



Project Prioritization for 2014-2020



The City of Alba Iulia



WORLD BANK GROUP



Romania
Regional Development Program 2



Project Prioritization for 2014-2020

The findings, interpretations, and conclusions expressed in this report do not necessarily reflect the views and position of the Executive Directors of the World Bank, or the Municipality of Alba Iulia.



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List of **ACRONYMS**

AIDA	The Alba Iulia Association for Intercommunity Development
CHM	Citadel Heritage Management
CLLD	Community-Led Local Development
CNADNR	National Highways and Roads Company
CR	County Road
CT	Thermal Power Station (<i>Centrală termică</i>)
DN	National Road
EU	European Union
GDP	Gross Domestic Product
GUP	General Urban Plan
HORECA	Hotel/Restaurant/Café
ICT	Information and Communications Technologies
IDA	Inter-Community Development Association
IDP	Integrated Development Plan
IT&C	Information Technology and Communications
MRDPA	Ministry of Regional Development and Public Administration
NGO	Non-Governmental Organization
NIS	National Institute of Statistics
OECD	Organisation for Economic Co-operation and Development
OP	Operational Programme
PNDL	National Programme for Local Development
PPP	Public-Private Partnership
RDI	Research, Development and Innovation
RES	Renewable Energy Sources
ROP	Regional Operational Programme
UAT	Territorial Administrative Units
ZUP	Zonal Urban Plan



What This Report Is

About

This report comes following a request by the Municipality of Alba Iulia for the World Bank to assist with the following activities:

Assessment of the projects included in the general and sectoral, local, intercommunity, county and regional urban planning **and strategic documents** in effect or coming into effect throughout the years 2014 – 2015, valid until at least 2020;

Accommodation of the projects with the eligibility criteria set forth in the EU financing regulations, the Partnership Agreement, the Operational Programmes, other strategic and funding documents, in order to maximize the chances **to access funds** allocated for the local public administrations and/or their eligible partners;

Analysis of Alba Iulia City's capacity to ensure the **financial and functional sustainability** of such projects;

Preparing recommendations concerning the **improvement of performances** of the project management teams;

Recommendations concerning the **improvement of the internal work procedures** and instruments specific **to externally funded projects**;

Recommendations concerning the **risks** associated to future projects and related contingency measures.

The aforementioned request followed a number of recommendations made by the World Bank in a technical assistance program for the Ministry of Regional Development and Public Administration (MRDPA), between 2012 and 2014. These proposed ways in which the MRDPA, as well as beneficiaries of EU funds, could better prepare for the 2014-2020 programming period.

The City of Alba Iulia is also getting ready for the 2014-2020 programming period and local authorities are aware that the city's development will continue to be dependent, to a large degree, on the efficient absorption of EU funds. To this end, the City Development Strategy has been updated for 2014-2020, along with the General Urban Plan, and along with the finalization of the

Local Development Agenda 2014-2040. The task at hand will be to identify from these strategic documents priority projects that will be undertaken between 2014 and 2022, using available resources in a judicious and efficient manner.

Consequently, this report will not duplicate the analysis carried out in the already completed strategic documents, but merely look to see how the proposals made in these documents could be best operationalized for the 2014-2020 programming period. Where necessary, additional analysis is undertaken to justify particular project choices.

Framework

for Assessing Local Projects

An analysis of strategic and programmatic documents has to start from the reality that some strategic documents are normative, while others are not. For example, the Alba Iulia General Urban Plan (GUP) is a normative document that provides the zoning for the City of Alba Iulia (i.e., what type of construction is permitted in different areas of the city) along with proposing major projects in the area. The fact that a project is in the GUP does not mean that the project will actually be implemented in the time-period for which the GUP is valid. However, once a particular land area is designated a particular function in the GUP (e.g., a new road), no other project than can be done there. Ideally, a GUP should only propose projects that can realistically be achieved within the GUP's validity period. Moreover, whenever changes do occur in terms of planned projects, the GUP should be updated accordingly. For example, the current GUP includes an expressway that will by-pass Alba Iulia, connecting Turda with Sebeş and the A1 Highway. However, in the meantime national authorities have decided to develop a highway instead of an expressway, which means the Alba Iulia GUP has to be updated.

Development strategies are not normative documents and as such place few binding constraints on local authorities to follow them. Almost every major local authority in Romania has a development strategy, but the way these strategies are put into practice varies from case to case. In some situations (e.g., when a political administrative change takes place), a locality may choose to focus on another set of projects than the ones listed in the strategy. An exception is made in the case of development strategies that come with funding constraints. For example, Integrated Development Plans (IDPs) enable access to EU funds for local authorities, but once approved, local authorities have to follow the list of projects included in the IDP.

Moreover, while development strategies are used widely across the globe, they often have a number of shortcomings that hamper their effectiveness, including in Romania:

FOR ONE, development strategies are often inward-looking, paying relatively little attention to outside factors that may have a significant importance. For example, the Zipf rule indicates that in countries that develop organically (i.e., countries that are not centrally planned), there is a certain inertia in the way cities develop. Thus, the primate city (usually the largest city in the country) rarely loses its rank to other cities, regardless of how badly mismanaged it might be. Moreover, smaller cities may overtake in development cities of their size, but they will rarely overtake cities that are much larger in size. Consequently, local development strategies need to see the target city as being part of a larger system of cities rather than analyzing it in an insulated fashion.

SECOND, local development strategies are often unclear about how to achieve local development. They almost invariably have a vision and a list of objectives, but there are no mechanisms to assess the performance or effectiveness of the strategy.

THIRD, development strategies usually climax with a list of proposed projects, to be implemented within the validity period of the strategy. More often than not, only a few of the proposed projects are actually completed. Ideally, each strategy should allocate a clear budget for a well-defined programming period, and it should identify the priority projects that are hoped to be completed within the available timeline, with the available budget. In addition, every development strategy should take into consideration limited foresight, and allocate a certain percentage of the estimated budget for expenditures that have not been foreseen at the time the strategy was elaborated.



In what follows, we discuss how some of these shortcomings can be addressed. This discussion will also form the backdrop for the actual project prioritization for the 2014-2020 programming period, discussed later in the report.

The City as a Part of a **City System**

In 2013, the World Bank elaborated a report (“Competitive Cities: Reshaping the Economic Geography of Romania”) that discusses the Romanian system of cities in great detail, including a set of recommendations that are relevant for the City of Alba Iulia. The local authorities already have this report, so the information will not be repeated here.



The City

Pyramid of Needs

The same way people define for themselves the issues that are most poignant for their personal development, so can city leaders define the priorities that are critical for their locality. Abraham Maslow has defined a pyramid of needs that has been used in the social sciences for over 70 years. In a similar fashion, we define a city's pyramid of needs, which includes the key building blocks for a city's development. In effect, we discuss three types of pyramids of needs.

Philip Kotler indicated that local authorities address local policies and investments to three types of constituents: citizens; the private sector; tourists. In what follows we discuss how cities can identify needs, and ultimately priority projects, by looking at the needs of these three constituent groups.

The CITIZENS Pyramid of Needs

A city's citizens are without a doubt its main constituent group. Citizens elect the mayor and the local council, and local authorities are directly responsible to them. Citizen needs can largely be clustered in the following five categories: opportunities; housing and basic infrastructure; connectivity; effective and efficient administration; quality of life. These will be discussed in more detail below.

OPPORTUNITIES

The main attraction of cities are the opportunities they offer. People usually flock to cities because that is where they can find jobs, where they can get education, healthcare, or where they can access larger markets. Usually, the more opportunities a city offers, the larger it will be. And, conversely, the larger a city is, the more opportunities it tends to attract – in a virtuous cycle. Consequently, city leaders have to identify ways to attract and generate opportunities in their city, to make it more attractive to people – both from outside and from within the city.

HOUSING AND BASIC INFRASTRUCTURE

The many slums of the world are a testament to the magnetic pull of cities. Many people chose to live in squalor so they can have access to the opportunities the city offers.

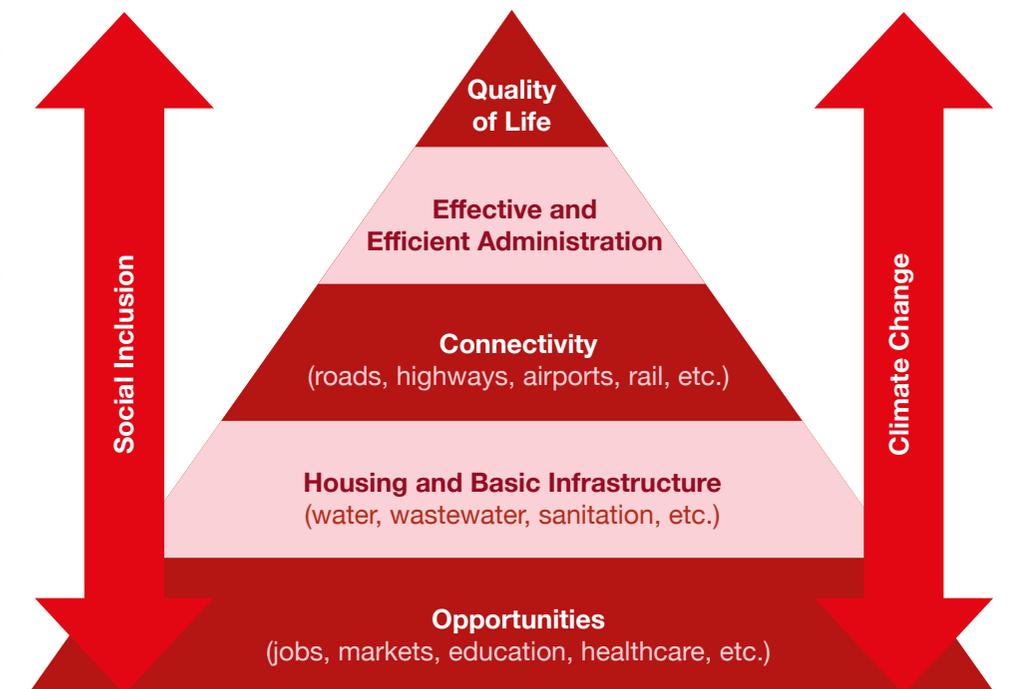


Figure 2. The Private Sector Pyramid of Needs

However, city leaders are aware that such a situation is neither desirable nor sustainable. As such, one of the key functions of local governments is to provide basic infrastructure and to allow housing markets to function properly.

CONNECTIVITY

For a city to thrive, it has to be well connected. The largest cities in the World are former port cities situated on the coastline of major continents. Good connectivity means that people will have easier access to more opportunities in the area (e.g. it will be easier for them to find another job), while firms will have easier access to a larger labor pool and to larger markets.

EFFECTIVE AND EFFICIENT ADMINISTRATION

Once a city provides opportunities, basic infrastructure, and connectivity, people will expect and demand a good administration. They will want to be able to get to work without a hassle, to have their streets cleaned, to be able to obtain licenses and permits easily, and so on. This requires continuous improvement on the part of local administrations, as well as open communication channels to the general population and the engagement of local communities.

QUALITY OF LIFE

Cities from the developed world largely provide all of the four ingredients described below. This in essence means that people have a range of options to choose from. In order to attract and keep people, cities increasingly resort to quality of life measures. Among other things this translates into a burgeoning cultural life, entertainment opportunities, places for people to meet and greet, an active restaurant and bar scene, access to green spaces and water bodies, beautiful buildings, good urban planning and good urban design. A recent study has shown that aesthetic beauty is one of the things people valued most about a city.¹

In addition to these key building blocks of the City Pyramid of Needs, there are two cross-beams that local authorities should use as a filter for all the projects they propose: social inclusion and climate change.

SOCIAL INCLUSION

Regardless of how developed a city is, it will always have to deal with social inclusion issues – i.e. there will always be a share of the local population that will be less fortunate than the rest, or which will be directly or indirectly discriminated against. Actively promoting social inclusion not only helps achieve social desiderates, but is also a critical tool for achieving economic goals. For example, a World Bank study indicates that if the estimated Roma population in Romania would work at the average productivity level in the country, the overall GDP would be boosted by 3%.² Consequently, whenever devising a new project, local authorities should think how that particular project could also help address social inclusion issues.

CLIMATE CHANGE

The more cities develop, the more they tend to pollute. In fact, cities are responsible for around 70% of global GHG emissions. Since they are a major part of the problem, they should also be a major part of the solution. Initiatives, such as the Covenant of Mayors or ICLEI (Local Governments for Sustainability), have started to bring together city leaders from all over the world, to kick-start a joint effort towards solving the global climate change problem. Local authorities should therefore think their projects through a climate change lens, assessing whether that projects helps address climate change issues or whether it makes matters worse.

¹Richard Florida, „Beautiful Places: The Role of Perceived Aesthetic Beauty in Community Satisfaction”: Beautiful Places: <http://www.creativeclass.com/rfcgdb/articles/Beautiful%20places.pdf>

² World Bank. 2014. Diagnostics and Policy Advice for Supporting Roma Inclusion in Romania

The PRIVATE SECTOR Pyramid of Needs

The private sector is a city’s source of economic dynamism, and an active local economy is a magnet for people. Without an active private sector, cities often wither away. For local authorities it is therefore important to identify ways to address some of the key needs of the private sector. These can be grouped in the following categories: qualified labor force; land and basic infrastructure; connectivity; effective and efficient administration; clusters.

QUALIFIED LABOR FORCE

The key source of a company’s productivity are its people. It is people that think and design products and services, it is people that ultimately produce these products and services, and it is people that market and sell products and services. Thus when a company decides where to locate, or where an entrepreneur decides where to start a business, the availability of qualified labor force is one of the first things they take into consideration.

LAND, OFFICE SPACE AND BASIC INFRASTRUCTURE

Every business requires a place to operate from. Some companies simply rent out or purchase an existent office space, some require a new plot of land to develop their facilities on. It is therefore important for local authorities to have a good grasp of the availability of office space (i.e., vacancy rates) and land parcels in the area (e.g., brownfields or greenfields). A dearth of office space and developable land may restrict private sector development.

CONNECTIVITY

Connectivity is paramount to the private sector. On the one hand, private companies require easy access to a large enough labor pool of qualified labor. On the other hand, private companies need easy access to markets – internal and external. Easy access to a qualified labor pool implies well developed local and regional infrastructure, to allow easy commuting to the city for a large number of people in the region. Easy access to markets may require a well-developed highway network, good airport, rail, and naval infrastructure, as well as the availability of a well-developed (information and communication) ICT infrastructure.

EFFECTIVE AND EFFICIENT ADMINISTRATION

Private companies require both public policies and public infrastructure to function effectively. Some require that construction permits be made available in a timely fashion, some may require a road connection to major infrastructure in the area, and some may require appropriate tax policies.

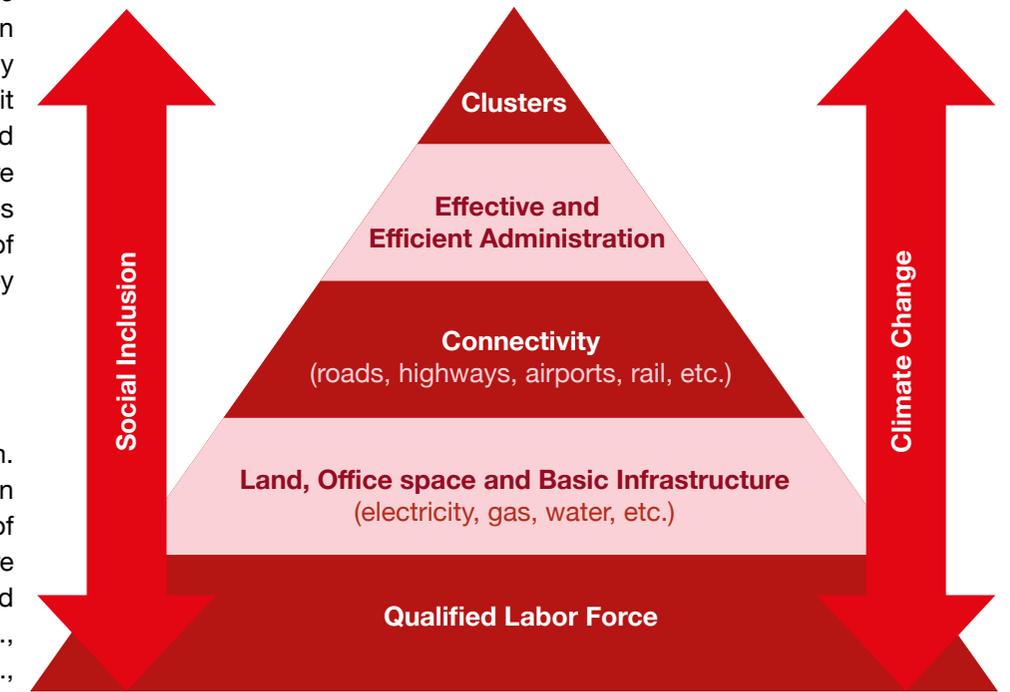


Figure 2. The Private Sector Pyramid of Needs

CLUSTERS

As counterintuitive as it may sound, private companies need other companies in the same sector to be effective. There is a wide literature, starting from the Alfred Marshall's description of industrial districts in 19th century England that show the benefits of co-location. Having other similar companies around allows an easier flow of ideas, a more seamless access to qualified labor force, and higher productivity driven by local competition.

When attempting to attract businesses local authorities should also have in mind the two cross-beams mentioned for the citizens pyramid of needs: social inclusion and climate change. Attracting any business, just because it creates local jobs, may not be the best long-term strategy.

SOCIAL INCLUSION

Most local authorities know that they cannot sustain growth if they only manage to attract low-wage businesses. At the same time, high-profile examples like Silicon Valley show that neither is it sustainable to attract only high-wage businesses. A healthy business mix includes both high-wage sectors (which are usually the source of a city's long-term growth) and business sectors that allow access to jobs for people with lower skills. In addition, local authorities can encourage the location of businesses in poor neighborhoods and marginalized areas.

CLIMATE CHANGE

Since cities are the place where most businesses are located, they are also the place where most green-house gases are generated. As such, local authorities have an obligation to address climate change challenges. Among other things this may imply requiring higher environmental standards and stewardship from businesses.

The TOURIST Pyramid of Needs

The large majority of cities are not a tourist attraction, even if they may be visited regularly by people. However, for some, tourism represent a significant source of revenue. Cities with a clear tourist potential should look for ways to meet the needs of tourists. These needs can be grouped in the following five categories: attractions; information; connectivity; accommodation; quality services. These will be discussed in more detail below.

ATTRACTIONS

Tourists go where there is something to visit. Many local authorities like to fashion their cities as tourist meccas, but when they look at the numbers they see that they did not manage to generate a lot of revenues from tourism, nor did they manage to attract a lot of tourists. Even cities that continuously have their hotels full, may in fact be visited by business travelers, not by people who were there to just visit the city. As such, local authorities have to be very clear about what attractions they can offer tourists (e.g., historic sites, cultural heritage, entertainment, gastronomy, culture) and find the best ways to showcase those attractions.

INFORMATION

Even the best attractions will remain unvisited if there is no information about them. If local authorities determine that they have something that is worth visiting, they also have to find creative ways to market those attractions to a well-defined target market.

CONNECTIVITY

The easier it is to get to an attraction, the more visitors it is likely to enjoy. Easy access to airports, major road infrastructure, rail and naval hubs is critical in this respect, although it is not always within the means of just one local authority to provide this connectivity.

ACCOMMODATION

If tourists do decide to visit a particular city, they have to have a place to stay. Local authorities are not in the hotel business (this is an area that is almost exclusively covered by the private sector), but they can identify creative ways to encourage the development of the sector – e.g., concession of land/buildings or the development of business associations. In many Romanian cities, the hotel infrastructure is not yet properly developed, so even if these cities have something worth visiting they are not prepared to receive tourists.

QUALITY SERVICES

To have a sustainable source of revenue from tourism, it is important to continuously offer quality services – this includes not only services offered by the private sectors, but also services offered by the public sector (e.g., quality public infrastructure, good public transport, a safe environment). This ensures that the tourists that get there may consider coming back, or may consider recommending the place to someone else.

Attempting to meet the needs of tourist should also take issues pertaining to social inclusion and climate change into consideration.

SOCIAL INCLUSION

Cities that have significant social inclusion issues also tend to have a number of traits that make them less attractive to tourists - e.g. criminality, begging, loitering. Tourism development can often deepen those social cleavages - e.g. pushing poor people outside historic neighborhoods. It is therefore critical that tourism development projects be done with a social inclusion lens in mind.

CLIMATE CHANGE

Issues pertaining to climate change should also permeate tourism development decisions. For example, local authorities may develop a public transport network that allows tourists to seamlessly go from attraction to attraction, rather than rely on cars to fill in this need.

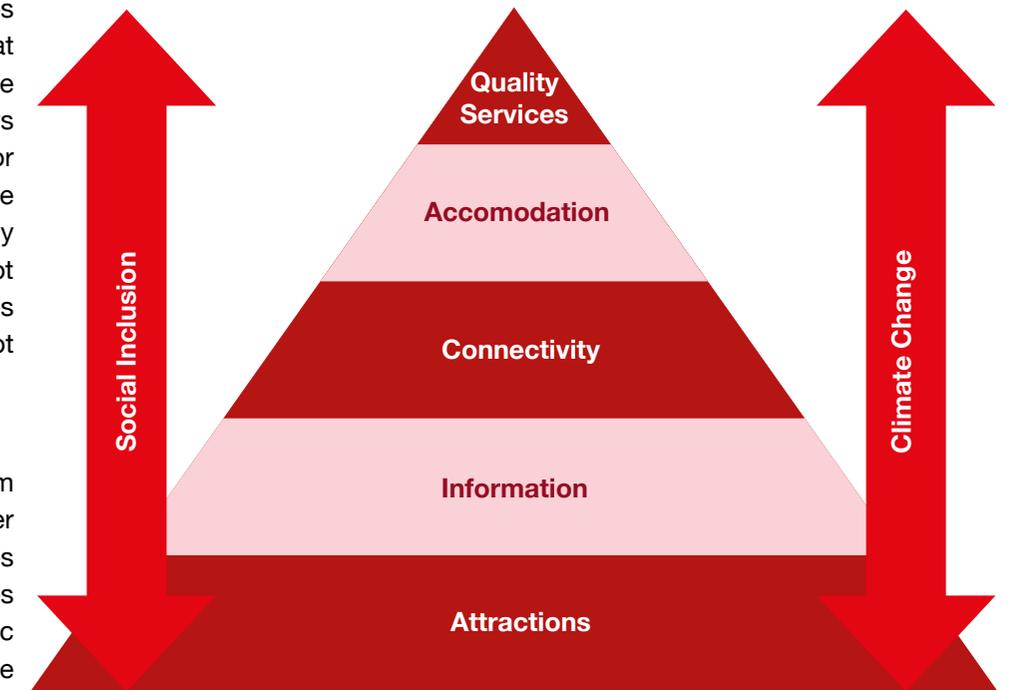


Figure 3. Tourist Pyramid of Needs



The City Operational **Budget**

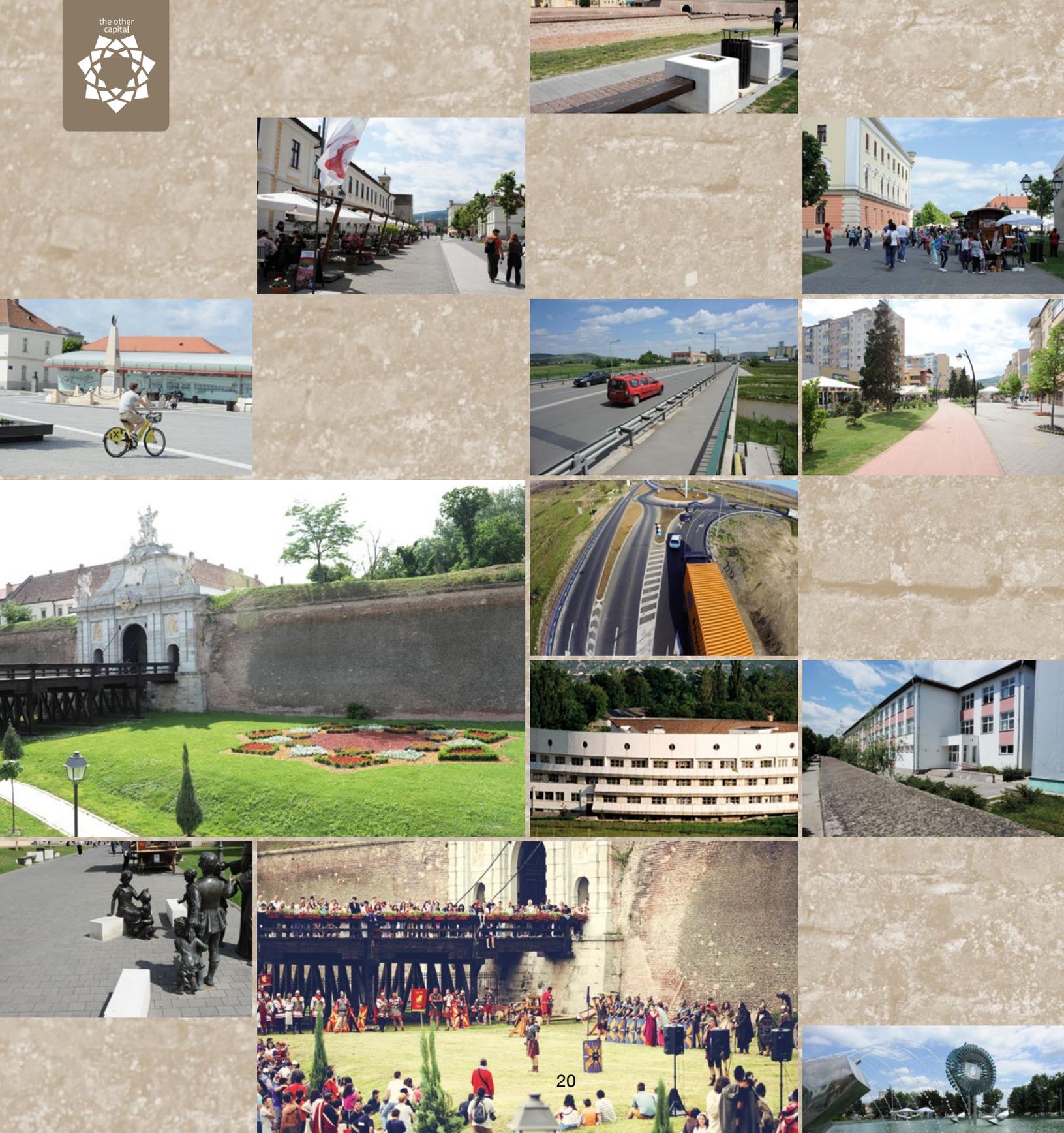
The simplest and most efficient tool for the prioritization of the proposals in a development strategy is a clear operational budget. Once city leaders have an estimate of the budget they could rely on to implement projects in a given timeline, they will also be in a better position to identify the priority projects they would want to fund with that budget. By contrast, having no realistic budget planning leads to long wish lists of projects that may be started and completed in some cases, but in the vast majority of cases they may be started and left unfinished for a long period of time or they may remain only on paper.

The World Bank has developed a simple methodology for estimating prudent capital expenditure margins for local authorities. The methodology starts from the premise that public authorities should not spend more than 30% of their non-earmarked revenues on capital expenditures, year on year. Capital expenditures, such as the development of new infrastructure, bring with them operation and maintenance costs, and the larger the sum spent on capital expenditures the larger the operation and maintenance costs are likely to be. Thus, even when capital expenditures are done with grant money, they often require fixed costs that will be a burden on the local budget once the investment is completed.

Non-earmarked revenues were calculated using the formula below:

$$\text{Non-Earmarked Revenues} = (\text{Own Revenues}) + (\text{Shared Personal Income Tax}) + (\text{Non-Earmarked Grants}) + (\text{Other Revenues})$$

³ See: World Bank. 2014. Identification of Project Selection Models for the Regional Operational Programme 2014-2020.



LOOKING BACK: The Alba Iulia 2007-2013 Projects

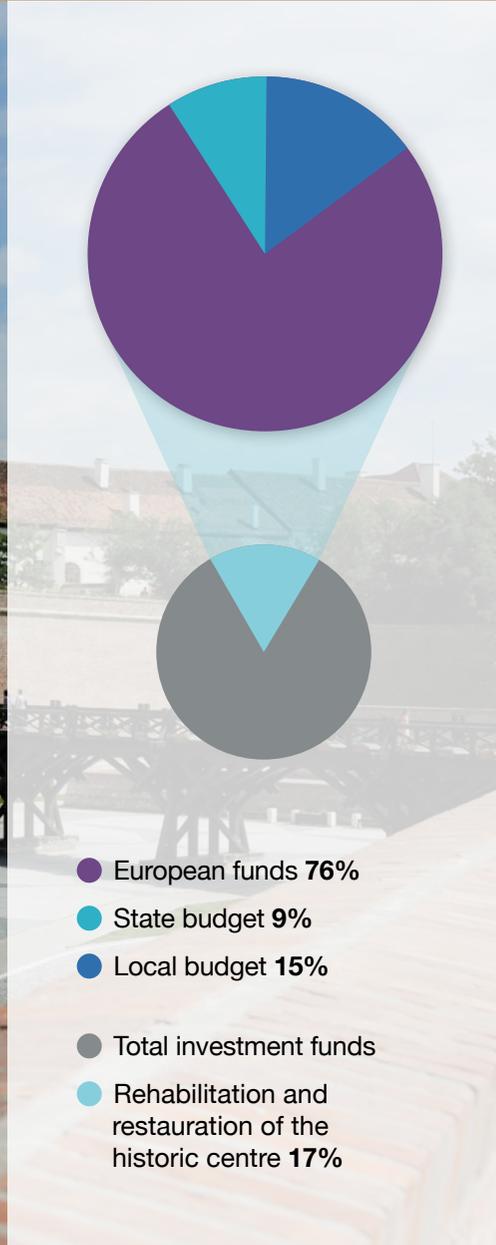
Alba Iulia has been one of the most dynamic localities in Romania in terms of absorption of EU funds. Overall, it has managed to absorb or leverage in cooperation with other local/regional stakeholders over 150 million Euro in EU funds – a remarkable achievement. While Alba Iulia is only the 33rd largest city in Romania by population, it was 7th in terms of contracted projects under Axis 1 (on Urban Integrated Development Plans) of the Regional Operational Programme 2007-2013, with around 60 million Euro committed to urban development projects.

In what follows, we provide an overview of the major infrastructure projects undertaken by the Municipality in Alba Iulia between 2007 and 2013. This overview will help identify the key priorities of the Alba Iulia municipality in the previous programming period, which in turn will provide an idea about what priorities could be pursued in this programming period. Often, investments in one particular sector are carried over several programming periods. The analysis of the 2007-2013 portfolio of projects will be done using the Pyramid of Needs framework introduced earlier.



OPPORTUNITIES

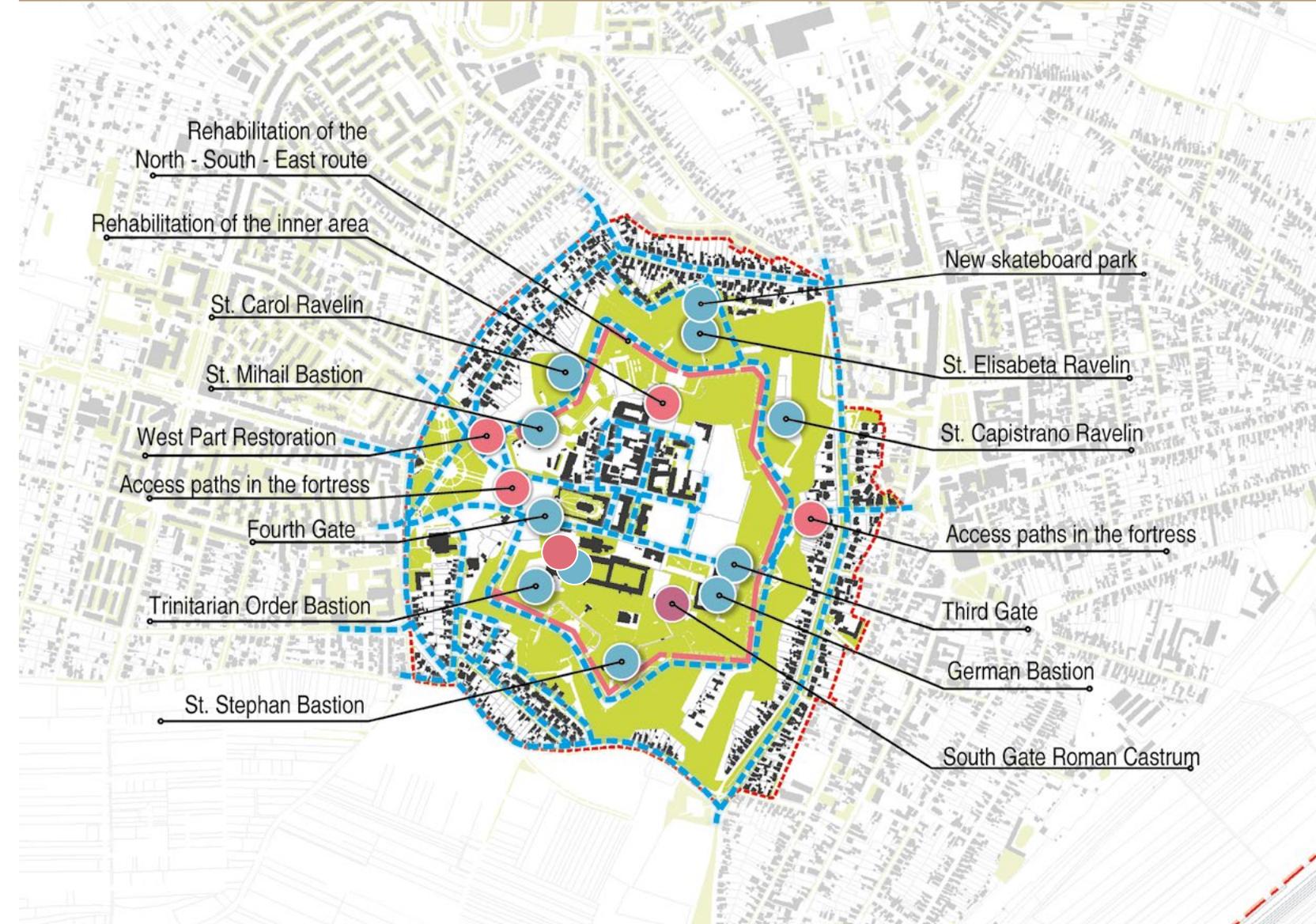
The Vauban Fortress



The Vauban Fortress

The most important public investment that has helped generate opportunities in the City of Alba Iulia is the restoration of the Vauban Fortress. The transformation of the fortress in the past years is nothing short of remarkable, and while the restoration project may also be considered a Quality of Life project, it is also a project that has helped generate jobs and extra revenues in the city (e.g., by bringing in more tourists and by prompting business formation within and outside the fortress).

Rehabilitation and restoration of the historic centre



Projects financed from the local budget

● Restoration / equipment

Projects financed from the state budget

● Restoration / equipment

Projects financed from European funds (ROP)

● Restoration / equipment

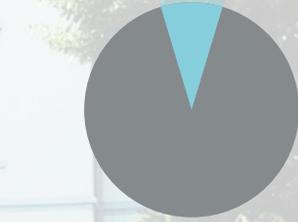
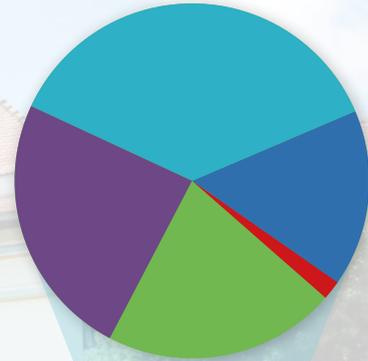
--- Cycle lanes

--- Rehabilitation of urban infrastructure



OPPORTUNITIES

Educational Infrastructure



- State budget **37%**
- Local budget **16%**
- Internal line of credit **2%**
- Revolving fund **21%**
- European funds **24%**
- Total investment funds
- Educational infrastructure **10%**

Educational Infrastructure

Educational units may be considered both under the “Opportunities” category and the “Basic Infrastructure” category. Normally, an educational unit may be considered a creator of opportunities when it acts as a magnet for people. For example, a university attracts a student body from a wide area (the best universities in the world have a global student base). A primary school, on the other hand, usually services a certain community. However, good schools act as a magnet for parents who want to ensure that their children get the best education possible. This is certainly the case in the United States, where parents seek the best school districts in the area where they work.

Rehabilitation and modernization of education infrastructure

Projects financed from the local budget

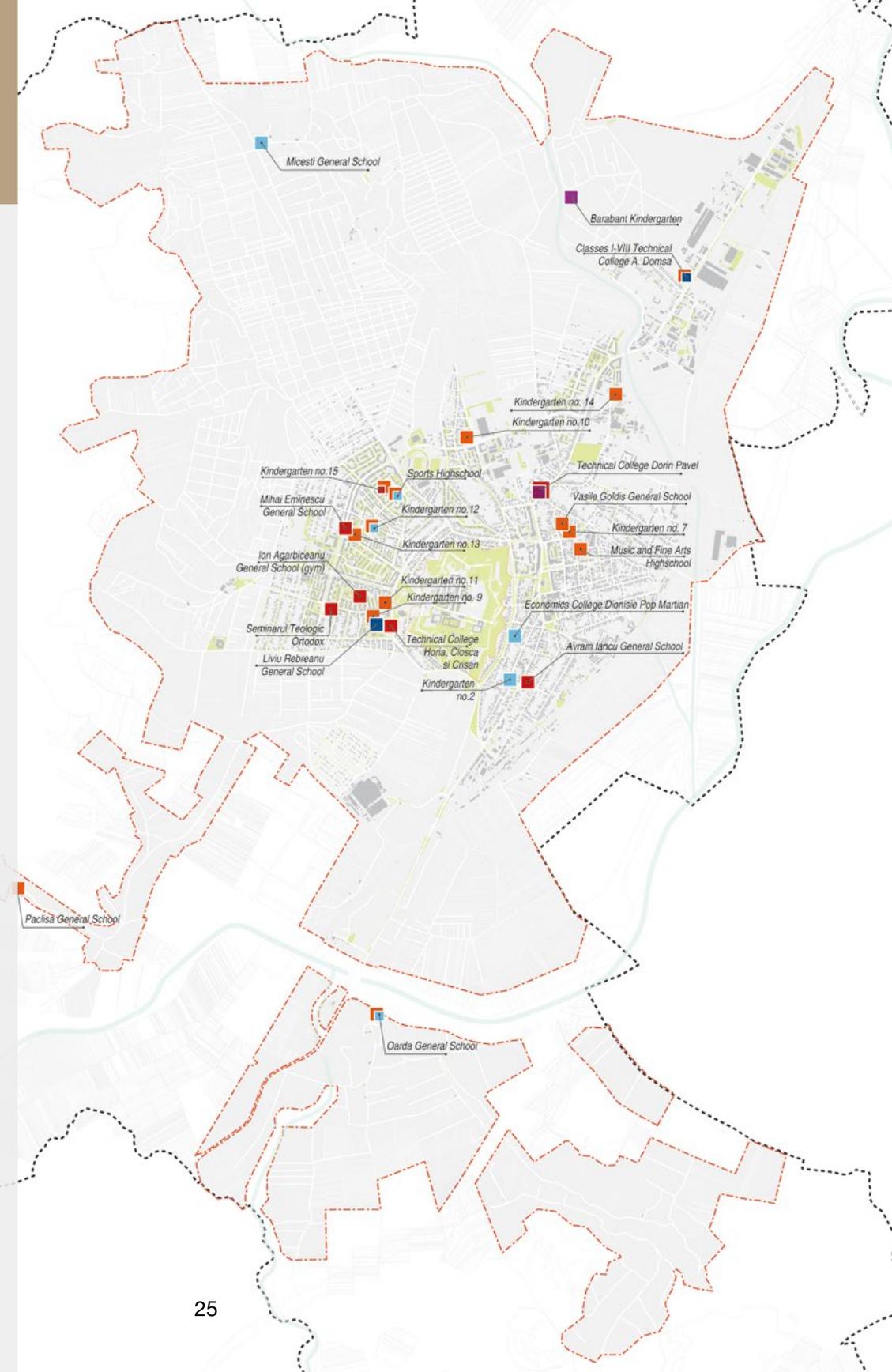
- Rehabilitation of the existing infrastructure
- Improvements / equipment
- Capital repairs
- New constructions / reconstruction

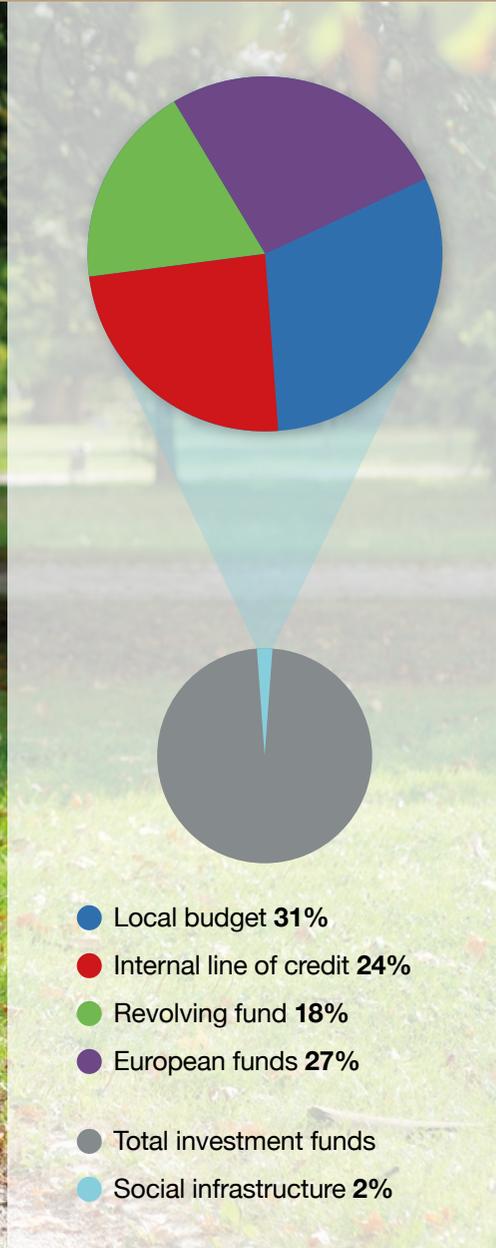
Projects financed from the state budget

- Rehabilitation / repairs / extensions

Projects financed from European funds (ROP)

- Rehabilitation of the existing infrastructure





Social Infrastructure

Social infrastructure, similar to educational infrastructure, may also be considered under the “Basic Infrastructure” category. However, when such infrastructure is not widely available (e.g., a center for elderly care), it becomes a draw for people in the region. For example, elderly people may move to the city to benefit from the existing infrastructure, or families that have children with disabilities may move to an area that offers them the appropriate social infrastructure.

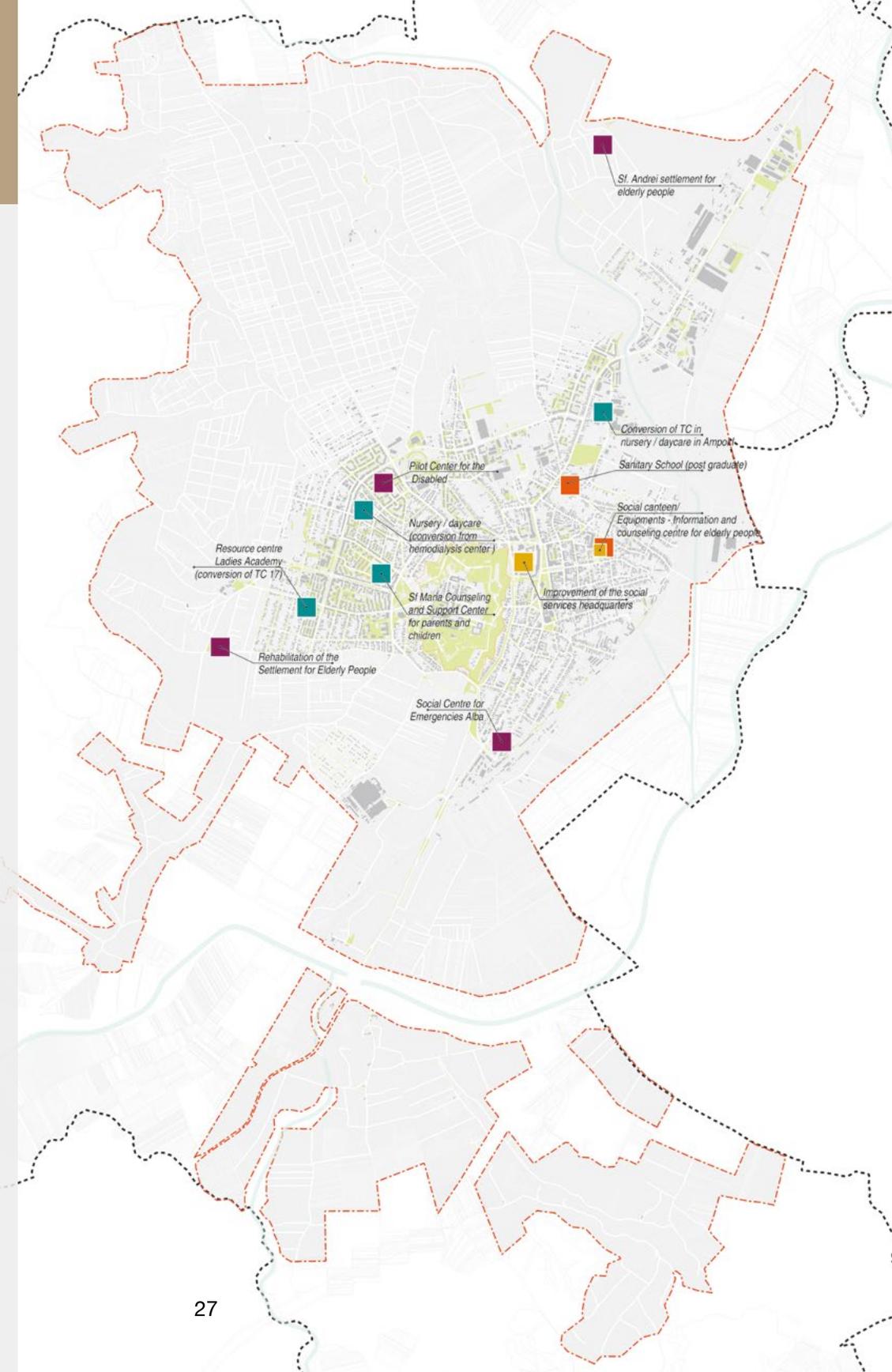
Rehabilitation and modernization of social infrastructure

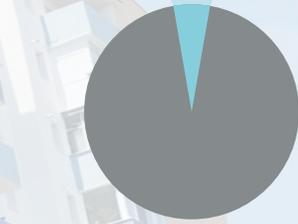
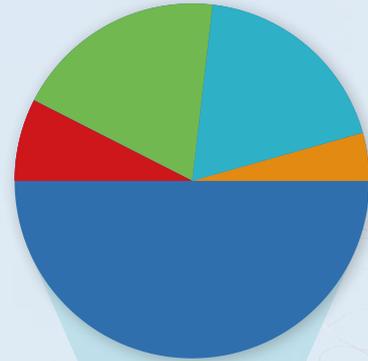
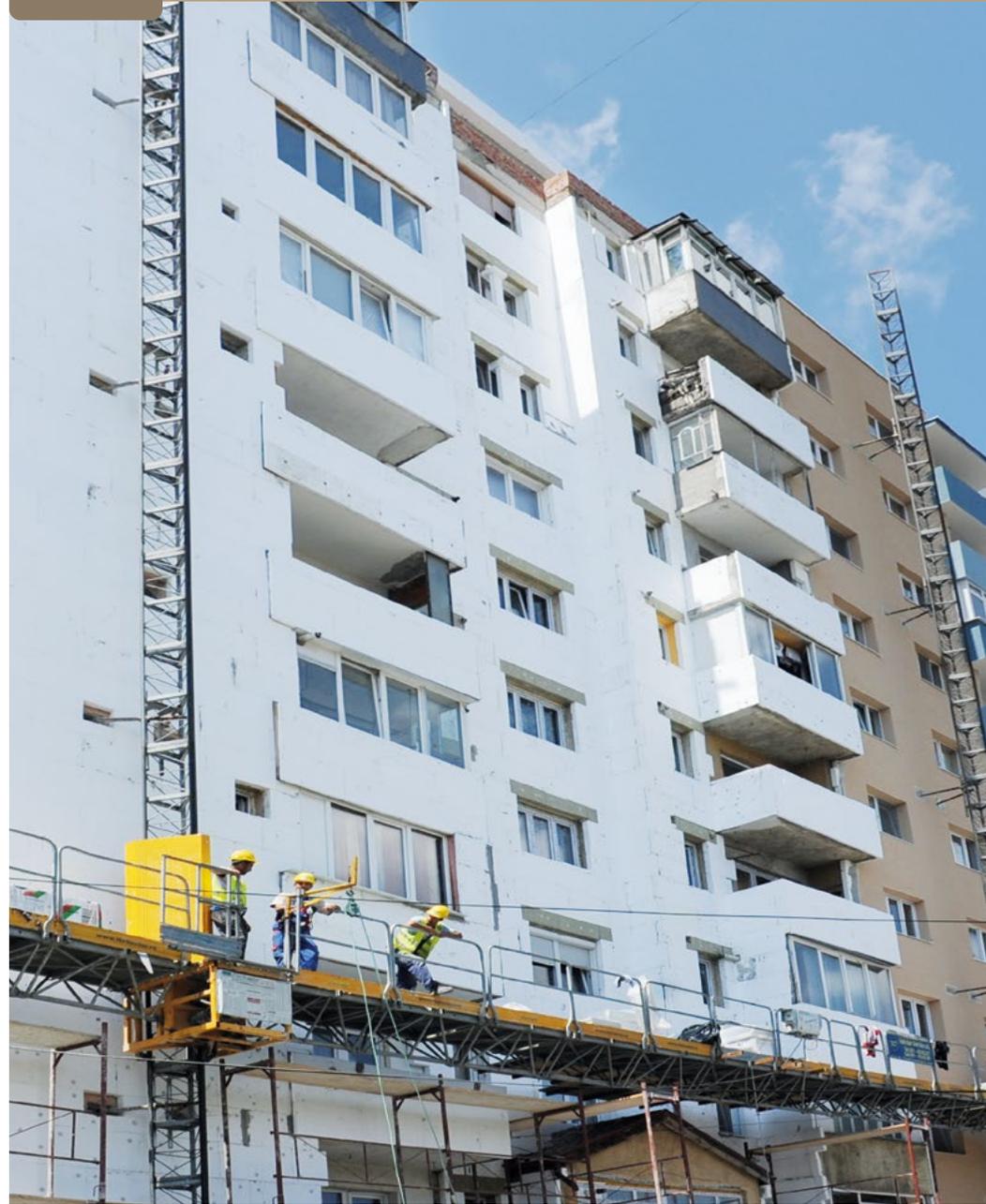
Projects financed from the local budget

- Rehabilitation/ conversion of the existing infrastructure
- Rehabilitation of the infrastructure
- Equipment of the infrastructure

Projects financed from European funds (ROP)

- Rehabilitation of the existing infrastructure/ new buildings





- Local budget **50%**
- Internal line of credit **8%**
- Revolving fund **19%**
- State budget **20%**
- External line of credit **3%**
- Total investment funds
- Housing infrastructure **6%**

Housing

Housing is to a large extent provided by private developers, but public funds are often used for providing social housing. In addition, a large thermal insulation program was started with both EU and state-budget funds. The thermal insulation program requires local authorities and end beneficiaries to provide part of the funding needed to finalize the projects.

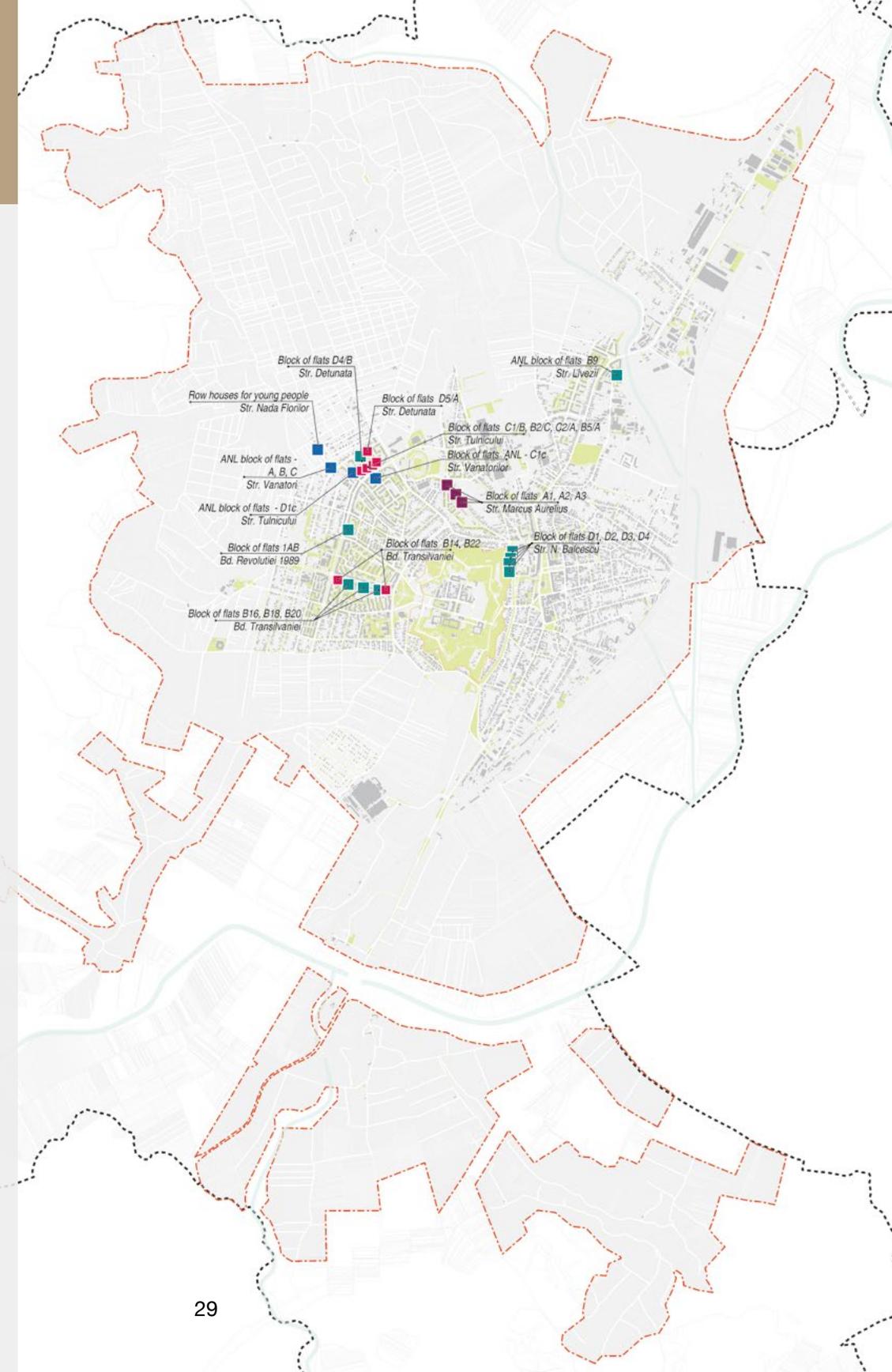
Rehabilitation and modernization of housing infrastructure

Projects financed from the local budget

- Rehabilitation of the existing infrastructure
- Viability of the existing infrastructure
- Documentation ready for new investments

Projects financed from the state budget

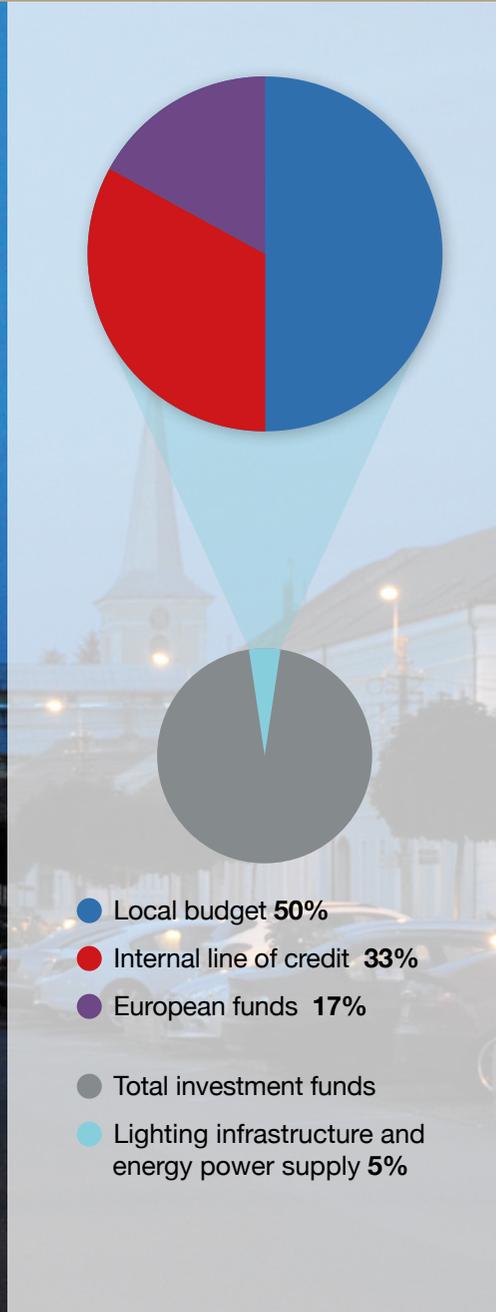
- Social housing





HOUSING and BASIC INFRASTRUCTURE

Street Lighting



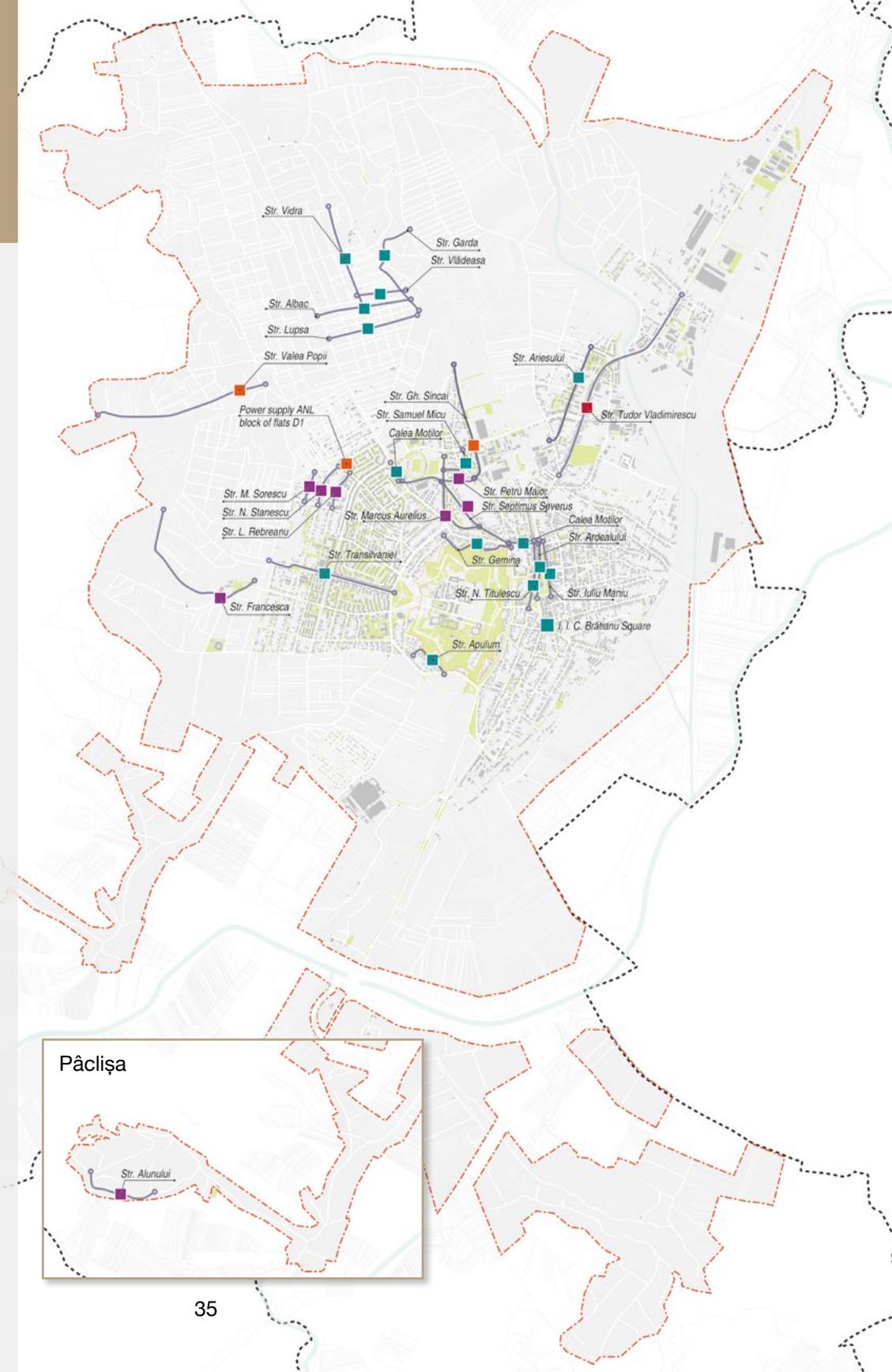
Street Lighting

A proper street lighting infrastructure is key both from a safety point of view and from a quality life point of view. The Municipality has invested in 2007-2013 in the rehabilitation, modernization, and extension of the street lighting system.

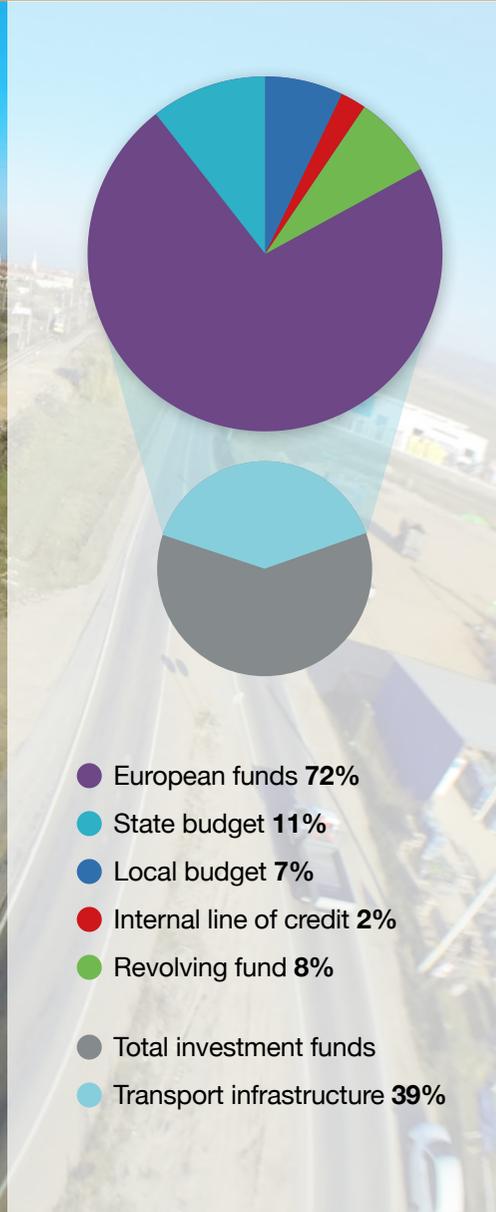
Rehabilitation and modernization of lighting infrastructure and energy power supply

Projects financed from the local budget

- Rehabilitation of the infrastructure
- New lighting networks
- Expansion of the existing network
- Electric power supply
- Infrastructure



LOOKING BACK: The Alba Iulia 2007-2013 Projects



Roads

Connective infrastructure is key in enabling people easier access to opportunities, and for a city the size of Alba Iulia, roads are critical. The city has invested significantly in the rehabilitation of its existent road infrastructure between 2007-2013, using EU funds, local funds, and state-budget funds. Other major investments in connective infrastructure, which improve overall connectivity for the people in Alba Iulia, have been started by county and national authorities. The public transport system is operated by a private company, and it covers a larger metropolitan area.

Rehabilitation and modernization of county roads, urban streets, including construction / rehabilitation of ring roads

Projects financed from the local budget

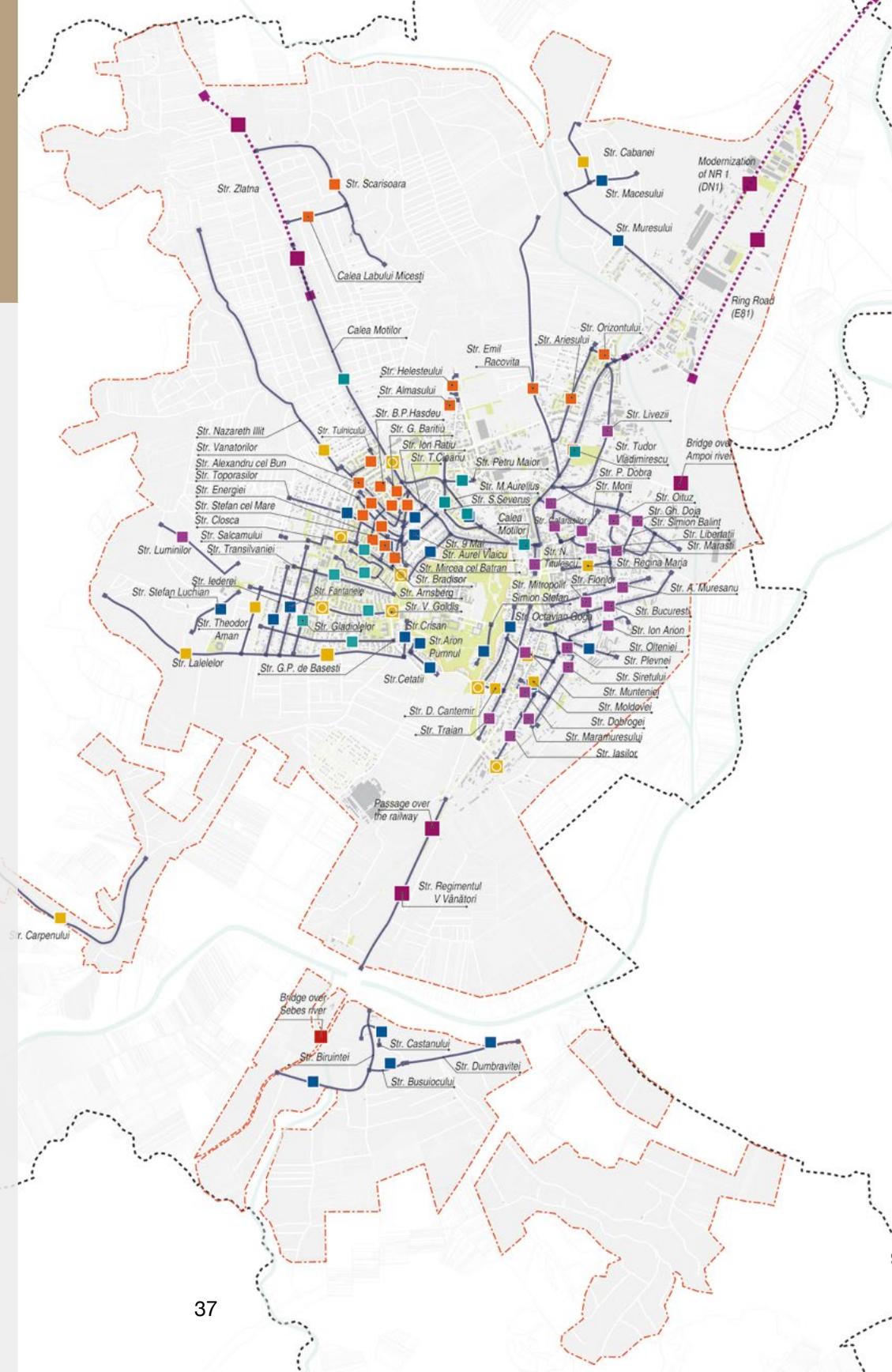
- Capital repair of the infrastructure
- Rehabilitation of the infrastructure
- Refunctionalisation of the infrastructure
- Modernization / improvement of the infrastructure
- Roundabouts

Projects financed from the state budget

- Modernizations / improvement of bridges and passages

Projects financed from European funds (ROP)

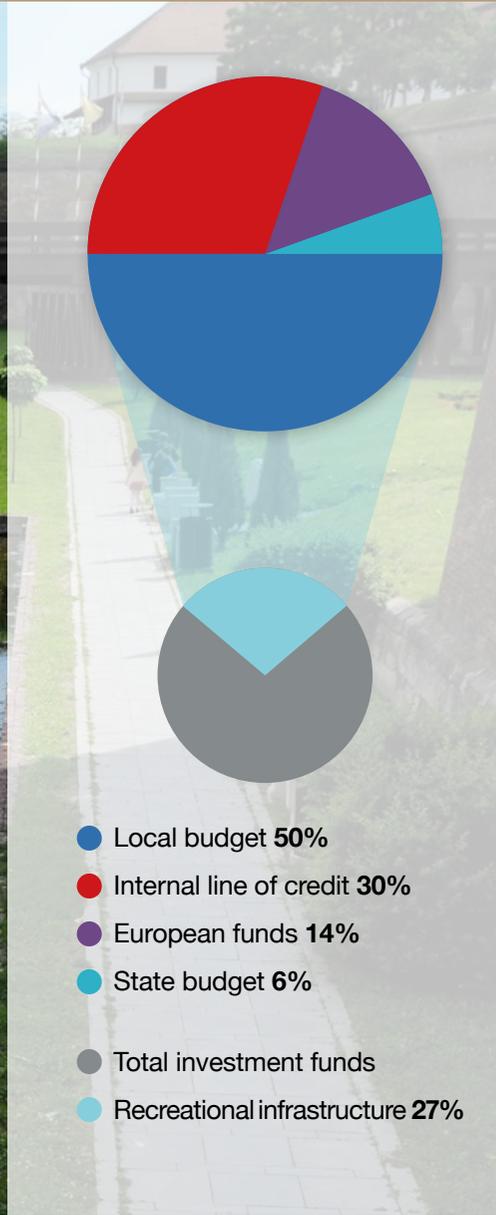
- Capital repairs of the infrastructure
- Modernization / improvement national roads / European roads
- Road infrastructure





QUALITY of LIFE

Recreational Infrastructure



Recreational Infrastructure

Quality of life investments are increasingly important in an environment where people are more and more mobile and where more and more cities offer a basic package of opportunities (e.g., well-paid jobs, access to good education and healthcare). The local authorities in Alba Iulia have been able to engender an impressive transformation of the City Fortress. In the same vein, the local authorities have developed and rehabilitated sports infrastructure (e.g., an Olympic swimming pool, and a rehabilitated football field), have constructed new bike paths, and have rehabilitated several parks in the city.

Rehabilitation and modernization of leisure infrastructure

Projects financed from the local budget

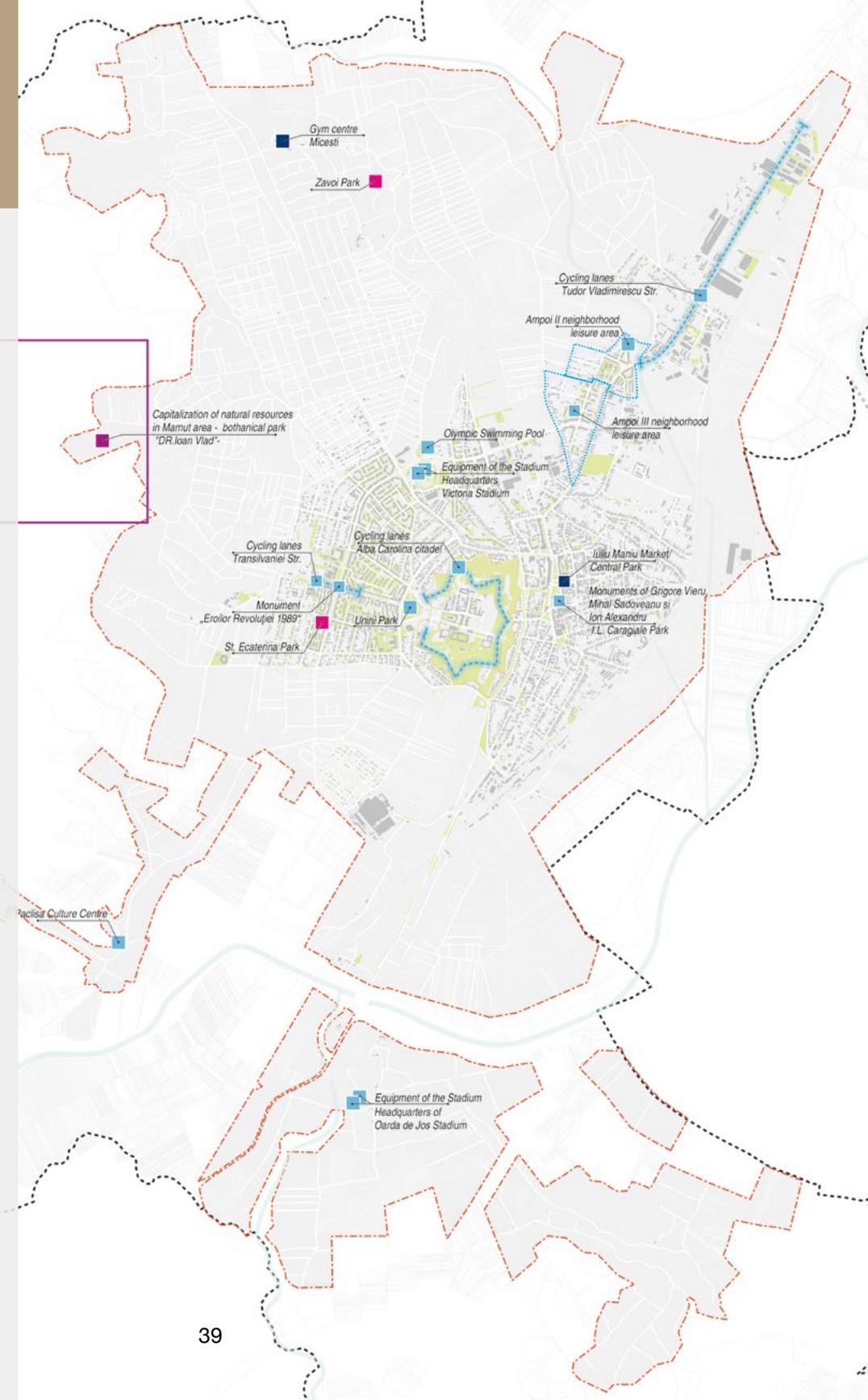
- Improvements / equipment of leisure infrastructure
- Refunctionalisation / viability of leisure infrastructure
- Cycling lanes

Projects financed from the state budget

- Improvement of environmental conditions by creating new parks

Projects financed from European funds (ROP)

- Sustainable capitalisation of natural resources



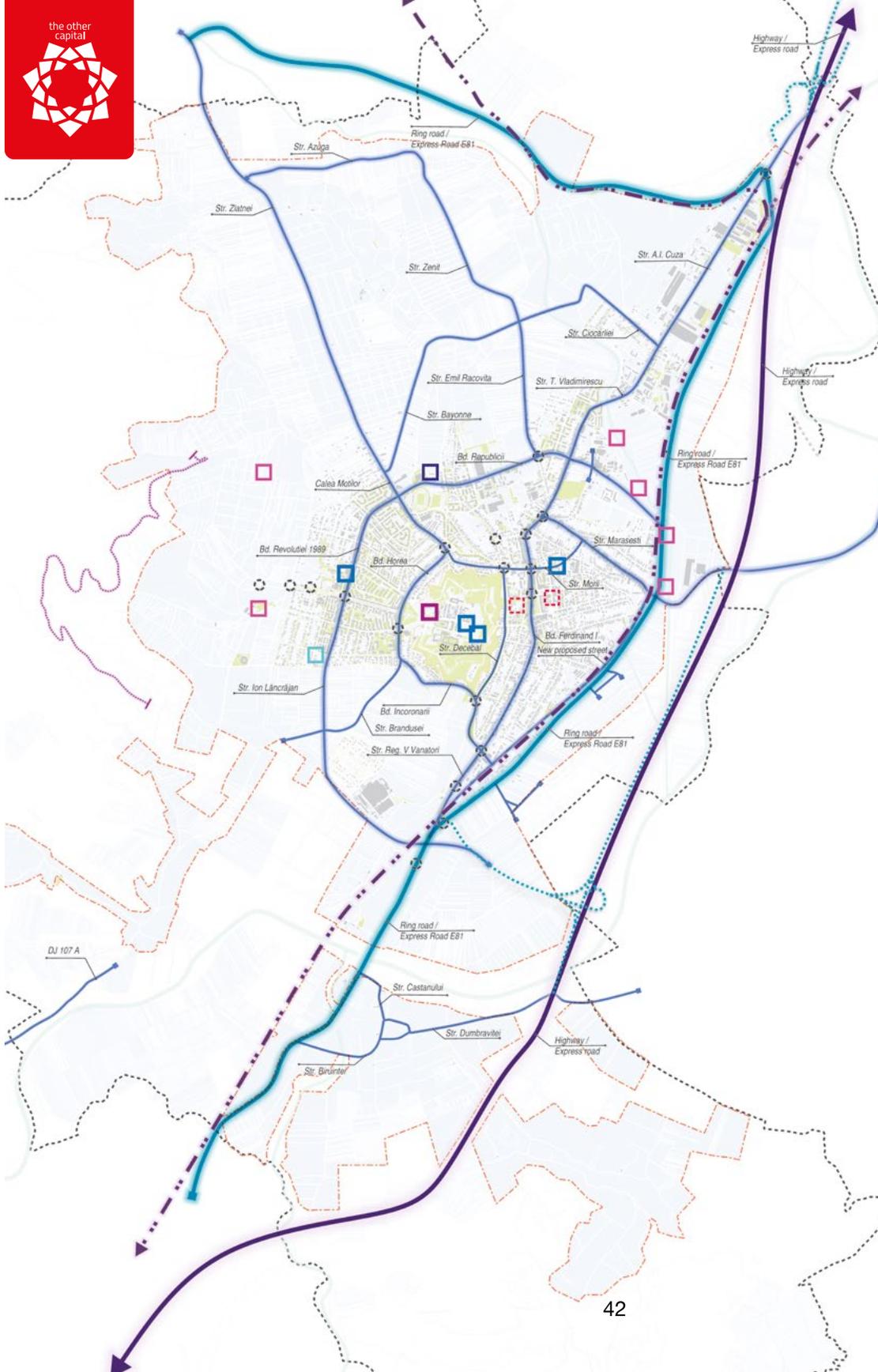
LOOKING BACK: The Alba Iulia 2007-2013 Projects



MOVING FORWARD: The Alba Iulia 2014-2020 Projects

In preparation for the 2014-2020 programming period, the local authorities in Alba Iulia have prepared a number of normative and strategic documents. These documents present the key issues the locality plans to tackle in the coming years. The proposals made in normative documents, such as the General Urban Plan, are binding (e.g., they assign land-uses and infrastructure proposals that have to be respected). The proposals made in strategic documents, such as the development strategy, serve more of a guiding purpose. However, for Axis 4: Sustainable Urban Development of the Regional Operational Programme 2014-2020, local authorities have to propose a binding list of projects, for which funding will be pre-allocated.

In what follows, we discuss some of the key proposals made by local authorities for the coming years.



Priority projects proposed in the GUP (2012) 2014-2020

Improving regional and local connectivity

- Modernization of the railway
- Express road / highway

Modernization, efficiency and expansion of the urban traffic system

- Modernization of transit / express / ring roads
- Closing ring roads / modernization of major roads
- Bridges and passages connected to the major infrastructure
- Improvement of intersections / roundabouts
- Velo-tourist trail

Public utility infrastructure

- Equipment of a culture centre
- New Multifunctional Hall
- Education
- Equipment of leisure areas
- New grocery markets
- Public parking

The GENERAL URBAN PLAN 2012-2022

The General Urban Plan 2012-2022 sets out the zoning for the City of Alba Iulia and delineates the major interventions proposed over the 10 years the PUG is valid. The PUG has to be correlated with higher level normative documents (e.g., the National Spatial Plan, the County Spatial Plan), and it usually also considers proposals made in operative documents (e.g., the national Transport Operational Programme). All the interventions proposed at the local level have to be justified through a thorough socio-economic analysis (i.e., the written part of the PUG).

Some of the **MAJOR INTERVENTIONS** that are included in the PUG 2012-2022 include:

- the proposed **expressway** (which now will be a **highway**), connecting Turda to Sebeş and Highway A3 to Highway A1,
- the modernization of the **railway line** passing through Alba Iulia;
- the extension of **key road infrastructure**;
- the modernization of a number of **street intersections**;
- new **bike paths**;
- new **recreational area**;
- new **agricultural markets**; and a
- new **cultural hall**.



The DEVELOPMENT STRATEGY 2014-2020

The Alba Iulia Development Strategy 2014-2020 took into consideration the larger context of the AIDA Functional Urban Zone. It is acknowledged that Alba Iulia does not exist in a vacuum and it has to develop together with the localities around it. As such, the Development Vision is defined at the level of the AIDA, taking regional synergies and dynamics into consideration. In addition the strategy takes into consideration the development vision defined at the county level and at the regional level, with a focus on local development based on knowledge, environmental protection, and social inclusion.

The vision of the Alba Iulia Municipality is to **“become a more attractive city to live, work, and invest in by 2020.”** Moreover, “the development of the Alba Iulia Municipality will be completed in close coordination with the development of the localities in the AIDA region, thus becoming a development engine, with a competitive economic environment and human resources adapted to socio-economic realities.”

FOUR STRATEGIC OBJECTIVES have been defined to help achieve this vision:

- STRATEGIC OBJECTIVE 1:** Alba Iulia, a **SMART**, accessible, and cohesive city
- STRATEGIC OBJECTIVE 2:** Alba Iulia, a **GREEN CITY** with efficient public services
- STRATEGIC OBJECTIVE 3:** Alba Iulia, a **COMPETITIVE** and **CREATIVE** city
- STRATEGIC OBJECTIVE 4:** Alba Iulia, a European **CULTURAL** and **TOURIST ATTRACTION**.

These Strategic Objectives in turn are correlated with the Thematic Objectives defined by the EU for the 2014-2020 programming period, and they form the building blocks for a number of sub-objectives, as follows:



1 Transport

- Objective No. 1:** The Development and Modernization of Regional and National Infrastructure
- Objective No. 2:** The Development of an Efficient and Sustainable Public Transport System
- Objective No. 3:** The Implementation of Intelligent Transport Systems

2 ICT Infrastructure

- 2.1:** High-speed Internet Infrastructure
- 2.2:** Telecommunications

3 Education

- 3.1:** Pre-university Educational Infrastructure
- 3.2:** Energy Efficiency
- 3.3:** Investments in Educational Infrastructure
- 3.4:** Tertiary and Research Infrastructure
- 3.5:** Vocational Education Infrastructure
- 3.6:** Adapting to Market Requirements
- 3.7:** e-Education
- 3.8:** Educational ICT Infrastructure

4 Health

PROGRAM

- 4.1:** Health Infrastructure
- 4.2:** Efficient, Safe, and Good Quality Medical Services
- 4.3:** Assistance to Family Medical Practices
- 4.4:** e-Health
- 4.5:** Health ICT Infrastructure

5 Social Services Infrastructure

- 5.1:** Improving the Quality of Social Services
- 5.2:** Multifunctional Complex in "Lumea Nouă" Neighborhood
- 5.3:** Programs for People with Disabilities
- 5.4:** Multifunctional Complex for Young People
- 5.5:** Elderly Care Infrastructure
- 5.6:** Social Canteen
- 5.7:** PPP Arrangements for Social Services Delivery
- 5.8:** Quality Management in Social Services



6 Culture, Sport, and Recreation

- 6.1:** Cultural Infrastructure
- 6.2:** Sports Infrastructure

Intervention Area

7 Urban Regeneration

PROGRAM

- 7.1:** Urbanism
- 7.2:** Cultural Patrimony
- 7.3:** Archeological Sites
- 7.4:** Public Monuments
- 7.5:** Urban Parking
- 7.6:** Rehabilitation and Modernization of the Common Space in Apartment Flats Neighborhoods
- 7.7:** Cemeteries
- 7.8:** Produce Markets
- 7.9:** Green Spaces
- 7.10:** Public Residential Buildings
- 7.11:** Bike Paths
- 7.12:** Improved Access for People with Disabilities
- 7.13:** GIS Infrastructure
- 7.14:** Alba Iulia Digital City
- 7.15:** Măgura Mamut Recreational Area
- 7.16:** Public Space in Măgura Mamut Area
- 7.17:** Public Space in Centura Verde Area



STRATEGIC OBJECTIVE

2

Alba Iulia a **Green City** with efficient public services

8 **Quality Housing for All**

- 8.1: More Housing
- 8.2: Better Quality Housing
- 8.3: Green Housing
- 8.4: Improving the Existent Built Stock

9 **Public Services Infrastructure**

- 9.1: Water and Wastewater Infrastructure
- 9.2: Safe and Continuous Water Service
- 9.3: Thermal Insulation of Apartment Blocks Built before 1990
- 9.4: Modernized Public Lighting System
- 9.5: Modernized Art and Decorative Lighting System
- 9.6: Energy Efficient Infrastructure (e.g., solar panels)
- 9.7: Green Energy Production
- 9.8: "Green House" Program

10 **Sustainable Urban Environment**

PROGRAM

- 10.1: Brownfields Redevelopment
- 10.2: Protection and Expansion of Municipal Forest Area
- 10.3: Management Plan for Protected Areas
- 10.4: Recycling
- 10.5: Climate Change
- 10.6: Build Dam on Mureş River
- 10.7: Finalize Dam on Sebeş River
- 10.8: Water Channel Works
- 10.9: Lowering Water Supply Risks
- 10.10: Protective River Embankments

11 **Public Administration**

- 11.1: GIS Infrastructure
- 11.2: Alba Iulia Digital City
- 11.3: Human Resources
- 11.4: Efficient Public Services
- 11.5: Effective Governance

11 **Public Administration**

PROGRAM

- 11.6: AIDA Administration
- 11.7: Lowering the Crime and Contravention Rate
- 11.8: Better Public Space Surveillance
- 11.9: Crime Fighting
- 11.10: Infrastructure for Emergency Situations
- 11.11: Developing Urban Systems

STRATEGIC OBJECTIVE

3

Alba Iulia a **Competitive and Creative city**

Intervention Area

- 3.1: Research and Development, Innovation, and Technological Development
- 3.2: Cluster Creation in Key Economic Sectors
- 3.3: Using ICT Tools to Strengthen Local Trade Sector
- 3.4: Improving the Competitiveness of SMEs
- 3.5: Improving Competitiveness of Agricultural Sector in AIDA Region

STRATEGIC OBJECTIVE

4

Alba Iulia a **European Cultural and Tourist Attraction**

Over 350 individual projects have been proposed under these objectives, with potential sources of funding and implementing agencies indicated in some of the cases. Obviously, only a fraction of these projects can actually be financed over the next programming period, and it is important to prioritize those projects that are of utmost importance to the Municipality of Alba Iulia.

PRIORITIZING PROJECTS for 2014-2020

The large majority of development strategies end up with a long list of projects and no actual prioritization. This means that actual project implementation happens in a haphazard way and is often plagued by delays. Since local authorities have no clear priority list they tend to act in a reactive (e.g., pressure from the public) rather than a pro-active way. Proper prioritization requires that at least three elements are in place: an implementation timeline; an operational budget; and a framework/methodology for prioritizing projects. These elements were discussed above, and their application in the case of Alba Iulia will be discussed below.

Implementation timeline

A clear implementation timeline is critical for the establishment of an investment program. A hard deadline forces public authorities to think about what they would hope to realistically achieve within the set time period and also creates an incentive to finish set priorities within the respective time-period. For most EU-member countries, particularly the New Member Countries (which are to a large extent dependent on EU funds for critical infrastructure investments), it make sense to follow the EU program implementation cycles – in this case the 2014-2022. This not only allows a coordinated and harmonized approach of capital investments, but also ensures that different sources of funding are used in a complementary fashion to achieve key set goals.

Operational budget

The methodology for the elaboration of an operational budget was discussed earlier. The table below indicates the proposed 2014-2022 operational budget for the Municipality of Alba Iulia, as well as the other localities that are part of the AIDA intercommunal development association, as well as the county council. Given the strong commuter dynamics in and around Alba Iulia, it is important that priority projects not be considered in an insular, locality-focused fashion. Moreover, investments done by one local authority, or the county council, can benefit several localities – in fact, the majority of projects have some form of spillover effects, benefiting neighboring localities as well.

Proposed Operational Budget for 2014-2022

Territorial Administrative Unit	Proposed Operational Budget
Alba Iulia	€ 68,558,201
Sebeș	€ 26,961,798
Teiuș	€ 4,535,789
Vințu de Jos	€ 2,932,888
Sântimbru	€ 2,029,986
Galda de Jos	€ 3,899,204
Ighiu	€ 3,005,667
Cricău	€ 1,235,388
Berghin	€ 1,443,046
Ciugud	€ 1,725,279
Meteuș	€ 1,263,624
TOTAL AIDA	€ 117,590,870
Alba County Council	€ 49,575,409

The proposed operational budget in the table above should not be seen as a hard cap on what investments can be done between 2014 and 2022. Rather it should be viewed by local authorities as an instrument to prioritize key investments. For one, such an upper threshold enables a local authority to determine whether it has taken on too many investments or too few investments in a particular programming period. Similarly, it will incentivize local authorities to think about the operation and maintenance costs many capital investments entail. For example, a new road or a new park will also require operation and maintenance costs once finalized. If a locality undertakes too many such investments, it may be put in a position where it cannot adequately take care of those investments. At the same time, a locality can undertake investments that generate revenues or have no operation and maintenance costs (e.g., assisting household associations to thermally insulate homes, or building for-pay parking garages). In some cases, projects for the modernization/rehabilitation of existing infrastructure may also actually reduce operations and maintenance costs.

By and large, however, local authorities should ideally use a hard capital investment budget cap, like the one proposed above, for investments that are likely to require operation and maintenance costs once finalized. All investments that go beyond the budget cap should either be for revenue-generating projects, projects that require no operation and maintenance costs, or projects that are financed and will be maintained by other entities (e.g., the county or central government). Similarly, local authorities should give a priority to projects that may be financed with EU grants. Similarly, local authorities should give a priority to projects that may be financed with EU grants.

Project Prioritization

The prioritization of projects is more art than it is exact science. Given the varying needs of cities and the eclectic nature of implemented projects, it is difficult to identify a precise way to prioritize projects. It is hard to meet the needs of all citizens and stakeholders in a city, and time, money, human resources, and available information are all constraints that have to be taken into consideration when elaborating a strategy and a priority list of projects. Depending on the availability of time, money, human resources, and information, several options are available for the elaboration of a strategy and a list of priority projects. Even when all the resources required are available, the process will still not be perfect. Whatever the final outcome of such a process will be, there may always be someone who will not agree with the decisions taken. However, to the extent possible, it is recommended that a wide array of stakeholders and the community are involved in the process.

Options for the elaboration of a strategy and a list of priority projects



Source: The Ministry of Regional Development and Public Administration. 2015. Ghid privind dezvoltarea și implementarea de politici urbane integrate.

Getting to a final list of priority projects can be done as simply as having the mayor and the local council take an executive decision in this respect. This is a prerogative of local elected officials, and while not perfect, it enables a swift conclusion of the prioritization process. This may be particularly appropriate in cases where local authorities have a limited operational budget to their disposal and only a small number of projects that they can finance in an implementation period. Arguably, there is no need for a sophisticated prioritization mechanism if only 2 major projects can be financed with the available budget.

The larger the city and the larger its operational budget, the harder it will be to effectively prioritize projects. It thus may be required to involve external experts (e.g., for sectoral analyses), local stakeholders, and the community (to better understand their needs).

The prioritization of projects in Alba Iulia for the 2014-2022 implementation period has followed a number of key steps. These steps will be discussed in more detail below.

Preparing a project short-list

It is neither easy nor practical to prioritize the over 350 projects currently listed in the Alba Iulia Development Strategy and the General Urban Plan. The financial allocation required to finalize these projects is simply too big for what the Municipality of Alba Iulia can actually afford. Thus, it makes sense to identify a short-list of projects from the existent long-list – i.e., projects or grouping of projects the local authorities consider to be most needed for the city.

Following a consultation of the local community (through an in-depth survey) and together with a team of experts from the World Bank, the local authorities in Alba Iulia have prepared a short-list of 40 projects, with a total estimated value of around 405 million Euro. Estimated project values were produced for all of these projects to allow the selection of the priority projects within the operational budget margin. At the same time, the potential funding source for these projects was added as a key piece of information. Some of the key priority projects for the Municipality of Alba Iulia are projects that will be financed by other entities, and their operation and maintenance costs will also be covered by these entities.

Consequently, the Alba Iulia operational budget should be used to prioritize the projects for which the Municipality of Alba Iulia is a beneficiary, or projects for which the Municipality of Alba Iulia will cover operation and maintenance costs. In this respect, two key factors in the prioritization process should be the availability of outside funding (e.g., EU funds) and the extent to which the project generates revenues or requires little to no operation and maintenance costs.

Alba Iulia 2014-2022 Project Shortlist

No.	Project	Estimated Project Value (in Euro) – including VAT	Short Description	Potential Funding Source
1	Setting up a Business Accelerator in Alba Iulia (Alba Smart Business Accelerator) through the conversion of a brownfield site - potentially in the area of the former SUT.	6,266,705	Acquisition and conversion of brownfield site, building a minimum of 25 business offices, exhibition spaces, common spaces (conference rooms, training rooms), areas for business and innovation services (technology transfer, consultancy etc.).	ROP 2014-2020; DIPIMMAT Programme to support business incubators
2	Increasing the energy efficiency of education buildings (Kindergarten no. 7 and no. 11; “Vasile Goldiș” School, School no. 5 and “Ion Agârbiceanu” School, “Apulum” Technical College).	2,582,292	Wall surface = 23000 m ² .	ROP 2014-2020; Local Budget

⁴ See: Marina, Lucian and Mihai Pascaru. 2015. Barometrul Comunității Locale – Municipiul Alba Iulia 2014

3	Lighting system expansion and upgrading.	7,436,574	Overall length = 75 km.	ROP 2014-2020; Local Budget; System Operator
4	Thermal rehabilitation of collective housing units (the areas of Revoluției – Transilvaniei, the M's Ampoi I).	3,168,167	1115 apartments.	ROP 2014-2020; State Budget; Local Budget
5	Replacing the urban public transport fleet with cleaner vehicles (electrical, environmental, non-motorized), in partnership with the carrier.	12,533,411	20 electric buses, with low floors, GPS, internet, air conditioning.	Romanian-Swiss Cooperation Programme; Local Budget; Transport Operator
6	Construction of cycle paths and modernization of walkways.	8,000,000	Length = 5441 ml.	ROP 2014-2020; Local Budget
7	Systems for video surveillance and for increasing road traffic safety.	835,560	1 piece.	Local Budget
8	Setting up forest belts (e.g., Brandușei street, Victoriei street).	83,556	20 km of forest belts made of energetic willows.	Local Budget
9	Rehabilitation of urban infrastructure in large housing complexes (urban renewal in the Revoluției – Transilvaniei, the M's Ampoi I districts).	9,748,208	Complete regeneration of interstitial public spaces between blocks (alleys, parking lots, green areas, playgrounds, social spaces, waste collection platforms, public lighting, furniture, etc.).	Local Budget
10	Modernization of streets, including rehabilitation/modernization of public utilities (Lalelelor – Furcilor Hill area, Moșilor Way – Orizont – Emil Racoviță area, M.Kogălniceanu-Costache Negruzzi area).	23,674,221	Modernization of about 30 km of roads, including rehabilitation / modernization of public utilities (water, sewage, underground sewage), building sidewalks and bike lanes.	ROP 2014-2020; PNDL; Local Budget
11	Construction of multi-purpose hall.	27,852,024	6.000 seats.	Local Budget and Public Partnerships
12	Construction of a cultural center in the downtown area.	9,469,688	Multipurpose cultural center with theaters, show rooms, conference rooms, concert halls, exhibition rooms, library, including a small square and green spaces.	PNDL; Alba County Council's Budget
13	Improving the quality of municipal parks' vegetation.	9,748,208	5 million Lei / year for the maintenance of green spaces in the city, planting flowers, trees and shrubs.	ROP 2014-2020; Local Budget

Alba Iulia 2014-2022 Project Shortlist (continued from previous page)

No.	Project	Estimated Project Value (in Euro) – including VAT	Short Description	Potential Funding Source
14	Restoration/rehabilitation, revitalization and enhancement of buildings and public spaces in the historic area, including the Princes' Palace.	8,146,717	Rehabilitation solutions to be determined on a case by case basis.	ROP 2014-2020; Local Budget; National Budget
15	Preservation and revitalization of the caponier between the bastions Saint Elizabeth and Saint Charles – White Fortress Carolina.	1,723,901	Developed surface = 417 m ²	ROP 2014-2020; Local Budget; National Budget
16	Restoration of bastions, of southern and eastern walls of the ravelin – White Fortress Carolina (including setting up an amphitheater in the Trinitarians' ravelin).	12,533,411	Conservation, restoration and reunification of defensive walls on the south side of the Vauban-type Fortification, on a surface of about 61,000 m ² .	ROP 2014-2020; Local Budget; National Budget
17	Restoration of bastions and ravelins, northern walls – White Fortress Carolina.	3,760,023	Conservation, restoration and reunification of defensive walls on the north side of the Vauban-type Fortification, on a surface of about 46,552 m ² .	ROP 2014-2020; Local Budget; National Budget
18	Restoration/rehabilitation/revitalization and enhancement of the perimetral fortification system - Vauban bastion fortress Alba Carolina.	6,451,921	Length = 3 km and restoration of walls.	ROP 2014-2020; Local Budget; National Budget
19	Rehabilitation of Batthyaneum library building.	4,177,803	Rehabilitation of structural members, joinery, finishing elements, reconditioning decorations, roofing, electrical installations, heating, water and sewage, ventilation etc.	ROP 2014-2020
20	Modernization/rehabilitation of 107A County Road.	8,077,087	Upgrading 26 km of the 107A County Road, including tubular and concrete culverts, repairing existing bridges, building ditches, walls, safety parapets.	PNDL Alba County Council's Budget; ROP 2014-2020
21	Setting up the Schit (Hermitage) natural area, including cycling lanes for linking Mamut route and Transylvania Avenue.	5,138,698	Setting up a natural pool, a sunbathing area with gazebos, garden restaurants, terrace, paths, equipped with furniture, sand pool, picnic area, green spaces, bike trails.	ROP 2013-2020; Local Budget

22	Redevelopment of Olympic pool enclosure.	2,644,143	Surface to be upgraded = 10,529 m ² (swimming pool, gym and administrative building, small pools, tennis courts, playgrounds, parking lots, alleys).	CNI; Local Budget
23	Changing the destination of CT10 into the Alba Iulia Social Center for alternative services (7C Revoluției Boulevard).	418,989	Developed surface = 633 m ² .	ROP 2014-2020; Local Budget
24	Implementation of a pilot project for Community-Led Local Development (CLLD) for marginalized communities.	10,000,000	Project includes the urban regeneration in Lumea Noua district, inhabited by people at risk of social exclusion, primarily Roma. The project will have several components: social (multipurpose social center), health, education, housing, and social economy.	ROP 2014-2020; Human Capital OP; Local Budget
25	Construction of social housing and integrated center for the Roma community in the Talcioac area.	334,224	Surface = 400 m ² .	Local Budget
26	Developing a nursery in Ampoi district by changing the destination of CT 29 thermal power station.	1,059,040	P+E+E partially. Developed surface = 1,057 m ² .	ROP 2014-2020; Local Budget
27	Construction of a nursery in Cetate (Fortress) district - Romans Plateau area. * land acquisition is required	557,040	Playing rooms with bedrooms, with a capacity of about 100 places, reception area, medical office, insulator, kitchen, cloakroom, food storeroom, ancillary spaces + land.	ROP 2014-2020
28	Construction of the Kindergarten no. 8 (relocation from the historic area is required). * land acquisition is required	1,253,341	Four classrooms, filter, insulator, toilets, multipurpose room, office, heating station + land, including playground.	PNDL; Local Budget
29	Complete overhaul of the Kindergarten no. 6 with standard functioning schedule.	562,248	Usable area = 627 m ² P+M.	ROP 2014-2020; Local Budget
30	Expansion and rehabilitation of Kindergarten no. 12.	501,336	Usable area = 500 m ² .	ROP 2014-2020; Local Budget
31	Complete overhaul at the "Liviu Rebreanu" School.	379,066	Rehabilitation of faade + thermal system = 1,800 m ² Covers = 1,580 m ² .	Local Budget
32	Rehabilitation/extension of public high schools in Alba Iulia ("Dionisie Pop Marțian" Economic College, "Horea, Cloșca și Crișan" National College).	2,615,296	Ext = 538 m ² Ext = 586 m ² (Music High School) Electrical installations = 19, 000 lm, with additions.	Local Budget

Alba Iulia 2014-2022 Project Shortlist *(continued from previous page)*

No.	Project	Estimated Project Value (in Euro) – including VAT	Short Description	Potential Funding Source
33	Extension of public primary and secondary education establishments in Alba Iulia (School no. 3 “Avram Iancu”, School no. 6 “Ion Agârbiceanu”).	3,325,682	Ext = 333 m ² Ext = 383 m ²	Local Budget
34	Setting up an interconnection infrastructure linking Alba Iulia city to the Sebeş-Turda Highway (A10).	50,133,644	The project envisages construction of a road junction in the north of the city (Bărăbant), on DN1 (National Road 1), at the intersection with A10, of a road junction on A10, in the south of the municipality (Partoş) and of a connecting artery with DN1 (including setting up intersections with DN1), of about 3 km long (2nd class street), with connecting belts (3rd class street) towards the Ciugudului Way and Dumbravitei street.	OP Large Infrastructure 2014-2020; CNADNR; Local Budget
35	Construction of the bypass in the northern part of Alba Iulia (Bărăbant - DN 74/Sard).	60,160,373	The project involves the construction and upgrading of about 10 km of 2nd category road, making the connection between DN 74 and DN 1 in the Sard area, near the road junction with A10.	CNADNR
36	Extension and rehabilitation of the bypass in the eastern part of Alba Iulia (Bărăbant - Partoş).	37,600,233	The project involves the extension up to 4 lanes of the existing ring road that connects the junction DN1 - A10 in the north of the city with the road node DN1 - A10 and the bridge over Mureş in Partoş area; the development of intersections with DN1 is included.	CNADNR; Local Budget
37	Rehabilitation and expansion up to 4 lanes of the bridge over Mureş, in the Partoş district on DN1.	8,773,387	Strengthening and expanding up to 4 lanes the bridge over the river Mureş on DN1, including developing bike lanes and pedestrian walkways on both sides of the bridge.	OP Large Infrastructure 2014-2020; CNADNR
38	Developing a ring road in the West (Bărăbant - Alba Iulia - DN74 - Pâclişa - DN1/E81).	25,066,822	The construction of approximately 3 km of 2nd class road with a minimum width of 24 m, 14 m wide carriageway (2 lanes), 3 m wide pavements and 2 m wide green alignment, as well as the rehabilitation of about 5 km of streets (Ciocarliei - Bayonne).	CNADNR; Local Budget; Credits

39	Ecological interurban public transport system – Expanding the single inter-community public transport in the area of the Inter-Intercommunity Development Association Alba Iulia (AIDA), including a single system of stations, related furniture, charging and guiding.	26,459,423	The project includes the design of public transport routes at the level of AIDA, laying out and equipping of stations, installing electronic information boards and e-ticketing systems (integrated tariff), purchasing and equipping 15 electric buses with low floor, air conditioning, GPS and video monitoring system, setting up stations for bus charging and a photovoltaic park for supplying them with power.	Romanian-Swiss Cooperation Programme; AIDA's own contribution
40	Setting up a wholesale market in the Moara (Mill) area.	1,880,011	Building a hall of approximately 1,000 m ² , reception areas, storage areas, including refrigeration and foodservice delivery.	PNDR 2014-2020; PNDL; Public-private partnerships

TOTAL € 405,132,473

A quantitative approach to prioritizing projects

To prioritize the projects included in the shortlist a simple quantitative methodology was used. In essence some of the key elements discussed in this report were applied as part of the prioritization process. For one, starting from the City Pyramids of Needs (discussed above), each project was assessed based on the extent to which it could meet the needs of: citizens; firms; tourists. In the same vein, the projects were assessed based on the extent to which they met cross-sectoral themes, such as social inclusion and climate change. Finally, each project was assessed on a financial sustainability dimension – i.e., the assessed size of operation and maintenance costs or of potential revenues once the project is finalized.

This methodology was applied to prioritize projects by staff of the Municipality of Alba Iulia (the City Manager, the Director of Programs, the Chief Architect, the Technical Director, the Head of the Public Procurement Office, and a joint prioritization done by four technical staff) and by three experts of the World Bank. Nine individual priority lists were thus generated. The table below includes, as an example, the priority list generated by one of the World Bank experts.

Both the experts and the municipality staff were asked to assign weights to the individual categories independently – i.e., they were asked to indicate what was, from their point of view, more important for Alba Iulia. Thus, for some, the impact on the private sector was more important than the impact on tourists, while for other financial sustainability was more important than climate change considerations. The scoring was also assigned independently, on a scale defined by each individual. Thus, some have used a scale from 1 to 10, while others have used a scale from 1 to 5.

Priority scores for shortlisted projects generated by ONE OF THE WORLD BANK EXPERTS

No.	Project	Estimated project value (including VAT)	Estimated impact for citizens	Weight (%)	Estimated impact for private sector	Weight (%)	Estimated impact for tourists	Weight (%)	Financial Sustainability	Weight (%)	Impact on social inclusion	Weight (%)	Impact on climate change	Weight (%)	TOTAL SCORE
1	Setting up a Business Accelerator in Alba Iulia (Alba Smart Business Accelerator) through the conversion of a brownfield site - potentially in the area of the former SUT.	6,266,705	6	35%	10	25%	2	5%	10	15%	2	10%	7	10%	7.1
2	Increasing the energy efficiency of education buildings (Kindergarten no. 7 and no. 11; "Vasile Goldiș" School, School no. 5 and "Ion Agârbiceanu" School, "Apulum" Technical College).	2,582,292	8	35%	4	25%	0	5%	10	15%	8	10%	10	10%	7.1
3	Lighting system expansion and upgrading.	7,436,574	10	35%	6	25%	5	5%	8	15%	6	10%	9	10%	7.95
4	Thermal rehabilitation of collective housing units (the areas of Revoluției – Transilvaniei, the M's Ampoi I).	3,168,167	8	35%	7	25%	6	5%	8	15%	7	10%	10	10%	7.75
5	Replacing the urban public transport fleet with cleaner vehicles (electrical, environmental, non-motorized), in partnership with the carrier.	12,533,411	8	35%	5	25%	6	5%	7	15%	4	10%	8	10%	6.6
6	Construction of cycle paths and modernization of walkways.	8,000,000	6	35%	3	25%	6	5%	6	15%	7	10%	8	10%	5.55
7	Systems for video surveillance and for increasing road traffic safety.	835,560	6	35%	4	25%	5	5%	5	15%	5	10%	2	10%	4.8
8	Setting up forest belts (e.g. Brândușei street, Victoriei street).	83,556	5	35%	3	25%	6	5%	8	15%	3	10%	8	10%	5.1
9	Rehabilitation of urban infrastructure in large housing complexes (urban renewal in the Revoluției – Transilvaniei, the M's Ampoi I districts).	9,748,208	8	35%	6	25%	6	5%	6	15%	7	10%	6	10%	6.8

Priority scores for shortlisted projects generated by ONE OF THE WORLD BANK EXPERTS

No.	Project	Estimated project value (including VAT)	Estimated impact for citizens	Weight (%)	Estimated impact for private sector	Weight (%)	Estimated impact for tourists	Weight (%)	Financial Sustainability	Weight (%)	Impact on social inclusion	Weight (%)	Impact on climate change	Weight (%)	TOTAL SCORE
10	Modernization of streets, including rehabilitation/modernization of public utilities (Lalelelor – Furcilor Hill area, Moșilor Way – Orizont – Emil Racoviță area, M.Kogălniceanu-Costache Negruzzi area).	23,674,221	8	35%	7	25%	6	5%	6	15%	5	10%	5	10%	6.75
11	Construction of multi-purpose hall.	27,852,024	6	35%	4	25%	7	5%	3	15%	3	10%	4	10%	4.6
12	Construction of a cultural center in the downtown area.	9,469,688	7	35%	5	25%	8	5%	3	15%	4	10%	4	10%	5.35
13	Improving the quality of municipal parks' vegetation.	9,748,208	8	35%	6	25%	8	5%	5	15%	6	10%	7	10%	6.75
14	Restoration/rehabilitation, revitalization and enhancement of buildings and public spaces in the historic area, including the Princes' Palace.	8,146,717	8	35%	7	25%	10	5%	7	15%	5	10%	6	10%	7.2
15	Preservation and revitalization of the caponier between the bastions Saint Elizabeth and Saint Charles – White Fortress Carolina.	1,723,901	8	35%	6	25%	10	5%	6	15%	5	10%	6	10%	6.8
16	Restoration of bastions, of southern and eastern walls of the ravelin – White Fortress Carolina (including setting up an amphitheater in the Trinitarians' ravelin).	12,533,411	8	35%	7	25%	10	5%	7	15%	5	10%	6	10%	7.2
17	Restoration of bastions and ravelins, northern walls – White Fortress Carolina.	3,760,023	8	35%	6	25%	10	5%	6	15%	5	10%	6	10%	6.8
18	Restoration/rehabilitation/revitalization and enhancement of the perimetral fortification system - Vauban bastion fortress Alba Carolina.	6,451,921	8	35%	6	25%	10	5%	6	15%	5	10%	6	10%	6.8

Priority scores for shortlisted projects generated by ONE OF THE WORLD BANK EXPERTS

No.	Project	Estimated project value (including VAT)	Estimated impact for citizens	Weight (%)	Estimated impact for private sector	Weight (%)	Estimated impact for tourists	Weight (%)	Financial Sustainability	Weight (%)	Impact on social inclusion	Weight (%)	Impact on climate change	Weight (%)	TOTAL SCORE
19	Rehabilitation of Batthyaneum library building.	4,177,803	7	35%	5	25%	10	5%	7	15%	5	10%	4	10%	6.15
20	Modernization/rehabilitation of 107A County Road.	8,077,087	8	35%	10	25%	8	5%	6	15%	7	10%	6	10%	7.9
21	Setting up the Schit (Hermitage) natural area, including cycling lanes for linking Mamut route and Transylvania Avenue.	5,138,698	8	35%	7	25%	8	5%	6	15%	6	10%	8	10%	7.25
22	Redevelopment of Olympic pool enclosure.	2,644,143	7	35%	4	25%	7	5%	5	15%	5	10%	4	10%	5.45
23	Changing the destination of CT 10 into the Alba Iulia Social Center for alternative services (7C Revoluției Boulevard).	418,989	8	35%	4	25%	4	5%	4	15%	10	10%	5	10%	6.1
24	Implementation of a pilot project for Community-Led Local Development (CLLD) for marginalized communities.	10,000,000	8	35%	6	25%	4	5%	4	15%	10	10%	5	10%	6.6
25	Construction of social housing and integrated center for the Roma community in the Talcioc area.	334,224	8	35%	6	25%	4	5%	7	15%	10	10%	6	10%	7.15
26	Developing a nursery in Ampoi district by changing the destination of CT 29 thermal power station.	1.059,040	7	35%	8	25%	3	5%	8	15%	8	10%	6	10%	7.2
27	Construction of a nursery in Cetate (Fortress) district - Romans Plateau area. * land acquisition is required.	557,040	7	35%	8	25%	3	5%	8	15%	8	10%	6	10%	7.2

Priority scores for shortlisted projects generated by ONE OF THE WORLD BANK EXPERTS

No.	Project	Estimated project value (including VAT)	Estimated impact for citizens	Weight (%)	Estimated impact for private sector	Weight (%)	Estimated impact for tourists	Weight (%)	Financial Sustainability	Weight (%)	Impact on social inclusion	Weight (%)	Impact on climate change	Weight (%)	TOTAL SCORE
28	Construction of the Kindergarten no. 8 (relocation from the historic area is required). * land acquisition is required	1,253,341	8	35%	6	25%	3	5%	6	15%	8	10%	6	10%	6.75
29	Complete overhaul of the Kindergarten with standard functioning schedule no. 6.	562,248	7	35%	6	25%	3	5%	7	15%	6	10%	8	10%	6.55
30	Expansion and rehabilitation of Kindergarten no. 12.	501,336	7	35%	6	25%	3	5%	7	15%	6	10%	8	10%	6.55
31	Complete overhaul at the "Liviu Rebreanu" School.	379,066	7	35%	6	25%	3	5%	7	15%	6	10%	8	10%	6.55
32	Rehabilitation/extension of public high schools in Alba Iulia ("Dionisie Pop Marțian" Economic College, "Horea, Cloșca și Crișan" National College).	2,615,296	7	35%	6	25%	3	5%	7	15%	6	10%	8	10%	6.55
33	Extension of public primary and secondary education establishments in Alba Iulia (School no. 3 "Avram Iancu", School no. 6 "Ion Agârbiceanu").	3,325,682	7	35%	6	25%	3	5%	7	15%	6	10%	8	10%	6.55
34	Setting up an interconnection infrastructure linking Alba Iulia city to Sebeș – Turda highway.	50,133,644	9	35%	10	25%	10	5%	5	15%	8	10%	8	10%	8.5
35	Construction of the bypass in the northern part of Alba Iulia (Bărăbaș - DN 74/Șard).	60,160,373	8	35%	9	25%	8	5%	4	15%	6	10%	9	10%	7.55
36	Extension and rehabilitation of the bypass in the eastern part of Alba Iulia (Bărăbaș - Partoș).	37,600,233	8	35%	9	25%	8	5%	4	15%	6	10%	9	10%	7.55

Priority scores for shortlisted projects generated by ONE OF THE WORLD BANK EXPERTS

No.	Project	Estimated project value (including VAT)	Estimated impact for citizens	Weight (%)	Estimated impact for private sector	Weight (%)	Estimated impact for tourists	Weight (%)	Financial Sustainability	Weight (%)	Impact on social inclusion	Weight (%)	Impact on climate change	Weight (%)	TOTAL SCORE
37	Rehabilitation and expansion up to 4 lanes of the bridge over Mureș, in the Partoș district on DN1.	8,773,387	8	35%	8	25%	7	5%	6	15%	4	10%	8	10%	7.25
38	Developing a ring road in the West (Bărăbanț – Alba Iulia – DN74 – Pâclișa –DN1/E81).	25,066,822	8	35%	9	25%	8	5%	4	15%	6	10%	9	10%	7.55
39	Ecological interurban public transport system – Expanding the single inter-community public transport in the area of the Inter-Intercommunity Development Association Alba Iulia (AIDA), including a single system of stations, related furniture, charging and guiding.	26,459,423	10	35%	10	25%	8	5%	4	15%	8	10%	10	10%	8.8
40	Setting up a wholesale market in the Moara (Mill) area.	1,880,011	8	35%	10	25%	3	5%	8	15%	7	10%	4	10%	7.75



In the example given above, the World Bank expert considered that the impact on citizens should be given the largest weight when scoring projects – i.e., a weight of 35%. Next, the expert assigned a weight of 25% for the impact on the private sector, 5% for the impact on tourists, 15% for financial sustainability; and 10% each for the impact on social inclusion and climate change. Using this scoring system, **the number one priority for the World Bank expert came out to be Project 39 on the extension of the urban public transport system.** The final score is a simple weighted score of the scoring given for each of the six individual categories – i.e., $(10 \times 0.35) + (10 \times 0.25) + (8 \times 0.05) + (4 \times 0.15) + (8 \times 0.1) + (10 \times 0.1) = 8.8$.

The other eight priority lists generated different end results. For one, each individual using this methodology used different weights for the different categories, and assigned different scores for each individual project. This in itself reveals the limitations of a purely quantitative approach to prioritizing projects. For one, different people have different views of what constitutes a priority. Also, the 6 categories included in this methodology may not be enough to describe what is important for a city.

The table below includes the priority scores given by the nine individuals who used this methodology, and the final compounded total score for each individual project. The compounded scores were standardized on the same scale and used to generate the final priority list using this quantitative approach.

Priority scores for shortlisted projects using QUANTITATIVE APPROACH

Project	Estimated value	Prioritization by Municipality of Alba Iulia staff						Prioritization by Technical Experts			Total	Priority
		AI1	AI2	AI3	AI4	AI5	AI6	E1	E2	E3		
		Ecological interurban public transport system – Expanding the single inter-community public transport in the area of the Inter-Community Development Association Alba Iulia (AIDA), including a single system of stations, related furniture, charging and guiding.	€ 26,459,424	1	5	1	10	2	12	15		
Rehabilitation of urban infrastructure in large housing complexes (urban renewal in the Revoluției – Transilvaniei, the M's Ampoi I districts).	€ 9,748,209	8	26	6	6	7	3	7	3	19	9.44	2
Setting up an interconnection infrastructure linking Alba Iulia city to Sebeș – Turda highway.	€ 50,133,645	31	3	7	16	1	5	8	25	2	10.89	3
Lighting system expansion and upgrading.	€ 7,436,574	10	3	2	7	21	23	6	32	3	11.89	4
Construction of cycle paths and modernization of walkways.	€ 8,000,000	2	6	28	18	27	4	5	1	35	14.00	5
Replacing the urban public transport fleet with cleaner vehicles (electrical, environmental, non-motorized), in partnership with the carrier.	€ 12,533,411	25	11	14	1	4	19	33	10	12	14.33	6
Modernization of streets, including rehabilitation/modernization of public utilities (Lalelelor – Furcilor Hill area, Moșilor Way – Orizont – Emil Racoviță area, M.Kogălniceanu-Costache Negruzzi area).	€ 23,674,221	4	37	33	11	7	10	1	4	24	14.56	7
Setting up the Schit (Hermitage) natural area, including cycling lanes for linking Mamut route and Transylvania Avenue.	€ 5,138,699	17	10	11	17	24	1	16	26	11	14.78	8
Restoration of bastions, of southern and eastern walls of the ravelin – White Fortress Carolina (including setting up an amphitheater in the Trinitarians' ravelin).	€ 12,533,411	3	34	13	19	10	15	9	14	26	15.89	9

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Project	Estimated value	Prioritization by Municipality of Alba Iulia staff						Prioritization by Technical Experts			Total	Priority
		AI1	AI2	AI3	AI4	AI5	AI6	E1	E2	E3		
		Restoration/rehabilitation, revitalization and enhancement of buildings and public spaces in the historic area, including the Princes' Palace.	€ 8,146,717	25	11	14	1	17	28	35		
Thermal rehabilitation of collective housing units (the areas of Revoluției – Transilvaniei, the M's Ampoi I).	€ 3,168,168	14	24	18	12	29	14	2	38	6	17.44	11
Modernization/rehabilitation of 107A County Road.	€ 8,077,087	32	18	20	15	9	6	20	37	4	17.89	12
Improving the quality of municipal parks' vegetation.	€ 9,748,209	7	2	7	24	14	15	34	39	23	18.33	13
Setting up a Business Accelerator in Alba Iulia (Alba Smart Business Accelerator) through the conversion of a brownfield site - potentially in the area of the former SUT.	€ 6,266,706	9	35	19	31	12	22	3	18	17	18.44	14
Redevelopment of Olympic pool enclosure.	€ 2,644,143	14	9	28	8	12	19	32	8	36	18.44	15
Extension and rehabilitation of the bypass in the eastern part of Alba Iulia (Bărăbanț - Partoș).	€ 37,600,234	33	36	2	27	3	7	18	33	8	18.56	16
Rehabilitation and expansion up to 4 lanes of the bridge over Mureș, in the Partoș district on DN1.	€ 8,773,388	38	19	9	33	4	27	17	12	10	18.78	17
Construction of the bypass in the northern part of Alba Iulia (Bărăbanț - DN 74/Șard).	€ 60,160,374	33	40	2	27	6	7	12	36	7	18.89	18
Restoration/rehabilitation/revitalization and enhancement of the perimetral fortification system - Vauban bastion fortress Alba Carolina.	€ 6,451,922	25	14	28	1	19	10	36	17	20	18.89	19
Restoration of bastions and ravelins, northern walls – White Fortress Carolina.	€ 3,760,023	25	14	28	1	15	13	38	16	21	19.00	20
Preservation and revitalization of the caponier between the bastions Saint Elizabeth and Saint Charles – White Fortress Carolina.	€ 1,723,901	25	14	28	1	15	15	39	15	22	19.33	21

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Priority scores for shortlisted projects using QUANTITATIVE APPROACH

Project	Estimated value	Prioritization by Municipality of Alba Iulia staff						Prioritization by Technical Experts			Total	Priority
		AI1	AI2	AI3	AI4	AI5	AI6	E1	E2	E3		
		Developing a ring road in the West (Bărăbanț – Alba Iulia – DN74 – Pâclișa –DN1/E81).	€ 25,066,822	33	38	2	27	20	7	13		
Developing a nursery in Ampoi district by changing the destination of CT 29 thermal power station.	€ 1,059,040	33	26	24	20	10	25	25	7	14	20.44	23
Construction of a cultural center in the downtown area.	€ 9,469,688	39	1	39	26	17	21	10	2	37	21.33	24
Setting up forest belts (e.g., Brandusei street, Victoriei street).	€ 83,556	5	11	10	34	21	2	40	31	38	21.33	25
Systems for video surveillance and for increasing road traffic safety.	€ 835,561	11	7	36	8	31	30	4	35	39	22.33	26
Construction of the Kindergarten no. 8 (relocation from the historic area is required).	€ 1,253,341	19	24	11	20	36	33	24	13	25	22.78	27
Rehabilitation/extension of public high schools in Alba Iulia (“Dionisie Pop Marțian” Economic College, “Horea, Cloșca și Crișan” National College).	€ 2,615,297	19	20	14	13	32	34	23	22	29	22.89	28
Setting up a wholesale market in the Moara (Mill) area.	€ 1,880,012	13	32	35	30	33	29	11	27	5	23.89	29
Increasing the energy efficiency of education buildings (Kindergarten no. 7 and no. 11; “Vasile Goldiș” School, School no. 5 and “Ion Agârbiceanu” School, “Apulum” Technical College).	€ 2,582,293	16	26	24	32	25	40	14	28	18	24.78	30
Construction of multi-purpose hall.	€ 27,852,025	18	7	40	34	26	18	19	24	40	25.11	31
Extension of public primary and secondary education establishments in Alba Iulia (School no. 3 “Avram Iancu”, School no. 6 “Ion Agârbiceanu”).	€ 3,325,682	19	33	14	13	33	35	38	23	28	26.22	32
Construction of a nursery in Cetate (Fortress) district - Romans Plateau area.	€ 557,041	33	26	24	20	35	24	21	40	15	26.44	33

Project	Estimated value	Prioritization by Municipality of Alba Iulia staff						Prioritization by Technical Experts			Total	Priority
		AI1	AI2	AI3	AI4	AI5	AI6	E1	E2	E3		
Construction of social housing and integrated center for the Roma community in the Talcioac area.	€ 334,224	30	38	37	23	28	30	31	5	16	26.44	34
Implementation of a pilot project for Community-Led Local Development (CLLD) for marginalized communities.	€ 10,000,000	5	26	33	37	37	39	29	6	27	26.56	35
Changing the destination of CT10 into the Alba Iulia Social Center for alternative services (7C Revoluției Boulevard).	€ 418,990	12	31	27	36	30	32	28	11	34	26.78	36
Complete overhaul of the Kindergarten with standard functioning schedule no. 6.	€ 562,249	19	20	21	38	38	35	26	19	30	27.33	37
Expansion and rehabilitation of Kindergarten no. 12.	€ 501,336	19	20	21	38	39	35	27	20	31	27.78	38
Complete overhaul at the “Liviu Rebreanu” School.	€ 379,066	19	20	21	38	39	35	30	21	32	28.33	39
Rehabilitation of Batthyaneum library building.	€ 4,177,804	40	14	38	25	21	25	37	29	33	29.11	40

The Citizens' Priorities

The quantitative approach above tried to provide some structure to the decision process of the experts and the local authorities. In what follows, the report will discuss another step taken by the local authorities to ensure a better project prioritization – the engagement of citizens in the decision making process.

There are many ways in which citizens can be engaged, each with their pros and cons. For their purposes, the local authorities in Alba Iulia have decided to join forces with the “December 1st, 1918” University to elaborate and implement a citizen survey. Among other things, the survey also asked citizens to provide a list of their key priorities for their city. Given that it is was impractical to ask the over 700 respondents to prioritize a full list of projects, broader project categories and large projects were provided. The results of this survey are included below.

Citizens' Priority Projects for 2014-2022

Project	Share of respondents perceiving project as being IMPORTANT or VERY IMPORTANT	Share of respondents perceiving project as being LESS IMPORTANT or NOT IMPORTANT	NO RESPONSE provided or NO POSITION taken	Priority
Rehabilitation of educational buildings (schools and kindergartens)	92.7	3.8	3.5	1
Improvement of parks and green areas	92.3	5.1	2.7	2
Rehabilitation/modernization of streets and development of parking spaces	90.6	5.9	3.5	3
Construction of social centers for disadvantaged communities	87.2	7.3	5.5	4
Extension and rehabilitation of street lighting system	86.2	10.0	3.8	5
Continuation of restoration works in the Citadel	83.7	11.0	5.3	6
Construction of bike paths and modernization of pedestrian paths	81.3	13.4	5.3	7
Rehabilitation and/or construction of Culture House	79.0	14.2	14.2	8
Construction of multi-purpose hall	74.4	18.0	7.6	9
Development of an industrial park between Alba Iulia and Sebeș	72.4	20.8	6.8	10
Rehabilitation of the Municipal Stadium	69.5	24.3	6.2	11

These citizen preferences can in turn be applied to the project shortlist discussed above. It has to be mentioned here that the fact that a project falls within a category favored by citizens, it would also get the same priority if citizens were asked an opinion about that specific project. Also, not all projects in the shortlist fit within one of the categories discussed above.

As indicated earlier though, the prioritization of projects is more art than exact science, and is influenced by a multitude of factors that are hard to control and measure (e.g., a person's mood or predisposition on the day when they were asked to rate a particular project).

Applying an integrated approach to the choice of projects

In addition to the prioritization exercises carried out by local authorities, experts, and citizens, it is also important to take into consideration the integrated nature of the proposed project package. Particularly for projects that will receive EU funding, it is important to demonstrate that the projects chosen would have a bigger impact taken together than individually.

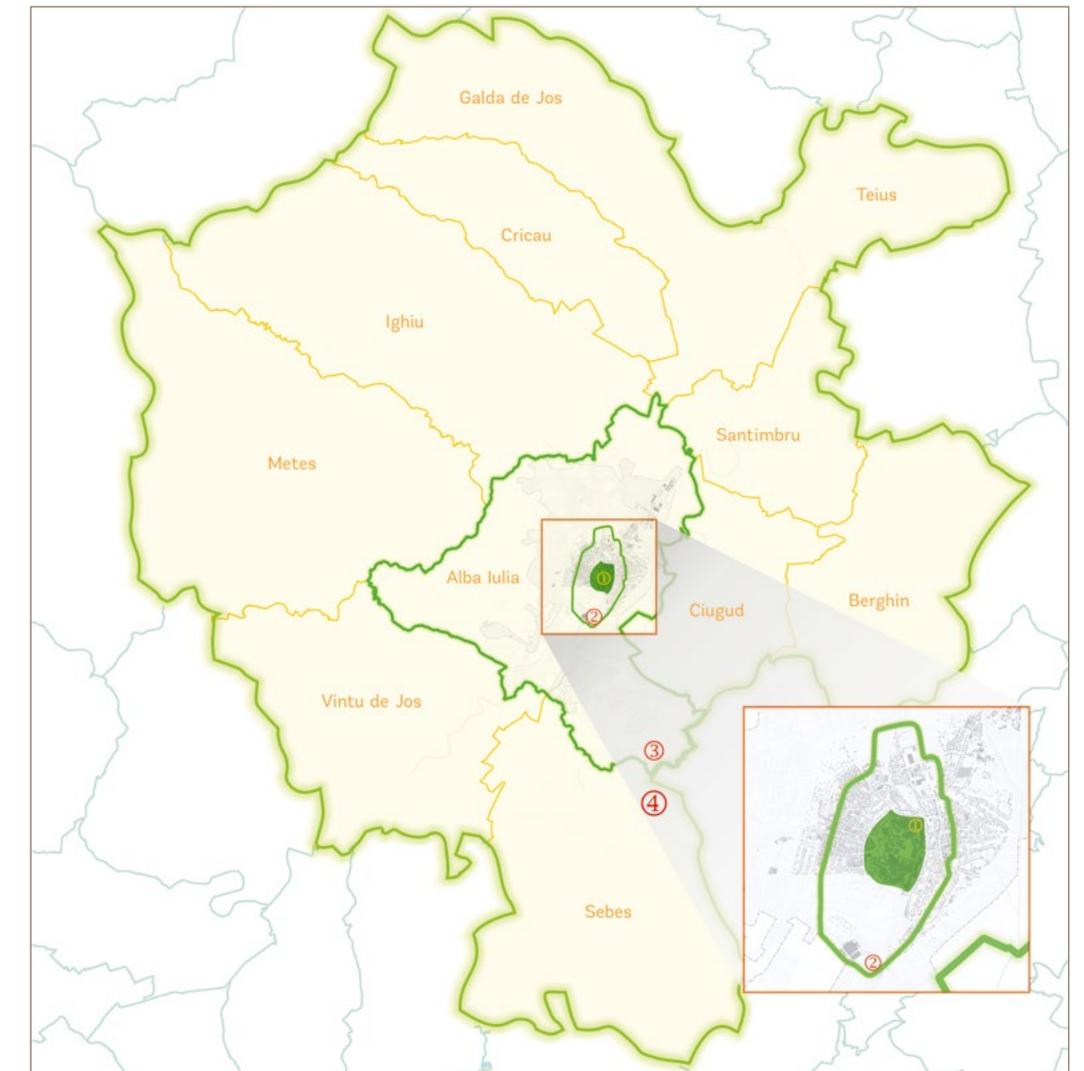
An integrated approach can be taken both territorially and sectorally. For the 2007-2013 programming period, the Municipality of Alba Iulia took a territorial approach, with most of the EU funds being channeled, although not exclusively, to the rehabilitation of the city's citadel.

For the 2014-2020 programming period, local authorities plan to finish the rehabilitation works started in the Citadel, while at the same time commencing work in the areas surrounding the citadel. The same way the work on the citadel has helped spur economic activity, the same way it is hoped that the work on the area surrounding the citadel will help spur similar initiative in the rest of the city.

In essence, four key territories can be defined for Alba Iulia: 1) the Vauban Citadel; 2) the area surrounding the citadel; 3) the city as a whole; 4) the AIDA area.

Areas of intervention for Alba Iulia city

- ① Alba Iulia Citadel
- ② First road ring of Alba Iulia
- ③ The city of Alba Iulia
- ④ AIDA area



Availability of funding sources

Finally, one last issue that can be taken into consideration in the prioritization of projects is the availability of funding sources, with a priority given to those projects that could benefit from EU funds. Given that many of the applicant guides for EU operational programs were not finalized at the time this document was being drafted, it was hard to make a clear triage in this respect. Nonetheless, the existent draft programming documents provided enough information to make an educated guess for most of the projects in the shortlist.

It is also important to determine the projects that would be financed by higher levels of government (i.e., county councils or central government), and whose operation and maintenance would not fall within the responsibility of the Alba Iulia Municipality. These projects would basically not count against the municipality's assigned operational budget (i.e., ~€69 million for 2014-2022).

Final priority list

Using all the information presented above, a final list of priority projects was proposed. These projects fit within the assigned operational budget of €69 million. At this point it is important to mention that the €69 million do not represent an upper threshold for capital investments for the Municipality of Alba Iulia – it is meant more as a guiding post and as a prioritization instrument. Similarly, this list of projects does not necessarily include all the priorities of the municipality. As indicated in the Development Strategy, the list of needs for the municipality is long, and new needs may be added to this list in subsequent years.

Municipality of Alba Iulia Project Priority List for 2014-2022

No.	Project	Estimated project value (including VAT)	Potential Funding Source
Integrated Territory 1 - Vauban Citadel			
1	Restoration of bastions, of southern and eastern walls of the ravelin – White Fortress Carolina (including setting up an amphitheater in the Trinitarians' ravelin).	€ 12,533,411	ROP 2014-2020; Local Budget; State Budget
2	Restoration/rehabilitation, revitalization and enhancement of buildings and public spaces in the historic area, including the Princes' Palace.	€ 8,146,717	ROP 2014-2020; Local Budget National Budget
Integrated Territory 2 - Ring around Vauban Citadel			
3	Improving the quality of municipal parks' vegetation.	€ 9,748,209	ROP 2014-2020; Local Budget
4	Lighting system expansion and upgrading.	€ 7,436,574	ROP 2014-2020; Local Budget
5	Thermal rehabilitation of collective housing units (the areas of Revoluției – Transilvaniei, the M's Ampoi I).	€ 3,168,168	ROP 2014-2020; State Budget; Local Budget

6	Rehabilitation of urban infrastructure in large housing complexes (urban renewal in the Revoluției – Transilvaniei, the M's Ampoi I districts).	€ 9,748,209	Local Budget
7	Construction of cycle paths and modernization of walkways.	€ 8,000,000	ROP 2014-2020; Local Budget
8	Increasing the energy efficiency of education buildings (Kindergarten no. 7 and no. 11; "Vasile Goldiș" School, School no. 5 and "Ion Agârbiceanu" School, "Apulum" Technical College).	€ 2,582,293	ROP 2014-2020; Local Budget
9	Implementation of a pilot project for Community-Led Local Development (CLLD) in Lumea Noua district.	€ 417,780	ROP 2014-2020; ANL; Local Budget; Human Capital OP
10	Expansion and rehabilitation of Kindergarten no. 12.	€ 501,336	ROP 2014-2020; Local Budget

The Municipality of Alba Iulia

11	Developing a nursery in Ampoi district by changing the destination of CT 29 thermal power station.	€ 1,059,040	ROP 2014-2020; Local Budget
12	Complete overhaul of the Kindergarten with standard functioning schedule no. 6.	€ 562,249	ROP 2014-2020; Local Budget
13	Setting up the Schit (Hermitage) natural area, including cycling lanes for linking Mamut route and Transylvania Avenue.	€ 5,138,699	ROP 2014-2020; Local Budget

The projects in the final priority list above only include the projects that will be undertaken by the Municipality of Alba Iulia. In addition, there a number of projects of critical importance to the municipality that will be undertaken by another entity (e.g., the National Highways and Roads Company – CNADNR). Some of these priority projects are already part of a national/regional priority list, some should become the subject of lobbying activities carried out by local stakeholders.

Priority Projects for Alba Iulia financed from other sources

No.	Project	Estimated project value (including VAT)	Entity undertaking project	Justification
1	Setting up an interconnection infrastructure linking Alba Iulia city to the Sebeș-Turda Highway (A10).	€ 50,133,644	CNADNR	The Sebeș-Turda Highway is under construction with funding from the OP Transport 2007-2013 and will likely be finalized with funding from OP Large Infrastructure 2014-2022. The two roads linking Alba Iulia to the highway will be part of this larger project.
2	Construction of the bypass in the northern part of Alba Iulia (Bărăbaș - DN 74/Sard).	€ 60,160,373	CNADNR	This bypass is of critical importance as it provides a direct route from the highway and DN1 to the Apuseni Mountains around the City of Alba Iulia into DN74.
3	Rehabilitation and expansion up to 4 lanes of the bridge over Mureș, in the Partoș district on DN1.	€ 8,773,387	CNADNR	The expansion of the bridge has been planned for a while and it is of critical importance given the daily commutes and the traffic in general between Alba Iulia and Sebeș.

Priority projects for 2014-2020

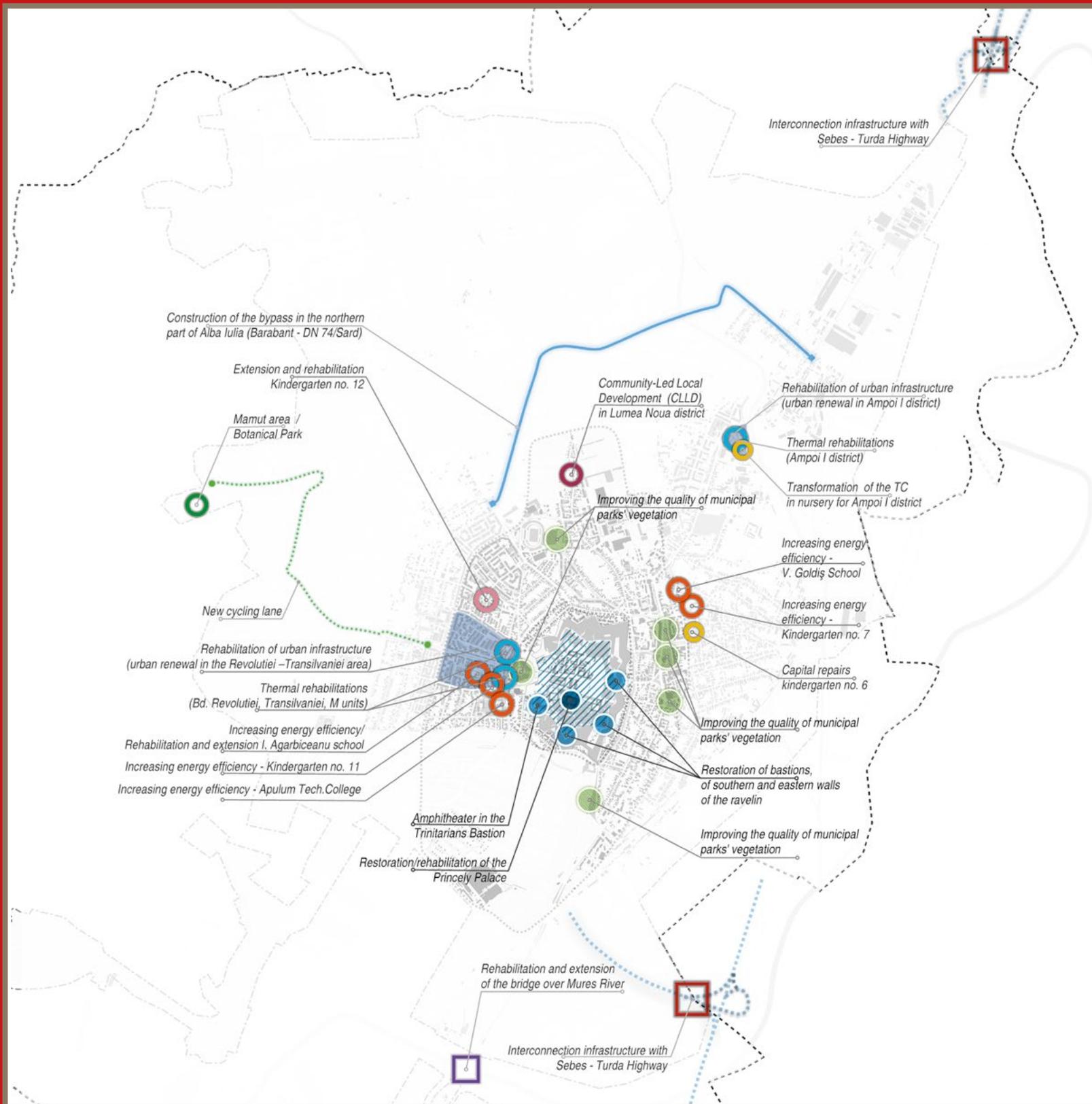
Rationale for choosing priority projects

The prioritization of an eclectic package of projects is more art than it is science. A multitude of factors need to be taken into consideration when deciding what projects are best for a community. There is no perfect methodology to achieve this desideratum and what is a priority today may not be a priority tomorrow.

For the prioritization of projects in Alba Iulia a number of filters and methodologies were used.

The simplest and arguably most efficient tool for the prioritization of projects is the clear definition of a clear implementation timeline and an OPERATIONAL BUDGET. In the case of Alba Iulia the defined timeline is the EU implementing cycle (2014-2020) and the proposed operational budget for capital investments is €69 million.

This does not necessarily mean that local authorities in Alba Iulia cannot do capital investments in excess of €69 million between 2014 and 2022 (although they should not go over by too much), but it is very helpful in triaging a long list of projects. And indeed from over 350 projects outlined in the Development Strategy and the General Urban Plan, a final priority list of 13 was chosen, plus an additional 3 to be implemented by national authorities.





Getting to this final list of 13 priority projects was not a straight forward affair. For example, in the scoring of different projects by local authorities and external experts, Public Transport was identified as the number one priority. This project did not make it to the final priority list for two main reasons:

- the project is not eligible for EU funding, since the public transport system is run by a private company;
- the project has a large value (over €26 million) and if implemented would restrict the possibility to implement other projects of importance.

The eligibility of a project for EU funding was a prime criterion used in the triage of the list of projects in Alba Iulia. While the availability of EU funding should not be the main driver of an investment plan (local authorities should fund projects that are likely to have the most significant impact locally, regardless of the funding source), it is hard to argue against it. Whenever possible, local authorities should take advantage of available grants (while also ensuring the financial sustainability of completed capital investments), because this way the budgetary space is created to complete other needed projects.

Consequently, several projects that received a high score in the prioritization exercise undertaken by the local authority and external experts, did not make it to the final priority list.

On the other hand, there were projects that received a lower score in the prioritization exercise, but were included in the final priority list. For example, the proposed CLLD project in the Lumea Nouă neighborhood was priority number 35 out of a short list of 40 projects. However, it was priority 4 out of 11 on the citizen's priority list. Moreover, projects with a focus on social inclusion or climate change are often not considered a priority by local authorities, but may have a large and long-term impact.

In what follows, a short justification is provided for every project that made it on the priority list.



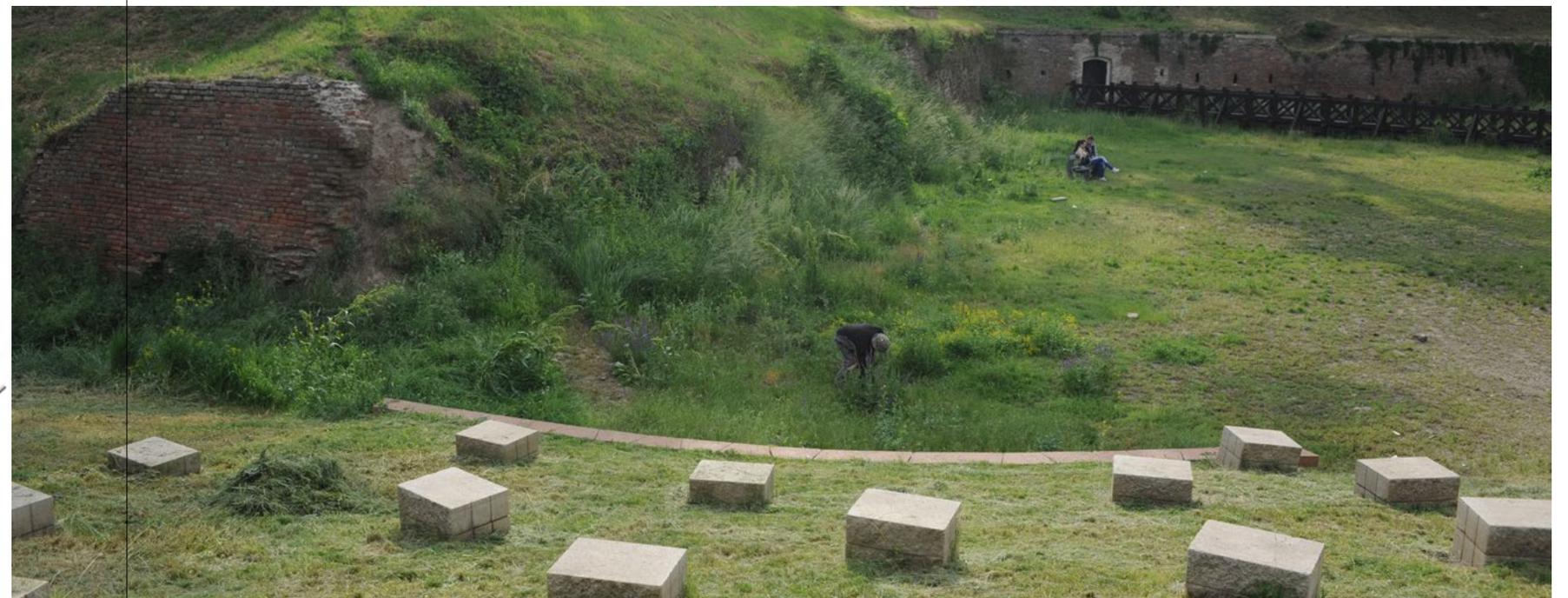
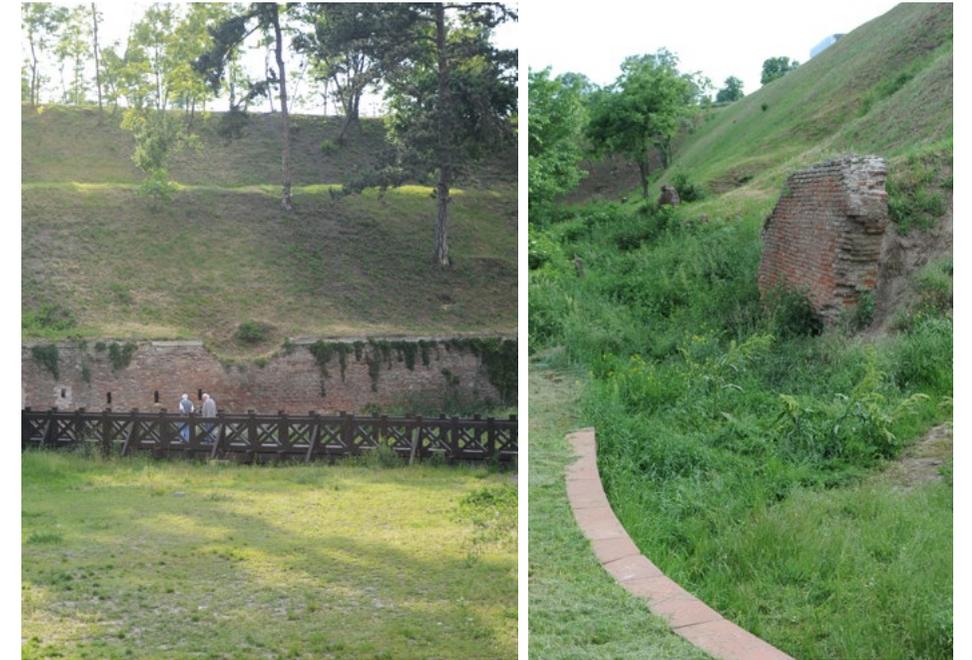
1 Restoration of bastions, of southern and eastern walls of the ravelin – White Fortress Carolina (including setting up an amphitheater in the Trinitarians’ ravelin).

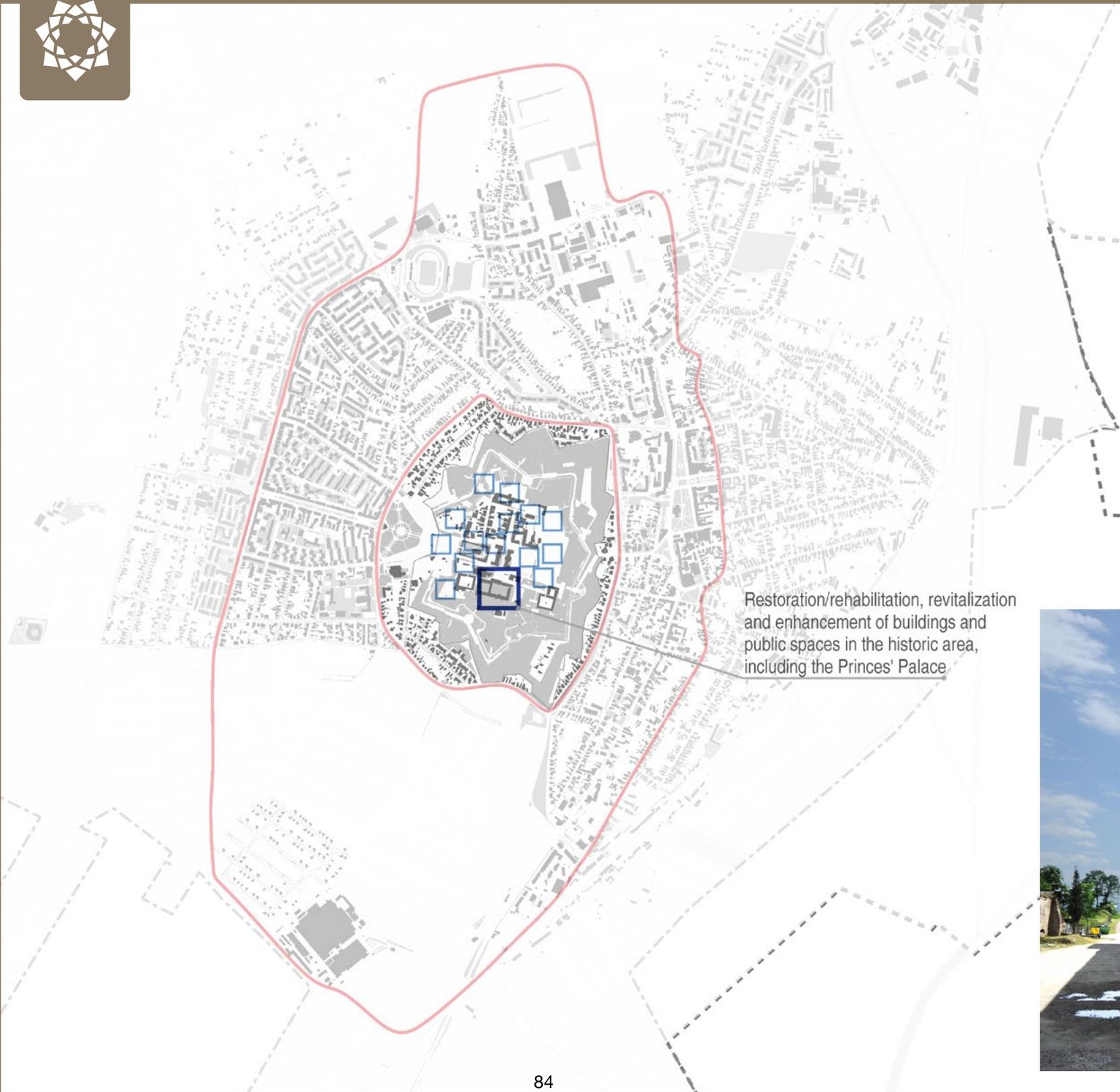
€ 12,533,411

The project ranks 9th (out of 40) in the prioritization done by local staff and external experts and was ranked 6th (out of 11) in the citizen’s priority list.

The project continues the integrated approach undertaken in the 2007-2013 programming period, with several strategic investments undertaken in the City’s historic citadel. As such the city was given particular attention in the assessment undertaken and was put on the priority list.

The project is eligible for EU funding under Priority Axis no.4 of the ROP 2014-2020, Measure no. 4.1. “Promoting CO2 reduction strategies for all types of territories, particularly urban area, including the promotion of sustainable mobility plans and of measures targeting climate resilience.





Restoration/rehabilitation, revitalization and enhancement of buildings and public spaces in the historic area, including the Princes' Palace

2 Restoration/rehabilitation, revitalization and enhancement of buildings and public spaces in the historic area, including the Princes' Palace.

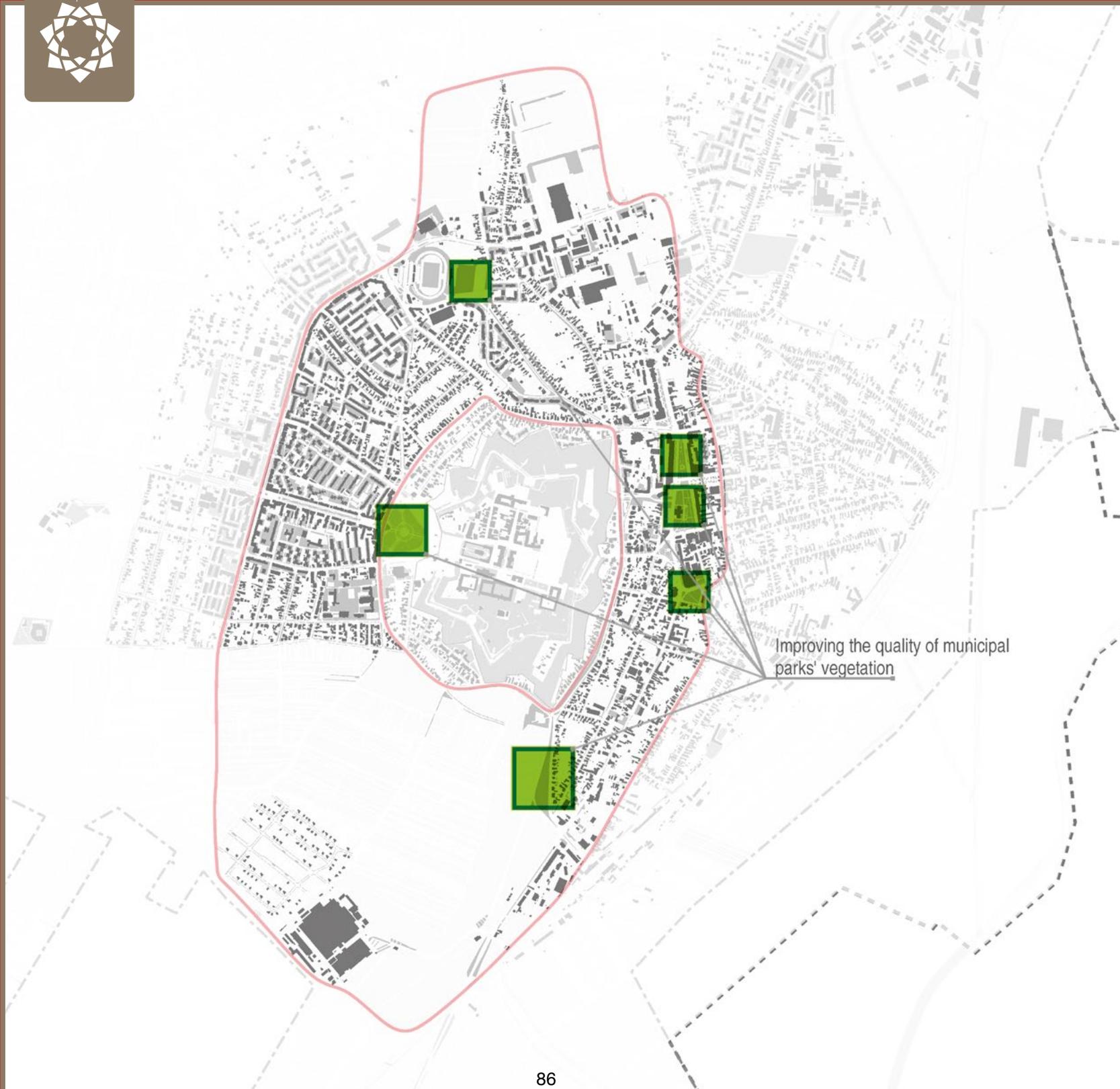
€ 8,146,717

The project is ranked 10th (out of 40) in the local staff and external experts prioritization exercise, and has rank 6 (out of 11) in the citizen's priorities.

The project is considered to be important for the city because it helps finalize the integrated territorial approach for the City's Citadel (the centerpiece of the 2007-2013 Integrated Development Plan), and it complements all the projects undertaken in the area.

The project is eligible for EU funding under Axis 5 of the ROP 2014-2020, Measure no. 5.1 on the "Conservation, protection, promotion, and development of cultural and natural heritage."





3 Improving the quality of municipal parks' vegetation.

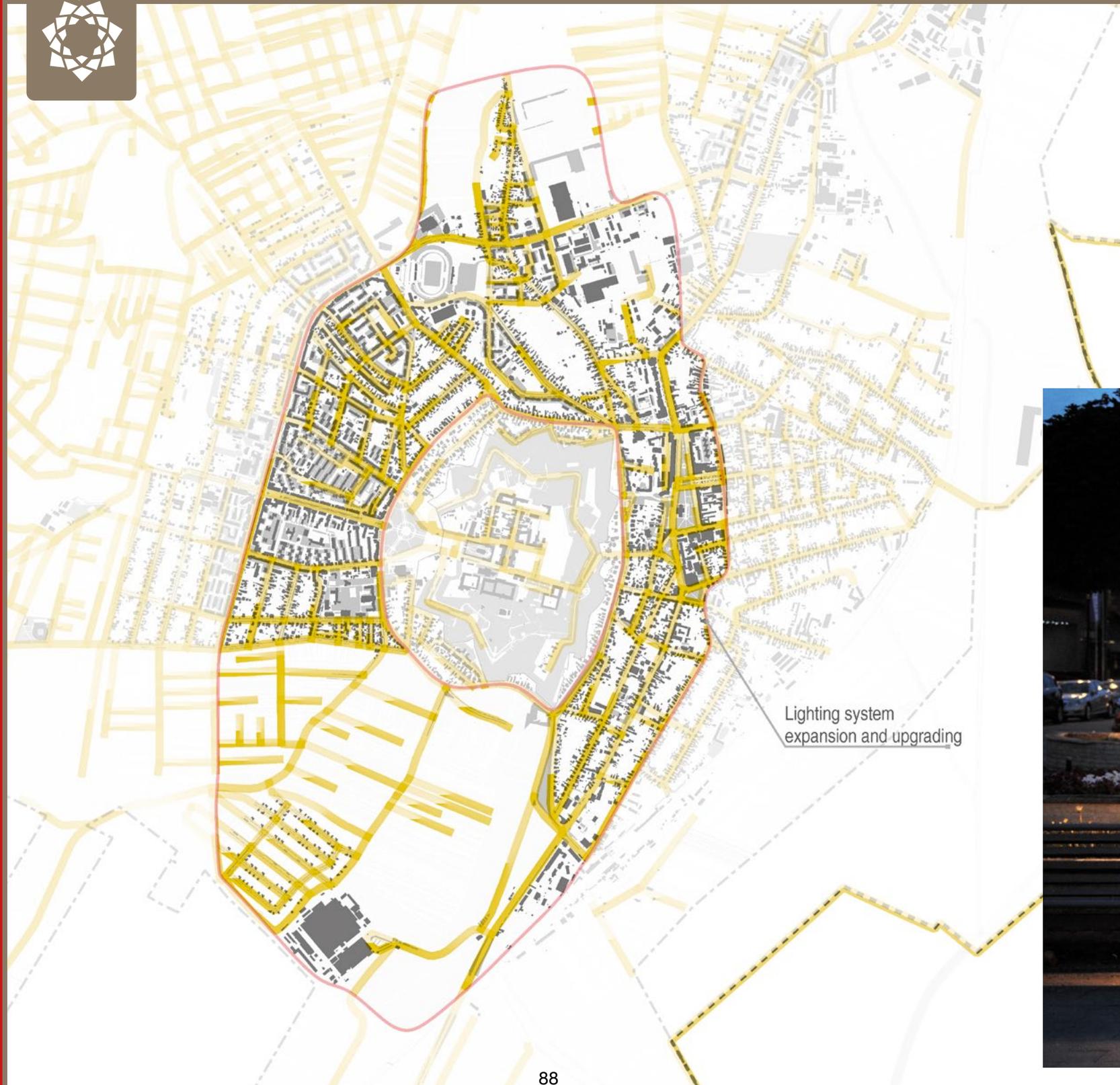
€ 9,748,209

The project is among the second most important priorities for the citizens of Alba Iulia, and it is ranked 13th (out of 40) in the prioritization exercise done with local staff and external experts.

The project primarily includes the parks and green areas in the Integrated Territory 2 – the Ring around the Vauban Citadel, helping to make this area a more liveable and attractive for citizens and tourists.

The project is eligible for EU funding under Priority Axis no.4 of the ROP 2014-2020, Measure no. 4.3. "Solutions for marginalized communities." However a significant part of the investment are likely to be done with funds from the local budget.





4 Lighting system expansion and upgrading.

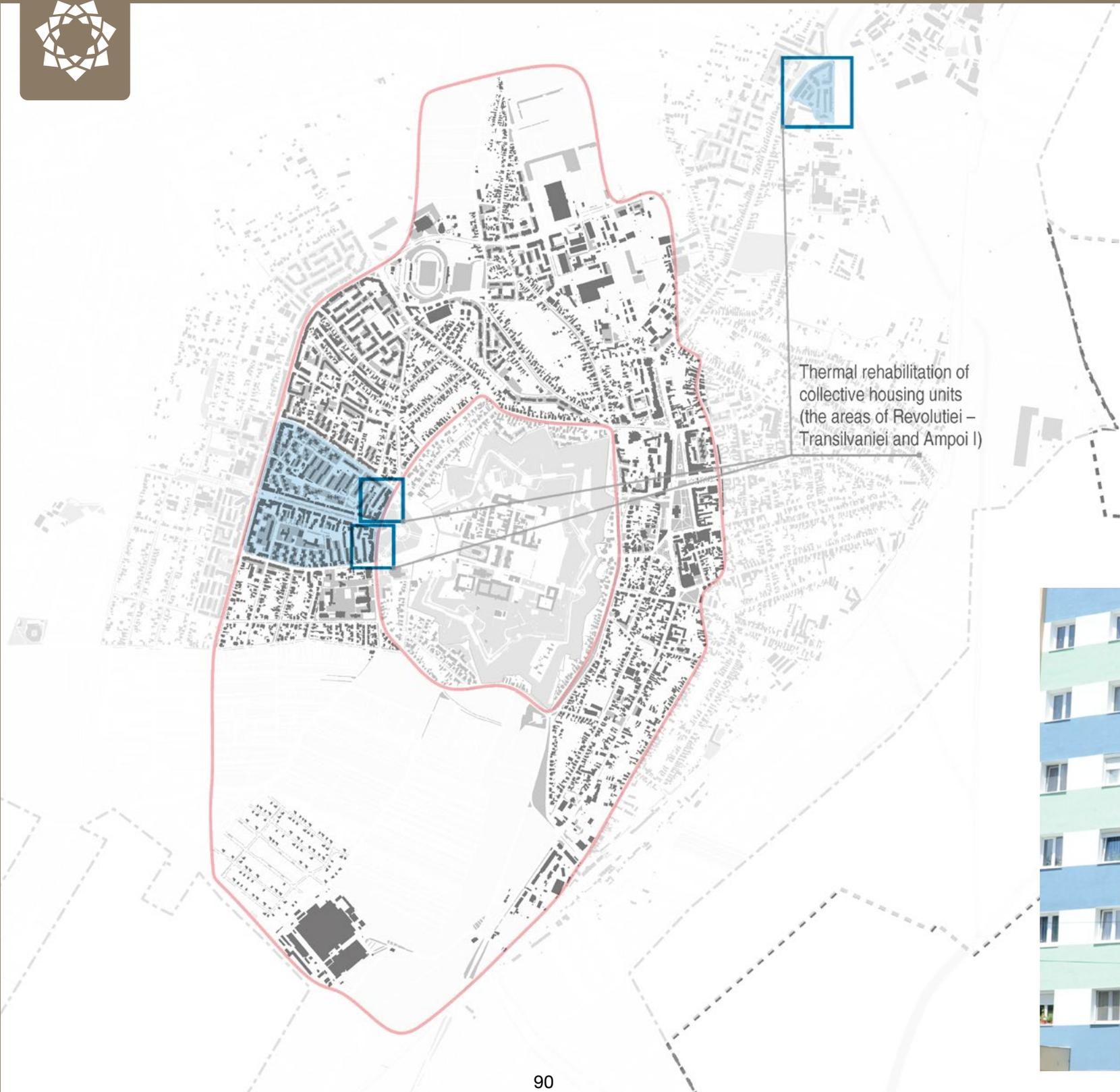
€ 7,436,574

The project is ranked 4th (out of 40) in the prioritization exercise undertaken by local staff and external experts, and was ranked 5th (out of 11) by the citizens of Alba Iulia.

The project will on the one hand help improve the quality of life for the citizens in Alba Iulia, while on the other hand it will help improve the carbon footprint of the city. The improvements brought to the public lighting system can also help reduce energy bills, freeing up budgetary resources for other investments.

The project is eligible for EU funding under Axis 3 of the ROP 2014-2020, Measure no. 3.1 on “Encouraging energy efficiency, intelligent management and the use of RES in public infrastructures, including public and residential buildings.”





Thermal rehabilitation of collective housing units (the areas of Revoluției – Transilvaniei and Ampoi I)

5 Thermal rehabilitation of collective housing units (the areas of Revoluției – Transilvaniei, the M's Ampoi I).

€ 3,168,168

The project is ranked 11th (out of 40) in the prioritization exercise undertaken by local staff and external experts. Local authorities have undertaken a separate survey concerning the interest of citizens in a thermal rehabilitation project and their willingness to co-finance such projects. Over 80% of people indicated that such a thermal insulation project is useful, and more than 50% of those surveyed are willing to co-finance at least 20% of project costs.

The project will not only help reduce energy consumption and energy bills for citizens, but will also help improve the quality of the urban space in the Municipality of alba lulia, with a focus on apartment blocks in the Integrated Territory 2.

The project is eligible for EU funding under Axis 3 of the ROP 2014-2020, Measure no. 3.1 on “Encouraging energy efficiency, intelligent management and the use of RES in public infrastructures, including public and residential buildings.”





6 Rehabilitation of urban infrastructure in large housing complexes (urban renewal in the Revoluției – Transilvaniei, the M's Ampoi I districts).

€ 9,748,209

The project is ranked 2nd (out of 40) in the prioritization exercise undertaken by local staff and external experts, and was ranked 3rd (out of 11 priorities) by the citizens of Alba Iulia.

The project will be implemented in an integrated manner together with the collective housing thermal rehabilitation project, focusing primarily on apartment blocks in the Integrated Territory 2. The project will help improve the quality of life for citizens and the visiting experience for tourists.

The project will most likely be completed with funds from the local budget.





Construction of cycle paths and modernization of walkways

7 Construction of cycle paths and modernization of walkways.

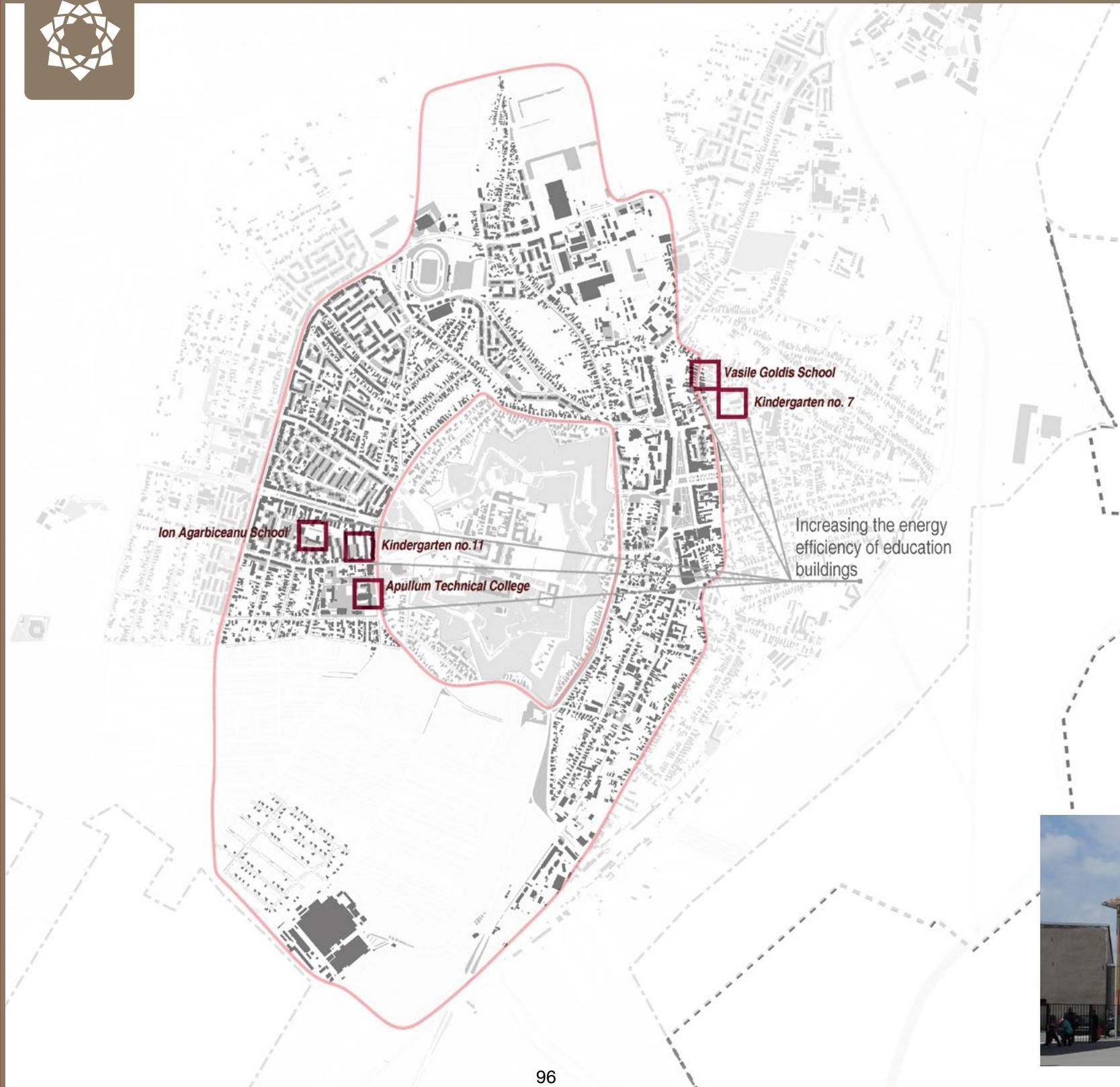
€ 8,000,000

The project is ranked 5th (out of 40) in the prioritization exercise undertaken by local staff and external experts, and was ranked 7 (out of 11) in the priority list of the citizens of Alba Iulia.

The project helps improve mobility and connectivity in the city through the promotion of green transport measures. The intervention helps reduce green-house gas emission in the city while at the same time improving the quality of life. A priority will be given to interventions undertaken in the Integrated Territory 2.

The project is eligible for EU funding under Priority Axis no. 4 of the ROP 2014-2020, Measure no. 4.1. "Promoting CO2 reduction strategies for all types of territories, particularly urban area, including the promotion of sustainable mobility plans and of measures targeting climate resilience."





8 Increasing the energy efficiency of education buildings (Kindergarten no. 7 and no. 11; “Vasile Goldis” School no. 5, “Ion Agarbiceanu” School, and “Apulum” Technical College).

€ 2,582,293

The project ranks 1st (out of 11) among citizen's priorities options for 2014-2020 and 30 (out of 40) in the local staff and external experts prioritization.

The integrated approach of the project comes from its consistency and complementarity with other previous local investments in the rehabilitation of educational infrastructure, but also with other projects foreseen for the 2014-2020 programming period: the thermal rehabilitation of the communist residential buildings (block of flats), the promotion of green mobility measures (bicycle lanes, pedestrian areas, sustainable public transportation) and the modernization of the public lightning system, all targeting the reduction of CO2 emissions at municipal level.

The project is eligible for EU funding under Priority Axis no. 3 of the ROP 2014-2020, Measure no. 3.1. “Encouraging energy efficiency, intelligent management and the use of RES in public infrastructures, including public and residential buildings.”





Implementation of a pilot project for Community-Led Local Development (CLLD) in Lumea Noua district

9 Implementation of a pilot project for Community-Led Local Development (CLLD) in Lumea Noua district.

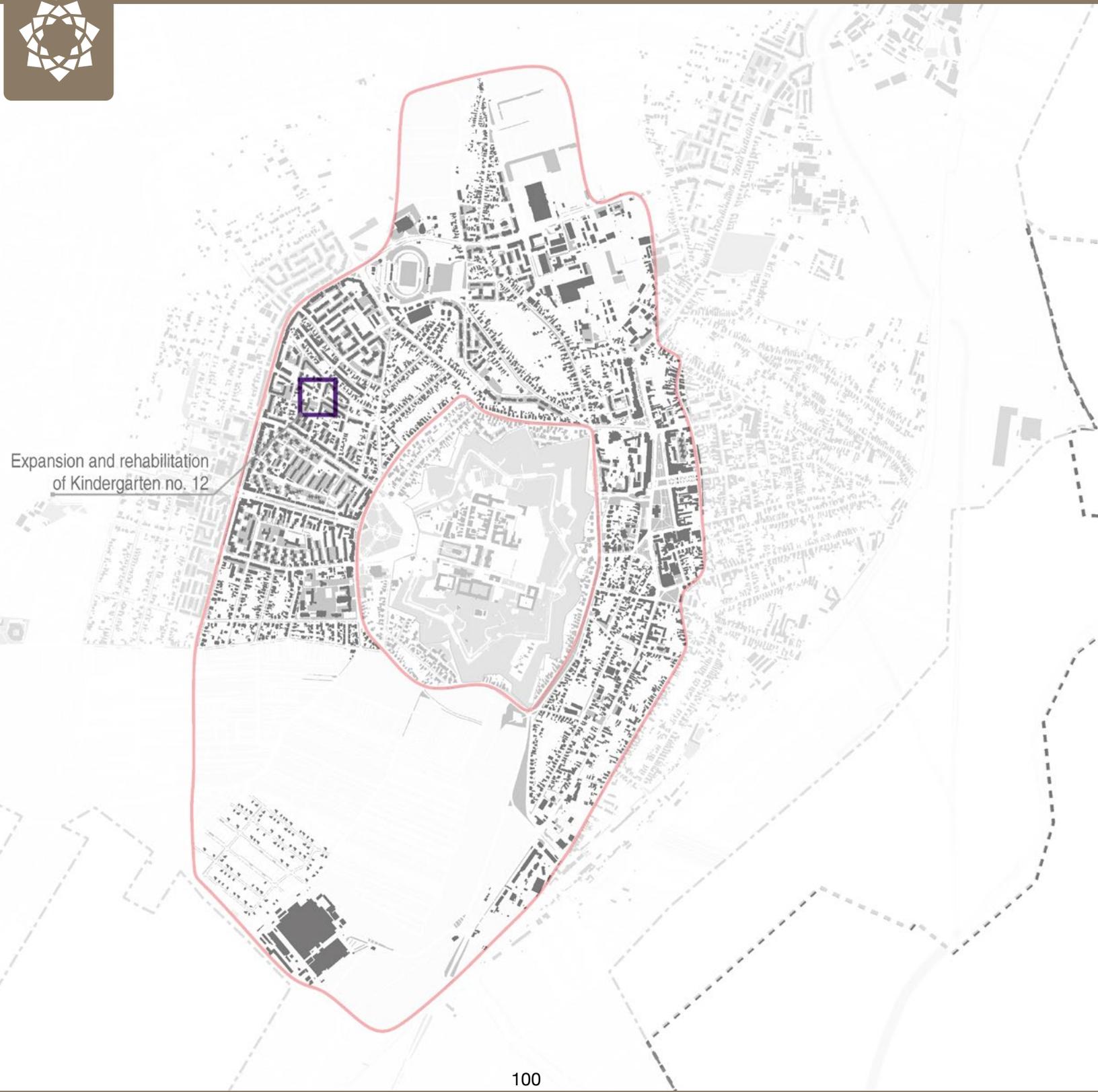
€ 10,000,000

The project ranks 4th (out of 11) in the citizen's prioritization for the 2020 horizon, respectively 35 (out of 40) in the local staff and external experts ranking.

The project is in complementarity with other projects targeting the improvement of the social service infrastructure and the promotion of social inclusion of different vulnerable groups (Roma, disabled, long-term unemployed etc.), including the extension and rehabilitation of nurseries, schools and kindergartens from disadvantaged areas of the city. The territorial integrated approach of the projects consists in continuing the basic urban infrastructure (roads, water and waste-water, public lightning) extension works carried out in the past years with EU funding, World Bank funding, and funding from the local budget.

The project is eligible for EU funding under Priority Axis no.4 of the ROP 2014-2020, Measure no. 4.3. "Solutions for marginalized communities. Funding can also be ensured through the Human Capital Operational Programme, through Priority Axis 5."





Expansion and rehabilitation of Kindergarten no. 12

10 Expansion and rehabilitation of Kindergarten no. 12.

€ 501,336

The project ranks 4th (out of 11) in the citizen's prioritization for the 2020 horizon, respectively 35 (out of 40) in the local staff and external experts ranking.

The project is complementary with other projects targeting the improvement of the social service infrastructure and the promotion of social inclusion of different vulnerable groups (Roma, disabled, long-term unemployed etc.), including the extension and rehabilitation of nurseries, schools and kindergartens from disadvantaged areas of the city. The territorial integrated approach of the projects consists in continuing the basic urban infrastructure (roads, water and waste-water, public lightning) extension works carried out in the past years with EU funding, World Bank funding, and funding from the local budget.

The project is eligible for EU funding under Priority Axis no.4 of the ROP 2014-2020, Measure no. 4.4. "Investments in educational and training infrastructure.



Developing a nursery in Ampoi district by changing the destination of CT 29 thermal power station



11 Developing a nursery in Ampoi district by changing the destination of CT 29 thermal power station.

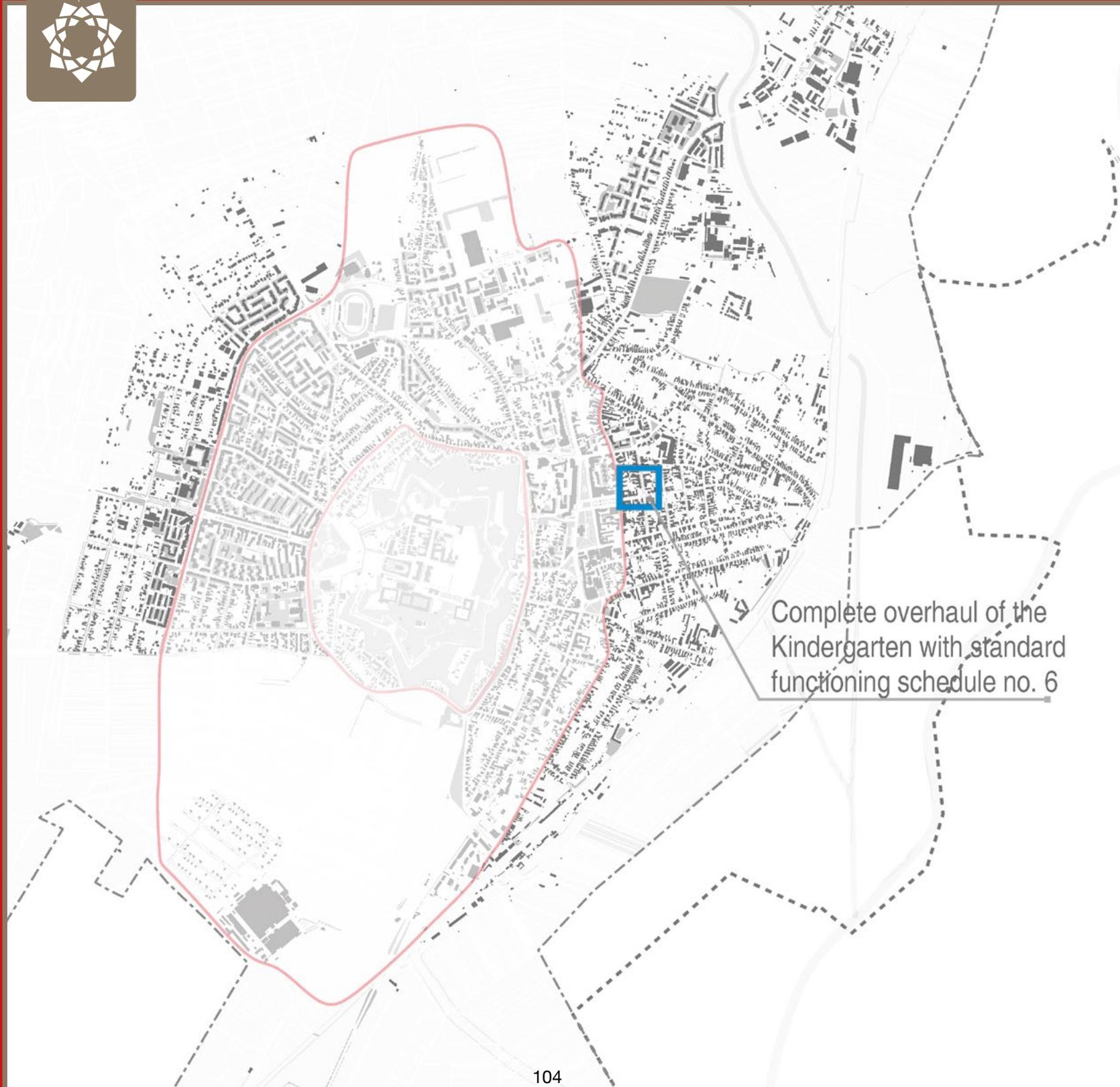
€ 1,059,040

The project ranks 1st (out of 11) among citizen's priorities options for 2014-2020 and 23 (out of 40) in the local staff and external experts prioritization.

The integrated approach of the project consists of its complementary with both previous interventions supporting the rehabilitation, modernization and endowment of educational infrastructure, but also with other foreseen projects for the 2020 horizon targeting the same goal, such as the thermal rehabilitation of the kindergartens, schools and high-schools or the extension and upgrade of some existing kindergartens. Moreover the project is consistent with the measures aimed at promoting the social inclusion of different vulnerable groups, such as CLLD.

The project is eligible for EU funding under Priority Axis no.4 of the ROP 2014-2020, Measure no. 4.4. "Investments in educational and training infrastructure."





Complete overhaul of the Kindergarten with standard functioning schedule no. 6

12 Complete overhaul of the Kindergarten with standard functioning schedule no. 6. € 562,249

The project ranks 1st (out of 11) in the citizen's prioritization for the 2014-2020 programming period, respectively 37 (out of 40) in the local staff and external experts priority list.

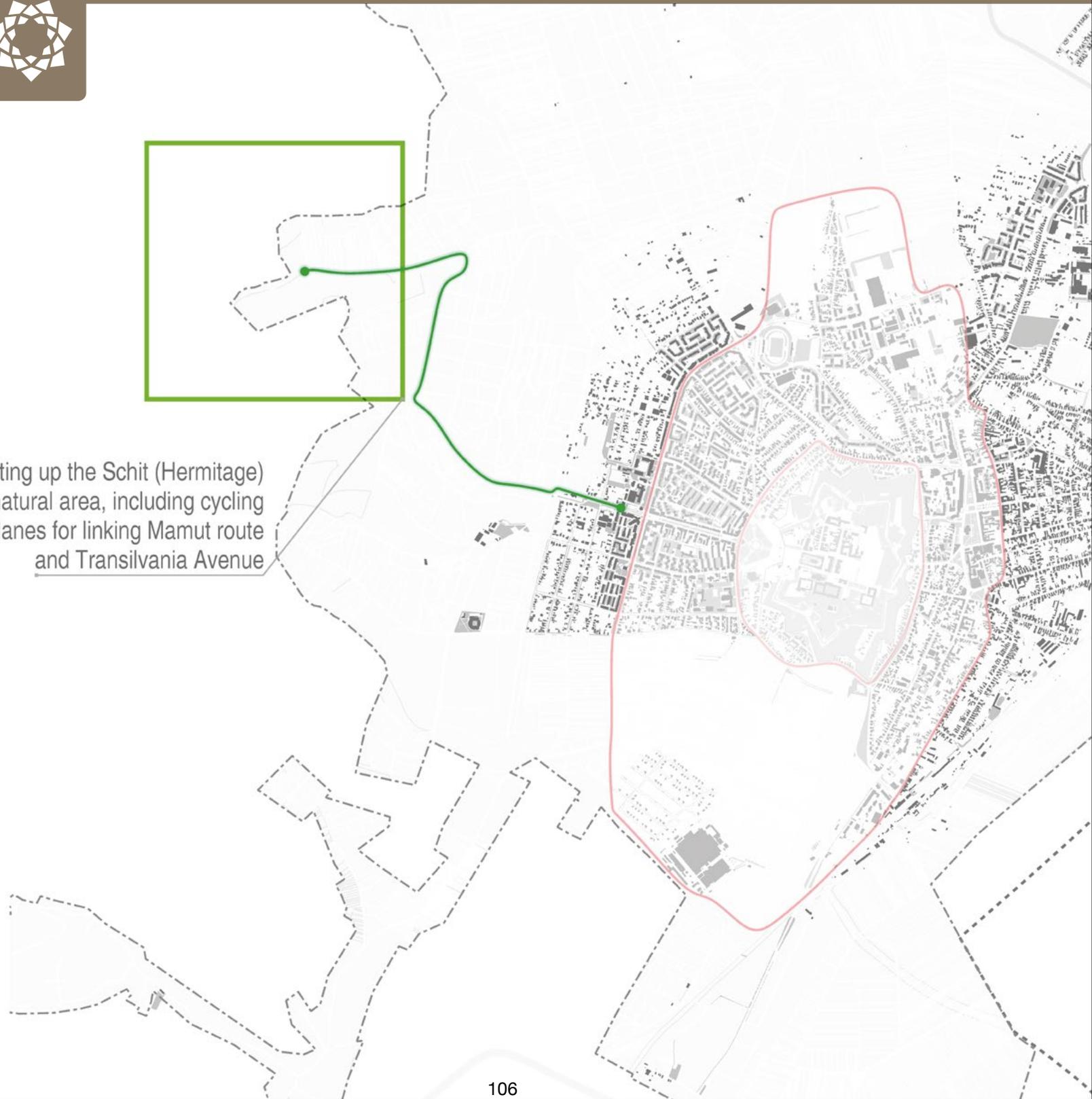
From an integrated approach, the project is complementary with a large number of previously implemented projects aimed at the rehabilitation, modernization and endowment of educational units (kindergartens, schools and high-schools) in all neighborhoods of the city. On the other hand, the proposal is consistent with other similar projects foreseen for the 2014-2020 programming period, such as the thermal rehabilitation of 6 educational units, the expansion and upgrade of two kindergartens or the establishment of a new nursery.

The project is eligible for EU funding under Priority Axis no.4 of the ROP 2014-2020, Measure no. 4.4. "Investments in educational and training infrastructure."





Setting up the Schit (Hermitage) natural area, including cycling lanes for linking Mamut route and Transilvania Avenue



13 Setting up the Schit (Hermitage) natural area, including cycling lanes for linking Mamut route and Transylvania Avenue.

€ 5,138,699

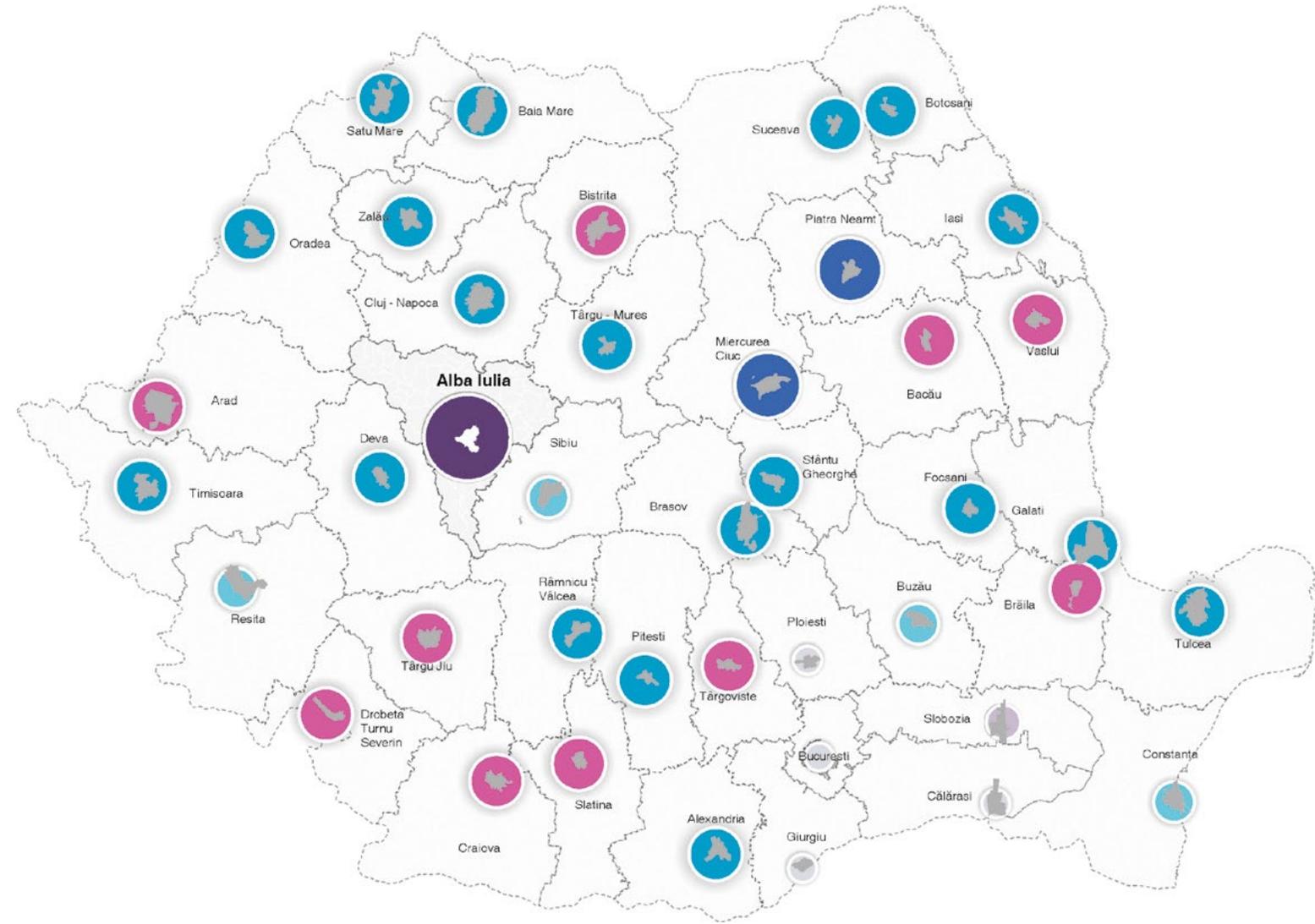
The project ranks 7th (out of 11) among citizen's priorities options for the 2014-2020 programming period and 8 (out of 40) in the local staff and external experts prioritization.

The integrated approach of the project consists of its complementary with both previous and foreseen interventions supporting the CO2 reduction at municipal level: the thermal rehabilitation of the communist residential buildings (block of flats) and public buildings (educational units), the promotion of green mobility measures (bicycle lanes, pedestrian areas, sustainable public transportation) and the modernization of the public lightning system.

The project is eligible for EU funding under Priority Axis no. 4 of the ROP 2014-2020, Measure no. 4.1. "Promoting CO2 reduction strategies for all types of territories, particularly urban area, including the promotion of sustainable mobility plans and of measures targeting climate resilience."



Total amount contracted by the main Romanian cities for financing projects from external grants in the 2009-2012 period/inhabitant



Total amount of European funds contracted in the period 2009-2012/inhabitant



Institutional frameworks for project implementation

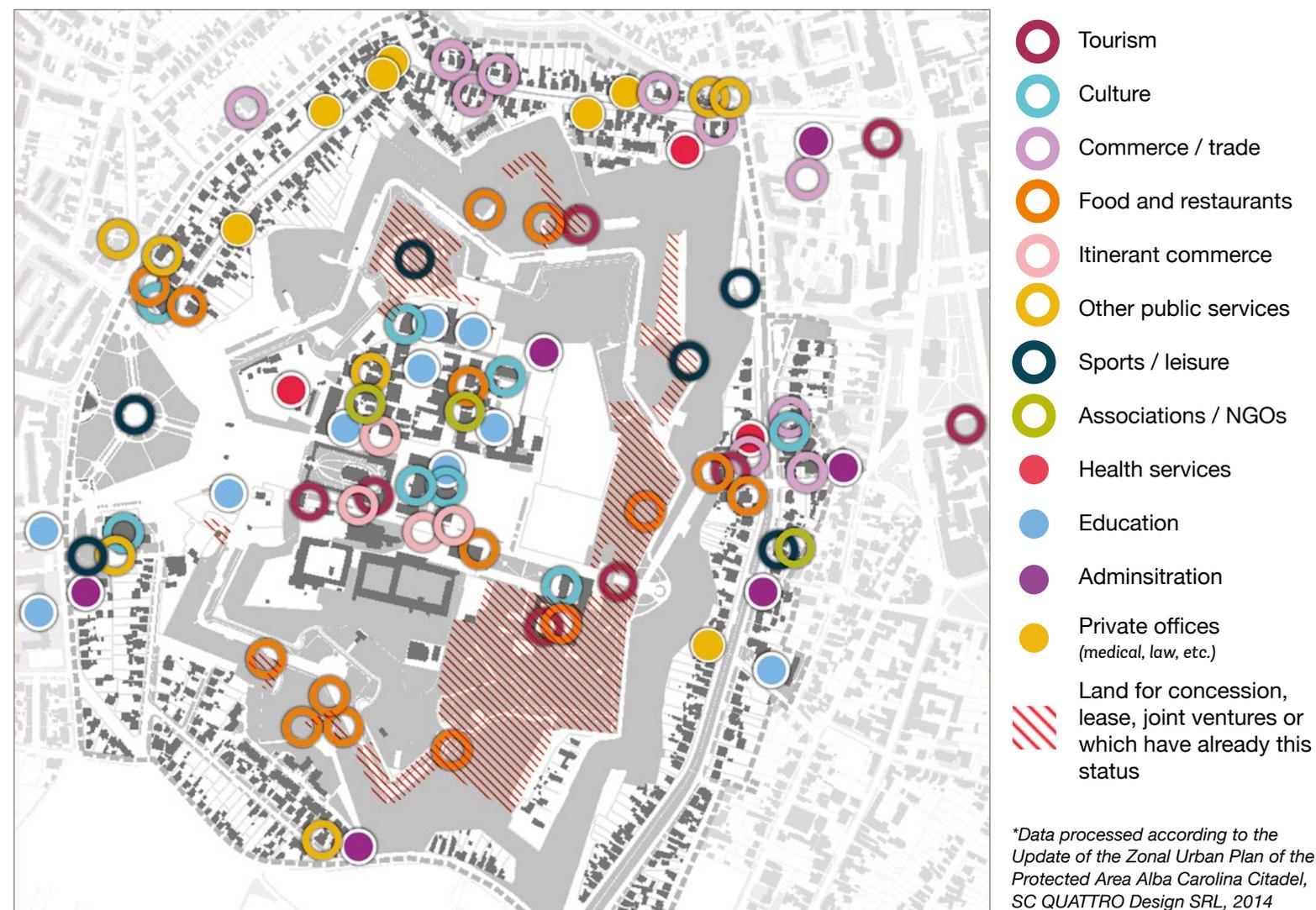
The Municipality of Alba Iulia is already a top performer in terms of the absorption of EU funds, with the highest amount of EU funds absorbed per capita of all county capitals in Romania. This success can largely be attributed to the sounds institutional frameworks that have been put in place to help write, tender, and manage projects. As with any public institution however, there is always room for improvement. In what follows, a few ideas will be discussed regarding ways to improve local/regional institutional frameworks.



Institutional set-up for the Vauban Citadel

The rehabilitation of the Vauban Citadel with EU funds has been an accomplishment that was hailed internally and abroad, and is largely recognized as being a success story when it comes to the absorption of EU funds in Romania. Following the rehabilitation of the Citadel, the number of tourists in the city has grown from around 32,000 in 2007 to over 400,000 in 2014. Moreover, the number of businesses and organizations operating in and around the Citadel has grown substantially in recent years, employing over 1,500 people.

Existing economic activities - Alba Carolina Citadel (according the ZUP Alba Iulia Citadel - elaborated in 2014)

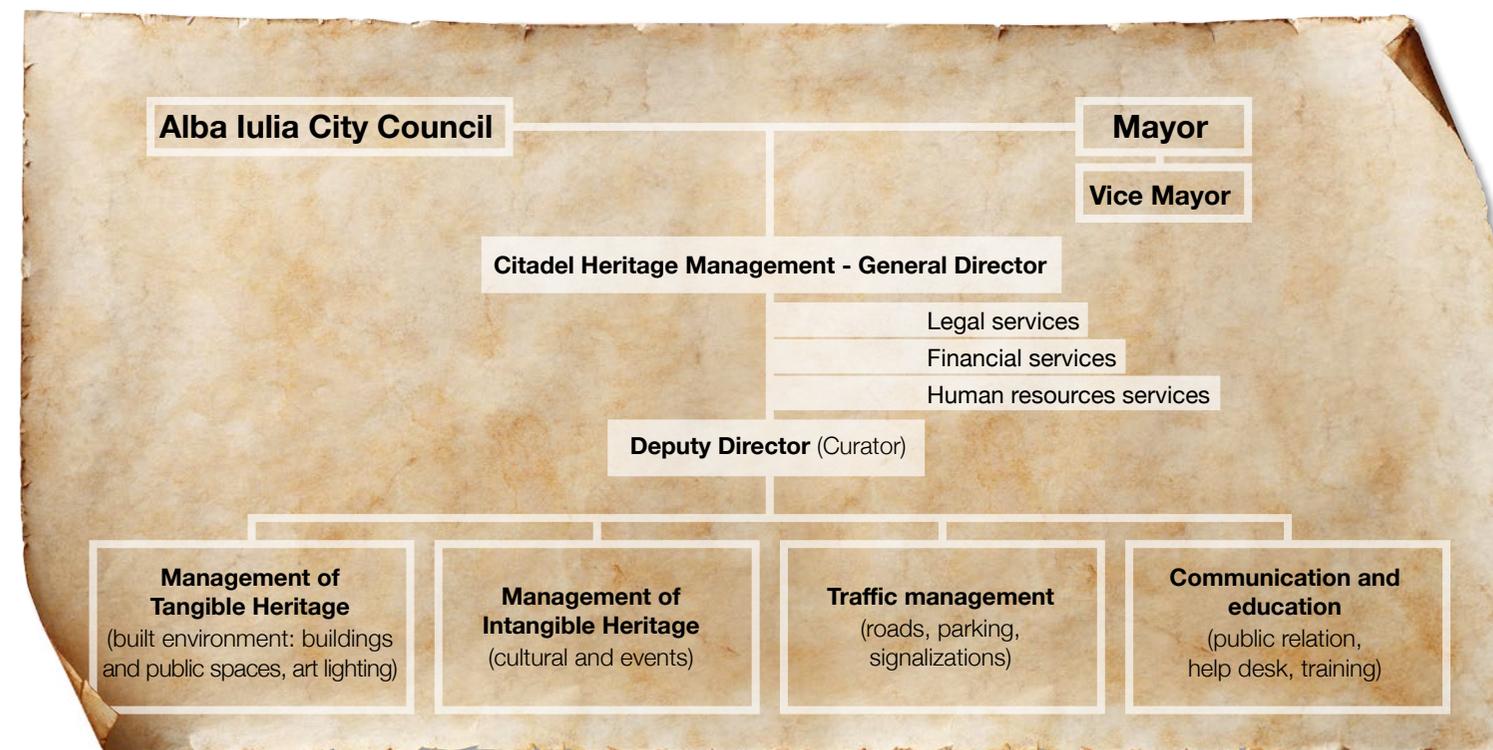


Given the size and complexity of the Citadel, given the substantial and valuable cultural heritage the Citadel represents, given the spaces that are still available for leasing, as well as the public spaces available for events (concerts, festivals, celebrations, theatre plays), it is important to consider creating an entity in charge of the management of the Citadel. There are several options that can be considered in this respect, ranging from simply assigning the management task to existing employees of the Alba Iulia Municipality, to hiring additional people, to creating a separate unit in charge with the management of the Citadel. This last option, that of a Citadel Heritage Management (CHM), entity will be discussed in more detail below. This should be seen as just an option, and it should be weighed carefully against other available options, particularly given resource constraints (i.e., a new unit will require significant funds from an already cash-strapped budget).

Given the availability of necessary resources, the CHM can be designed a stand-alone unit with its own separate legal status, which will operate as a public institution of local interest subordinated to the Alba Iulia Municipal Council. The CHM will operate exclusively in the Citadel area and the buffer area defined within the Zonal Urban Plan (ZUP) for the Citadel. Special care should be given to avoiding potential conflicts of interest, as regulated by the laws applied by the National Integrity Agency.⁵

The CHM will administer tangible and intangible heritage, buildings and public spaces belonging to the public and private domain of the municipality. The CHM can be entitled to buy, build, renovate and maintain public and commercial spaces according to the existing legal framework. The unit would have a dedicated budget and will operate following clear internal management procedures. All the activities undertaken by the unit would be coordinated with the activities undertaken by the other City Hall departments/units, and the activities could be implemented by a number of services staffed with professionals according to the organizational chart presented below:

Citadel Heritage Management - organizational chart



⁵ Similar situations have occurred with water/wastewater operators, where mayors present on these companies' boards were considered to be in a conflict of interest and risked sanctions. The Government and the Constitutional Court have been trying recently to clarify such situations.

The CHM could use a number of management instruments that were developed by the Central Government a few years ago⁶:

1. A system for recording properties according to urban functions:

The system organizes properties according to the urban functions such as public domain (streets and squares), public services of general interests, cultural and religious uses, administrative buildings, dwellings, and spaces for commercial uses. The system records the annual total costs and revenues for each type of property accompanied by vacancy ratio.

2. Property dossier:

The dossier contains information regarding ownership, technical information quantitative and qualitative of the property such as zoning plan, urban infrastructure plans, property survey plans and facades, surfaces and volumes, energy consumptions per tenant and sqm, information about the tenant and the rental contract.

3. Property file:

The file describes the state of the property to support monitoring the activities and necessary resources to operate, maintain and repair/rehabilitate.

4. Marketing plan:

The plan formulates the market analysis, the demand and supply for spaces in the Citadel and in the surrounding area. The plan provides recommendations on the features of new urban functions present in the market in line with the Citadel Status.

The plan presents the expected revenues in line with the existing municipal rental policy and market price.

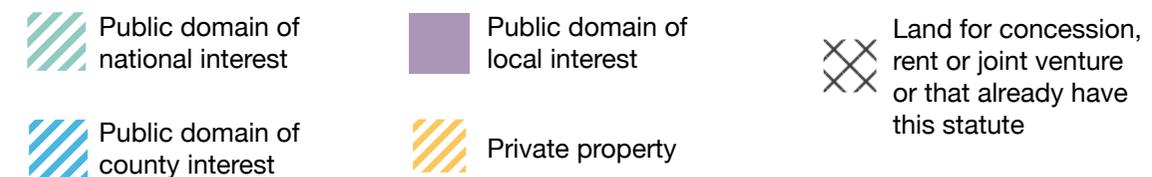
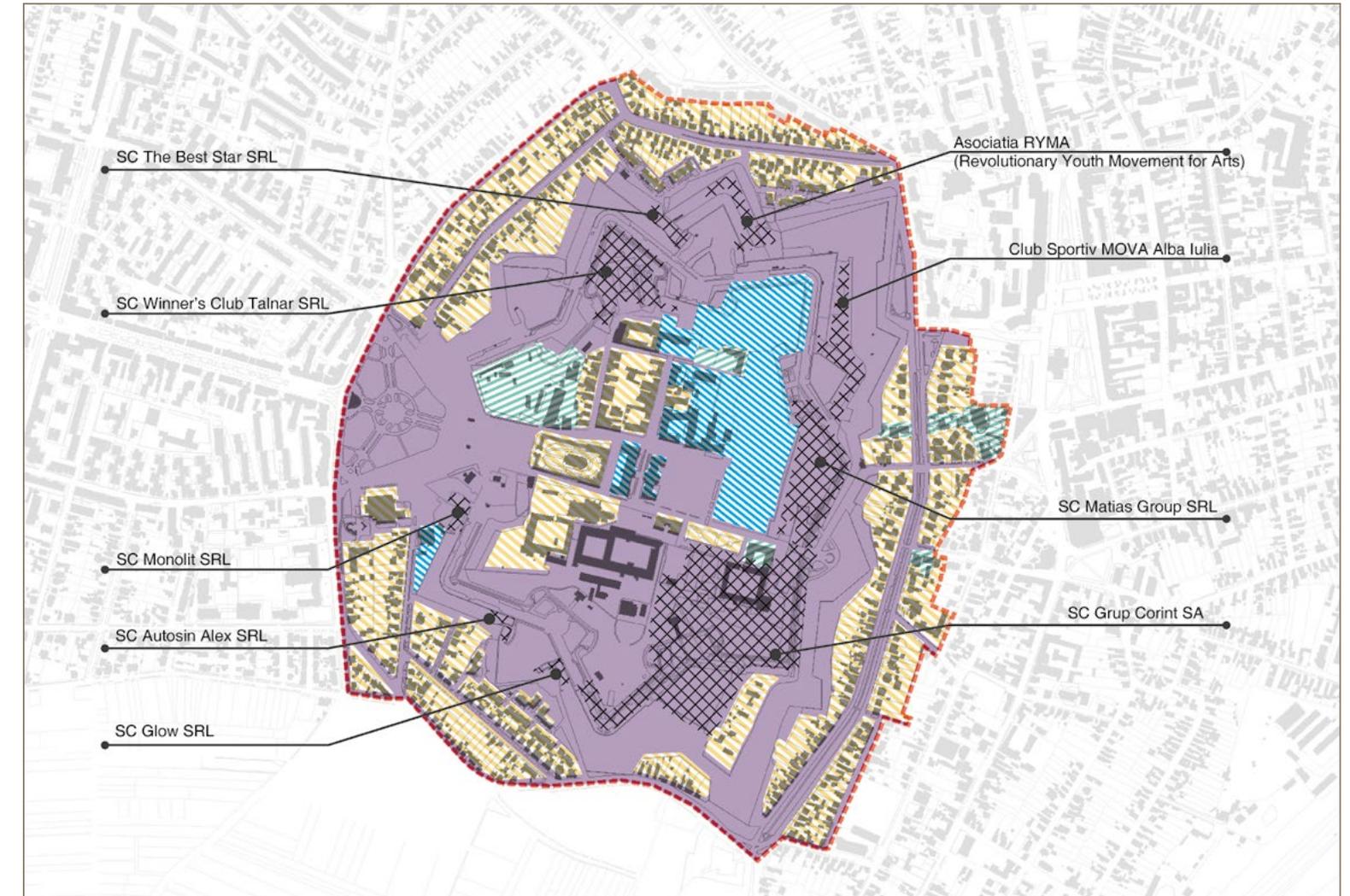
5. Communication and education plan:

The plan is to (1). Promote the value of the Citadel and the activities organized on yearly basis; (2). Build community interest and involvement in activities organized; (3). Implement training activities for young and adults in the field of cultural heritage and art and crafts connected to heritage.



⁶ Detailed presentation are described by the document: 2003, Ministry of Transport, Constructions and Tourism, Methodology regarding the rehabilitation operations of built protected areas (IHS Romania study - July 2003)

Legal regime of the properties - Alba Carolina Citadel
(according the ZUP Alba Iulia Citadel - elaborated in 2014)



*Data processed according to the Update of the Zonal Urban Plan of the Protected Area Alba Carolina Citadel, SC QUATTRO Design SRL, 2014

Institutional set-up at the municipal level

The Municipality of Alba Iulia already is amongst the most effective municipalities in Romania when it comes to the absorption of EU funds per capita. Alba Iulia is quite a distance away from other county capitals – i.e., it has absorbed more than twice the amount of EU funds per capital than the next second most efficient county capital, and it has absorbed more than five times as more per capita than the country's growth poles. The success of the Alba Iulia in absorbing EU funds can to a large extent be attributed to the institutional framework that has been put in place to help manage investment projects.

Of particular importance is the Programs Unit of the Municipality of Alba Iulia. The Programs Unit was established in 2004 as a service directorate staffed by contractual personnel, with the staff largely coming from the NGO world. The chief mission of the unit is to write, manage, and monitor the projects (both with EU and local budget funding) undertaken by the Municipality of Alba Iulia. Currently, the unit has a staff of around 20 project managers. Given that the staff is hired on a contractual basis (i.e., they are not public servants), they can supplement their base salary from other projects (e.g., a project manager may work as a consultant for another public or private entity). This allows the staff to earn salaries that are high enough to keep them motivated, with the turnover being quite low when compared to units staffed by public servants. Also, the unit has a relative autonomy that allows staff to be creative and innovate. The results can easily be measured in the amount of EU grants attracted to the city.

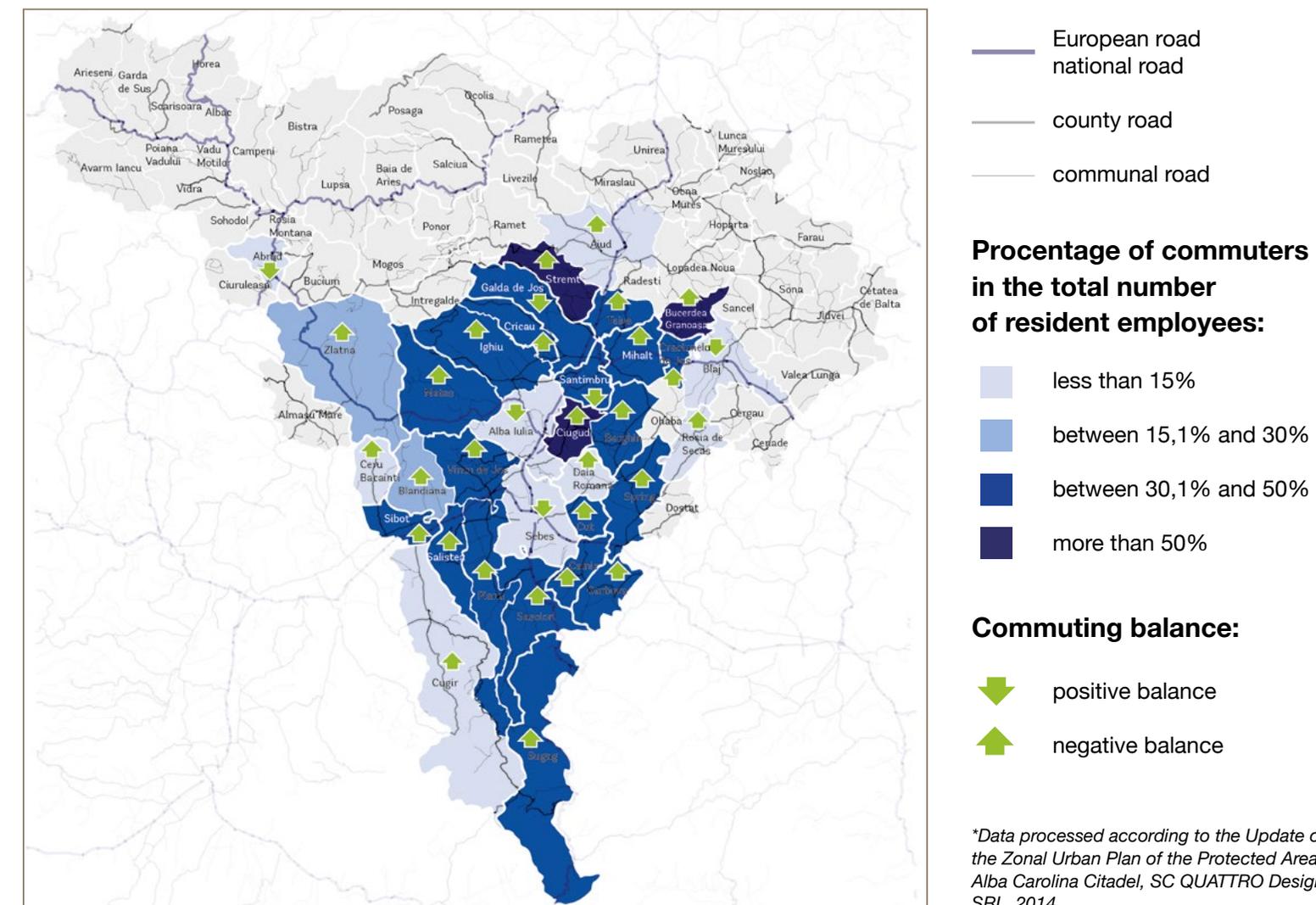
As it stands, the Programs Unit has proven its efficacy in driving development at the local level, and one should not change a thing that is working. Moreover, other local authorities in Romania could learn from the Alba Iulia example. Nonetheless, it does not hurt for the unit to do regular self-assessments and functional review to identify potential areas of improvement. Some key functions that may be considered given the complexity of EU funded projects include:

- **Public procurement:** the Programs Unit may consider hiring a public procurement specialist that could help with the drafting of procurement document, and could keep the rest of the team abreast of the latest changes in procurement legislation;
- **Engineering:** it would be useful to have 1-2 engineers (specialized in civil works and public infrastructure) that could guide the team in the proper drafting of tender documents, terms of reference, and contracts;
- **Urbanism:** it is critical to have a good expert with an overview on how individual public and private investment projects help create a livable and sustainable city, and to provide inputs on the elaboration of terms of reference for urban development and redevelopment projects;
- **Legal:** a legal expert is particularly important in the drafting of tender documents and contracts, and they can help shorten the delays caused by bidding procedures (e.g., the challenging of decisions coming from losing bidders);
- **Financial:** the Programs Unit already has financial specialists, but these should be trained continuously to keep abreast of financial procedures used for the management of EU funds, as well as other funding sources.

Institutional set-up at the functional urban zone level

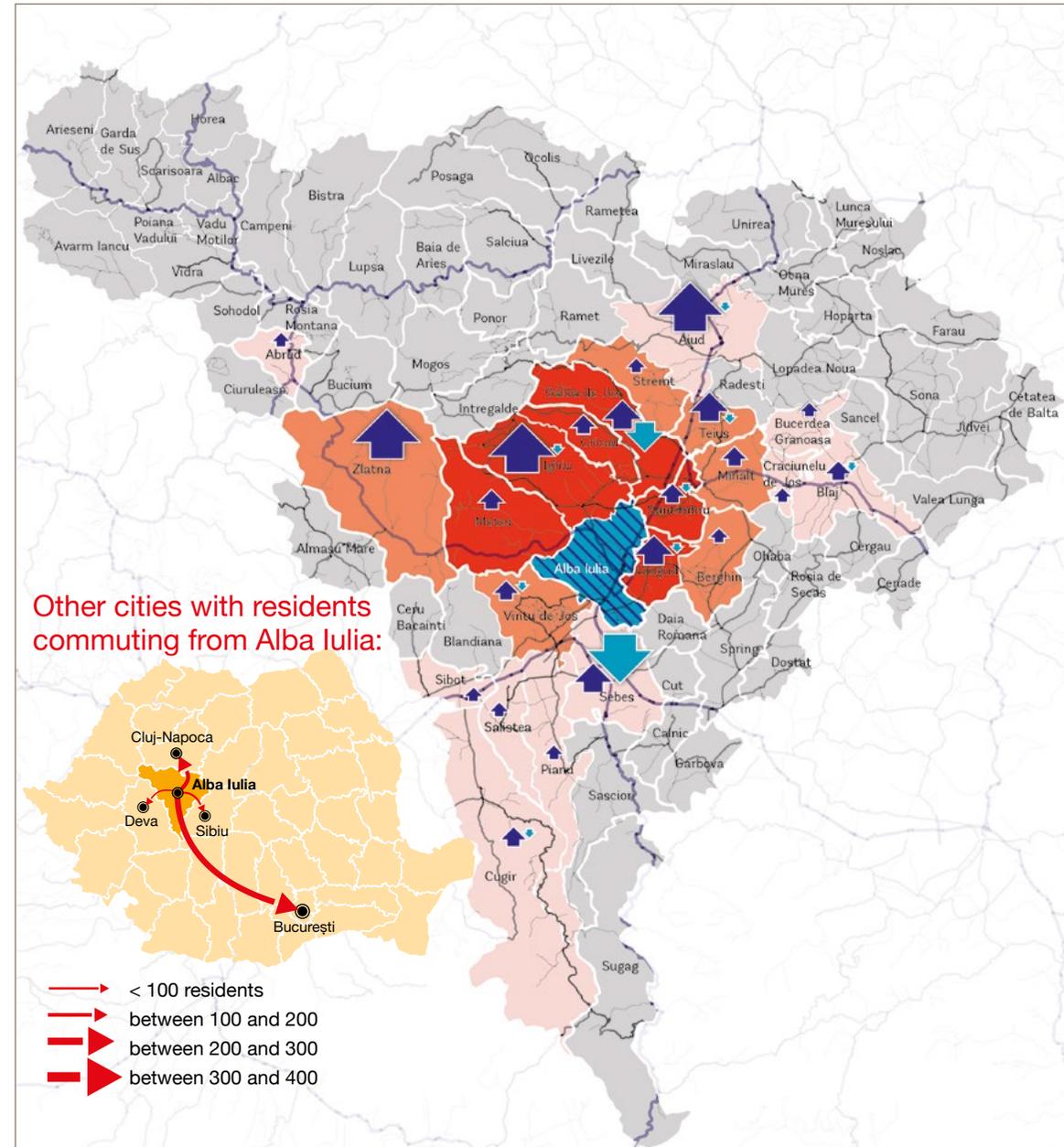
In areas that have urban dynamics that pass administrative boundaries, it is important to consider institutional frameworks that function at the periurban/metropolitan level. When looking at commuting patterns in the Alba Iulia County, it becomes obvious that Alba Iulia and Sebeş form an urban system that attracts commuters from all over the county. According to a methodology developed by OECD, a functional urban zone is a contiguous area (without enclaves or exclaves) formed by several localities, where at least 15% of the workforce in a particular locality is commuting to another locality (usually the center locality).

Commuting at Functional Urban Area level: procentage of commuters and commuting balance 2014



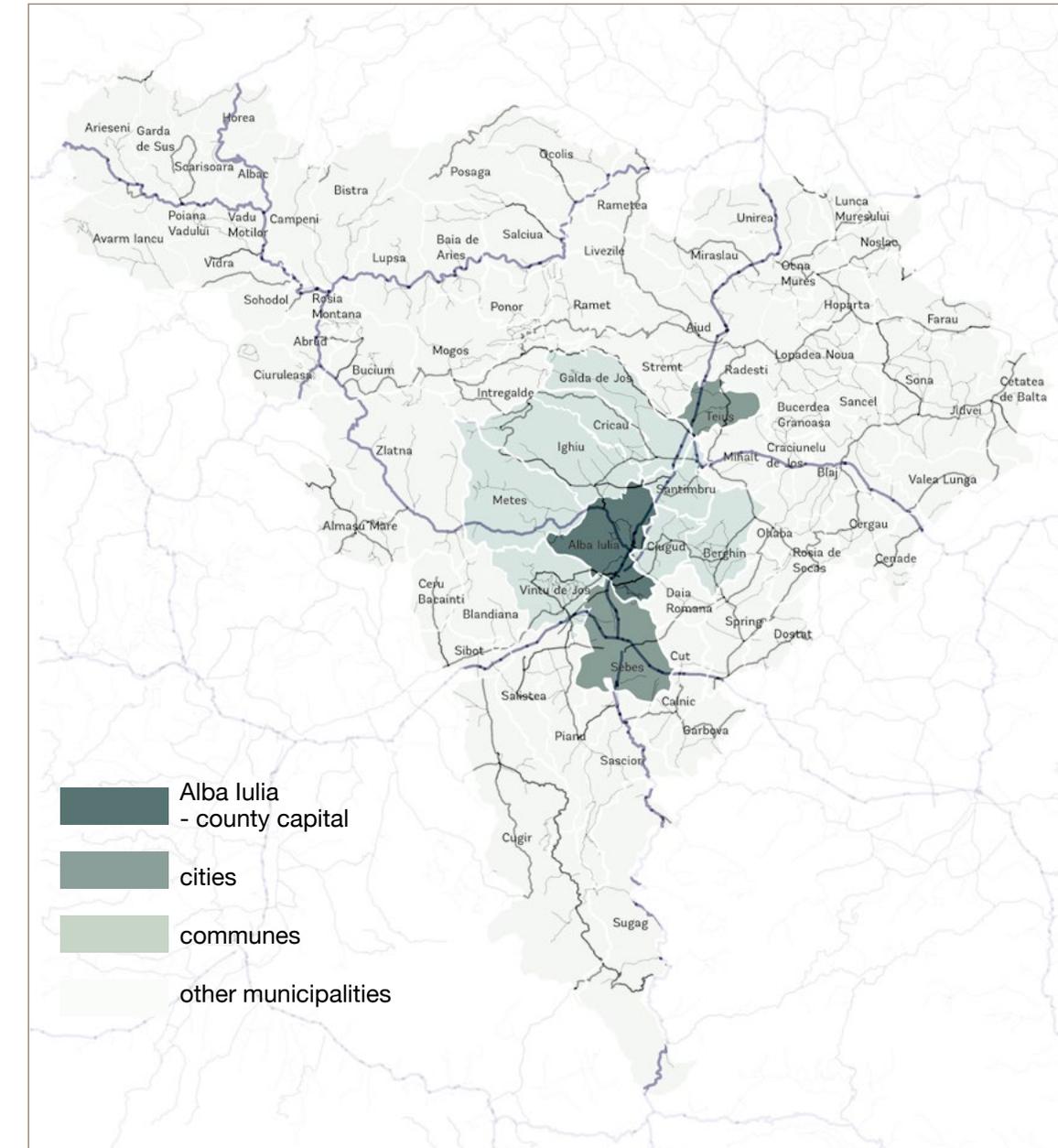
When it comes to Alba Iulia's individual commuter shed, it becomes obvious that the municipality primarily attracts people from localities to the North, East, and West of the Municipality. Over 10,000 people come to work in Alba Iulia every day, adding to a resident workforce of around 30,000. In turn, around 3,000 people from Alba Iulia commute to other localities – primarily Sebeș, Galda de Jos, București, Vințu de Jos, and Cluj-Napoca.

Commuters to and out of Alba Iulia city



The most readily available institutional vehicle for management beyond administrative boundaries are the inter-communal development associations. In this respect, such an inter-communal development association was created (AIDA – The Alba Iulia Inter-communal Development Association), which includes 11 individual territorial administrative units (UAT) (Alba Iulia, Sebeș, Teiuș (urban areas), and Ighiu, Cricău, Galda de Jos, Sântimbru, Ciugud, Berghin, Meteș, Vințu de Jos (rural areas)), with a combined population of around 106,000 and covering an area of over 900 square kilometers.

The Alba Iulia Inter-communal Development Association - AIDA



As with most inter-community development associations (IDAs) in Romania, the power of AIDA to implement projects at the metropolitan level is rather limited, and it depends on the budget that is assigned to it by each individual UAT. Since budgets are tight and most administrations prefer to use these budgets for their own individual projects, IDAs tend on the whole to be not very efficient.

However, in the case of AIDA, an early success was achieved through the establishment of a metropolitan transport network, which since 2012 services the Municipality of Alba Iulia and the Communes of Sântimbru and Ciugud. Given that legislative amendments are under way, making it easier for metropolitan public transport networks to be established (currently, transport lines between two localities are put up for bidding to private or public transport companies by county councils), it is hoped that the public transport network will be expanded to include the entire AIDA region.

Institutional frameworks for project implementation

Apart from the management of the public transport network, and the planning role it currently undertakes, the AIDA could take on a number of additional key responsibilities:

- Spatial planning and urbanism: it is critical to not only elaborate a development strategy for the area (such a strategy is already available), but to also take on the responsibility for the elaboration of the Metropolitan Spatial Plan.
- Writing project: AIDA could be staffed with key people in charge of elaborating and implementing projects at the metropolitan level.
- Lobbying for infrastructure investments: AIDA could have dedicated staff in charge of lobbying with regional and national authorities for bringing needed infrastructure investments in the metropolitan area. For example, the Alba County Council (which formally is part of AIDA) could be asked to help rehabilitate/modernize the network of county roads that services the AIDA region, to allow an easier and more seamless commute in the area.
- Promoting the region to national and international investors: given the commuting patterns in the area, it is important to promote the region as a whole, rather than promoting individual localities. This brings several benefits to all localities that are part of the AIDA. A small rural locality will be more attractive to investors when it is presented as being part of an integrated region with over 100,000 people. Similarly, for larger urban areas like Alba Iulia and Sebeş, where available land for investments is in limited supply, it can be easier to attract investors when a menu of available land options is presented for all of AIDA.

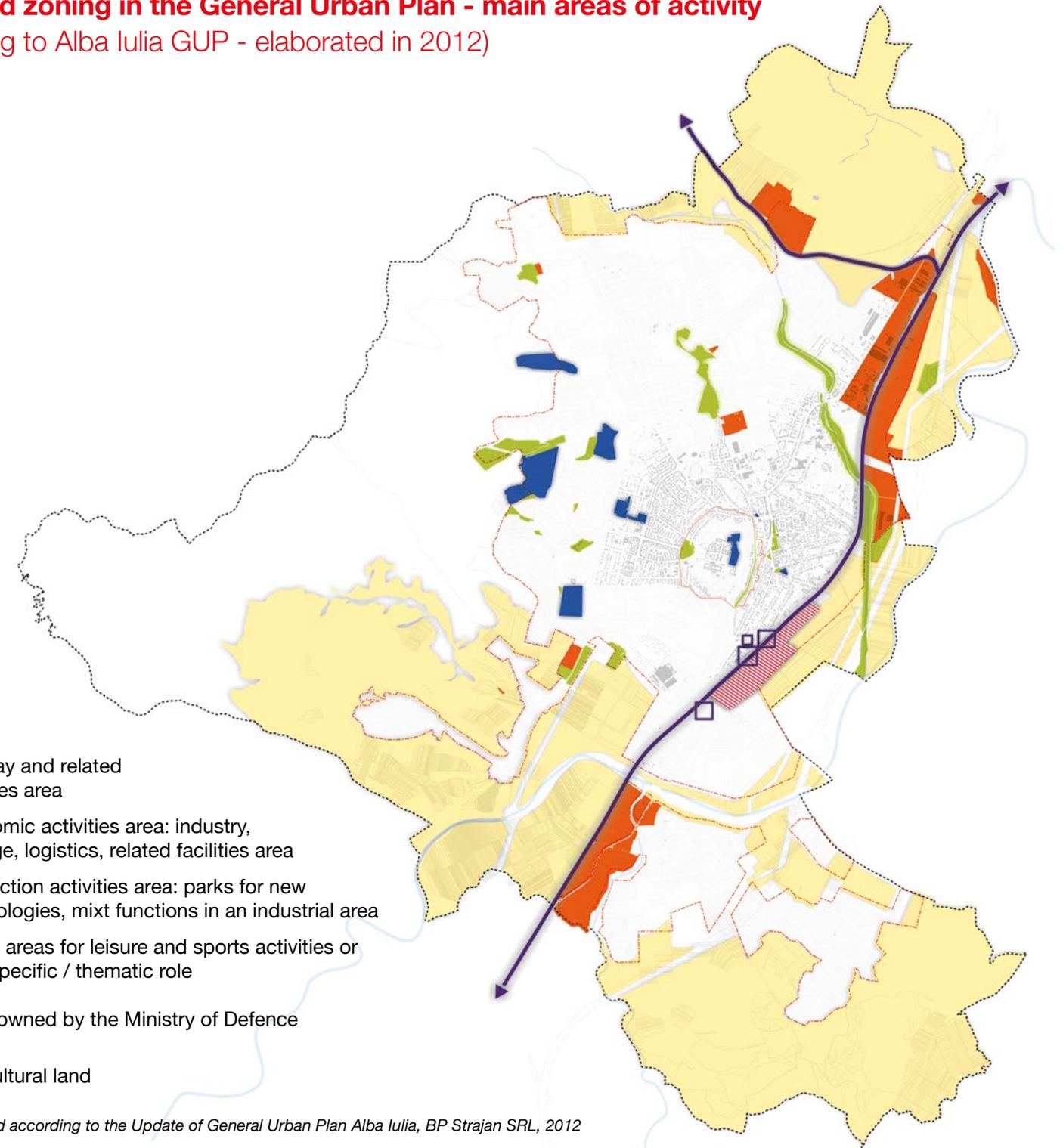
The promotion of the AIDA region to potential investors is of particular importance, given that a region cannot sustain its long term growth if it does not also manage to create opportunities for people. The Alba County Council has already created a unit in charge of promoting the county to investors. A platform has been developed (the Business Info Point - <http://investalba.ro/4business/>), which gives potential investors easily digestible information about the county and the investment opportunities in the county. However, the AIDA could have dedicated staff in charge of pro-actively attracting investors (e.g., going to trade shows, arranging direct meetings with private companies, doing presentations at conferences).

Currently, AIDA is the most attractive area for business in Alba County. The available lands for investments with significant economic impact are mainly in private ownership. The utility infrastructure is good, most of the cities and communes having access to water, sewerage, and power (electricity and natural gas).

city/commune	plot size (ha)			infrastructure
	large size	medium size	small size	
Alba Iulia	one plot of 14,9 ha	two plots of 2 ha one plot of 1 ha	two plots 0,5 ha	serviced land
Sebeş	one plot 2,3 ha	-	-	serviced land except sewerage
Metes	one plot of 12 ha	-	three plots of 0,275ha, 0,7 ha and 0,9 ha	water and electricity available
Vințu de Jos	one plot 27 ha	-	-	no infrastructure

Proposed zoning in the General Urban Plan - main areas of activity (according to Alba Iulia GUP - elaborated in 2012)

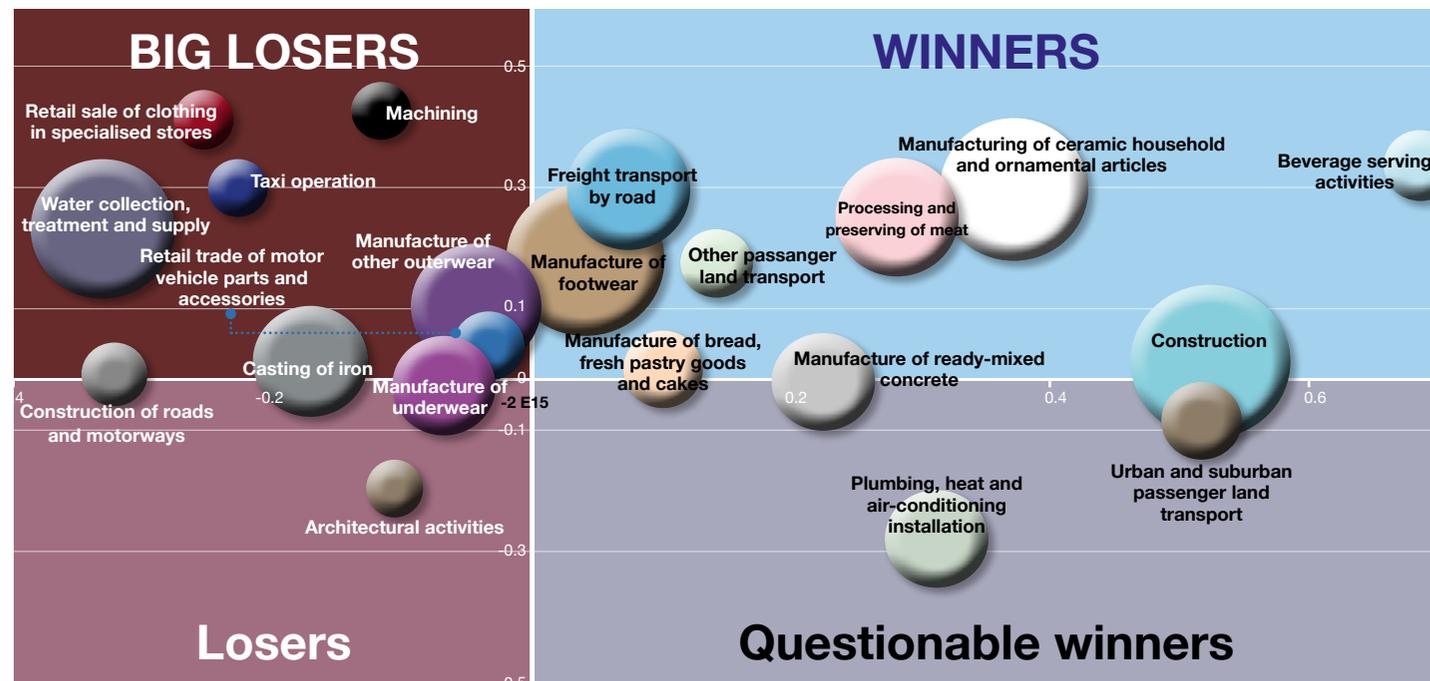
-  Railway and related facilities area
-  Economic activities area: industry, storage, logistics, related facilities area
-  Production activities area: parks for new technologies, mixt functions in an industrial area
-  Green areas for leisure and sports activities or with specific / thematic role
-  Land owned by the Ministry of Defence
-  Agricultural land



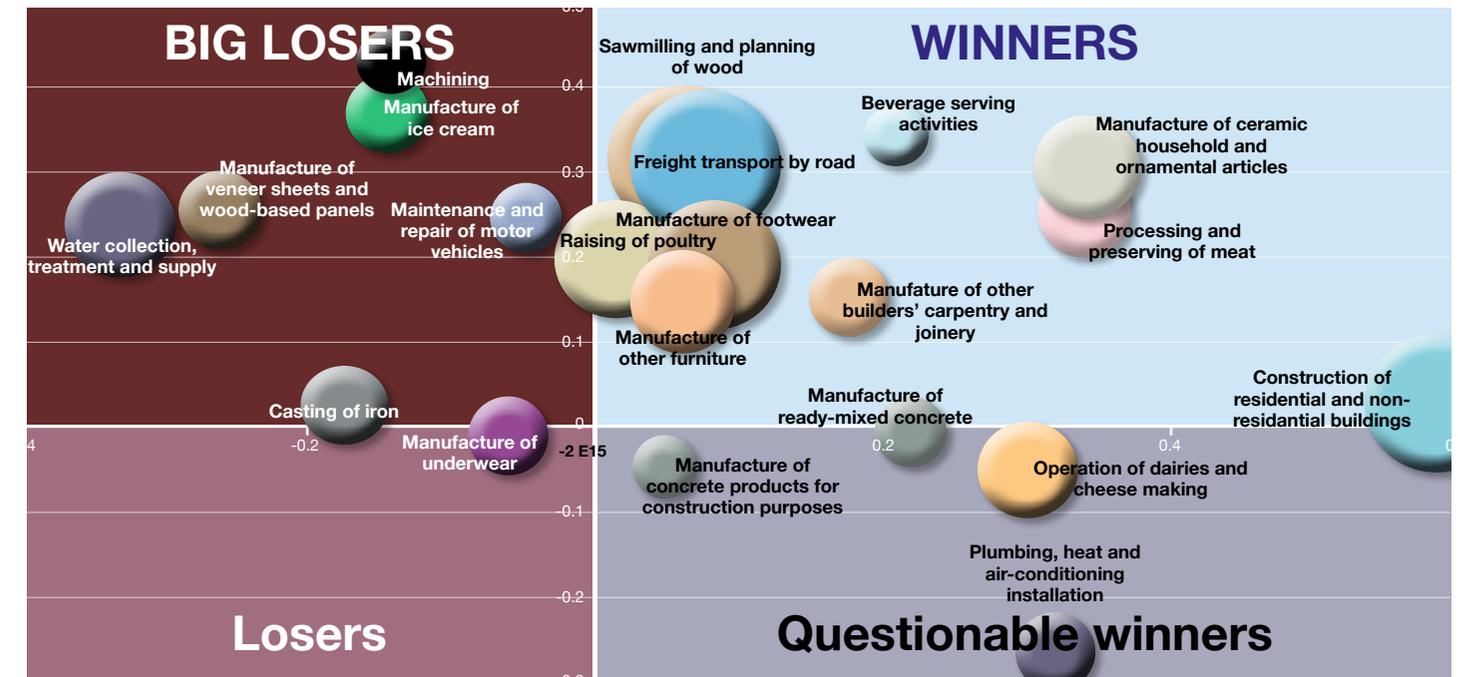
*Data processed according to the Update of General Urban Plan Alba Iulia, BP Strajan SRL, 2012

Annex 1 includes a more in-depth discussion of the competitive advantages and innovation potential of Alba Iulia, which could with a more efficient targeting of potential investors. The figures below indicate performance of the key economic sectors in Alba Iulia, AIDA, and Alba County, between 2009 and 2013. The “Winners” represent the sector that have had growing employment both at the national level and local level, and they have grown at a faster rate at the local level. The “Questionable Winners” represent those sectors that have registered a decline in number of employees at the national level, but a growth at the local level. The “Losers” are the sectors that have registered a decrease in employment both at the national and local level. The “Big Losers” are the sectors that have registered a growth in employment at the national level, but a decrease in employment at the local level.

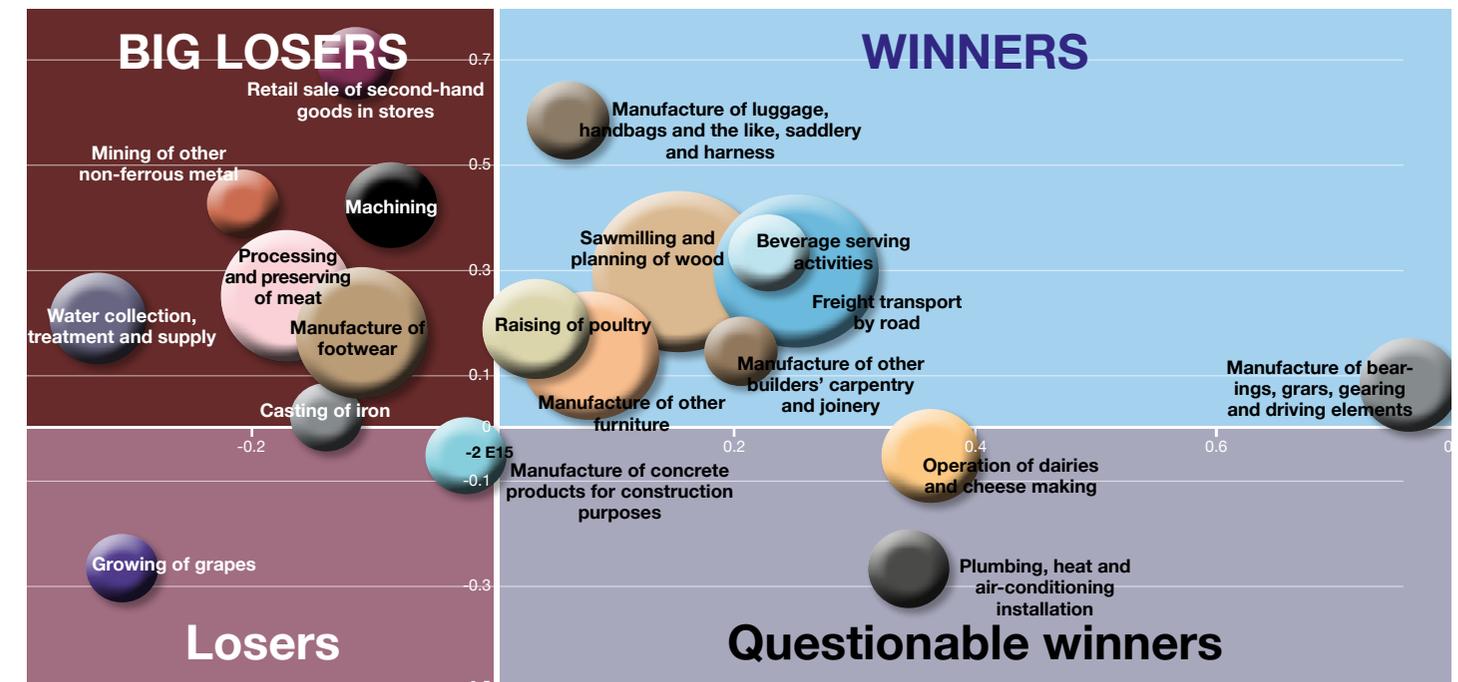
The performance of key economic sectors in ALBA IULIA between 2009 and 2013



The performance of key economic sectors in AIDA between 2009 and 2013



The performance of key economic sectors in ALBA COUNTY between 2009 and 2013



ANNEX 1:

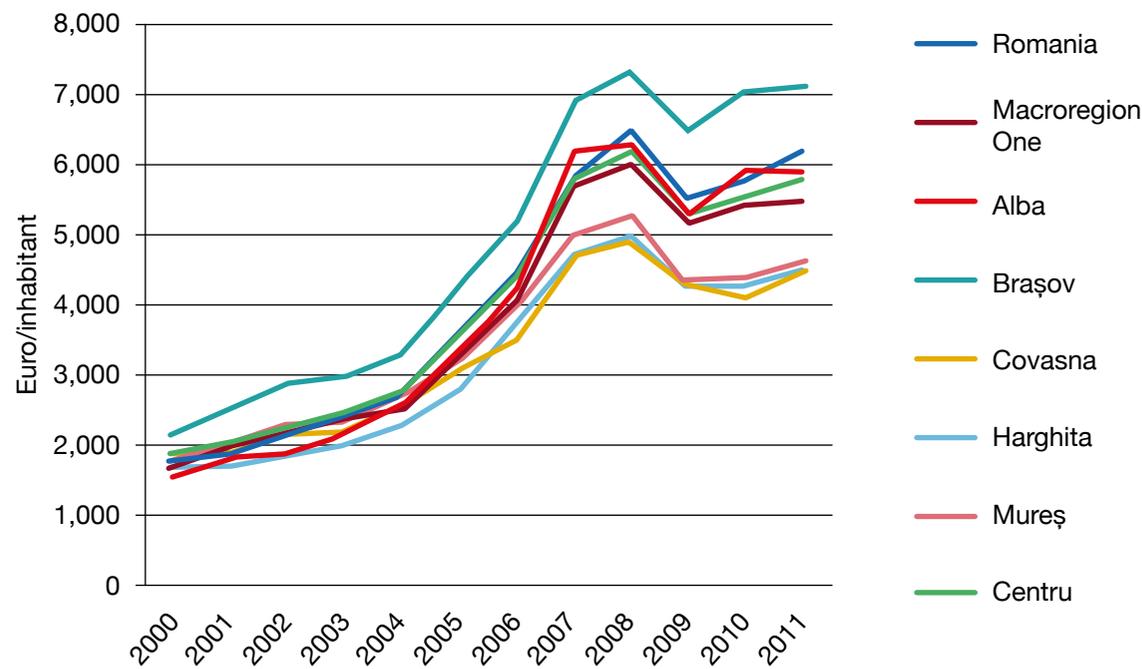
Analysis of the competitive advantages and the innovation potential of Alba Iulia

The macro-economic overview of the local economy

The scope of this annex is to orient the efficient and effective investments in business support infrastructure and services and in R&D, in order to boost the competitiveness of the city of Alba Iulia. The aim is to switch from an economic model based on production factors to a different one, focused on innovation, modern technologies and sustainable partnerships between the companies, universities and R&D providers. This new models should be built on the competitive advantages of the local economy, more exactly on those economic sectors or clusters with high added-value, export potential and induction potential for other activities.

The territorial analysis of the GDP evolution shows that Alba County's economy was performing much better in 2011 compared to 2000, with an increase in the GDP per capita (PPS) of 368%, the highest rate in the Center Region (NUTS 2). Alba currently contributes with 1.7% to the national GDP and with 15.2% to the regional one. A convergence trend is also notable with regard to the national and regional average values. In 2000 the GDP per capita in Alba reached only 89% of the national average and 84% of the regional one, whereas in 2011 they have represented 95%, respectively 101%. However, the county economy has been affected by the global crisis since 2008 and did not managed to fully recover until

GDP at current market prices by NUTS 3 regions

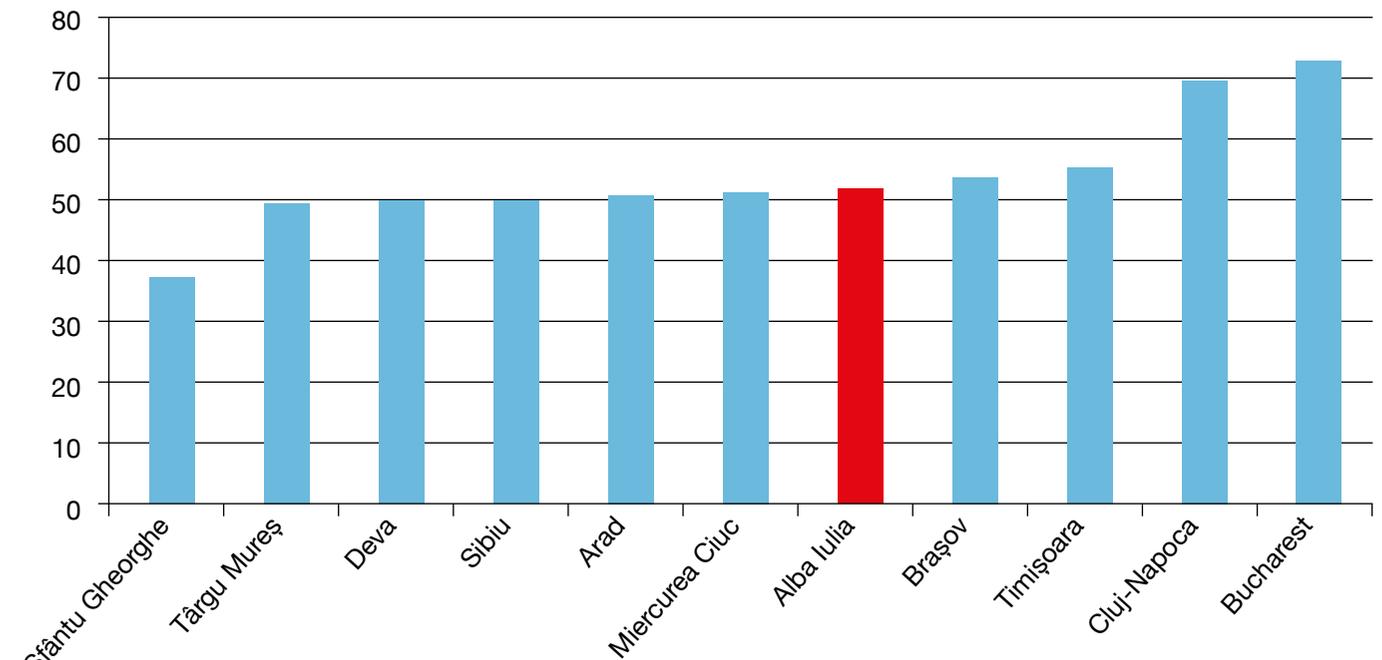


Data source: EUROSTAT, 2014

the end of 2011. Future statistical data will probably show that the recovery process only ended in 2013. At the same time, Alba is still one of the poorest NUTS 3 regions in Europe, reaching only 23.5% of the EU-28 average GDP/per capita (PPS) in 2011.

From the entrepreneurship point of view (number of active companies/1.000 inhabitants), Alba Iulia reports similar values with other county seats from the central and western parts of Romania. However, the city is still far behind the performances of Bucharest and Cluj-Napoca, both with a very dynamic business environment. At the moment, Alba Iulia concentrates 44% of the total companies based in Alba County, 6% of those from the Centre Region and less than 1% of the total enterprises in Romania. The total number of companies fell by 11% after 2008 as a direct consequence of the global economic and financial crisis, that led to the bankruptcy of hundreds local businesses.

Active companies/1000 inhabitants



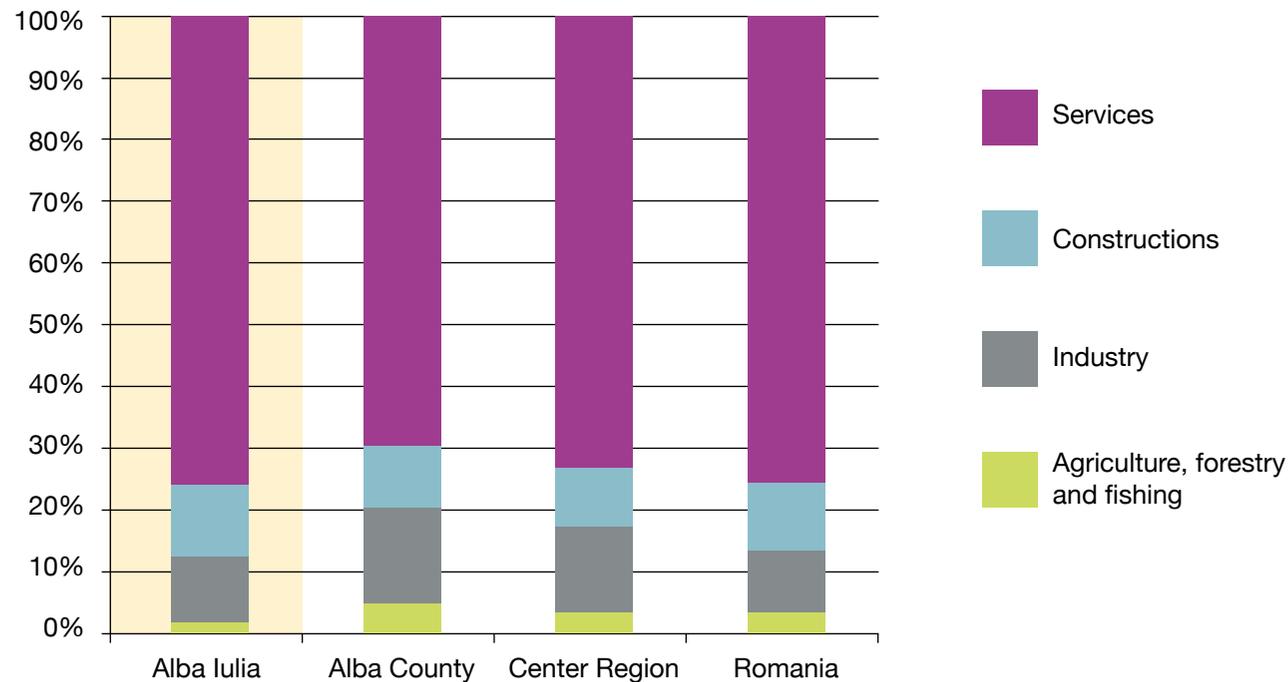
Data source: Borg Design Database

Among the almost 2.800 companies based in Alba Iulia that submitted the financial statements for 2013, 99.7% are SMEs, this sector being the engine of the local economy. However, we have to note that 39.9% of the total companies reported no employee and 17.2% no revenues for the last financial year, meaning that the local economy is actually depending on no more than 1.500 companies with employees and revenues of at least 25.000 Euro/year. Compared to 2011, the number of micro-enterprises declined by 12.3%, proving that these small companies, in general family businesses, are the most vulnerable to different economic cycles. At the same time, medium and large enterprises, especially the ones with foreign capital, proved to be more stable and managed to recover after the crisis, in general.

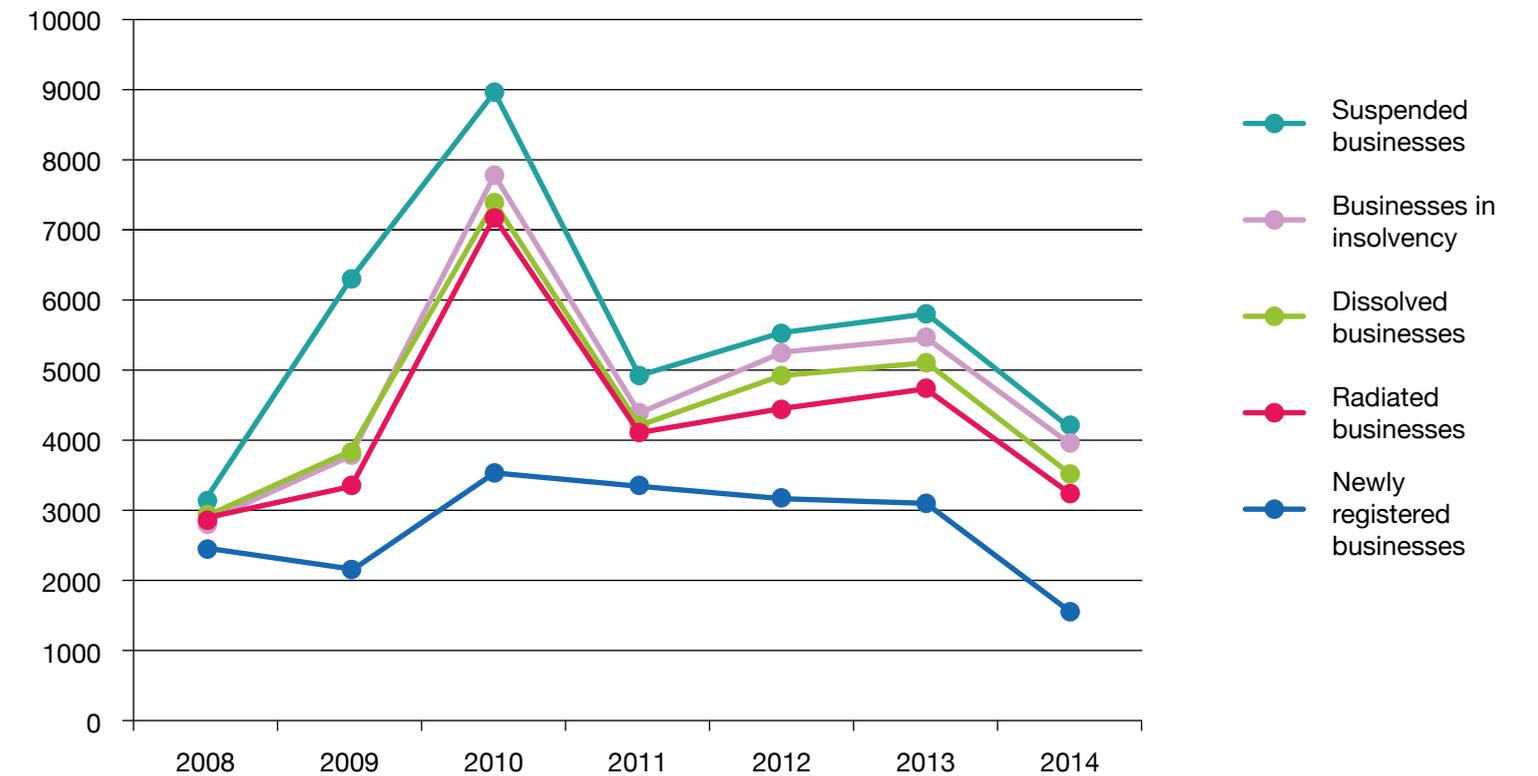
Number of employees (type of enterprise) / Territorial level	Alba Iulia	Alba County	Center Region	Romania
	% of total active enterprises			
0-9 (micro)	90.7	85.8	85.9	87.1
10-49 (small)	8.1	11.7	11.5	10.6
50-249 (medium)	0.9	2	2.2	1.9
Over 250 (large)	0.3	0.5	0.4	0.4

Data source: Borg Design and Tempo Online Databases

The local economy went through a process of restructuring and market reorientation in the last two decades. Industry has played the central role before 1989, when more than 50% of the active population was occupied in this sector. The tertiary sector is currently driving the business environment of the city, with a share of 75.6% of the total number of companies, typical for an urban economy and bigger against the county and regional averages. However, after 2008 we can notice the decline of industry, construction and retail enterprises with 16.3% to 24.7%, all three sectors being among the most affected by the shrinking demand on the internal and external markets under the pressure of the global crisis, together with an increase in the number of companies active in agriculture and HORECA, both emerging sectors at local level.



The business birth rate declined after 2010, reaching a minimum in 2014. In which regards the number of companies that have been radiated, dissolved or suspended, they have reached the peak in 2009 and 2010, as a direct result of the global crisis. However, the number of companies in insolvency has continued to grow up to a maximum in 2014, showing that most local entrepreneurs are still facing difficulties in continuing and developing their businesses. The number of new companies established in Alba County by business beginners (SRL-D) is only 222, representing 1.3% of total such businesses created in Romania since 2011, when the program started.

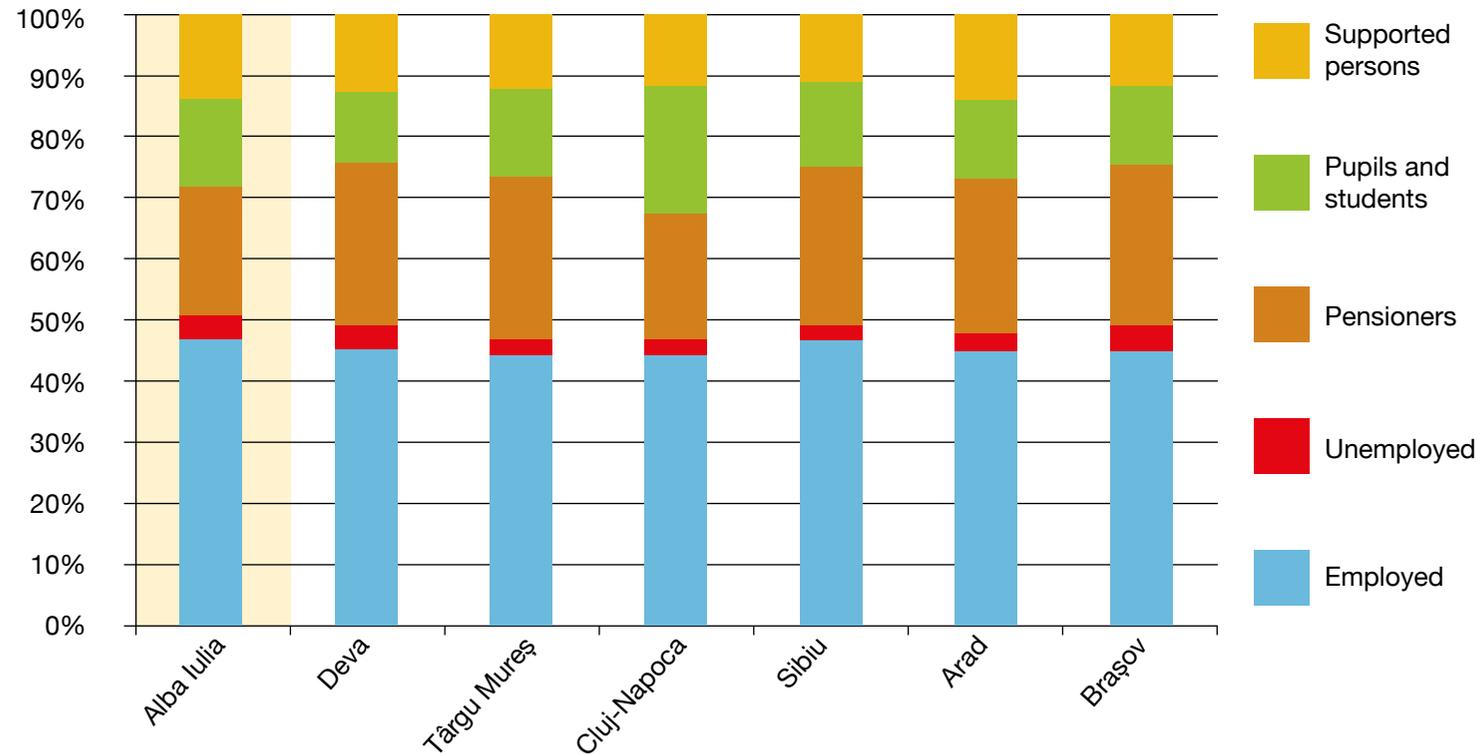


Data source: National Trade Register Office

The share of shareholders aged under 29 is bigger in Alba (11.15% of the total shareholder) compared with the national average (10.90%), the same case being reported also for the ones over 50. Moreover, 21.1% of the self-employed person are also under the age of 29. This shows that the young people in Alba have a relatively well developed entrepreneurial spirit that can be exploited in the future. However, most young entrepreneurs are facing problems such as the lack of initial capital, limited access to loans, client debts, lack of technology transfer and specialized human resources that are preventing the development of the newly established businesses.

According to the 2011 Census, 47% of the city population is gainfully employed, the biggest percentage among all county seats in the region. According to the occupational status, 49.2% of the population is involved in economic activities, out of which 95% are employees and the remaining ones are entrepreneurs, self-employed or unpaid family workers. Overall, the active population, including both employed and unemployed persons, reached 32.242 people, representing 50.7% of the total stable population.

However, almost half of the population is inactive, among which pensioners represent 21.2% of the population, pupils and students 14.3% and another 13.8% are persons supported by other persons (children, housewives) or by the state and private organizations. If we compare the occupational status of the population with its age structure, we can notice that only 70.7% of the population with the age between 20 and 64 were occupied. Moreover, the number of pensioners is overrepresented by comparison with the number of people over 65 (21.2% against 17.8%), indicating a phenomenon of early retirement, which was very common especially in the 90s. In this context, there is potential for increasing the number of employed people with more than 10.000, if the local economy will develop in the future.



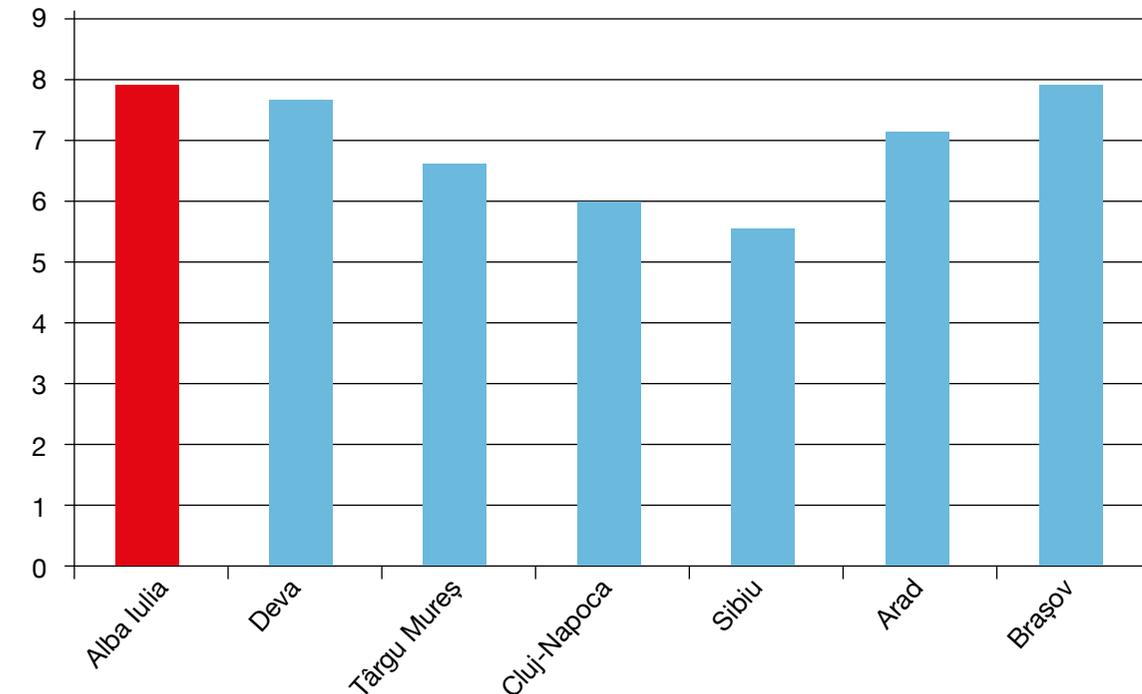
Data source: 2011 General Population and Housing Census. Own calculations

According to the statistical data collected by National Institute of Statistics (NIS), the number of employees in Alba Iulia decreased by 1.4% (-411 jobs) since the last Census (2011), but the number of jobs created in the surrounding settlements (Sebeș, Galda de Jos, Ciugud), namely 996, compensated and even exceeded this decline, confirming the tendency of company relocation in suburban areas, which started in the mid-2000s.



The number of unemployed was of only 2.402 in 2011, representing 7.45% of the total active people. This percentage is similar to the one reported in other county seats from the region, indicating that unemployment is not a stringent issue at local level. Furthermore, according with the statistical data collected by the County Employment Agency, the official number of unemployed has decreased with 25.6% since the 2011 Census. However, we have to bear in mind that the pressure on the local job market has been partially released by the significant number of locals that are working abroad or by the faculty graduates that remain in the big university centers, such as Cluj-Napoca, Timișoara or Bucharest.

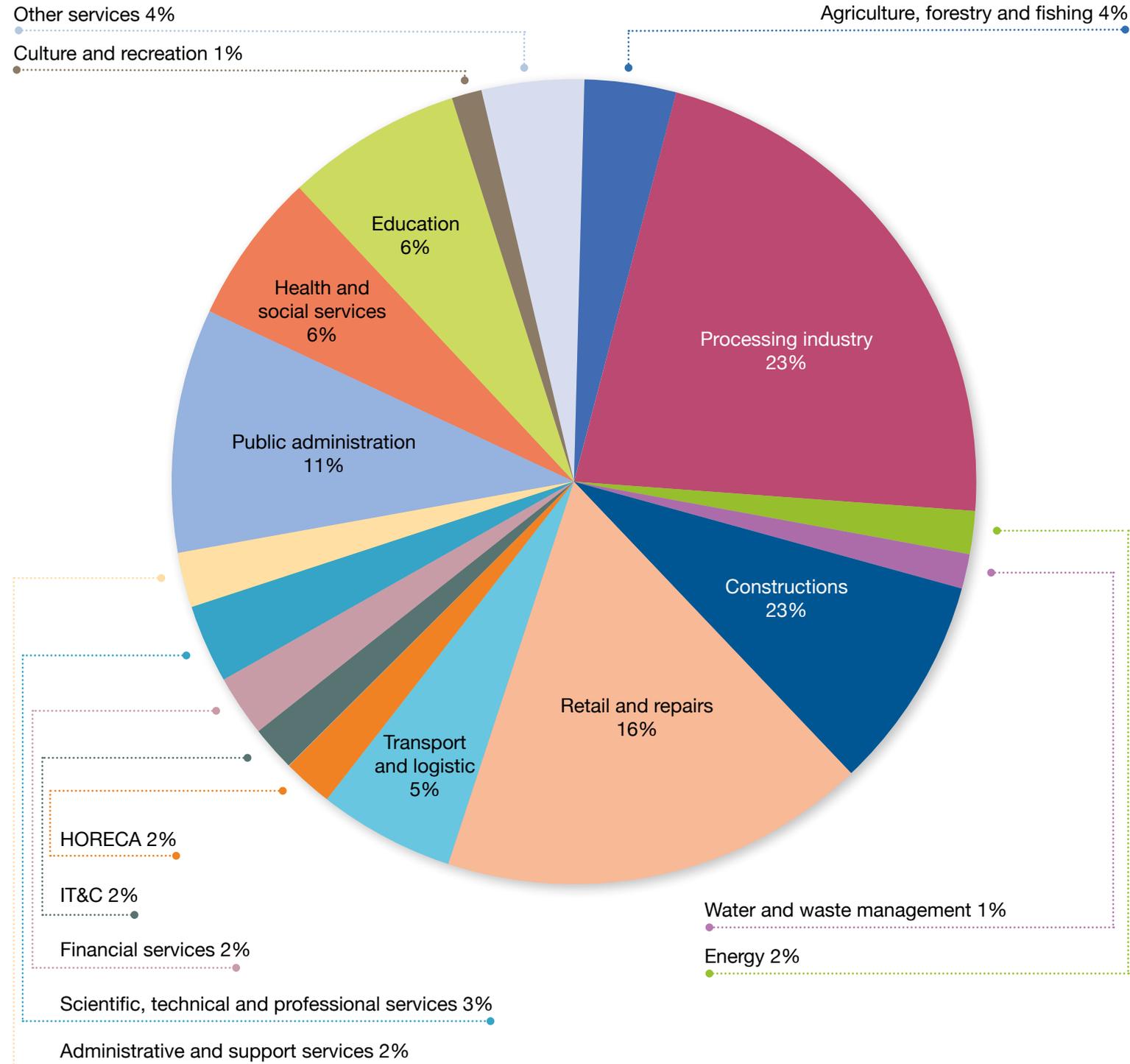
Unemployment rate (as of % of active persons)



Data source: 2011 General Population and Housing Census. Own calculations

The biggest share of employed people work in the tertiary sector, which became the engine of the local economy in the last two decades, namely 18,812, representing 61.8% of the total occupied individuals. Industry currently employs only 7,883 persons (25.9%), followed by the construction sector (2,620 or 8.6%) and agriculture, with only 1,110 occupied persons (3.6%). At the economic sector level, processing industry (22.5%) ensures the biggest number of jobs (16.1% of total), followed by retail and repairs (16.1%), public administration and defense (11%) and construction (8.6%). These activities are generally poorly remunerated and generate limited added-value. At the same time, high-value activities, such as IT&C, financial services, scientific, technical and professional services attract together less than 7.3% of the total local labor force, thus explaining the low level of salaries. However, the occupation structure of the labor force has improved continuously in the last two decades, resulting in an increase of the service sector at the expense of industry.

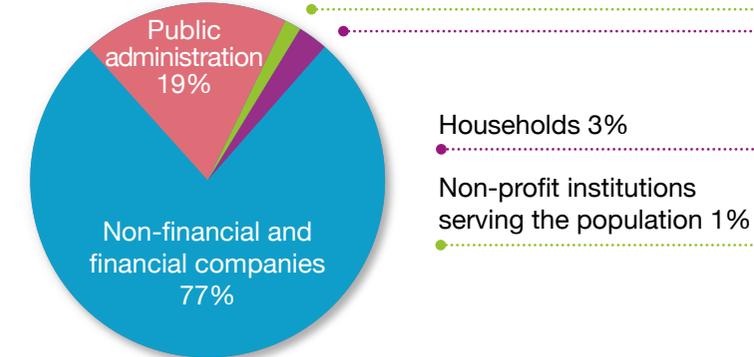
% of the total employed



Data source: 2011 General Population and Housing Census. Own calculations

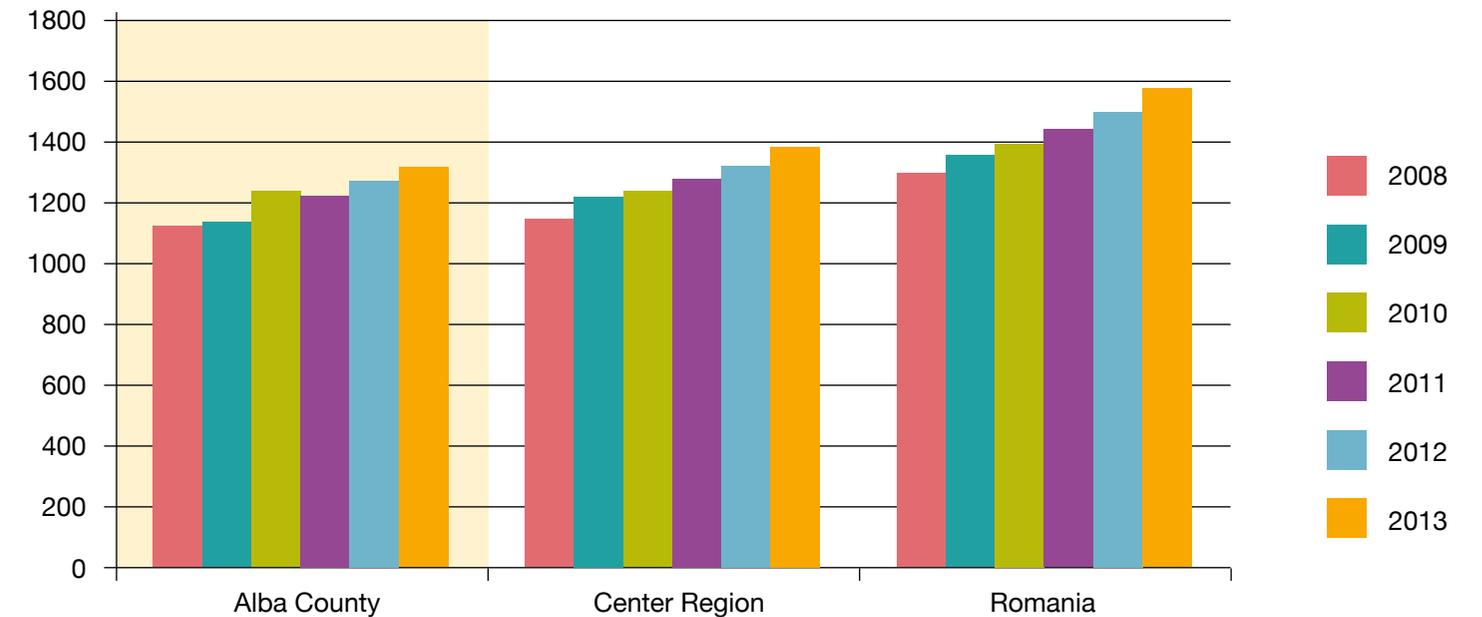
76.8% of the local labor force works in non-financial and financial companies, confirming that the private sector is the very engine of the local economy, whereas the public sectors occupies 19.1% of the personnel, a significant share considering the size of the city. More exactly there are over 5,900 employees depending on the salaries assured by the municipality and other state-funded organizations. The shrinking public budgets has strongly affected the public servants during the crisis, since in 2010 the salaries have been reduced by 25%.

% of the total employed



Data source: 2011 General Population and Housing Census. Own calculations

There is no available data on salaries collected at Territorial Administrative Unit (TAU) level, but county information provided by NIS at county (NUTS 3) level is relevant, since more than half of the employees are registered in the county seat, namely Alba Iulia. The monthly medium net wage at county level reached 1.323 lei in 2013, up 17.3% against 2008. However, this value is still behind the national and regional averages, with 16.2%, respectively 5.1%. The only economic activities for which the employees in Alba got bigger wages than the ones in other parts of the region and of the country in 2013 are agriculture, energy, scientific, professional and technical services, public administration and education, the last two from the public sector.

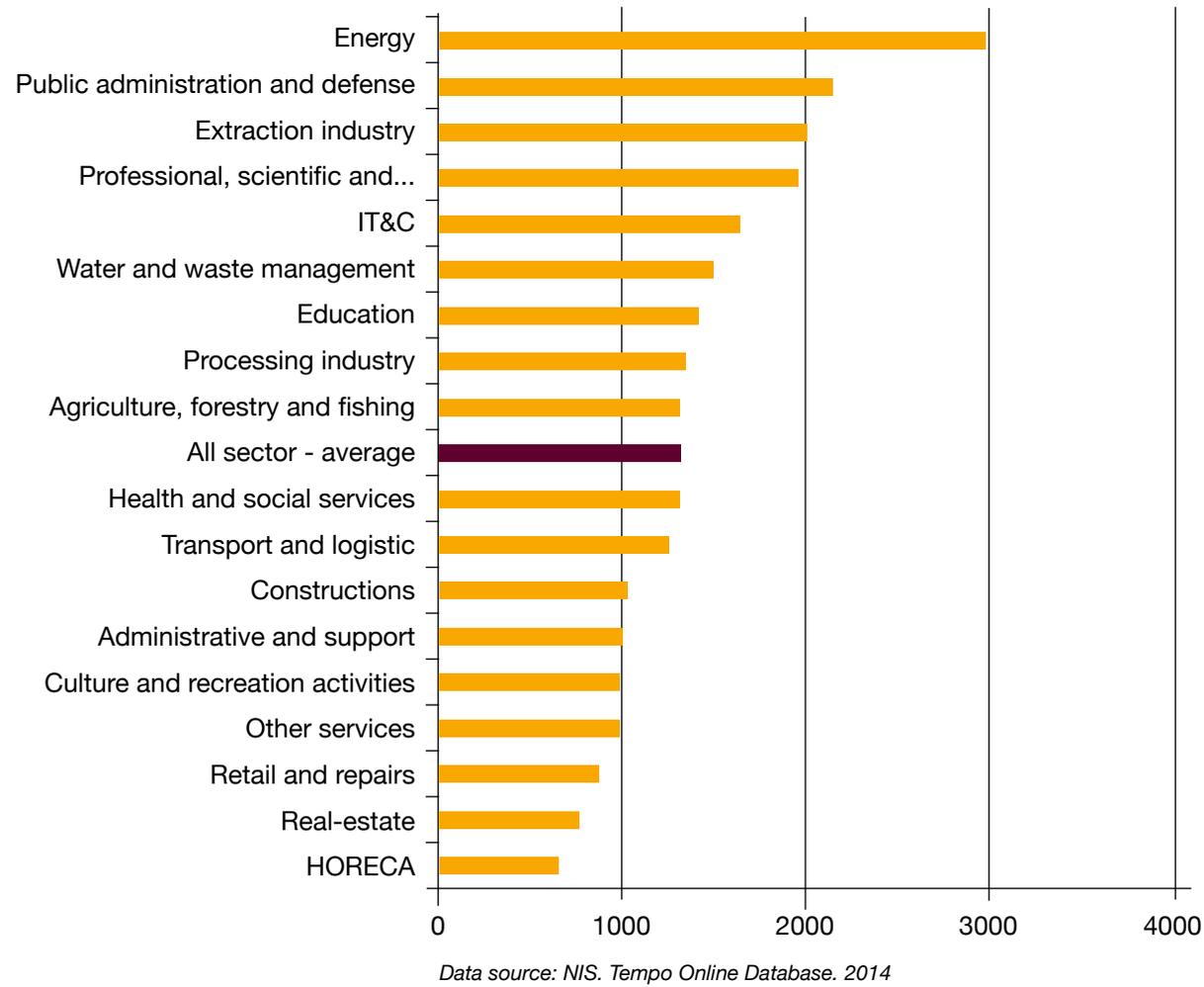


Data source: NIS. Tempo Online Database. 2014

The biggest wages at county level were reported in 2013 for the energy sector (226% of the county monthly average net wage), financial services (179%), public administration (163%), the extraction industry (152%), scientific, technical and professional services (149%), IT&C (124%) - activities that reunite only 20.2% of the local labor force. Conversely, the smallest wages are registered in HORECA (49%), retail and repairs (66%), other services (74%), administrative and support services (75%), culture and

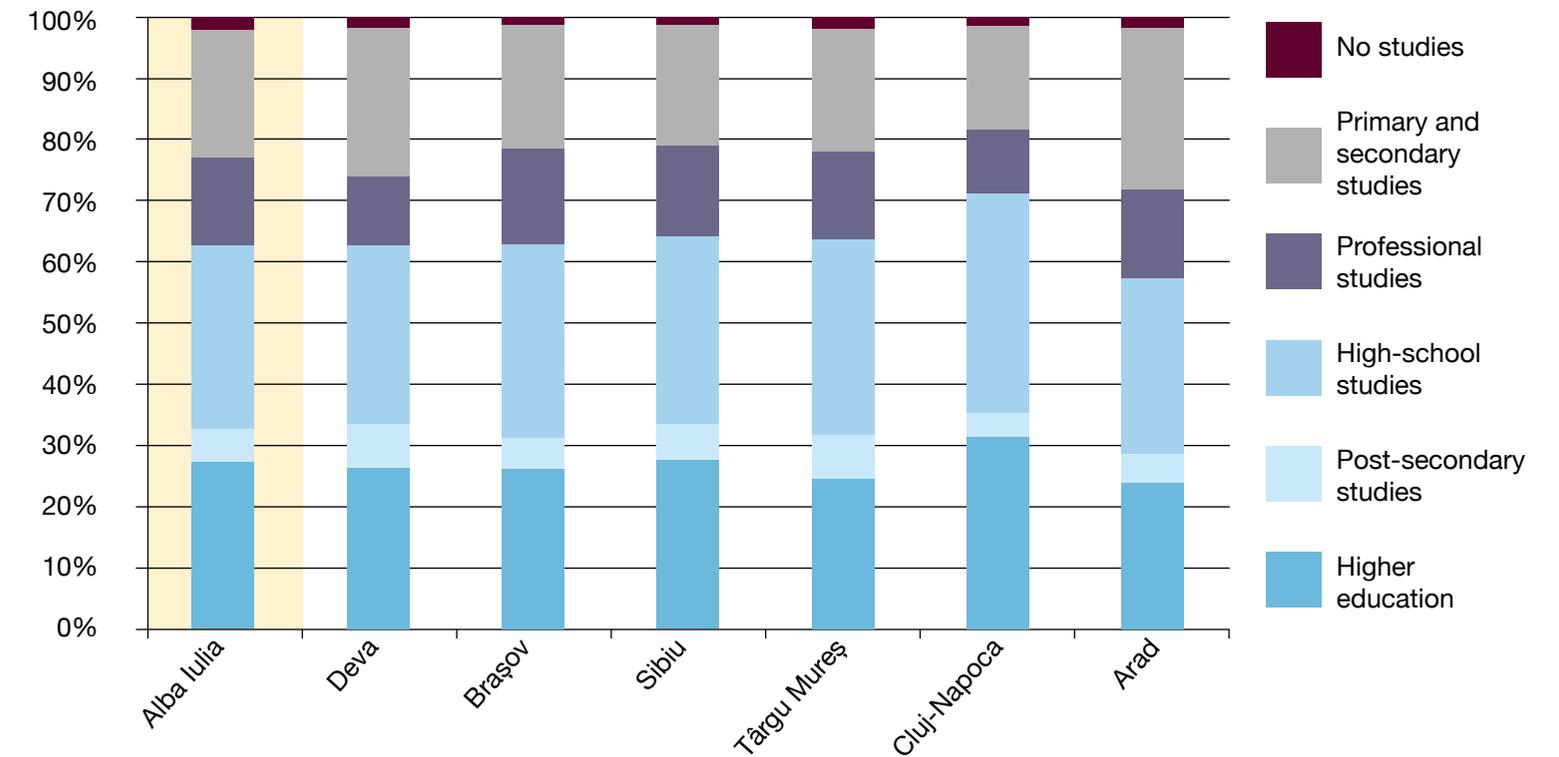
recreational activities (75%), constructions (77%) – sectors that provide 33.9% of the total jobs. Thus, the occupational structure of the population, namely the large share of employed in low added-value activities, is the main cause of wage disparities against more developed cities and counties, such as Bucharest, Cluj-Napoca, Sibiu, Timișoara etc.

Monthly net wage (lei) - 2013



Out of all residents aged over 10, 27.9% had university studies, 4.8% post-secondary ones, 30.3% graduated high-school and 14.3 professional studies, whereas the remaining 22.7% had only primary and secondary ones. Although the share of population with tertiary education has doubled since 2002, especially among young people, most residents in Alba Iulia, especially the ones aged over 40, have technical studies and have been trained to work in different economic sectors, dominating the local economy before 1989. With the switch of the local economy from industry to services in the last two decades, this group is facing the most challenges in finding a suitable job in the new economic context. At the same time, the number of residents with university studies is currently overrepresented by comparison with the occupational structure of the population (approximately 16.000 graduates for less than 10.000 jobs requiring such studies), regardless of the correlation between the profile of the studies and that of the job.

By comparison with other county seats nearby, Alba Iulia has a relative large share of population with tertiary education, being surpassed only by Cluj-Napoca, the second university center in Romania. The local university has played a central role in the increasing share of residents that have graduated university studies. However the 1st December University has an offer of studies that is not necessary correlated with the existing and emerging economic agglomerations in the city and its surroundings. Most faculties (Theology, History and Philosophy, Law and Social Sciences, Economics) are rather theoretic ones, whereas the Faculty of Engineering is the only one actually preparing the necessary stuff for sectors such as IT&C or electronics. In this context, most high-school graduates interested in engineering prefer to continue their university studies in bigger university centers – such as Cluj-Napoca, Bucharest, Timișoara, etc. Since most of them remain in those cities, that are more offering from the job market perspective, it becomes challenging to find highly specialized personnel in Alba Iulia, regardless of the external migration phenomenon.



Data source: 2011 General Population and Housing Census. Own calculations

In what concerns the blue-collar workers class, their number has declined significantly after 1989, with the switch to a service-oriented economy and the transformation of many professional schools in technological high-school, that generally ensure a theoretical preparation, far from the needs of the business environment. In 2011, only 14.3% of the residents in Alba Iulia had professional studies, a lower percentage than the ones reported by Brașov and Sibiu, cities that have recently attracted many investors in the industrial field. In this context, more than 50% of the employees in the manufacturing sector are aged over 40 and the newly established investors in different industrial sectors need to train the new personnel in their own facilities. Moreover, although there are many providers of life-long learning services, both public (such as the County Employment Agency) and private, the number of participants is reduced and the offer is focalizing more on occupations from the tertiary sector than on industry.

The sector analysis of the local economy and the mapping of the economic agglomerations

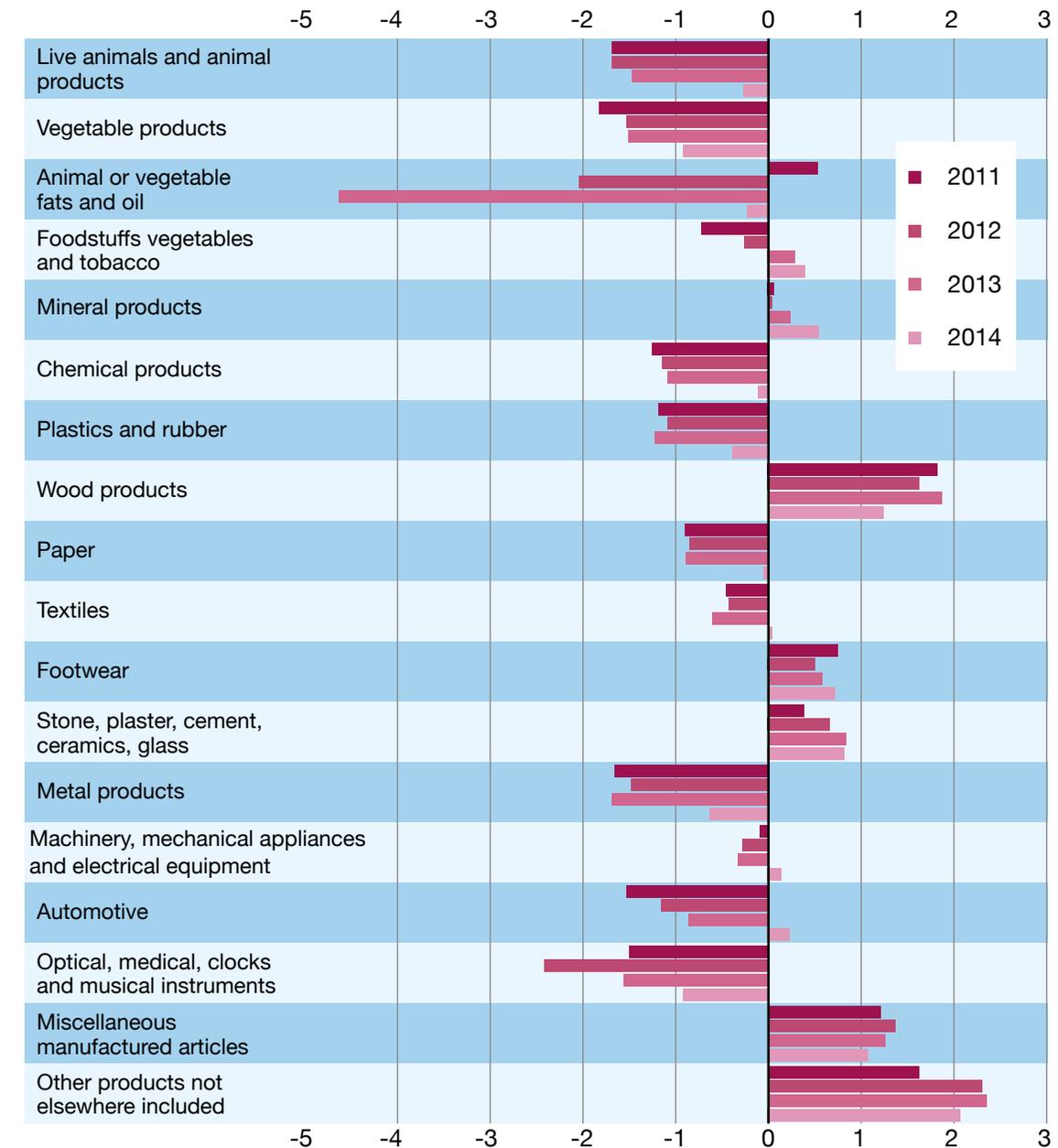
The overall scoreboard of the city's economy indicated that a limited number of sectors have a significant contribution to both entrepreneurship, output, employment and exports, resulting from a concentration of companies, skills and know-how, that are defining the competitive advantages of Alba Iulia. Whereas public administration, education, health and social services, culture and recreation, water and waste management are still dominated by the public sector, the most performing activities at local level remain the processing industry, retail, constructions, and transport. Also administrative and support services, as well as the professional, scientific and technical services gather a significant number of companies, but their contribution to the local GDP and to employment is still marginal, mostly because these markets are dominated by individual and family businesses.

SECTOR	Number of active companies (2013)	Total turnover (mil.Lei, 2013)	Total number of employees in companies (2013)	Number of employed people in the sector from ALBA IULIA (2011 Census)
Agriculture, forestry and fishing	54	100	236	1110
Extraction industry	12	60	140	50
Processing industry	257	777	5273	6847
Energy	12	10	210	543
Water and waste management	15	99	971	443
Constructions	330	218	1812	2620
Retails and repairs	820	774	2779	4909
Transport and logistics	214	187	1039	1619
HORECA	139	39	591	597
IT&C	108	26	221	538
Financial services	7	58	95	756
Real estate	92	17	109	90
Professional, scientific and technical services	375	47	512	912
Administrative and support services	120	31	761	682
Public administration	0	0	0	3335
Education	28	5	143	1889
Health and social services	59	15	230	1939
Culture and recreation	31	26	114	373
Other services	58	6	158	1130

Data source: Borg Design Database and NIS, The 2011 Population and Housing Census

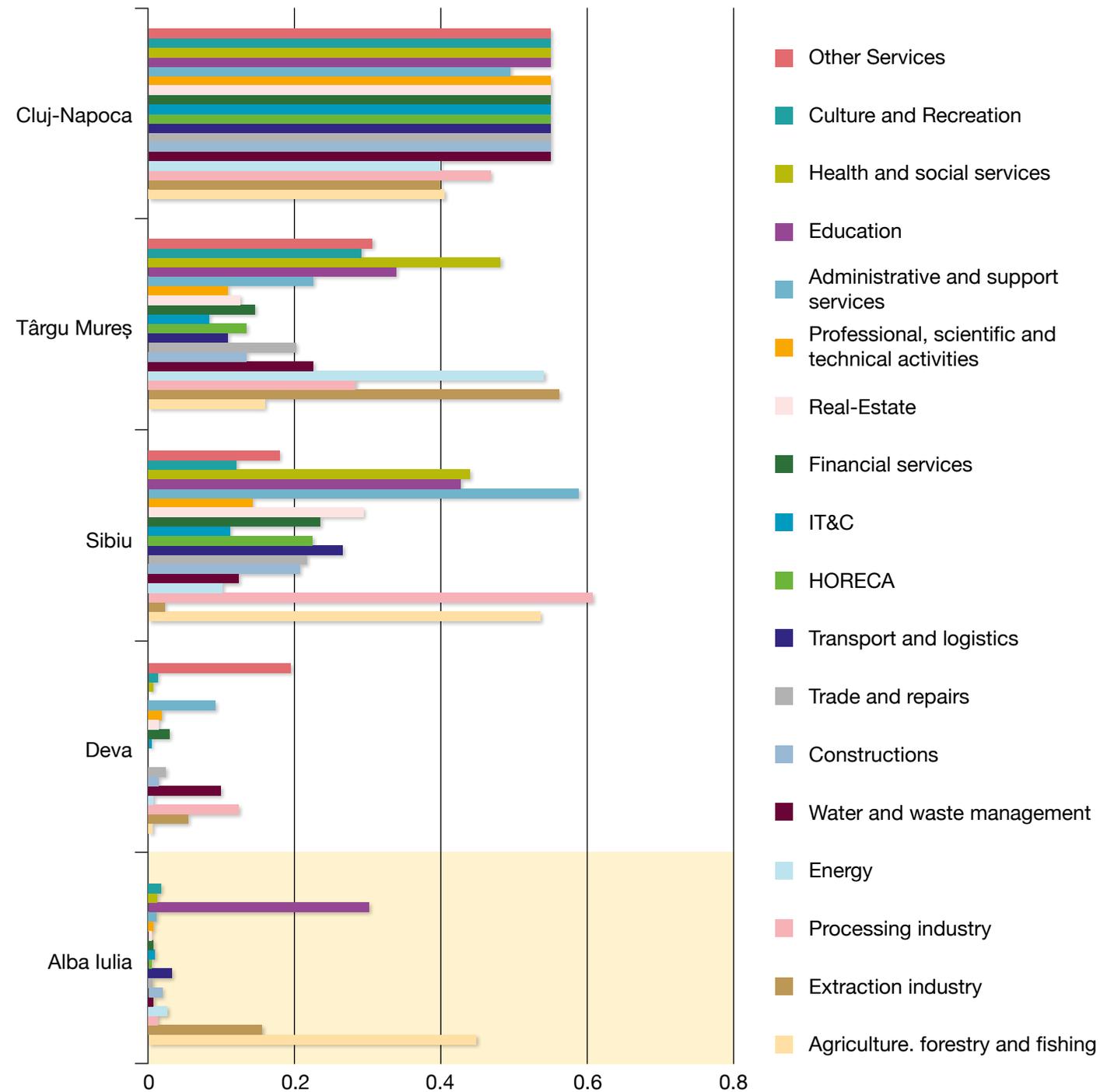
The Balassa Index of Revealed Comparative Advantages was used to determine the export potential and competitive advantages of the local economy's sectors. The results show that the only products for which Alba County has a significant comparative advantage are wood, furniture, footwear, ceramics (chinaware) and, more recently, food and beverages, respectively automotive, thus confirming these are most relevant industrial agglomerations in the area, with real export potential.

Balassa Index of Revealed Comparative Advantages - Alba County



Data source: NIS, Tempo Online Database, 2014.

The specialization potential of the local economy by comparison with other county seats in the region can also be evaluated using the Global Utility Method, a management tool orienting the economic decisions. In order to carry out this analysis, we have considered a number of 18 economic sectors and 3 macroeconomic indicators for each of these sectors (number of active companies, total turnover and number of employees), all for a number of 4 benchmarking cities, potential competitors for the investors interested in Alba Iulia. The results show that the city economy is lagging behind the performances of the bigger urban centers, such as Cluj-Napoca, Sibiu and Târgu Mureș. Above average performances are registered only for businesses in agriculture and education, both with a marginal contribution to the local GDP. From this perspective Alba Iulia does not have a clear economic specialization, whereas this is clear in the case of Cluj-Napoca (services) or Sibiu (industry).



The processing industry was the dominating sector of the local economy before 1989 and went to a long and painful restructuration and market reorienting process in the last decades, resulting in personal cuts, but also in the disappearance of emblematic communist production facilities such as INCOV (the carpet factory), ARDELEANA (footwear), UTEPS and UZINA ARDEALUL (heavy mining machinery) and RESIAL (refractory bricks). Their disappearance has been only partially replaced by the newly established foreign and local investors, such as VCST and STAR TRANSMISSION (automotive), REKORD (footwear), KRONOSPAN and HOLZINDUSTRIE SCHWEIGHOFER (wood processing), TRANSAVIA and ELIT (meat production and processing), IPEC (chinaware), POMPONIO and FRUHWALD CONNEX (building materials). Some of the companies established in the communist era are however still active and have managed to develop and modernize: ALBALACT (milk processing), APULUM (chinaware) or SATURN (metallurgy).

Inside the processing industry sector, we can notice the existence of a few economic agglomeration, by considering also a broader territorial context, respectively the suburban area of Alba Iulia included in AIDA. These agglomerations can be seen in the field of:

A. WOOD PROCESSING AND FURNITURE

a business activity generating a total turnover of around 800 mil. Euro/year, that is providing main exports products of the county and generates more than 3.500 jobs, out of which almost 600 for the residents in Alba Iulia. This industry is concentrated in Sebeș, where the two market leaders have their headquarters;

B. AGRICULTURE AND FOOD INDUSTRY

with a few sub-branches (meat production and processing, milk and cheese products, ice cream, condiments, fish products, bakery), with a total business output of 300 mil. Euro/year, providing around 3.000 jobs, including over 2.600 for the residents in the city, being from this perspective the biggest employing industrial activity. The food industry tends to concentrate in Galda de Jos (Oiejdea), Alba Iulia and Sebeș;

C. LIGHT INDUSTRY

including footwear, leather products and garments – with a yearly turnover of around 65 mil. Euro, mostly coming from exports. It provides more than 3.500 jobs, out of which over 2.200 for the city residents. This industry is located both in Alba Iulia and Sebeș;

D. CERAMICS AND BUILDING MATERIALS (non-metallic mineral products)

a traditional industrial activity located in Alba Iulia, with two main sub-branches: ceramics and chinaware, respectively building materials, especially concrete products, also with a significant contribution to the export of the area. These activities generate a turnover of almost 70 mil. Euro/year and employ over 1.200 people, out of which over 900 from Alba Iulia. The ceramic industry is located inside the city limits, whereas the building material industry is located in Sebeș, Vințu de Jos and Teiuș;

E. AUTOMOTIVE

is an emerging sector of the local economy, based on the establishment of more foreign investors, such as SEWS, STAR TRANSMISSION or VCST, that are producing different car components especially for the external markets. Although it currently provides just a few hundred jobs for the residents in Alba Iulia, this field of activity is expected to become very soon one of the main employers in the area and the engine of the export activity, once the newly opened production facilities will function at their capacity. This industry is very well developed in Cugir, Sebeș and more recently in Alba Iulia.

Industrial sub-sector	Total employed residents in Alba Iulia
Food and beverages	1636
Textiles and garments	1274
Leather and footwear	945
Wood processing and furniture	588
Ceramics and building materials	945
Automotive	170
Metallurgy	293
Metal processing, machinery & equipment	937
Electrical equipment	303
Plastic and rubber	27
Paper & printing	101
Chemistry	37

Although it employs almost 5.000 people only in Alba Iulia, the **RETAIL** sector is generally fragmented in small individual and family businesses, the average size of a company from this field being of only 3.3 employees in 2013. Most of the small stores in Alba Iulia have been opened immediately after 1990, this sector being the most attractive for the local entrepreneurs. However, in the last decade the retail sector went to a restructuration process once the international and national commercial chains, especially discounters, entered the local market. Among them we can mention: Kaufland, Lidl, Profi, Carrefour, Dedeman, Ambient, Lem's, Flanco, etc. These chains are currently dominating the local market, providing also 44% of the jobs in this field. In this content, many local entrepreneurs, owning small neighborhood shops went bankrupt.



Data source: Borg Design Database

The **CONSTRUCTION** sector also plays an important role in the economy of the city, ensuring almost 9% of total number of jobs. The companies active in this field of activity are also relatively small, specialized in residential and non-residential building and have an average number of only 6 employees. However, there are some companies based in Alba Iulia that are regional players and report significant annual turnovers: POMPONIO (road, civil and industrial works, concrete), INSTALATORUL (joinery and plumbing), DRUMURI ȘI PODURI LOCALE (road construction and rehabilitation, public company owned by the County Council), SIPATUB (plumbing), TOBIMAR etc. Most of these companies are confronted with low private demand, considering that the local real-estate market is rather underdeveloped, and are generally depending on public works inside or outside the county. These field of activity has also been affected by the global crisis and many construction companies became insolvent in the recent years.

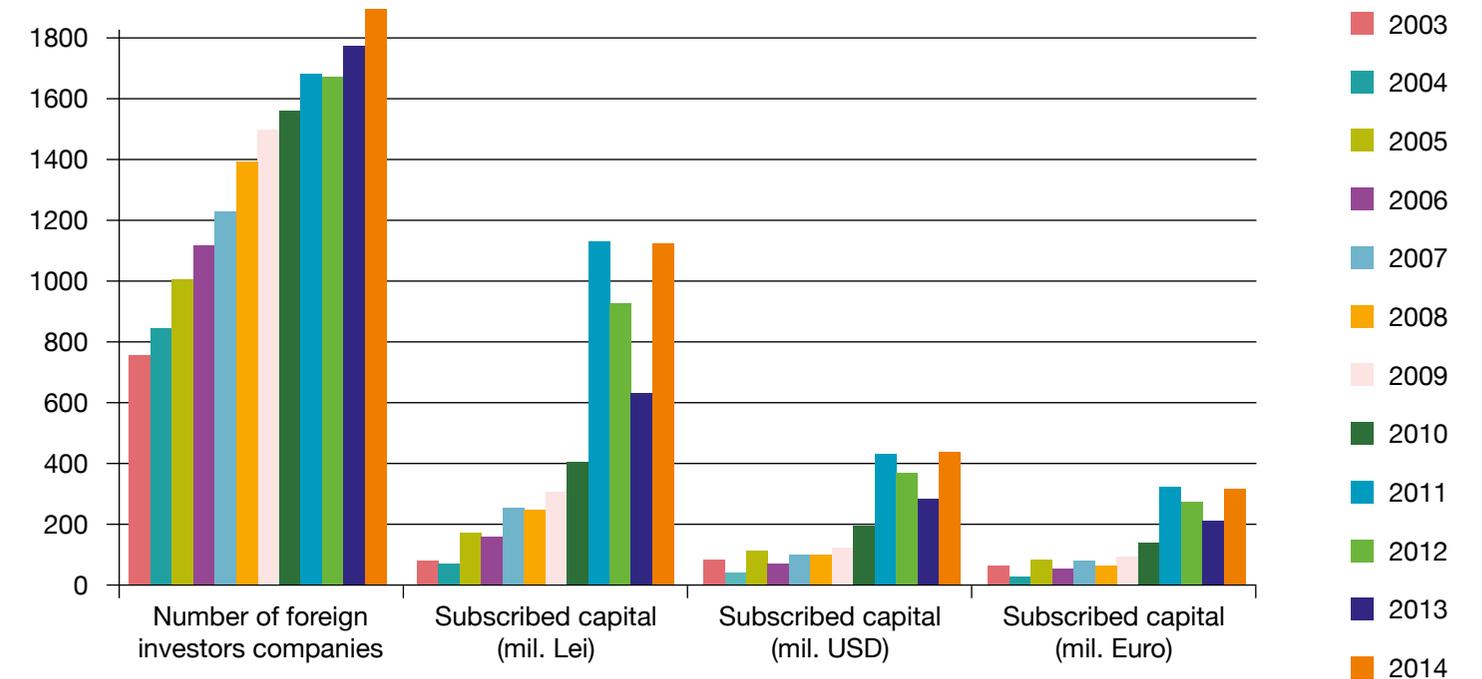
The **TRANSPORT and LOGISTICS** sector is a sector that contributes more and more to the local economy of Alba Iulia and its surroundings. It has developed together with the established of the new investors in the area, by providing freight transport services for their external and internal clients. As a result the biggest companies in this field (OPREAN, GIRO, FSR RAILSERVICE, AGROTRANSPORT ALBA etc.) are specialized in such services, whereas the passenger transport services are less developed. We can mention here the local public transport company (TRANSPORT PUBLIC), one of the most innovative and well organized in the whole country, and LIVIO DARIO, a private company operating different inter-county routes.

Different previous studies have identified potential (emerging) clusters at local and regional level, such as INCLUD – “Industrial Cluster Development” (wood, constructions, metallic products) or INOV CLUSTER (agro-food, renewable energy, waste management,

tourism, chinaware), both benefitting from EU funding. Although many clusters have already been legally and functionally established in the Center Region, especially in Harghita and Covasna counties, also with the continuous support of Center Regional Development Agency, only one is located in Alba Iulia, namely PRELMET TRANSILVANIA. This cluster has been established in 2013 in order to increase the competitiveness of the metalworking industry in the area of Alba Iulia, more exactly in Cugir, having as starting point the local tradition in the field. The cluster comprises 27 companies, 3 universities (from Alba Iulia, Cluj-Napoca and Sibiu), one research organization, the Alba County Council, the municipalities of Cugir and Alba Iulia, the Center RDA, as well as 4 catalyst organizations, among which the Industrial Park in Cugir. Most of the company members are based in Cugir, but there are some also from Alba Iulia and Aiud, whereas potential members are foreseen from Cluj, Sibiu and Zalău, therefore making the cluster a macroregional presence. Another cluster initiative from 2012 is ALIMENT TRANSILVANIA, reuniting 3 universities, the County Council, the Center RDA, the Municipality of Alba Iulia, as well as 5 production companies, consultants and RDI units.

However, these cluster initiatives are in an initial phase and request support for developing their internal administrative and service provision capacity. On the hand, we can notice the absence of formal clusters in fields such as wood & furniture, ceramics & building materials, automotive – that are currently dominating the economy of the area.

From the FDI perspective, Alba County attracted significant foreign investors in the last decade, but still occupies a medium position (19) among the 41 counties in Romania, with around 0.9% of the total volume of investments. However, the number of companies with foreign capital subscription continued to grow also during the crisis, as well as the volume of invested capital. In terms of invested capital and newly created jobs, the most important foreign investors are: Kronospan and Holzindustrie Shweigofer (wood processing), Star Transmission and VCST (automotive), Pehart (paper), Semmelrock Stein and Baumit (building materials), Ener Rom (electrical equipment), Rekord (footwear), Savini Due (furniture), Fruhwald Connex and Pomponio (building materials), Saturn (metallurgy), Rapel (leather) etc. Most of the investors are German, Austrian, Italian and Belgian.



Data source: National Trade Office

From the innovation potential, the area of Alba Iulia is very weak in technology information and transfer centers. The only functional one – CIT ALBATECH is administrated by the Alba Chamber of Commerce, Industry and Agriculture and it covers only 3 fields of activity: IT&C, agro-food and biotechnologies. The center offers business assistance services for innovation and technology transfer especially to SMEs and provides also training activities. Moreover, the Center Regional Development Agency (RDA), based in Alba Iulia, is member of the EU's Europe Enterprise Network, providing free services to SMEs such as: business and technology transfer partners' identification, access to relevant EU business information and legislation, supports for participation in international fairs and promotion events, identification of funding opportunities for RDI and business development. No science and technology park is available in the area.

In terms of business support infrastructure, the only available public one is Cugir Industrial Park, established in 2002, under the authority of the County Council. The park has a total surface of 11.17 hectares and it is focused on production (metalwork, wood processing), but also services, currently providing over 400 jobs. The park is a brownfield structure, thus its assets consist of buildings that are rented to different SMEs. Thus, there are no greenfield industrial parks available, all newly established foreign and local investors being forced to develop their production facilities on their own. The emerging industrial platforms in Oiejdea, Sebeș, Ciugud (Drâmbar), Vințu de Jos are the result of private investments, the only support given by the local authorities consisting on landing the ground to investors and sometimes of access and utilities infrastructure works. The lack of business support infrastructure can become a significant drawback in attracting new investors, considering that the surrounding counties (Cluj, Mureș, Sibiu, Brașov, Bihor, Timiș) have invested large amounts of money, including EU funds, in industrial parks, extended on hundreds of hectares and fully equipped. One relevant example is of the three public TETAROM Industrial Parks in Cluj-Napoca hosting more than 4.000 jobs at the moment.

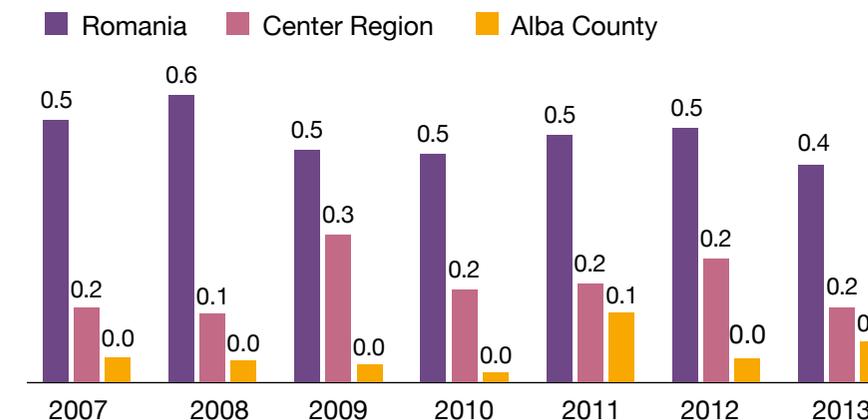
The RDI activity at local level is poor. The only authorized research unit in Alba Iulia is a CCPPR – a research, design and production center for refractory materials, with a tradition of over 40 years. The entity has implemented different research projects with financial support from the state budget, EU funding, but also from private sources, conducting to new patents, products, technologies, experimental models and scientific papers. However, the activity of the center has dramatically dropped in the last 5 years, because on lacking public support for RDI activities, so it currently hires only 6 employees. The biggest research center is the county remains the R&D Station for Winery based in Blaj, with a long tradition in its field of activity.

The public RDI sector is represented at local level by the research centers organized by the 1st December University of Alba Iulia. The university currently holds 4 doctoral schools (History, Philology, Accounting and Theology), with 16 professors and 98 PhD candidates, and research centers and institutes for theology, linguistic education, finance and accounting, geology and speleology,



topography and cadaster, systemic archeology, history and politics, philology, law, sociology, educational sciences, pedagogy, territorial development, mezzo-American studies and geometric functions. However, most of the scientific outputs of these centers are not transferred to the private sector, either because they are of no interest for the business environment, or because there is no functional technology transfer system. In this context, less than 0.1% (2 mil. Euro) of the annual GDP of the county is allocated for RDI expenses, meaning only 20% of the national average and 2% of the EU-28 one.

Share of GDP (%) allocated to RDI expenses



The private companies in the area of Alba Iulia are conducting their own RDI activities, from internal budgets, but they are not benefiting from public support in this sense. However, the share of innovative companies is very small, one of the main reasons being the lack of innovation culture among entrepreneurs, but also the lack of incentives and of a favorable legislation.

From the scientific output point of view, Alba Iulia ranks 20 among the Romanian cities, with only 8 indexed articles in 2011, far behind cities such as Cluj-Napoca (692), Timișoara (317), Sibiu (23) that are traditional university centers. No entity in Alba is member of the Romanian Patent Information Centers Network. As a result, only an average of 10 patents, 9 models and drawings, respectively 89 trades/year were registered in Alba between 2001 and 2013, less than in the surrounding counties.

Conclusions and recommendations for improving the competitiveness of the local economies

Alba Iulia is currently competing with a large number of medium and large size cities from Romania in attracting foreign investors, that seem to be better prepared to host them, especially from the business infrastructure and services point of view (Cluj-Napoca, Sibiu, Arad, Brașov, Timișoara, Oradea, etc.). From this perspective it is mandatory for the city to exploit its specific advantages (accessibility, qualified labor force, tradition and know-how in some specific sector, natural resources) and to invest more in industrial and technology parks and business support services in order to maintain its competitiveness. The development of a new industrial and technology park is necessary, either by extending the existing park in Cugir, or by identifying a suitable greenfield location around the city. This would also decongestion the city, that has many brownfield sites incompatible with the aspiration of a modern touristic center, and help the companies that intend or must relocate outside the city area.

Although unemployment is not a pressing issue for the community, the current structure of the local economy, based on manufactory low added-value industries, is unattractive for high-skilled personnel, which is migrating to big cities or to other countries, either because of the unavailability of suitable jobs or because of the salaries. A reorientation of the city economy, in the smart specialization approach is necessary, with a focus on the existing or emerging industrial agglomeration (wood processing and furniture, agro-food, light industry, ceramics and building materials, automotive). This can be done only by developing the technology transfer

infrastructure and services. Once done, smart specialization will make the city less vulnerable to economic cycles and even companies relocation, regardless of the increasing employment opportunities and better remuneration of work.

Alba Iulia benefits from a local business class, made up of small and medium entrepreneurs, which are vital for the economic stability of the city (see the cases of Albalact and Transavia, two major companies owned by residents, with more than 1.500 employees). They should benefit from the same treatment as the foreign investors and more attention should be given to developing business support services and incentives for the development of their companies. This can be done by local aid measures (“scheme de minimis”) for the companies investing a certain amount of money or creating new jobs and through the establishment of a business incubator, especially for young entrepreneurs. An advisory group of entrepreneurs should be created and consulted regularly by the municipality in the decision making process.

The structure of the labor force may pose problems in the coming years, because the educational offer is not adapted to local market job, the external and internal migration will continue to exist and demand, especially for blue collar workers will continue to increase with each investors that will chose the city for developing a business. The professional schools should be reactivated and the educational offer should be adapted to the above-mentioned existing and emerging clusters. Moreover, there is need for more practice for pupils in companies, with the help of tutors from the industry.

The local university is facing a continuous decrease in the number of students and has to face the competition of traditional, solid university centers such as Cluj-Napoca, Timișoara or Bucharest. Moreover, the birth rate has dropped dramatically in the last years, aggravating the decline of small universities, such as the one in Alba Iulia. In this context, it becomes mandatory for this emblematic institution of the city to reorient from educational services to RDI and technology transfer activities, as it already has a solid infrastructure and the necessary professional staff. Moreover, its educational offer should be reoriented more towards adults in need of requalification and to technical field of studies, that highly demanded on the local job market (for example in the automotive sector).

The existing clusters have a weak administrative and services providing capacity. They need to receive public support in order to really contribute to the competitiveness of the local economic agglomeration. Moreover, there is need for such associative initiatives in other industries that are representative for the local economy, for which know-how, skills, labor force and resources are already available, such as chinaware, light industry, automotive and wood processing.