



2014

***Social and Economic
Development Strategy
of Iași County***

for the period

2014-2020

This document is



THE SOCIAL AND ECONOMIC DEVELOPMENT STRATEGY OF IAȘI COUNTY

in the period

2014-2020

This is not the strategy of a single institution or organisation, as it addresses all those who play a role in the economic and social development of the county.

Who is it for?

Social and economic development, providing support to the corporate sector and ensuring decent living conditions for the citizens are complex objectives, whose realisation depends on a series of factors and accountability on the part of public sector institutions, corporate sector operators and non-governmental sector players alike.

The social and economic development strategy provides all the above with a common framework and way forward – a consistent set of priorities and objectives that may channel individual efforts and act in synergy towards the best interests of the community.

Prepared upon the initiative of the Iași County Council, this strategy thus addresses all those who wish and can contribute to the county's development, from county institutions and local councils to the Chamber of Commerce and Industry, the Regional Development Agency, the Metropolitan Area Association, small or large private enterprises, universities or cultural institutions, NGOs, citizens.



The development strategy is based on the economic progress so far, while taking into account the current context and existing performance reserves.

At the same time, it highlights the county's values and competitive advantages and sets out the vision for the community's future by building on the above.

As a basis for this vision, three priority objectives and a series of directions and actions, measures and projects to be implemented are being put forward.

The vision for Iași County

Our commitment to Iași County is to provide support for the set-up of a dynamic and competitive economic environment that may re-establish Iași as a development engine in the Moldova region, to allow the local communities' sustainable regeneration and invigoration and ensure a better life for the citizens.



Development levels for Iași County

The 2014-2020 development strategy of Iași County acknowledges and takes into account the existing gaps at territorial level. Thus, three main development levels can be identified, each with its own development path, complementarily with the strategic vision.

- **Iași Municipality and its area of influence** – driving force for development and development generator, should receive support so that the economic and social benefits, which are naturally concentrated in this area, may spread across the entire county in order to substantially improve the local economy, rural areas included, the living conditions for the citizens and the quality of the natural and built environment throughout the county.
- **Iași County towns** (Pașcani, Hârlău, Târgu Frumos, Podu Iloaiei) – urban poles that are essential for a balanced development and require support in order to facilitate economic regeneration and urban invigoration with a view to create opportunities and stimulate local entrepreneurial initiatives and to improve the county citizens' access to good-quality basic public services.
- **Rural spaces** – area of intervention with specific needs, going beyond the administrative boundaries of Iași County, which needs to be regarded in an integrated manner, involving the neighbouring counties' territories in joint, concerted actions. It requires support mainly for the improvement of the citizens' quality of life, for formalising and diversifying economic activities, fostering associativity and creating job opportunities, ensuring that the farming potential and the natural environment are harnessed in a sustainable manner.



The vision shall be put into practice through the following strategic objectives:

Objective 1. Improving infrastructure,

connectivity and accessibility means ensuring access to good-quality public services and utilities networks, developing transport infrastructure and improving connectivity within the county, as core measures in providing support for the corporate sector's development and improving the citizens' quality of life.

Looking beyond the county borders, priority investments will envisage better connections between the local economy and the national market, as well as with Central and Western European markets. At the same time, by building on the opportunity provided by its strategic location, Iași County could become a node in east Romania, at the European Union border, and could strengthen its position as a gateway to Moldova and Ukraine.

Priority measures

1.1 Enhancing accessibility by investing in road infrastructure.

1.2. Developing intermodal passenger and freight transport systems and ensuring intermodal logistics areas.

1.3. Upgrading and extending the utilities infrastructure and the built environment.

Objective 2. Strengthening the county's economy

through economic diversification, entrepreneurial base development and support to businesses, with a focus on small- and medium-sized enterprises, as well as by attracting new investments to Iași County. However, particular attention, consisting of priority support, shall be given to the sectors likely, by nature, to generate the most economic benefits in terms of sustainable jobs and investment opportunities along the value chain, which may act as local prosperity-generating factors. These activity sectors are the pharmaceutical industry and medical services, machinery, installation and equipment manufacturing, metallurgical industry, creative industries, IT and communications included, car and car parts manufacturing, textile industry, farming and agri-food industry.

Priority measures

- 2.1. Providing support to the corporate sector with a focus on priority economic sectors.
- 2.2. Providing support for farming sector development throughout the value chain.
- 2.3. Constantly promoting the county as business location at national and international level.

Objective 3. Improving the quality of life and environmental protection

by providing support for skill, education and excellence, harnessing the extraordinary cultural legacy and heritage, attracting and backing creativity as an essential growth factor and preserving the natural environment provide key-elements for the strategy's vision.

Sustainable development in Iași requires addressing local challenges in terms of ensuring the population's access to public services and an optimum living framework for the individuals that is equitable throughout the county.

Priority measures

- 3.1. Providing support for culture, creativity and education.

- 3.2. Developing public services and enhancing the population's access thereto.

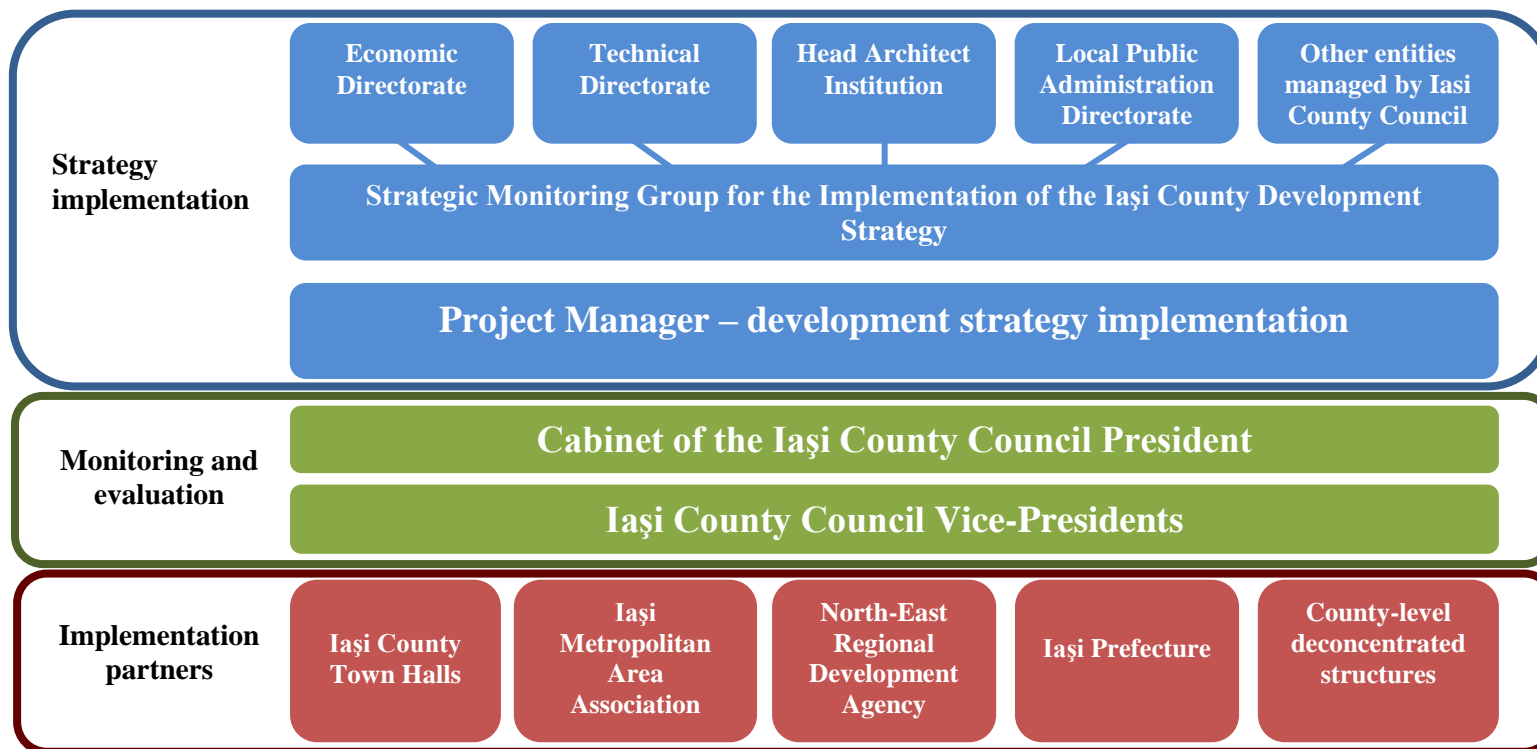
- 3.3. Improving the quality of the natural environment across the county.

The objectives, measures and lines of action shall be implemented through programmes (project packages) and concrete projects that are coordinated and correlated in synergy so as to contribute to the achievement of this vision.

Strategic objectives	Priority measures	Lines of action	
Strategic objective #1 : Improving infrastructure, connectivity and accessibility	Priority measure 1.1. - Enhancing accessibility by investing in road infrastructure	Rehabilitation and upgrade of the priority county roads infrastructure Rehabilitation and upgrade of the county and commune roads infrastructure Maintaining the constitutive elements of the county roads	
	Priority measure 1.2 - Developing intermodal passenger and freight transport systems and ensuring intermodal logistics areas	Developing the intermodal transport infrastructure Developing the support elements for the transport systems' improvement	
	Priority measure 1.3 - Upgrading and extending the utilities infrastructure and the built environment	Extending and upgrading basic utilities infrastructure Promoting and implementing solutions for enhancing energy efficiency Improving urban infrastructure	
	Strategic objective #2 : Strengthening the county's economy	Priority measure 2.1. - Providing support to the corporate sector with a focus on priority economic sectors	Providing support for the corporate sector and entrepreneurship Encouraging the development of the county's tourist and recreation offer
		Priority measure 2.2. - Providing support for farming sector development throughout the value chain	Fostering associativity among farmers Improving the local authorities' technical infrastructure Fostering the increase in added-value in farming production Providing support to entrepreneurs in rural areas
		Priority measure 2.3. - Constantly promoting the county as business location at national and international level	Identifying and attracting investors Developing support structures and public services for the corporate sector

Strategic objectives	Priority measures	Lines of action	
Strategic objective #3: Improving the quality of life and environmental protection	Priority measure 3.1. Providing support for culture, creativity and education	Promoting and fostering cultural and creative life and supporting the county's heritage	
		Providing support for education and training	
	Priority measure 3.2. Developing public services and enhancing the population's access thereto	Developing social services tailored to the citizens' needs	
		Providing support for public healthcare services	
	Priority measure 3.3. Improving the quality of the natural environment across the county		Strengthening the local authorities' administrative capacity
			Strengthening prevention and control capacity in terms of environmental protection
			Strengthening environmental protection-related measures

The strategy implementation monitoring shall be carried out in view of the interim indicators set out in relation to each of the strategic objectives. On the basis of the outcomes in the year concerned and in correlation with the established action plan, the Cabinet of the County Council President shall conduct an yearly assessment of the strategy’s implementation and set out the priorities for the year to follow, based on the documents and proposals initiated by the Strategic Monitoring Group for the Implementation of the Strategy.



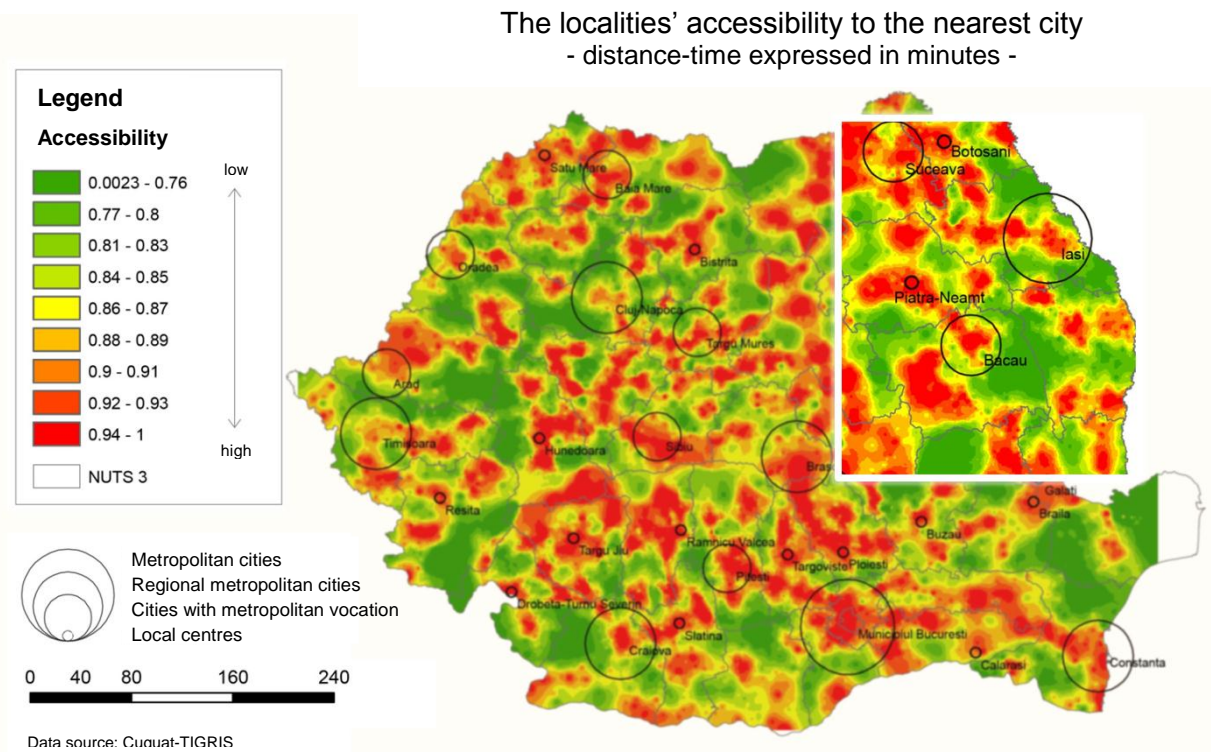
Functional areas and territorial dimension in relation to the strategy's implementation

Iași County's sustainable development is also based on an in-depth understanding of the need to ensure an integrated approach to major public investments in the area.

The lines of action to be backed by the Iași County Council and other relevant entities will target investments addressing **functional areas**, which reflect the interdependencies between a given urban system or urban centre and its area of influence and support.

Functional areas go beyond Iași County's administrative and territorial boundaries and for this reason it is recommended to reinforce partnerships with the counties of Bacău, Vaslui, Neamț, Botoșani. These interdependencies include – without being limited to: commuting patterns, economic cooperation and markets' profile, social (healthcare and education) infrastructure availability.

The investments' localisation in areas likely to act as a catalyst for the entire functional area highly depends on the capacity to correlate, harmonise and fund these investments. In this context, **integrated territorial investments (ITI)** provide a vital instrument in facilitating cooperation at cross-sectoral and cross-administrative level.



The current situation, in brief

Located in north-east Romania, Iași County is a part of the North-East Development Region, alongside the counties of Botoșani, Suceava, Neamț, Bacău and Vaslui. Bordered by the Prut river and the Romanian-Moldovan borderline in the east, Iași County provides a major functional, economic and social link between our country and the eastern, non-Community area.

At the same time, this geographical location – “east to west, west to east” – presents a series of specific features, in direct connection with its position in the poorest Romanian and European Union region, subject to the cultural influences of the eastern area.



Iași Municipality, the county capital, maintains the elegance and elitism of its status as former capital of the historical region of Moldova and Romania between 1916 and 1918, revealing a space in strong contrast to the remainder of the county's territory. Its development level makes it the main urban centre in north-east Romania, a national growth pole, which plays an important role throughout the region.

At regional level, Iași is the largest county in terms of population (772,348 people), concentrating 23% of the North-East Region total. With a surface area of 5,476 km² and a massive population concentration in Iași Municipality (290,442), the county presents a high population density, of 141 people/km², significantly higher than the regional average of 89.6 people/km² and the national average of 96 people/km².



Iași County stands out by its high degree of rurality, as 54% of the population live in rural areas (as opposed to the country average of 47%), in 93 communes. The urban environment is made up of five administrative units, with Iași Municipality being the largest urban settlement, having a population 8.5 times higher than that of Pașcani Municipality – the second urban centre by number of inhabitants (33,745).

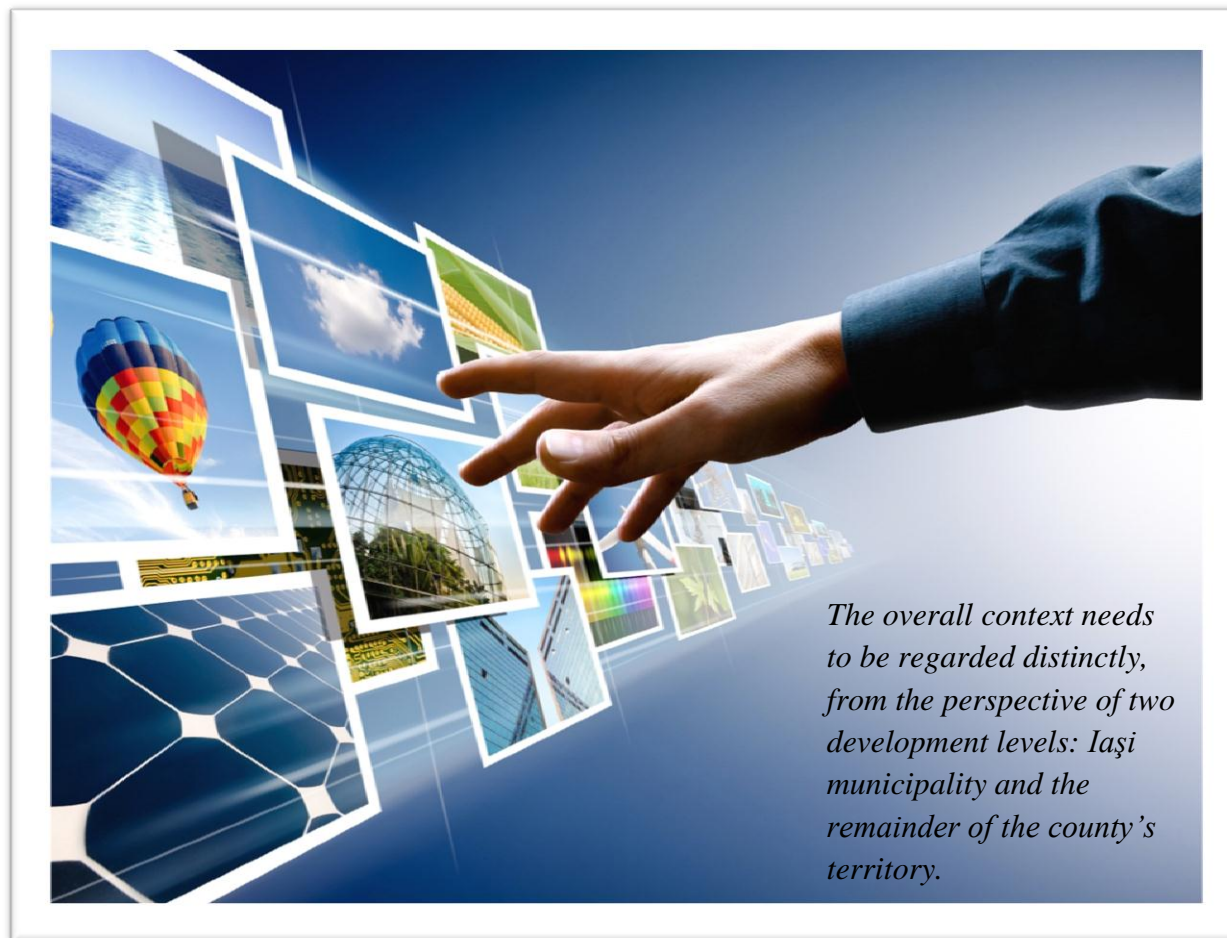


Iași County's economy

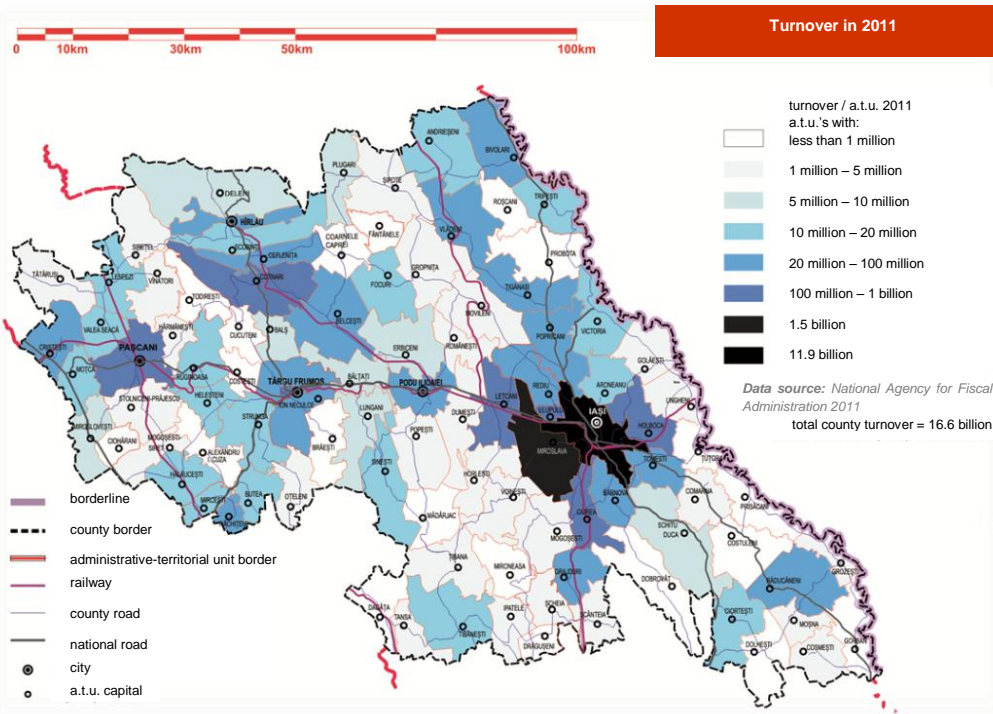
Iași County ranks eighth in Romania in terms of Gross Domestic Product and is *the best developed area of Romania's poorest region, marked by a strong polarisation of economic activity toward Iași Municipality.*

Iași Municipality employs around of the 85% of the Iași workforce (75,406 people) and accounts for more than 71% of the county's turnover (approximately RON 12 billion). The Iași Metropolitan Area comprises more than 83% of the overall number of companies in the county and generates more than 87% (RON 14.5 billion) of its turnover.

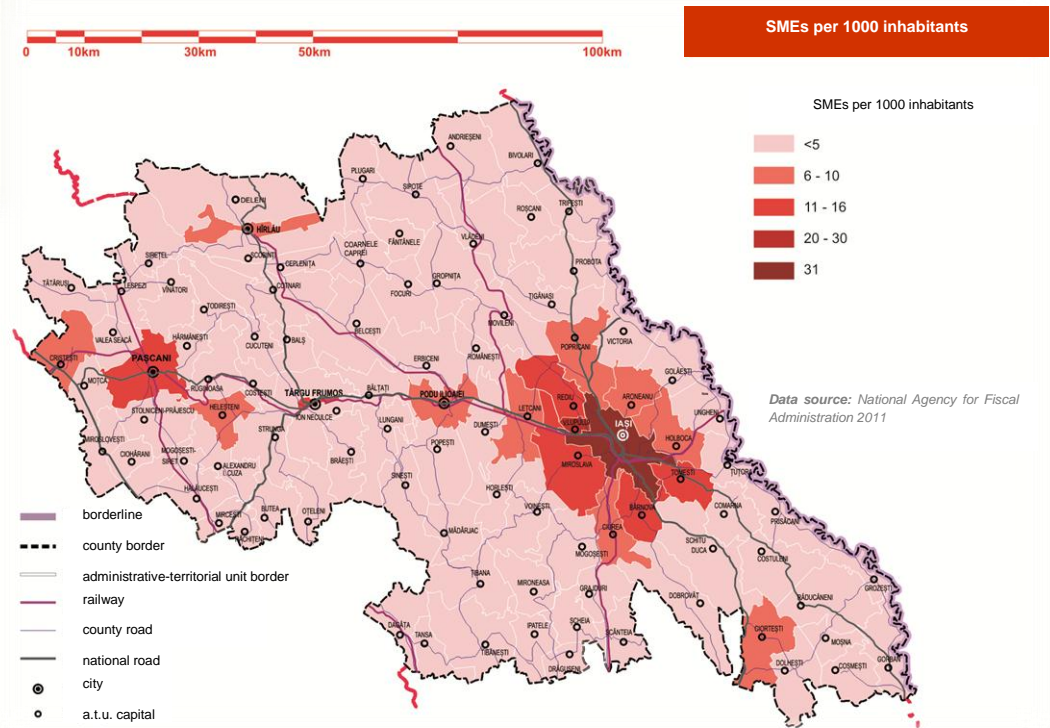
Although rural areas account for 57% of the overall population (417,585 people), only 12,606 (14.14%) are working in the enterprises operating in this county.



The overall context needs to be regarded distinctly, from the perspective of two development levels: Iași municipality and the remainder of the county's territory.



20% of the county's enterprises generate almost half of its turnover.



The deindustrialisation and economic de-structuring process, supplemented by activity shrinkage due to the economic recession, have had a structural impact on the county's economy, notably on the smaller urban centres.

The main activity sectors of Iași County have a low added-value and are less competitive in the international market. Iași County only accounts for 1.47% of the country's exports, although these have doubled in the period 2008-2013.

For Iași, investments are vital in order to maintain the county's competitiveness. Capital inflows are conditioned by transport infrastructure improvements and proper connectivity to Bucharest, as well as to international markets.



Land fragmentation, the large proportion of population engaged in subsistence farming (exceeding 85% in certain communes), the lack of irrigation systems and proper amenities, as well as the still low level of associativity maintain the farming sector well below its potential.

Rural areas only account for 21.11% of the turnover generated countywide and only 45% of the farming land is being used by associations at county level.

On the other hand, the geographic location and the farming land quality are intrinsic features, which reflect the existing farming potential of both vegetable and animal farming. In fact, Iași County is among the highest ranking in the country in terms of sheep-breeding.

Iași County concentrates major vineyards – especially in the Cotnari area, which is actually the best-known Romanian brand.

The county does not have sufficient capacity for the collection, storage and processing of farming products, which especially impacts small producers.

Apart from LAGs, collaboration initiatives remain modest. However, these present a significant potential toward rural economy diversification, reducing subsistence farming and job creation in villages.



Cotnari Vineyards

The tourism sector makes a limited contribution to the county's economy. Only 1.92% of the countywide turnover in 2012 was generated by HORECA-type activities and by tour-operators. At the same time, only 4.82% of the working population is engaged in this sector.

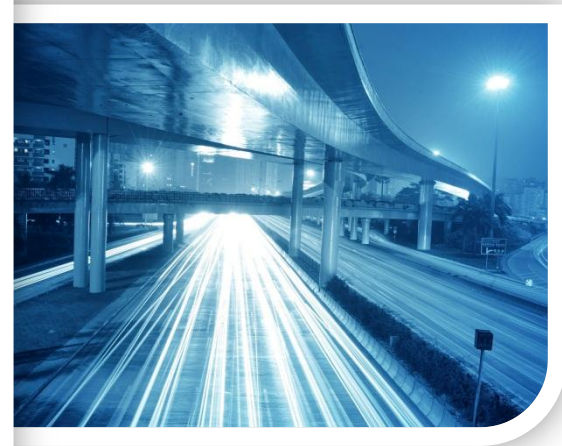
Iași County is outside the established eco-tourism areas (e.g. Bucovina), it lacks the spectacular landscape of Neamț County (e.g. Ceahlău Mountain etc.) and stands at the edge of religious tourism circuits.

On the other hand, the hills and vineyards reminiscent of Tuscan landscape, the wealth of historical and cultural landmarks, as well as the city of Iași, a monument in itself, provide just as many strengths in attracting tourists.



However, several areas with yet-unexploited potential reserves can be identified:

- While acknowledging the county as a regional node and main concentration of local economic activity and in view of its position within Moldova and at the European Union border, we regard the field of **logistics and transport services** as one of great development potential and, at the same time, as a major lever in supporting all the other economic sectors.
- At the same time, given the unexploited farming potential, as well as the long-term growth prospects, the importance of agriculture for the rural areas' development and upgrade, the interdependence with the food industry, biotechnology, the energy sector etc., we have included **agriculture** amongst the priority development areas in the period 2014-2020.
- In consideration of the county's long-lasting tradition in the pharmaceutical industry and of the farming potential and the intensity of research-development and innovation activities, we have identified the **field of biotechnology** as one of growth trends.



- Given the county's vast heritage, as well as the intensity of cultural life in Iași, education in creative areas and the vitality of the entrepreneurial environment, we regard **cultural and creative industries**, related tourism activities included, as yet another field with good potential.
- In view of the recent IT services' development in outsourcing, as well as of global trends, we deem it necessary to maintain the **field of IT** amongst the priority areas, while enhancing high added-value services, integrating creativity and using existing know-how to its full potential.
- At the same time, taking into account the large number of employees in the **textiles and garment industry**, the existence of a related school, as well as the research-development capacity and in view of the excellent creative potential and entrepreneurial initiatives, we believe that this field needs to remain amongst the priority areas, while gradually integrating innovation and smart use of creative capital.



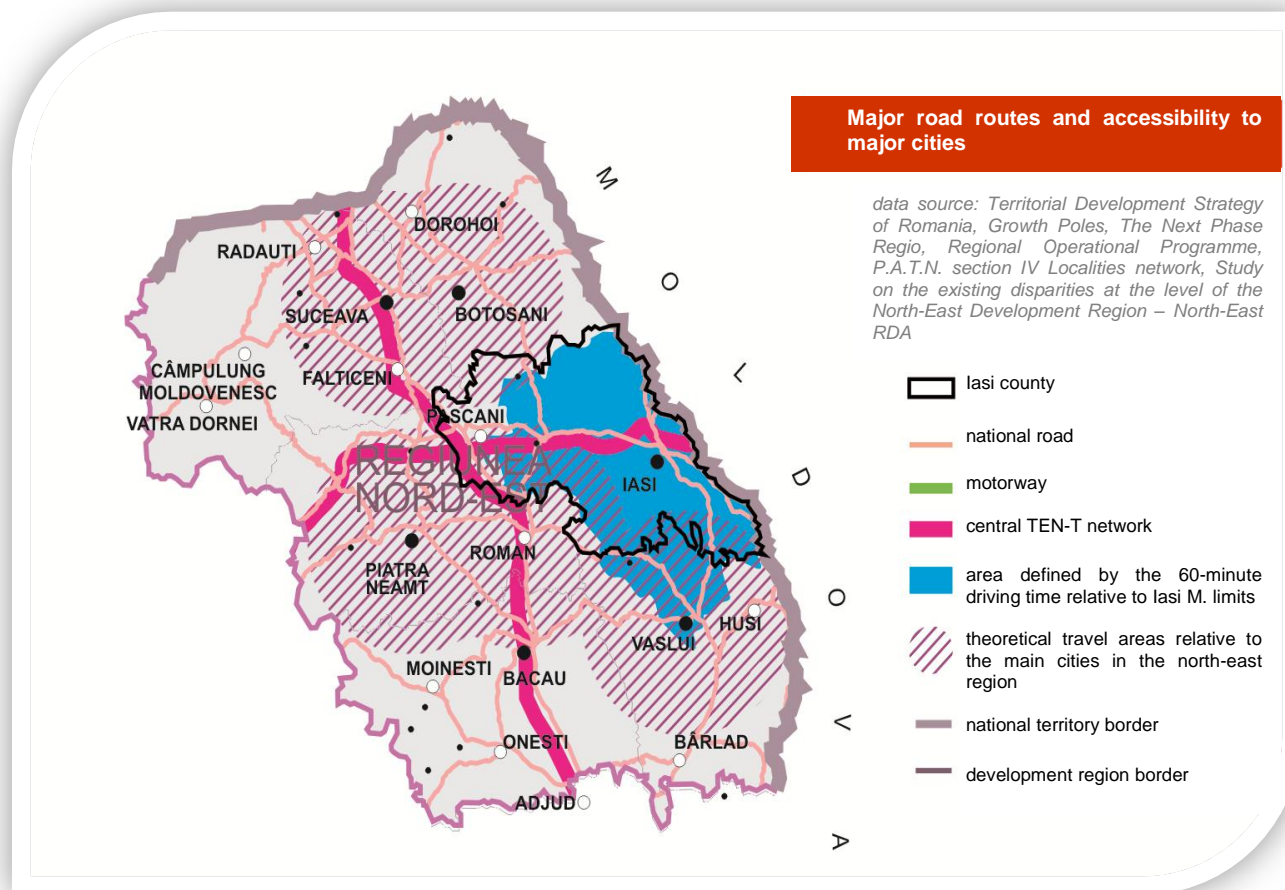
- In view of the industrial tradition, recent investments, as well as of the quality of education in the technical area, we regard the fields of **machinery and installation manufacturing, metallurgical industry, car and car parts manufacturing** as distinctly important.
- Given Iași's acknowledged role as regional medical centre, the elite education in the field of medicine and the aforementioned pharmaceutical industry, we consider **medical services**, as well as related tourism, to be a sector with growth potential.



Territorial and spatial development

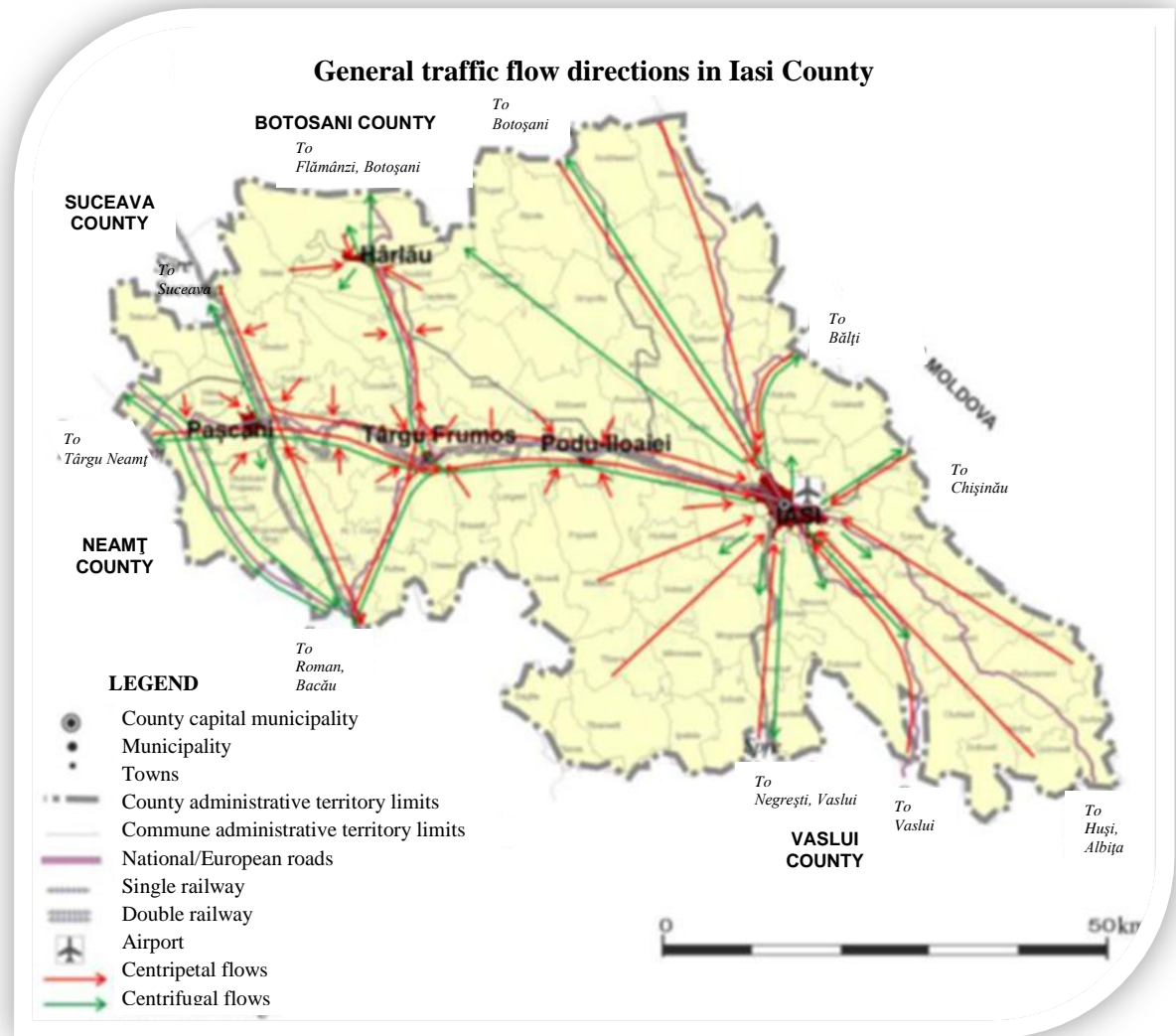
Iași Municipality is a major urban centre of region-wide and nation-wide influence, with a high economic level and a well-defined historical and cultural identity. It acts as a pole of attraction for the counties of Botoșani and Vaslui, while being a major connection node to Chișinău, the capital of the Republic of Moldova.

It is necessary to highlight Iași County's peripheral position at national, European, as well as regional level, with a particular focus on Iași Municipality. This position is also enhanced by the poorly-developed infrastructure and actually by the scarce possibilities to link the existing network with the infrastructure development intentions at higher levels (mainly European).



Urban localities' distribution along the west-east axis divides the county's territory into two large areas where there are no other towns, except for Hârlău in the north-west side.

In correlation with the lack of major urban centres in the bordering counties as well, this phenomenon involves a functional urban disequilibrium, with consequences on economic activity and the population's quality of life.



Given the economic characteristics, the cities' polarisation areas, transport infrastructure distribution and the local development index, four types of rural areas with specific traits have been identified.

There is, on one hand, a large number of poorly-developed localities and, on the other hand, a direct link between the development level and the proximity to Iași County or to any other urban centre.



Culture and heritage

Iași County's cultural potential is almost overwhelming. From the history of these places, the buildings of the past century to the churches' architecture, the density of cultural institutions or, simply, the bohemian lifestyle and the linden trees in Copou, Iași's cultural dimension stands out and demands a closer analysis of this field.

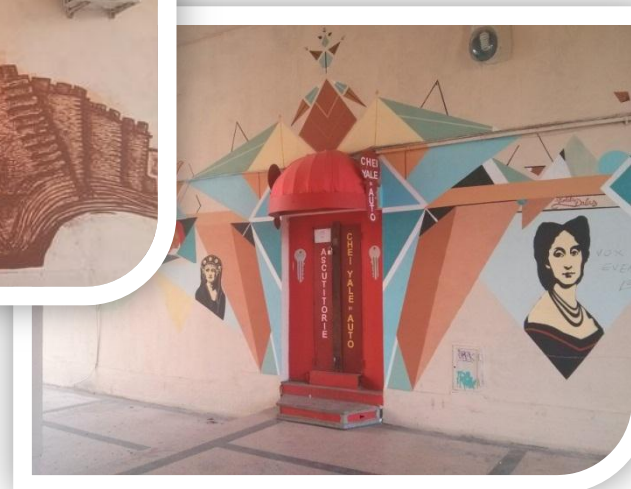
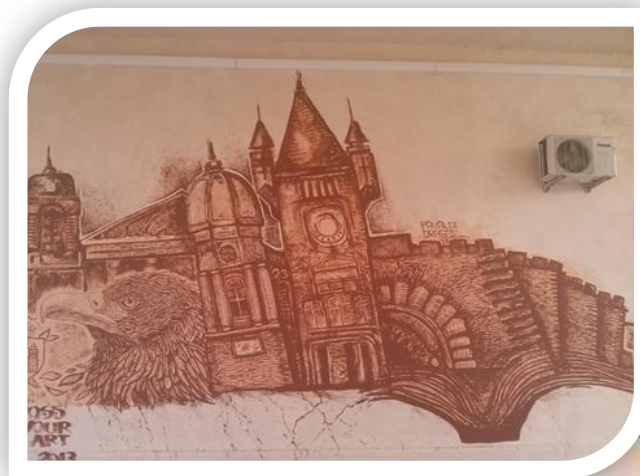
However, despite the incredible density of museums, of architectural landmarks, of memorial homes (1,630 historical monuments registered on the Iași County monuments' list), which places the county on the 2nd position country-wide, after Bucharest, and on the 1st position region-wide, INS data for 2012 (interpreted and provided in the Social and Economic Analysis of North-East Region 2014-2020) show that Iași County (as opposed to Suceava and Neamț) “although recording the largest number of cultural assets (38.76 % of the regional total) and the largest exhibition surface area (81.78% of the regional total), it only accounts for approximately 18.42% of the visitors”¹.

Culture, tradition and creativity are recognised as the main elements that make Iași stand out amongst other counties and make up local identity.



¹ Social and Economic Analysis of North-East Region 2014-2020

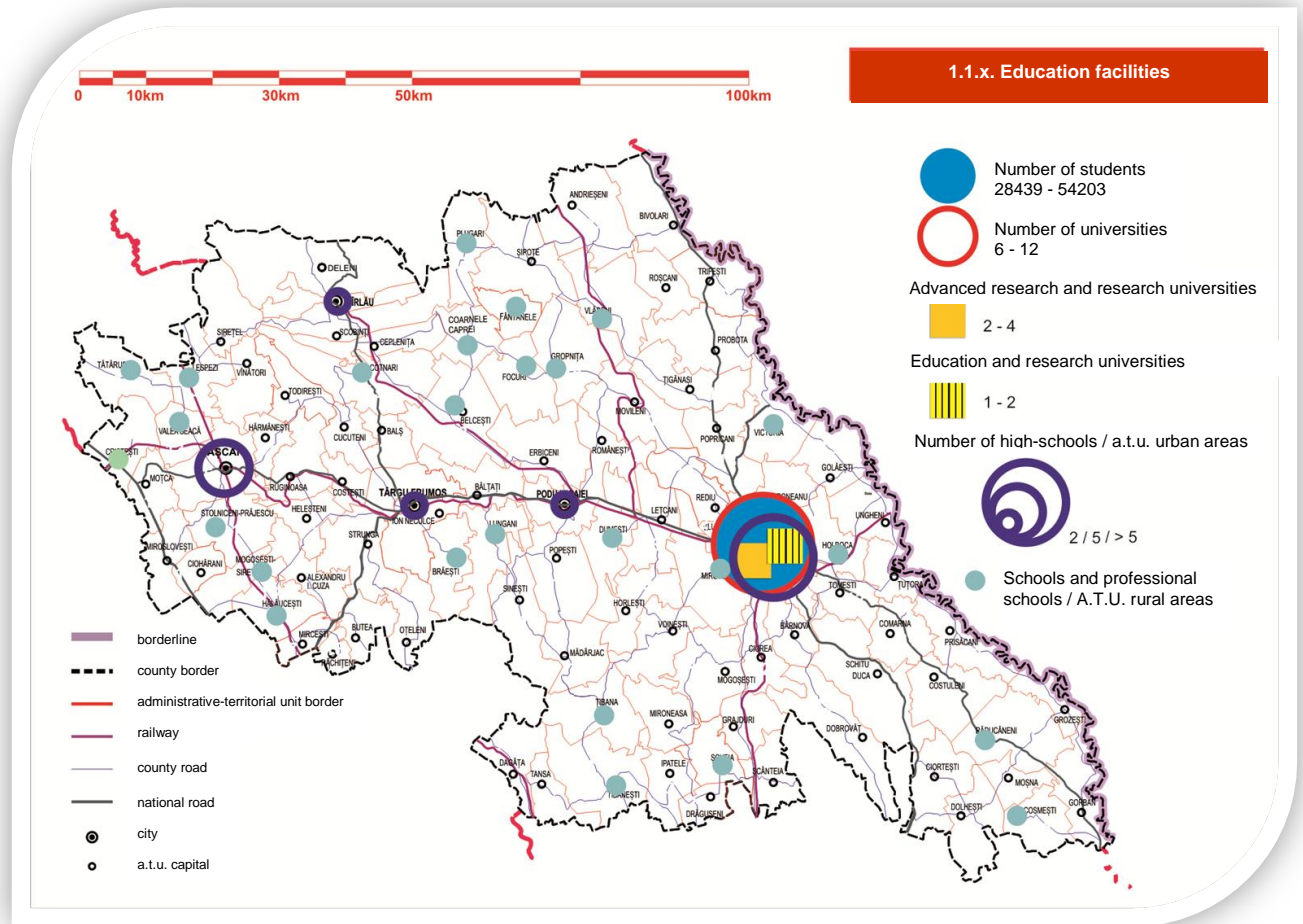
The cultural effervescence of Iași County is eclipsed by the lack of spaces or the improper locations for cultural events. The extremely low number (according to INS data for the year 2012) of public cinemas (3), of concert and performance venues (4), of art galleries etc. highlights either the lack of constant funds allocation for public activities or the poor allocation thereof.



The quality of education in Iași County is high on all levels, which is proven by the students' results in the national tests or by the Bacalaureate-passing rate.

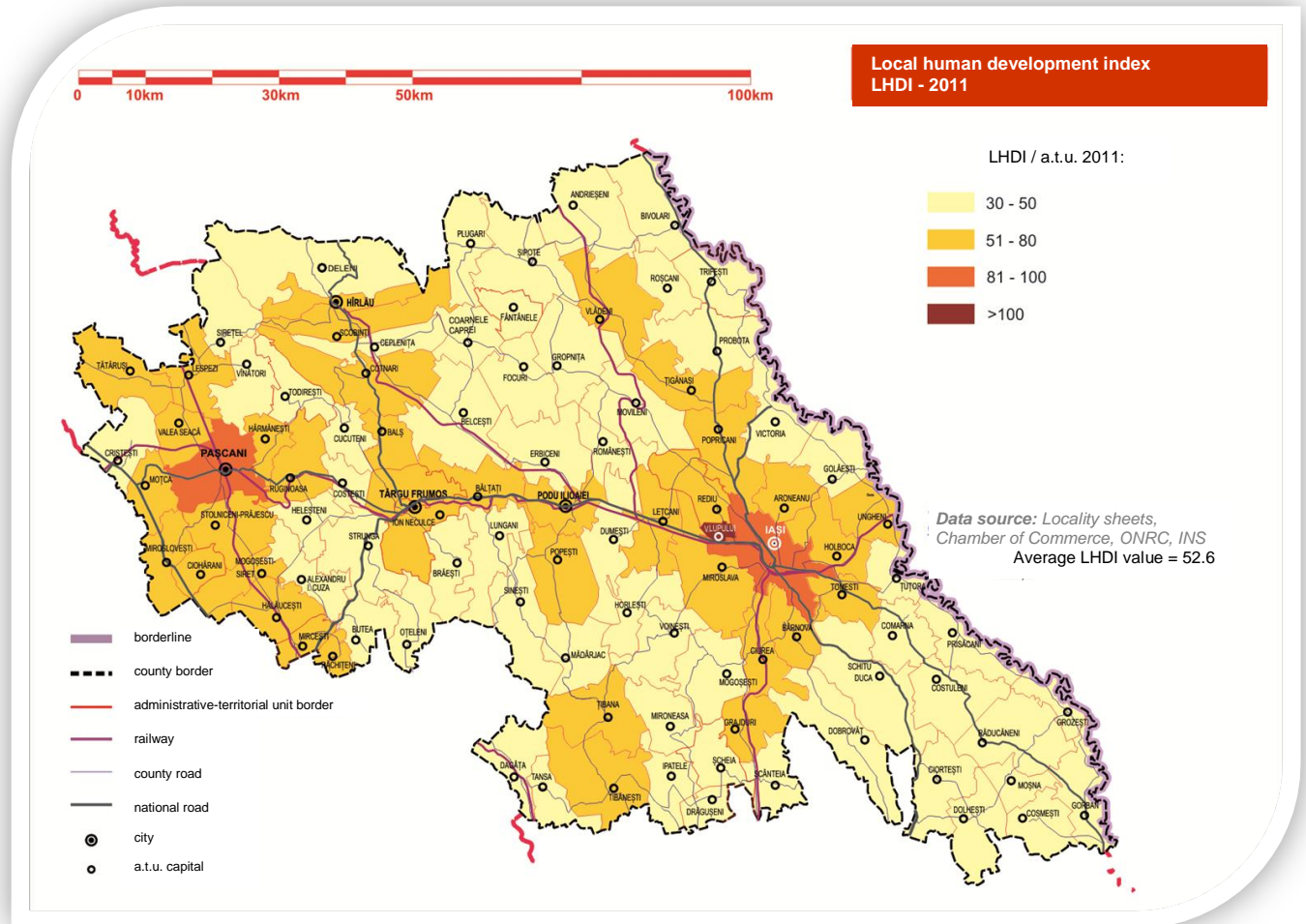
Higher education in Iași is recognized at national and international level and has maintained an elite level throughout the years.

In fact, education and human resources' training is acknowledged as one of the values that make Iași stand out amongst the other counties and as its main competitive factor.



The population's revenues are generally low, especially in rural areas, where most of the people are engaged in subsistence farming.

The degree of local development is also not very high, as shown by expert papers and assessments.



INTERNAL ENVIRONMENT

Strengths

- ✓ Favourable geographical location, in the proximity of the eastern Romanian border, which ensures easy access to the Republic of Moldova and Ukraine
- ✓ Natural resources that enable farming
- ✓ Relatively-developed social infrastructure
- ✓ Pre-university education system with high academic results
- ✓ The county capital – Iași Municipality – acts as a catalyst for the entire county – elite academic centre of national importance, one of the seven growth poles established at country level, cultural and historical centre
- ✓ Iași Municipality concentrates most of Moldova’s economic activity
- ✓ Existing major land reserves and industrial infrastructure that may enable *greenfield* and *brownfield* redevelopment
- ✓ Existing technological transfer and RDI infrastructure, which could support the local economy
- ✓ Specialisation in high-technology areas – pharmaceutical industry, machine tools
- ✓ Cultural wealth and outstanding cultural heritage
- ✓ Place of attraction for skilled people and youth – Iași Municipality
- ✓ The existing Iași international airport

Weaknesses

- ✓ Situated in the least-developed area of Romania
- ✓ Major development gaps between Iași Municipality and the remainder of the county, which is impacted by poverty and lack of jobs
- ✓ Very poorly-developed rural space, depending on subsistence farming
- ✓ Small towns affected by the de-industrialisation process
- ✓ High proportion of outsourcing in the field of IT services or in the textiles industry
- ✓ Lack of links between the education system and the labour market
- ✓ Lack of jobs and entrepreneurship opportunities at local level, which lead to workforce migration, especially in rural and small urban areas
- ✓ Significant concentration of economic operators in Iași Municipality, to the detriment of the other urban localities
- ✓ Low accessibility and connectivity for most areas across the county, due to poor road and railway infrastructure
- ✓ Impossibility to harness farming production given the lack of collection/processing facilities and the low scale of the farms
- ✓ Low access to public utility services
- ✓ Ageing population phenomenon, as a result of declining birth rates and of migration
- ✓ Low size of secondary urban centres
- ✓ Yet-unexploited tourism potential, due to improper facilities and difficult access
- ✓ County lacking high-speed roads, motorways and ring-roads
- ✓ Poorly-developed business support structures
- ✓ County and commune road network in need of upgrades

EXTERNAL ENVIRONMENT

Opportunities

- ✓ Funding opportunities in the next European programming period of 2014-2020
- ✓ Possibilities of integrated financing for the Iași growth pole (Iași Metropolitan Area included)
- ✓ Funding availability for cross-border cooperation projects, Romania-Ukraine-Republic of Moldova
- ✓ Development potential in terms of niche and recreation tourism services
- ✓ Development potential in terms of knowledge-intensive industry and services (IT, pharmaceutical-medicine, creative industries)
- ✓ High-performing agriculture potential
- ✓ Increasing competitiveness in the farming sector
- ✓ Rural economy diversification potential
- ✓ Backing agriculture competitiveness and innovation at European level
- ✓ High degree of associativity among local public administrations
- ✓ Outsourcing industry restructuring with a view to increase the products' added-value
- ✓ Iași academic system creating the conditions for qualified training of workforce and attracting skilled persons
- ✓ Iași Municipality stands at the crossroad of major transport and communication routes at national and international level

Threats

- ✓ Competition with other Romanian cities and areas of interest for investors (Bucharest, Cluj-Napoca)
- ✓ Stagnating European economies
- ✓ Unstable legal framework and poor enforcement thereof
- ✓ General lack of confidence within the Romanian society, particularly in terms of communication and collaboration between the administration and corporate sector
- ✓ Generally pessimistic perceptions on the part of the citizens and the corporate sector in reference to the county's future development and potential opportunities
- ✓ Environmental legislation in force being ignored
- ✓ Major development gaps at both intra- and inter-county level
- ✓ Lack of policies to address the marginalisation of vulnerable groups
- ✓ Major tourist circuits at international and national level (Bucovina, Ceahlău Mountain), which do not include Iași County landmarks
- ✓ Remoteness from major national (Bucharest) and European markets
- ✓ Low prioritisation of the large infrastructure projects concerning Iași County and managed at national level
- ✓ Ecosystem degradation due to human activity
- ✓ Negative externalities in relation to natural resources' exploitation activities