

# Preparing for Demographic Change in Nord-Vest, Romania

Policy Highlights





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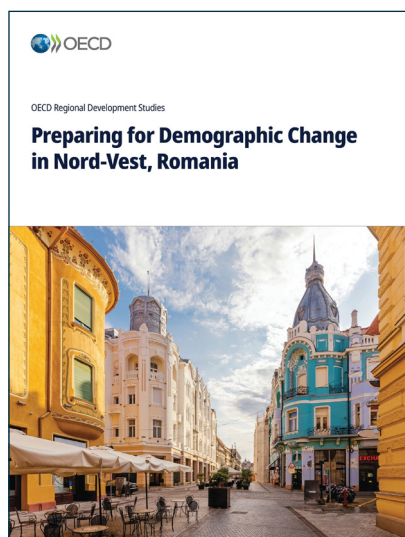
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The full book is accessible at  
**Preparing for Demographic Change in  
Nord-Vest, Romania**



OECD Publishing, Paris  
<https://doi.org/10.1787/21b50ace-en>

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# Adapting to demographic change can make Nord-Vest a better place to live, boost economic activity, and help retain and attract young talent

The Nord-Vest region is one of Romania's eight development regions. It is strategically positioned in the northwest of the country. The region's economy has been steadily converging towards European Union (EU) average, with the third fastest growth of regional GDP in Romania in the last ten years. Economic growth has been supported by the region's vibrant cities, twelve universities, emerging information technology sector, and significant natural capital.

Despite these strengths, Nord-Vest has experienced long-term population decline, albeit at a slower pace than the national average. In the 10 years to 2024, the region's population decreased by 1.8%. Over this period, around 4 500 more people left the region every year than arrived, including many young people. Due to the high youth outmigration, the European Commission identified Nord-Vest to be at risk of falling into a "talent development trap". Remaining attractive will require adapting to the new demographic reality

## Harnessing talent in Europe's regions

This study is part of the "Helping Regions Adapt to Demographic Change" initiative, which aims to support 10 regions across the European Union facing high rates of departure of young people to develop policies that respond to demographic challenges. It was undertaken as part of Pillar 2 of the European Commission's (EC) [Talent Booster Mechanism](#) (TBM),

which was launched in 2023 following the EC's Communication on [Harnessing Talent in Europe's Regions](#). The study aims to support regions in training, retaining and attracting people with necessary skills and competences to mitigate the impact of demographic change.



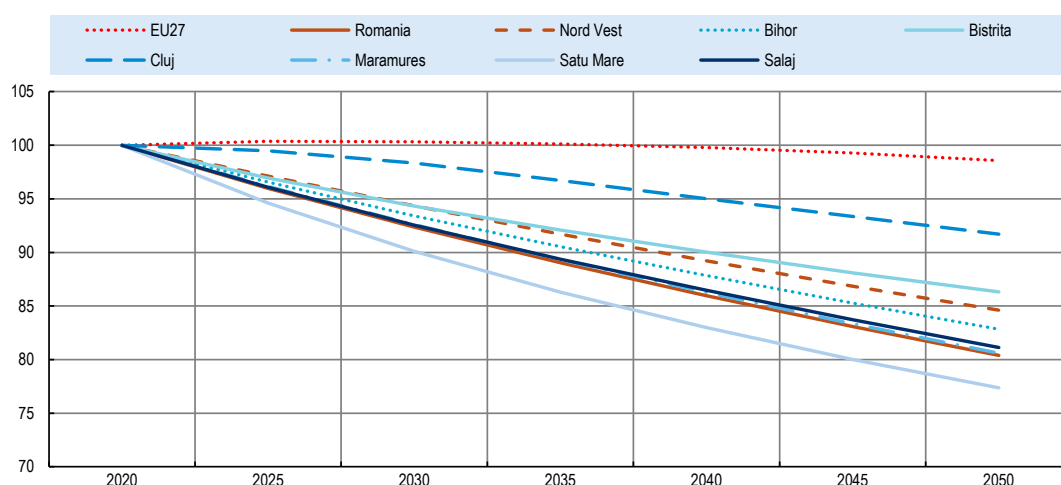
## Despite long-term demographic headwinds, outmigration is slowing as some urban centres flourish

Demographic headwinds in Nord-Vest are from both natural change and emigration. The fertility rate in Romania is 1.54 children per woman, below the replacement rate of 2.1. The generation born during a baby boom in the late 1960s and 1970s is ageing. While the region has historically faced a high rate of emigration, the rate of departure has been decreasing as the region has become more attractive. Despite this, the population of Nord-Vest is still projected to shrink by 15% by 2050, with 24% fewer working-age residents (15-64 years old) and 41% fewer young residents (15-49). It is also forecast to age, with a 23% increase in older residents (65+).

Population trends vary significantly throughout Nord-Vest. Cluj-Napoca, Oradea and Baia Mare continue to attract residents from rural areas of the region and other parts of Romania. This is supported by the strong higher education sector (concentrated in Cluj-Napoca) that brings diverse and young individuals to the region. Predominantly rural counties of Sălaj, Maramureş and Satu Mare are shrinking more rapidly. They are forecast to have 20% fewer inhabitants by 2050 (Figure 1).



**Figure 1. Nord-Vest is projected to shrink at a slower rate than Romania overall**



Note: Projections are made in 2019. Caution is needed when interpreting population projections, as they are based on various assumptions.

Source: Eurostat (2021), Demographic balances and indicators by type of projection and NUTS 3 region.

## Growth in high-skill sectors has led to skill shortages

Nord-Vest has a diverse and growing economy. Although GDP per capita (of EUR 24 370) remains below the average of the EU (39 088), the region has experienced the third-fastest economic growth rate in Romania for the past decade.

Robust economic performance is indicated by a 79% increase in labour productivity. Although there is a low and declining unemployment rate of 4% in Nord-Vest, the share of inactive population remains high at 32.2% (age group 15-64 years), significantly above the EU average (22.5%).

Nord-Vest's economy is focused on primary sectors, industry, trade and transport. The industrial sector makes up about 28% of the regional workforce, well above the EU average of 17%. Agriculture is also dominant with 10% of the workforce, above the EU average (3%). The region's economic structure is gradually evolving towards a more high-skilled economy with professional, scientific and technical activities accounting for 45% of employment growth between 2014-20. While a positive transformation is underway, the region remains constrained by a skill gap exacerbated by youth emigration. The labour market is particularly tight for high-skilled industries.



## Youth outmigration challenges the region's talent base

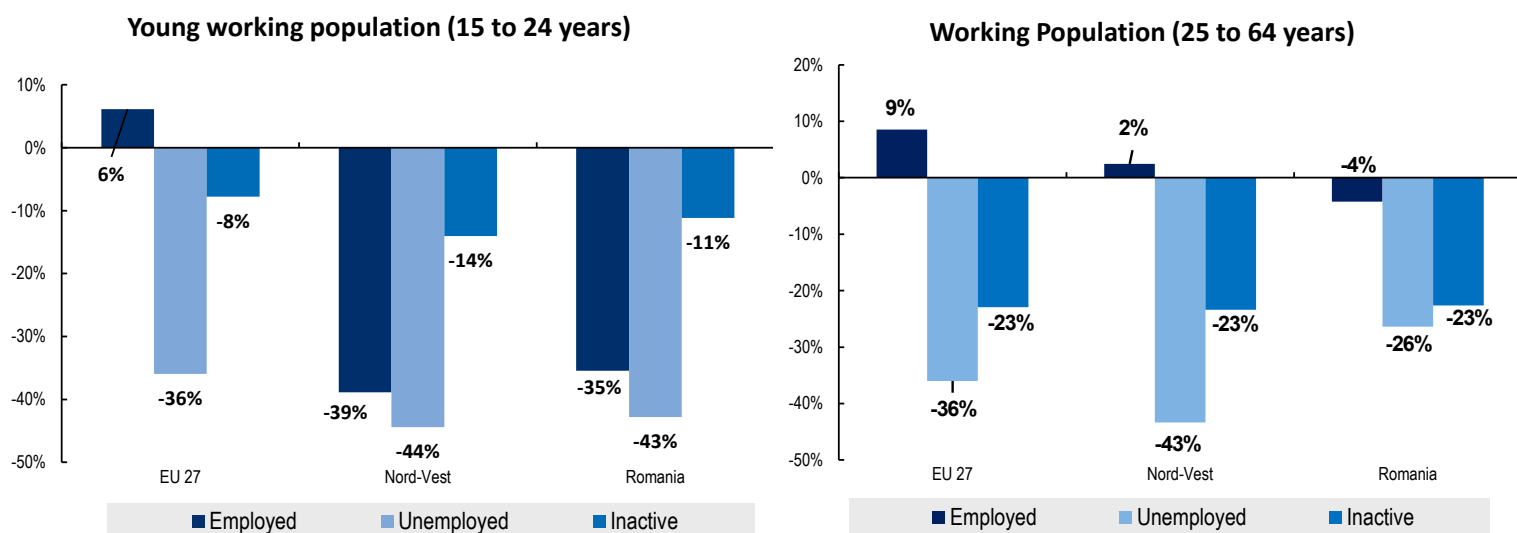
As in much of Romania, youth outmigration is high. From 2011-21, the region saw an annual outmigration rate of 1.2% of the youth population. Despite the presence of universities and emerging job opportunities, many young people leave. The young working population (ages 15-24) decreased by 39% between 2011 and 2022 (Figure 2). A smaller youth population risks exacerbating skill gaps and putting pressure on public sectors such as education and health, which already struggle to attract young workers.

A range of national, regional and local programmes are already being implemented to develop, retain and attract youth. The National Youth Strategy, Talent T4S3 initiative and Com'ON Cluj-Napoca are among many examples being implemented to tackle this challenge. However, further cross sectoral, multi-level efforts to mitigate youth outmigration will be necessary.



**Figure 2. The young workforce is already decreasing**

Growth of the population in each labour market category by region and age group (2011-22)



Source: OECD elaboration based on OECD Regions and Cities databases <http://oe.cd/geostats>

## A fragmented multi-level governance framework and insufficient co-ordination limits local policy responses to demographic change

Romania is a unitary country with two tiers of subnational governments (county and local). While the country has undergone a gradual decentralisation process, subnational responsibilities remain somewhat limited.

In 2022, county and local governments were responsible for 21.5% of public expenditure (below the EU average of 34.3%) and half of public investment. Romania also has eight statistical development regions that correspond to the NUTS 2 territorial units, each with a corresponding Regional Development Agency (RDA) that have recently become Managing Authorities for ERDF-funded Regional Programmes. The Northwest RDA is the Managing Authority in Nord-Vest.

The central government has responsibility across most policy domains linked to demographic change, while county and local governments support policy implementation and investment. The central government has adopted policies seeking to shift demographic trends, including for fertility, families and reintegration of Romanian citizens abroad. The central government has also responded through policies for long term care and active ageing, education and employment. County and local governments, as well as the North West RDA, are mainly focused on responding to demographic change by investments that seek to increase attractiveness.

## Better land-use plans and improved co-ordination between levels of government can help improve the attractiveness of the region

Nord-Vest is faced with fast-growing metropolitan centres, incomplete land registration and uneven planning capacity. Urban peripheries around Cluj-Napoca and Oradea continue to expand rapidly, with a doubling of built-up area in less than two decades (Figure 3). Suburban growth, driven by families seeking more space and students looking for affordable housing, often occurs on greenfield sites with limited access to public services, increasing infrastructure and environmental costs. At the same time, rural and some inner-city areas have high vacancy rates, unresolved inheritance issues and abandoned buildings.

Streamlining the spatial and urban planning framework could ensure a co-ordinated response to demographic change. Spatial planning instruments are outdated and fragmented. The Zonal Regional Spatial Plan (PATZR) has not been updated since 2003, county-level County Spatial Plans (PATJs) vary in scope and quality, and local General Urban Plans (PUGs) are often insufficient due to technical and financial constraints. Furthermore, co-ordination between spatial, housing and sectoral policies is weak, the cadastre is incomplete, digital tools are underused and there is limited integration of population projections.

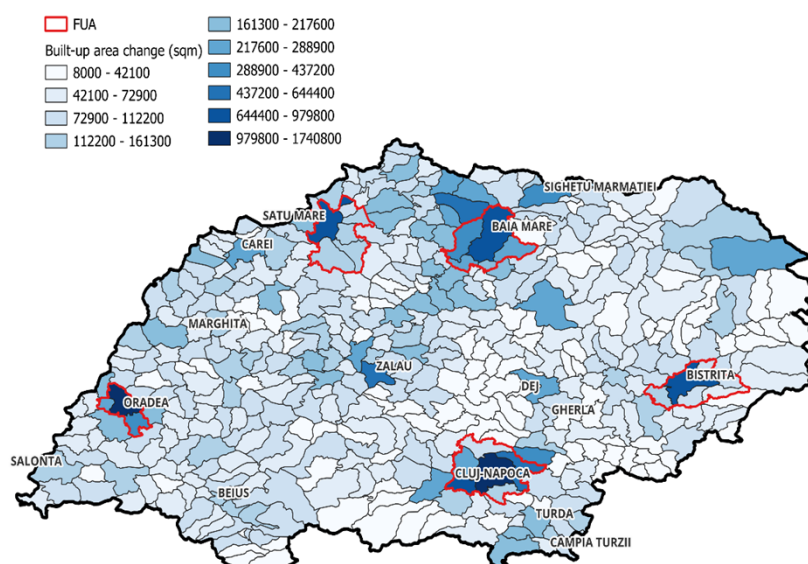
Enhancing access to affordable housing in urban areas would help dynamic cities in the region remain magnets for youth. Success of urban areas, particularly Cluj-Napoca and Oradea, has increased housing costs for residents. Cluj-Napoca experienced a doubling of real estate transactions between 2014-19. Better co-ordination of housing and spatial policies could help address housing costs. National spatial planning reforms and EU initiatives, such as the European Affordable Housing Plan, could also help modernise planning frameworks, improve affordability and create more compact and resilient communities.

Proactive adaptation of land and buildings can help ensure land use remains efficient as the population changes. A significant share of residential buildings in Nord-Vest are already vacant – a situation that is likely to worsen as the population shrinks. In Sălaj County, the vacancy rate increased from 15% in 2008 to 18% in 2018 and it is projected to exceed 20% by 2030. In some local areas in Cluj County, vacancy rates already surpass 50%. Inefficient land and property use is linked to the prevalence of secondary residences, inherited parental homes and abandonment of properties due to outmigration. Finalising the cadastre and improving the expropriation framework could support land use adaptation.



**Figure 3. Built-up areas are expanding in cities and rural areas**

Built-up area change, 2010-20 (sqm)



Source: Pesaresi M., Politis P. (2023) "GHS-BUILT-S R2023A - GHS built-up surface grid, derived from Sentinel2 composite and Landsat, multitemporal (1975-2030)", European Commission, Joint Research Centre (JRC), <https://doi.org/10.2905/9F06F36F-4B11-47EC-ABB0-4F8B7B1D72EA>; OECD (2021, OECD.Stat (database), <https://stats.oecd.org/> (accessed on 14 April 2025).

## OECD Recommendations

### Streamline the spatial and urban planning framework to support a co-ordinated response to demographic change

Co-ordinate county spatial plans	County councils, together with the RDA and MDPWA, could update the Zonal Regional Spatial Plan (PATZR) to align county and local spatial plans and ensure that funded investments are systematically integrated into regional, county and urban planning frameworks.
Strengthen co-ordination between plans at the metropolitan level	Local authorities in metropolitan areas such as Cluj-Napoca and Oradea could develop integrated metropolitan urban plans aligned with SIDU to guide coherent territorial development, reduce planning costs through co-ordination and ensure eligibility for Cohesion Fund financing.
Digitalise spatial and urban planning	The MDPWA, NIS, and the RDA could strengthen evidence-based spatial planning by digitalising maps, developing comprehensive GIS and data systems with demographic projections, and supporting local authorities through capacity-building, targeted funding, and digital tools.

### Enhance access to affordable housing in urban areas

Facilitate increased development of housing in areas with demand	County governments should ensure that PATJs guide metropolitan cores toward higher-density and affordable housing development, using tools such as density bonuses and flexible zoning, while strengthening restrictions in under-served areas and streamlining permitting.
Direct funding to social and affordable housing	Local authorities in growing urban areas could update land-use regulations to capture land-value gains and require affordable housing contributions, while the North-West RDA could help municipalities access EU and EIB funding to support social housing, urban regeneration, and sustainable affordable housing initiatives.
Facilitate absorption of EU funds for multi-owner residential buildings	Local authorities should streamline approval procedures for EU-funded projects by replacing unanimity requirements with standard two-thirds thresholds, while the RDA and municipalities could enhance outreach to ensure homeowners are informed of funding opportunities.
Promote the use of land value capture mechanisms	The North-West RDA and local authorities could promote wider use of land value capture mechanisms, such as developer obligations and infrastructure levies, to finance public facilities and transport infrastructure in rapidly growing metropolitan areas like Cluj-Napoca and Oradea.

### Support efficient adaptation of land and buildings as the population shrinks

Enhance building and property transaction data	The MDPWA, with support from the North-West RDA, could develop a comprehensive, publicly accessible real estate database covering transactions, secondary homes, vacant properties, dwelling quality and historical property data.
Use fiscal instruments to encourage more efficient use of properties	Local authorities could use higher property taxes on secondary and vacant homes to activate underused housing, while the North-West RDA could support access to ERDF funds for rehabilitation, measures that will depend on reliable vacancy and housing data.
Complete the national cadastre	The National Cadastre and Land Registration Agency should complete the national cadastre and land registry to enhance market transparency, reduce transaction times, prevent property disputes, and facilitate the expropriation of unclaimed and vacant properties.
Simplify the expropriation process to encourage adaptation	The MDPWA should strengthen the legitimacy of expropriation by ensuring transparent procedures and fair compensation, including by simplifying requirements for small-scale projects and establishing a clear legal framework for managing unclaimed properties.

## Strengthen the multi-level governance framework and enhance co-ordination to help adapt to the new demographic reality

Demographic change will place significant pressure on the multi-level governance framework.

Improved long-term strategic planning can help align investments to future demand. While regional-level strategic planning has been progressively strengthened in recent years, it remains fragmented and could be more strategic. The national Territorial Development Strategy for Romania (SDTR) is outdated and underutilised, and the Nord-Vest Regional Development Plan could be more forward-looking. County and local development strategies vary, often constrained by insufficient co-ordination, capacity and data.

Adapting the territorial structure and enhancing co-operation in Nord-Vest could help to ensure that public services remain efficient. The territorial structure in Nord-Vest is relatively fragmented. At the local level, around 80% of local governments in Nord-Vest have fewer than 5 000 inhabitants, above the OECD average. Romania's classification of localities into cities, towns and villages is out-of-date, impacting funding and staffing of localities (Table 1). Furthermore, use of intermunicipal co-operation across both urban and rural areas remains limited and is often sectorial. Co-operation can be difficult because of unilateral decision-making processes, capacity constraints and funding. Continued efforts are needed to support metropolitan areas and foster inter-community development associations.

Gradually increasing subnational government competencies and fiscal autonomy could facilitate more local responses to demographic change and attractiveness. They only account for 21% of total public expenditure (below the OECD average of 27%), with around half of that directed towards investment (well above the OECD average of 11.3%). Progress towards further decentralisation in Romania, including in Nord-Vest, has been limited partly due to large differences in administrative capacity across localities. Some municipalities in Nord-Vest have high capacity and could gradually take on additional responsibilities.

Strengthening county and local government finances would support an equitable and local response to demographic change. Romania has a complex inter-governmental fiscal framework, with limited local autonomy. County and local governments are highly reliant on grants and transfers, which make up 83.7% of revenue (well above the OECD average of 42.7%). The value added tax (VAT) and personal income tax (PIT) sharing systems are complex, opaque and earmarked. Recent reforms to the Law on Local Public Finances have sought to improve PIT distribution for metropolitan areas and inter-municipal co-operation bodies, but funding is not always allocated. Furthermore, local tax collection is still incipient.



**Table 1. Over half of the cities and towns in Nord-Vest do not meet relevant population criteria defined by law**

Categorisation of localities in Nord-Vest by population and administrative status

	Number of residents					TOTAL
	40 000 +	40 000 – 10 000	10 000 – 5 000	5 000	< 1 500	
Cities	7	8				15
Towns		13	11	4		28
Communes	1	5	45	283	69	403

Source: OECD (2024) [Disaggregated regional and municipal government finance data](#); Law no. 351/2001; Population based on 2021 Census.



# OECD Recommendations

## Enhance long-term strategic planning to better align investments to future populations

Update and adopt the National Territorial Development Strategy	In line with the Law on Regional Planning and Urbanism (Law No. 350/2001), the MDPWA is responsible for regularly preparing the strategy to support balanced, coherent and sustainable development.
Base strategies on long-term population projections	The MDPWA may consider instructing all relevant administrative bodies' development strategies to include independently prepared long-term demographic projections.
Enhance regional strategic planning capacity	The North-West RDA can further the role of its Regional Development Plan as a mechanism to co-ordinate and prioritise investments within Nord-Vest, while ensuring the inclusion of local stakeholders so that investments respond to local needs.
Engage in consultation with stakeholders on development strategies	The North-West RDA should conduct a structured consultation process with national, county and local stakeholders (especially youth) to give inputs into the development of the next Regional Development Plan.
Strengthen local statistics	The National Institute of Statistics should continue to enhance the availability and quality of data at a locality level, including population projections and data on public service quality, housing, health, education, skills and local government finances.

## Adapt territorial structures as the population changes

Adapt territorial structures as the population changes	The MDPWA should update the classification of local authorities (cities, towns and communes) to align with defined criteria, such as minimum population thresholds.
Streamline the legal framework for voluntary mergers of localities	The MDPWA, and other relevant central government ministries, would benefit from reviewing the legislative process and streamlining administrative and legislative processes for mergers.
Develop guidelines for inter-municipal co-operation	The North-West RDA, in collaboration with MDPWA and relevant local government associations, could consider developing blueprint models and practical handbooks that offer legal and procedural guidance.
Earmark funds for investments that foster inter-municipal co-operation	The North-West RDA could consider introducing eligibility criteria that require local authorities to meet a population criterion or to establish inter-municipal co-operation mechanisms across a functional area to be eligible for accessing certain programmes.
Strengthen inter-municipal co-operation	The MDPWA, with support of the relevant associations of local authorities, could further develop targeted funding, incentives and training to encourage intercommunity development associations and administrative consortia.
Reinforce metropolitan governance	The MDPWA may wish to consider further strengthening the legal framework for metropolitan areas to clarify responsibilities from those of local authorities.
Leverage inter-governmental transfers to encourage inter-municipal co-operation	The Ministry of Finance, in co-operation with the MDPWA, may wish to continue building on recent changes to funding for inter-municipal co-operation bodies (e.g., IDAs, administrative consortia) by further facilitating co-operation through funding arrangements.
Harness the Integrated Territorial Investment (ITI) instrument	With European Commission support, the North-West RDA could guide stakeholders to use ITI in metropolitan areas, advise on creating strategies, verify conformity with EU principles, and ensure there is a component for capacity building.
Facilitate regional cross-sectorial investment	The MDPWA may wish to explore opportunities for continued evolution of regional authorities to ensure an effective and efficient response to strategic challenges like demographic change.

## Gradually and asymmetrically increase subnational government autonomy to facilitate more tailored local responses to demographic change and attractiveness

Create a pilot to grant additional competencies to high-capacity localities	In line with Romania's 2017 General Strategy for Decentralisation, the MDPWA could consider identifying a selection of local authorities in Nord-Vest who have sufficient capacity (e.g. cities above 40 000 population) to implement a pilot program to grant selected additional competencies.
Develop a public dashboard of indicators	The North-West RDA could create a user-friendly dashboard with quantitative indicators on local authorities and highlight good practices of local authorities.
Develop local public sector skills	The MDPWA, together with associations of cities, towns and communes, could undertake an assessment of skills gaps and implement centralised training programmes.

## Proactively improve public services to strengthen talent retention and enhance quality of life

Demographic change will have a varied impact on public services across Nord-Vest. As the population shrinks and ages, student numbers will decrease, while healthcare demand will increase. Enhancing transport and digital connectivity will remain essential.

Improving public transport can help better reflect and shape demographic trends. Public transport in Nord-Vest is insufficient and fragmented, undermining attractiveness and access to jobs and public services (especially for youth, minorities and the elderly). Major investments are already improving road and public transport infrastructure in the region, but investment will not be enough on its own. Public transport planning systems remain fragmented across jurisdictions and transport planning is insufficiently integrated, calling for co-ordination.

Increasing the quality of the regional healthcare system will be needed to meet the needs of an ageing population. Health outcomes in the region are low. Nord-Vest residents experience a mortality rate one

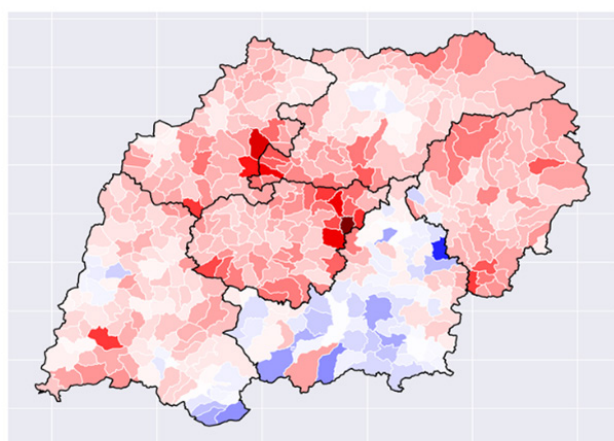
and a half times that of the EU average. Although the region has seen significant investment in hospitals, the system is still not fully prepared for an older population. Access to preventative healthcare remains limited. Rural areas lack resources and staff, despite programmes to incentivise worker mobility. Further reforms and investment will be needed to improve health outcomes.

Enhancing education access and quality will be needed to improve social and economic outcomes and offset the negative economic impact of demographic change. By the end of lower-secondary education, students are one and a half times as likely as their EU peers to not achieve basic competence in mathematics, reading and science. The urban-rural gap is high, with eight in ten rural students having inadequate mathematics skills, double urban students. While the North-West RDA has supported significant investment in education, the system faces continued challenges and cost pressures (Figure 4), requiring action from all levels of government.

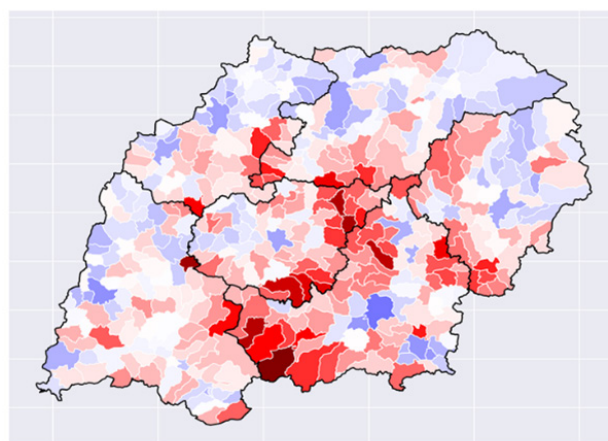
### Figure 4. Education is forecast to become more expensive in most localities

Categorisation of localities in Nord-Vest by population and administrative status

Change in per student costs from 2011 to 2035, %



Per student costs in 2035 relative to median Romanian locality, %



Source: OECD calculations based on OECD-EC/JRC (2021), Access and Cost of Education and Health Services, <https://doi.org/10.1787/4ab69cf3-en>



# OECD Recommendations

## Improve public transport to better reflect and shape demographic trends

Support inter-municipal co-ordination for public transport	All metropolitan areas in Nord-Vest could explore the potential benefits from establishing integrated bodies to provide public transport at a functional urban level, as exists in the case of the Cluj-Napoca Public Transport Company.
Facilitate urban-rural connections	County governments in Nord-Vest would benefit from exploring minimum standards for inter-locality travel between settlements above a certain size and their nearest regional service centre.
Explore on-demand public transport	The North-West RDA could monitor the progress of a variety of on-demand transport solutions and consider if this technology has the potential to efficiently support mobility access in sparsely populated areas..

## Enhance education access and quality to improve social and economic outcomes and offset the negative economic impact of demographic change

Develop and test inter-municipal co-operation for primary education	The Ministry of Education could explore developing a pilot project to encourage sharing of education facilities between local authorities in areas impacted by a declining school age population where alternate schools are located nearby and where students have reliable transport.
Develop national guidelines for school network re-organisation	The Ministry of Education can work with associations of local authorities to develop guidelines for school network re-organisation, including harnessing indicators to inform decisions, stakeholder consultation requirements and options under different student projection scenarios.
Develop a digital correspondence education system	The Ministry of Education could review the potential for a digital correspondence education system, in line with the "Online School" of digital textbooks and resources created under the Educated Romania project.
Develop an education disadvantage index	The Ministry of Education could consider developing a comprehensive index based on costs and social disadvantages to inform funding to better provide social support and tailored education experiences.
Develop an investment pipeline for childcare	The North-West RDA could work with local authorities to identify shortages and develop a pipeline of childcare facilities to seek funding for investment in childcare capacity.
Review the unit cost of education to inform school funding	County directorates for education in Nord-Vest, or the Ministry of Education, could review the unit cost of education across schools in Nord-Vest and identify funding deficits.
Invest in developing the education workforce	The North-West RDA could fund professional development and training for teachers as part of its investment in human capital, especially in disadvantaged communities.
Provide pilot grants for dual education	The North-West RDA could provide one-off conditional grants to support employers that are considering providing training opportunities within the dual education system.

## Improve the quality of the regional healthcare system to better meet the needs of an ageing population

Collect granular health data and implement workforce planning	The Ministry of Health could continue to expand data available in the Multi-annual Strategy for Human Resources Development in Health to support more informed investments and health policy decisions.
Invest to improve access to quality health care	The Ministry of Health could undertake a further review of the primary care system, identify drivers behind under-use of primary care and propose reforms needed to transform the healthcare system.
Develop public health centres and preventative programmes	The North-West RDA could prioritise funding for public and preventative health measures and encourage local authorities to develop concrete and evidence-based proposals for investment in this area.
Address barriers to medical training in rural hospitals	The county directorates for health in Nord-Vest could benefit from closer collaboration with local medical universities to tackle barriers to training in regional hospitals and explore extending rural service obligations to other forms of practical training (such as internships) and other healthcare workers (such as nurses).
Scale-up investment in rural health centres	The North-West RDA could invest more in community health and long term care centres to relieve the burden on hospitals and facilitate healthy ageing through greater access to health services.
Innovate local public health programmes	County and locality governments could trial programmes promoting public health and healthy ageing.



More information:

[www.oecd.org/en/topics/sub-issues/demographic-change-in-regions.html](https://www.oecd.org/en/topics/sub-issues/demographic-change-in-regions.html)

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