the development model than the attainment of the expected level of business performance. In addition, 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.

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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.
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 Maramureș, which, starting from the results of several distinct previous investment projects, set up the enterprise called “Drumul Moștenirii Maramureșene” (“Maramureș 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 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 forest lands and the extremely difficult access to 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 infrastructure considerably limit 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: 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.
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 natural and cultural heritage.

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 environmental 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 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 circumstances. 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.

Components of Sustainability for the Green Entrepreneurship Model

- Local heritage conservation
- Local community appreciates and uses the local heritage intelligently
- Preservation of local/traditional species and varieties

- Consolidation of communities and of partnership among local stakeholders
- Change in mentality
- More opportunities for local disadvantaged categories
- Jobs for the community
- Incomes for the community
- Incomes for the implementing NGO
- Access to markets for local entrepreneurs
- Attraction of further external resources
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 achieve 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.

THE GREEN ENTREPRENEURSHIP MODEL

“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
THE GREEN ENTREPRENEURSHIP MODEL

Szekler Fruit, a Community Aggregation Magnet

At Zetea, near Odorheiu Secuiesc; the Szekler Fruit Association has initiated the establishment of a community enterprise (Forest Owners Association), in partnership with local Compossororate, 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 Compossororate 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.

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 an 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.

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

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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, Hiliţa 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 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, 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.

Determination. The will and desire to get involved.

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

Laszlo Potozky, director, Environmental Partnership Foundation
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.
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 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 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.

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.

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.

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%

PRE-FINANCING

month 11-14
2,5%

THE FINAL

SELECTION

month 15
0,7%

DEVELOPING AND
MANAGING THE
ENTERPRISES

month 16-39
grant 51%
consultancy 16,5%

CONSOLIDATION

GRANT

month 36
3%

FINAL REPORTING

month 15
0,7%

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.

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.

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.

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

“The idea is to make money from a sustainable business and reinvest it for the benefit of the organization and the community.”

Roxana Vitan

“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

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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.

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.
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 in 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 Hiliţa 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 Iacobaş, 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 Chiricheş, ProPark
• 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, Greeway 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 Hiliţa).

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 Maramures 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
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...
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 community projects, communication and marketing platform, control mechanisms, measurement system, flexible funding, community facilitation, development and marketing platform.

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

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.

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

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.
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 allocated 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 startup 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.

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 opposed 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 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.
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 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 no.”

Paul Iacobaş, president, Center for Protected Areas and Sustainable Development

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 Iacobaş. 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. Iacobaş 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 Roşia. 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 to diversify the entertainment ground

cave visit tickets at a discount. 

For the first time, Meziad has offered ticket packages to visitors from various countries, from Hungary and other countries. The cave visited by tourists from all around the world. Meziad is the only cave in the area where organized groups of tourists and schools are offered a package deal and encourage tourists to 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 Iacobaş. 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 Vorel 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 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 Iacobaş.

Business Model: Local Development Based on Natural Assets

**Partners:**
- 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 cave, the outdoor 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).
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 Sugaštag. Moreover, “Drumul Moştenirii Maramureșene” 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 Maramures”, a region inhabited by rural communities with specific crafts and traditions. 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 Maramures 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 income not only for the community, but also for 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 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 Opportunity

EcoLogic Association is a registered trademark extensively promoted via the project website and other specialized publications.

If they can’t earn a decent income from their craft, we can’t expect the younger generation 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 Maramures 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 income not only for the community, but also for 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 Opportunity

EcoLogic Association is a registered trademark extensively promoted via the project website and other specialized publications.
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 Maramures 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 booking. In spite of the difficult start and the adjustments made on the way, 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 “Poopsul 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 providers incur benefits from the activity of the social enterprise.

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 Maramures 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.

Objective:

- The goal is not only to carry out projects, but to make profits, too. And this businesslike approach changes the relationship with 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.”

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 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.”
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 is 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 administration 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 18 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 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 Travel 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 Crișan, where the Green Entrepreneurship grant was spent mainly on building a center for canotca rentals and tourist information and education. "Our strategy identified Crișan as the suitable the hub for green travels in the Danube Delta", says Blumer. From Crișan, 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 rentalal center was eventually built as a lacustrine structure, right behind an existing guesthouse in Crișan – 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-
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 a 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 Crişan, 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 Crişan 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 and partnerships with travel agencies.
- 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.

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 Patzaic-hin 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 eco-tourism in the Delta – the Rental Center in Crişan - 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.
CASE STUDIES

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-Ţarcu 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.

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 though the 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-Ţarcu 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.

Gabriel Păun, president, Agent Green

“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

The Opportunity

The Retezat – Godeanu – Ţarcu 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 southwest, the climate becomes Mediterranean, so that, once you reach the town of Hercoleana, 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 “man 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 eco-tourism, 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.

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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 tours were requiring and 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, when the fault was finally corrected, wages funds were no longer sufficient.

The client 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 otherwise 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-Târcau 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.
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 Chiricheş, 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 Chiricheş 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 financial benefit”, says Tiberiu Chiricheş. 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 Chiricheş 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...
ProPark Ltd 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.

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THE FRUIT PROCESSING CENTER IN HILIȚA

Hilița village, located 30 kilometers south of the city of Iași, in 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 that of all the jams made by the old women, the red and black cherry jam was indeed special. And that of all the jams made by the old women, the red and black cherry jam was indeed special. And that of all the jams made by the old women, the red and black cherry jam was indeed special.

Constantin Străinu, president, Asociația Pomiviticolă Hilița

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 a 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 Association, 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 pickled 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 Center (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 storage and processing.
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 Hiliţa work at the Center. Although the revenues returning to the community from the center operations are not enough to satisfy the needs of all Hiliţa 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, Hiliţa Association for Orchards and Vineyards was the first fruit collection center and processing center in Iaşi county, which made the whole process incredibly difficult for Străinu and his partners: the only test lab in the city of Iaşi had been relocated to Bucharest, while the other test centers in the region (the first authorization of this kind in Iaşi county) was the first fruit collection center and processing center in the county. Critical Point – Distribution Channels The Association in Hiliţa 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 Ionuţ 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 Hiliţa 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 it own traditional local brand “The Treasure in Your Pantry” for the Hiliţa 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 7000 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 Hiliţa Fruit Collection and Processing Center was set up as a social enterprise operating within the Hiliţa 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.

Distribution Channels

1. The Centre contributes about 25% to the income of the Association members.
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3. The Centre contributes about 25% to the income of the Association members.
Current Background

The largest Forest Owners’ Association (COMP) currently operates in the forest area of Harghita County. A community made up of about 2,800 private forest owners and their families earns its living mostly from selling forest products. The forest owners and their families have been engaged in various activities related to forest cutting and timber selling. As a result, the local community may become a very plausible alternative for the local community. In time, this community in Zetea is capable to generate a steady income from the local forest resources.

At Zetea, a community located a few kilometers northeast of Odorhei 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 from the local community. In time, this community enterprise may become a very plausible alternative to forest cutting and timber selling.

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 fruits 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, jellies and compotes, all under the brand “SZÉKELYI 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 fruits. “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.”

ZETEA BERRIES AND MUSHROOMS PROCESSING CENTER

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 neighboring Romania, and then transported and sold 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 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, the Center collects 40-60 metric tons of wild berries and mushrooms from the surrounding area, thus depleting the forests’ natural heritage. The Center produces frozen fruits and mushrooms, fruit jams, jellies and compotes, all under the brand “SZÉKELYI 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.

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CASE STUDIES

Istvan Mar, president, Szekler Fruit Association

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The setting up of the Centre has triggered the development 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 Mac, the project is about letting local Roma families become custodians of those forest lands where berries and mushrooms are plenty. Thus, well encourage them to watch over and protect the forest lands they are made responsible for and which are souring 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 Cantacuzino 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 Centre 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.
• The community is involved in processing.
• The raw material (fruits and mushrooms) is supplied by the community from renewable resources.
• Direct distribution to commercial customers.

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.