

OECD Regional Development Studies

Preparing for Demographic Change in Nord-Vest, Romania



Preparing for Demographic Change in Nord-Vest, Romania

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of the Member countries of the OECD.

This document was produced with the financial assistance of the European Union. The views expressed herein can in no way be taken to reflect the official opinion of the European Union.

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

Please cite this publication as:

OECD (2025), *Preparing for Demographic Change in Nord-Vest, Romania*, OECD Regional Development Studies, OECD Publishing, Paris, <https://doi.org/10.1787/21b50ace-en>.

ISBN 978-92-64-99824-7 (print)
ISBN 978-92-64-90686-0 (PDF)
ISBN 978-92-64-70247-9 (HTML)

OECD Regional Development Studies
ISSN 2789-7990 (print)
ISSN 2789-8008 (online)

Photo credits: Cover © Alexander Spatari/Getty Images Plus.

Corrigenda to OECD publications may be found at: <https://www.oecd.org/en/publications/support/corrigenda.html>.

© OECD 2025



Attribution 4.0 International (CC BY 4.0)

This work is made available under the Creative Commons Attribution 4.0 International licence. By using this work, you accept to be bound by the terms of this licence (<https://creativecommons.org/licenses/by/4.0/>).

Attribution – you must cite the work.

Translations – you must cite the original work, identify changes to the original and add the following text: *In the event of any discrepancy between the original work and the translation, only the text of the original work should be considered valid.*

Adaptations – you must cite the original work and add the following text: *This is an adaptation of an original work by the OECD. The opinions expressed and arguments employed in this adaptation should not be reported as representing the official views of the OECD or of its Member countries.*

Third-party material – the licence does not apply to third-party material in the work. If using such material, you are responsible for obtaining permission from the third party and for any claims of infringement.

You must not use the OECD logo, visual identity or cover image without express permission or suggest the OECD endorses your use of the work.

Any dispute arising under this licence shall be settled by arbitration in accordance with the Permanent Court of Arbitration (PCA) Arbitration Rules 2012. The seat of arbitration shall be Paris (France). The number of arbitrators shall be one.

Foreword

Over the past two decades, nearly half of OECD non-metropolitan regions near a large city, 40% of small cities and 40% of rural remote regions saw their populations decrease—a trend that is expected to continue in many places. In the European Union, for example, two-thirds of regions are projected to have less population in 2050 than they had in 2019, while nearly 9 of 10 regions are projected to have a higher median age. Some regions also face high rates of emigration, particularly of young and skilled workers. Shrinking, ageing and emigration can have a strong impact on a region, potentially leading to a deterioration of public finances, skill and labour shortages, underused land and housing, loss of community vitality and higher service provision costs.

In the face of demographic change, regions need to proactively adapt to ensure the continued well-being of residents. This requires re-scaling and updating policies, governance structures, public services and investments to match future populations. By proactively adapting, governments can ensure they can continue to provide a high-quality built environment and effective public services, which can ultimately increase their attractiveness to employers and to talent.

In order to help regions in the European Union better respond to demographic change, the European Commission (EC) issued a Communication in January 2023 on [Harnessing Talent in Europe's Regions](#). This led to the establishment of the [Talent Booster Mechanism](#) (TBM), which aims to assist regions in training, retaining and attracting people with the necessary skills and competences to mitigate the impact of demographic transition. Under Pillar 2 of the TBM, the OECD is providing technical assistance to ten regions to support smart adaptation to demographic transition: Region Autónoma dos Açores (PT), Banská Bystrica Self-Governing Region (SK), Campania (IT), Castilla y León (ES), Centre-Val de Loire (FR), Extremadura (ES), Nord-Vest (RO), Norte (PT), Regional Council of Pohjois Savo (FI) and Thessalia (EL).

Each of the ten regions are receiving a report with tailored analyses and recommendations to help them adapt to demographic change. The reports include a detailed assessment and recommendations, and four main chapters. Chapter 2 sets the scene with an overview of the socio-economic context, the ‘talent development trap’ and the institutional and policy context. Chapter 3 explores adapting land-use and spatial planning to demographic change. Chapter 4 explores adapting subnational government finance, public investment and multi-level governance frameworks to demographic change. Chapter 5 explores adapting transport, childcare, education, and healthcare to demographic change. Each report is based on extensive analysis, site visits, workshops and peer learning exchanges.

This report is part of the OECD workstream on “Preparing Regions for Demographic Change” and was carried out as part of the OECD Regional Development Policy Committee (RDPC) Programme of Work and Budget. The RDPC provides a unique forum for international exchange and debate on regional economies, policies and governance. The report was submitted for comments to the RDPC [CFE/RDPC(2025)14] via written procedure in August 2025.

Acknowledgements

The report was prepared by the OECD Centre for Entrepreneurship, SMEs, Regions and Cities (CFE), led by Lamia Kamal-Chaoui. It was produced as part of the Programme of Work of the Regional Development Policy Committee (RDPC). The report was prepared in the framework of a project on 'Helping regions adapt to demographic change' and implemented in the context of the OECD's programme on Preparing Regions for Demographic Change and the European Commission's Talent Booster Mechanism. It was made possible thanks to the financial contributions of the European Commission's Directorate-General for Regional and Urban Policy (DG REGIO).

The project was co-coordinated by Courtenay Wheeler and Jaebeum Cho, under the supervision of Dorothée Allain-Dupré, Head of the Regional Development and Multi-level Governance Division (RDG) and Rüdiger Ahrend, Head of Economic Analysis, Data and Statistics Division (EDS), all in CFE. The report on Nord-Vest, Romania was co-ordinated by Courtenay Wheeler, under the supervision of Isabelle Chatry, Head of the Decentralisation, Subnational Finance and Infrastructure Unit in RDG, CFE.

Chapter 2 was prepared by Courtenay Wheeler, Caroline Gentet-Raskopf and Monika Kollar, with contributions from Agustin Basauri and Lukas Kleine-Rueschkamp in the Local Employment, Skills and Social Innovation Division of CFE. It was reviewed by Isabelle Chatry and Andrés Fuentes Hutfilter. Chapter 3 was prepared by Caroline Gentet-Raskopf, with contributions from Petra Bayerova, and reviewed by Andrés Fuentes Hutfilter and Courtenay Wheeler. Chapter 4 was prepared by Monika Kollar, Justin Chen and Courtenay Wheeler, and reviewed by Isabelle Chatry. Chapter 5 was prepared by Justin Chen and reviewed by Enrique Garcilazo and Courtenay Wheeler. Brendan Irish provided contributions to Chapter 2 and Chapter 4.

The OECD would like to thank the Nord-Vest Regional Development Agency for their co-operation and support during the study process. Special thanks are given to the local team composed of Andreea Coptil, Catalin Hadadea, Mariia Chornobai, Marius Lazin and Paula Hulea, among others, who provided support for implementation of the study and helpful comments on the report. The OECD also thanks Gergana Miladinova, François Gallaga, Diletta Zonta, Andreea Maier, Haroun Khalid, Irina Sofleta, and Milena Novakova from DG REGIO for their support and input throughout the preparation of the report. Thanks are also extended to Liviu Bailesteanu, Radu Necsuliu, Georgiana Toth and Alina Huzui-Stoiculescu, from the Romanian Ministry for Development, Public Works and Administration for their input and comments. Finally, the OECD gives thanks to the many stakeholders met during the study for their warm welcome to the region and valuable contributions, including representatives from county and local governments, civil society organisations and universities. The draft also benefited from comments from Delegates of the RDPC.

Special thanks are given to Jack Waters (CFE) who provided guidance on preparing the publication, Georgia McKerracher (CFE/RDG) and Isabella Edgecombe (CFE) for help preparing the policy highlights, and Roxana Glavanov and Jiin Lee (CFE/RDG) for support with communications.

Table of contents

Foreword	3
Acknowledgements	4
Abbreviations and acronyms	9
Executive Summary	11
1 Assessment and recommendations	13
Regional profile and key trends	13
Adapting land use and spatial planning	15
Adapting multi-level governance frameworks and subnational finances	19
Adapting service provision	25
Action plan	29
2 Setting the scene: Portrait of Nord-Vest in its national and European context	34
Introduction	35
Socio-economic context	37
Understanding the talent development trap and its drivers	48
Institutional and policy context	51
References	59
Note	62
3 Adapting land-use and spatial planning to demographic change in Nord-Vest	63
Introduction	64
Land-use and settlement patterns in Nord-Vest	64
The housing market exhibits heterogeneous trends across urban and rural contexts	71
The spatial and urban planning framework remains overly complex and fragmented	76
Housing policy is not sufficiently integrated into spatial planning	83
Recommendations	85
References	90
4 Adapting multi-level governance, subnational finance and investment to demographic change in Nord-Vest	95
Introduction	96
Adapting subnational finances to demographic change in Nord-Vest	97
Aligning public investment with demographic change in Nord-Vest	105
Adapting the multi-level governance framework to demographic change in Nord-Vest	116
Recommendations	132
References	139
Notes	144

5 Adapting service delivery to demographic change in Nord-Vest	145
Introduction	146
Connectivity	147
Education and childcare	151
Healthcare	163
Recommendations	172
References	177
Annex 5.A. Methodology for measuring physical access to services	182

FIGURES

Figure 2.1. Overview of the Talent Booster Mechanism	36
Figure 2.2. Nord-Vest is situated on border of Hungary and Ukraine and comprises six counties	37
Figure 2.3. The Nord-Vest region is a rural region with several important urban centers	38
Figure 2.4. Population decreased in all counties between 2013 and 2023	39
Figure 2.5. The population of the Nord-Vest region is declining because of low birth rate and international outmigration	40
Figure 2.6. Nord-Vest is experiencing suburbanisation and population decline in rural areas	41
Figure 2.7. Metropolitan areas are becoming younger, while remote places are ageing	42
Figure 2.8. Nord-Vest is projected to shrink at slower rate than Romania overall	43
Figure 2.9. The population of Nord-Vest is forecast to rapidly age in coming years	44
Figure 2.10. Employment rate is higher for female	47
Figure 2.11. Tightness by industry and skill group	48
Figure 2.12. Net youth outmigration was high until 2021	49
Figure 2.13. Young individuals leave the region regardless of their employment status	50
Figure 2.14. The youth population is more prominent in higher-skilled roles	51
Figure 2.15. Multi-level governance system is characterised by oversight from the central government	52
Figure 2.16. Subnational government expenditure and tax revenue in Romania is below the OECD and EU averages	54
Figure 3.1. Nord-Vest is a predominantly rural region with significant agricultural areas	65
Figure 3.2. Settlements in Nord-Vest are concentrated around key centres	66
Figure 3.3. Built-up area per capita is increasing at a rapid pace	67
Figure 3.4. Built-up areas are expanding in cities and rural areas	68
Figure 3.5. Residential areas represent the largest part of the built-up area but non-residential areas are increasing at a faster pace in rural and metropolitan areas	70
Figure 3.6. Density decreases in core cities but increases in metropolitan areas	71
Figure 3.7. House price growth has increased since 2019	72
Figure 3.8. The ownership rate in Romania is the highest in EU	73
Figure 3.9. Dwelling stocks are also increasing in shrinking municipalities	74
Figure 3.10. Living area per capita in Romanian regions	75
Figure 4.1. Subnational expenditure growth has been primarily driven by local government expenditure on general public services, social protection and economic affairs	98
Figure 4.2. Rising investment (capex) account for 40% of local government spending	99
Figure 4.3. Subnational governments in Romania are less exposed to demographic change than subnational governments in most other EU countries	99
Figure 4.4. County and local governments in Nord Vest are reliant on shared taxes and grants	101
Figure 4.5. Ageing-related expenditure may increase by 6.5 percentage points of GDP by 2050	102
Figure 4.6. Personal income tax receipts differ greatly despite balancing payments	103
Figure 4.7. Value added tax receipts differ across localities	104
Figure 4.8. Public investment as share of GDP in Romania is higher than the OECD average	106
Figure 4.9. Rising public investment in Romania has been mainly by subnational governments	107
Figure 4.10. Subnational public investment has increased substantially in Nord-Vest, above that of Romania overall	107
Figure 4.11. Economic affairs and housing together account for 60% of subnational investment in Romania	108
Figure 4.12. Public investment by localities is concentrated in cities, but some other areas in Nord-Vest also have high public investment on a per capita basis	109

Figure 4.13. Subnational public investment in Romania is increasingly reliant on capital transfers	109
Figure 4.14. EU transfers account for a growing share of capital expenditure in Nord-Vest	110
Figure 4.15. Nord-Vest is among the top recipients of EU funding in Romania	111
Figure 4.16. Nord-Vest regional investment focuses heavily on transport and innovation, with limited funding for education	113
Figure 4.17. <i>Anghel Saligny</i> has invested heavily in road infrastructure in Nord-Vest	114
Figure 4.18. RRP projects in Nord-Vest span a variety of sectors and locations	114
Figure 4.19. Investment in hospitals is welcomed but limited investment in outpatient and public health	116
Figure 4.20. Almost all localities in Nord-Vest have a population below 20 000 residents	121
Figure 4.21. Localities with smaller populations spend a larger proportion of their budgets on 'general public services' and staff	122
Figure 4.22. Nord-Vest absorption above EU average for 2021–2027 but slower than 2014–2021	131
Figure 4.23. Number of posts in local public administration	132
Figure 5.1. Ageing will have different impacts on different services and places in Nord-Vest	146
Figure 5.2. Services could benefit from strong digital connectivity and improving physical links	148
Figure 5.3. Nord-Vest is upgrading its road network	149
Figure 5.4. Digital infrastructure is high quality, but some gaps remain outside cities	151
Figure 5.5. Education is primarily a central government responsibility, with subnational governments role limited to implementing investment	152
Figure 5.6. Romanian students underperform their OECD peers in PISA tests	153
Figure 5.7. Nord-Vest has higher rate of early school leavers compared to EU average, especially in rural areas	154
Figure 5.8. Average primary school class sizes in Nord-Vest are large by OECD standards	155
Figure 5.9. Rural access to childcare and upper secondary education is limited	156
Figure 5.10. Falling youth population in Nord-Vest is expected to reduce overall school enrolment	158
Figure 5.11. Education is modelled to become more expensive in most localities	159
Figure 5.12. Opportunities may exist to optimise the school network to improve quality and reduce costs	161
Figure 5.13. Rural top-up in education funding does not fully cover local cost differences	162
Figure 5.14. Investment needed to expand childcare, primary and lower secondary capacity	162
Figure 5.15. Nursery enrolment is low and could remain so based on current trends	163
Figure 5.16. Subnational governments are major investors in health	164
Figure 5.17. Health outcomes in Nord-Vest under-perform peers	165
Figure 5.18. Healthcare spending remains low and relies greatly on inpatient care	166
Figure 5.19. Rural communities have limited access to hospital facilities	166
Figure 5.20. Family doctors remain scarce in Nord-Vest despite growing overall health workforce and needs	167
Figure 5.21. Places with more elderly people have lower access to healthcare facilities	168
Figure 5.22. High costs and low access are linked with high rates of unmet medical needs	168
Figure 5.23. Limited investment in outpatient care and public health risks under-mining long-term health outcomes and health system resilience	169
Figure 5.24. Health workforce increasing overall, but gaps remain in certain occupations	170
Figure 5.25. Gaps in rural primary care coverage threaten healthy ageing	171

Annex Figure 5.A.1. Access to services depends on service facilities, transport networks and the population distribution	182
--	-----

TABLES

Table 1.1. Action plan for Nord-Vest	29
Table 2.1. The economy of Nord-Vest is dynamic and growing	45
Table 2.2. The mix of economic activities in Nord-Vest is converging towards the EU average	46
Table 2.3. County and local governments have limited competencies in policy areas most impacted by demographic change	55
Table 2.4. Central government policies related to demographic change cover multiple fields	56
Table 2.5. Select initiatives to develop and attract youth in Nord-Vest	58
Table 4.1. Potential impacts of demographic change vary depending on regional dynamics	96
Table 4.2. Selection of major investment programmes in Nord-Vest	111
Table 4.3. Signed contracts under the ROP as of May 2025	112

Table 4.4. Nord-Vest County development strategies	119
Table 4.5. Romania has a unique system for classifying cities and towns	123
Table 4.6. Over half of the cities and towns in Nord-Vest do not meet relevant population criteria	124
Table 5.1. Organisation of the Romanian national education system	151
Table 5.2. The small schools problem could worsen with demographic change	160

Annex Table 5.A.1. Data sources used to measure access to services	183
--	-----

BOXES

Box 2.1. Helping regions adapt to demographic change	35
Box 2.2. The North-West RDA and the Nord-Vest Regional Programme (RP)	57
Box 2.3. Initiatives to develop and attract youth talent in Nord-Vest	58
Box 3.1. The "Rural Systematisation" law has had a significant and lasting impact on the current structure and distribution of human settlements in Romania	65
Box 3.2. The Nord-Vest region is developing several industrial sites in rural areas	69
Box 3.3. Floresti as a case of rapid suburban expansion and insufficient urban planning	79
Box 3.4. Legal framework and procedures for expropriation	81
Box 3.5. The OECD-Lincoln taxonomy of Land Value Capture instruments	82
Box 3.6. Mobilising cohesion policy for affordable housing and regional resilience	84
Box 3.7. Developing a metropolitan urban planning in Paris, France	86
Box 3.8. Developer obligations are a key tool for affordable housing and public utility provision, Germany and Colombia	88
Box 3.9. Implementing an empty home tax in Vancouver, Canada	89
Box 4.1. Understanding the potential impact of demographic change on multi-level governance, subnational finance and investment	96
Box 4.2. Romania has a centralised inter-governmental fiscal and budgetary framework	97
Box 4.3. Growing national fiscal pressure in Romania is partly linked to demographic change	101
Box 4.4. Personal Income Tax distribution in Romania risks increasing disparities	102
Box 4.5. Implementation of the Nord-Vest ROP	112
Box 4.6. Cohesion investments in Nord-Vest in 2014–2020 programming period	115
Box 4.7. Main strategies and plans prepared by the Nord-Vest Regional Development Agency	118
Box 4.8. Smaller localities in Nord-Vest have higher expenditure per capita and spend a larger proportion of their budget on 'general public services'	121
Box 4.9. Romanian system for the classification of cities, towns and communes	123
Box 4.10. Legal framework for inter-municipal cooperation in Romania	126
Box 4.11. Danube Delta, Romania's first use of the Integrated Territorial Investment mechanism	128
Box 4.12. Metropolitan areas in Nord-Vest	129
Box 4.13. Lublin's "Youth City" programme	134
Box 4.14. Regionalisation and inter-municipal cooperation in Poland	136
Box 4.15. My municipality portal in Estonia	138
Box 5.1. Demographic change requires innovative policy solutions to maintain public service accessibility and quality while balancing costs	147
Box 5.2. Cluj-Napoca Metro provides major opportunity to boost urban mobility	150
Box 5.3. Modelling the cost of education services	159
Box 5.4. Exploring opportunities to make schools more efficient and improve quality in Nord-Vest	160
Box 5.5. Consolidation of hospital facilities in Cluj-Napoca	164
Box 5.6. Bucharest-Ilfov Intercommunity Development Association for Public Transport (TPBI) – planning and operating public transport services at a functional level	173
Box 5.7. Equity Index – identifying disadvantaged schools to inform decision-making and funding in New Zealand	175
Box 5.8. Oulu Self Care – increasing access to health appointments and knowledge through online platforms in Finland	177

Abbreviations and acronyms

ANCP	National Cadastre and Land Registration Agency (<i>Agenția Națională de Cadastru și Publicitate Imobiliară</i>)
ARACIIP	Agency for Quality Assurance and Inspection on Pre-University Education (<i>Agenția Română de Asigurare a Calității în Învățământul Superior</i>)
CFE	Centre for Entrepreneurship, SMEs, Regions and Cities
CLLD	Community-Led Local Development
COFOG	Classification of the Functions of Government
COVID-19	Coronavirus Disease 2019
CPI	Consumer Price Index
CSI	County School Inspectorates
DG ECFIN	Directorate-General for Economic and Financial Affairs
EC	European Commission
EIB	European Investment Bank
ERDF	European Regional Development Fund
ESF+	European Social Fund Plus
EU	European Union
EU27	European Union, 27 Member States
EUR	Euros
GDP	Gross Domestic Product
RP s	Regional Programmes
GERD	Gross Domestic Expenditure on Research and Development
GIS	Geographic Information System
ICT	Information, Communications and Technology
IDA	Intercommunity Development Association (<i>Asociație de Dezvoltare Intercomunitară</i>)
IT	Information Technology
ITI	Integrated Territorial Investment
JRC	Joint Research Centre
LVC	Land Value Capture
MDPWA	Ministry of Development, Public Works and Administration
MoE	Ministry of Education
NHIH	National Health Insurance House
NW RDA	North-West Regional Development Agency
NIS	National Institute of Statistics (<i>Institutul Național de Statistică</i>)
NUTS	Nomenclature of Units for Territorial Statistics
OECD	Organisation for Economic Co-operation and Development
UCLG	United Cities and Local Governments

PATJ	County Spatial Plan (<i>Planul de Amenajare a Teritoriului Județului</i>)
PATN	National Land Use Plan (<i>Planul de Amenajare a Teritoriului Național</i>)
PATZM	Metropolitan Area Land Use Plan (<i>Planul de Amenajare a Teritoriului Zonal Metropolitan</i>)
PATZR	Regional Spatial Planning Plan (<i>Planul de Amenajare a Teritoriului Zonal Regional</i>)
PATZP	Peri-urban Area Land Use Plan (<i>Planul de Amenajare a Teritoriului Zonal Periurban</i>)
PISA	Programme for International Student Assessment
PIT	Personal Income Tax
PNCCF	National Cadastre and Land Book Programme
PPP	Purchasing Power Parity
PUD	Detailed Urban Plan (<i>Plan Urbanistic de Detaliu</i>)
PUG	General Urban Plan (<i>Plan Urbanistic General</i>)
PUZ	Zonal Urban Plan (<i>Plan Urbanistic Zonal</i>)
R&D	Research and Development
RDA	Regional Development Agency
RDPC	Regional Development Policy Committee
RON	Romanian leu
RRP	Recovery and Resilience Plan
SDTR	Territorial Development Strategy (<i>Strategia de dezvoltare teritorială</i>)
SIDU	Integrated Urban Development Strategy (<i>Strategia Integrată de Dezvoltare Urbană</i>)
SUMP	Sustainable Urban Mobility Plans
SWOT	Strengths, weaknesses, threats and opportunities
TEN-T	Trans-European Transport Network (TEN-T)
TL2 / TL3	Territorial Level 2 / Territorial Level 3
US	United States
USD	United States Dollar
VAT	Value Added Tax
WHO	World Health Organisation

Executive Summary

The Nord-Vest region is one of Romania's eight development regions, strategically positioned in the northwest of the country. The Nord-Vest economy is steadily converging towards the European Union (EU) average. The region has witnessed the third fastest growth rate in regional GDP in Romania in the last ten years, accompanied by a 79% increase in labour productivity over the same timeframe. Economic growth is supported by its vibrant cities, twelve universities, an emerging information technology sector and significant natural capital.

Despite these strengths, Nord-Vest has experienced long-term population decline. In the ten years to 2024, the region's population decreased by 1.8%, albeit a slower pace than the national average (4.0%) due to natural change (births and deaths) and emigration. Over this period, around 4 500 more people left every year than arrived. By 2050, Nord-Vest's population is projected to shrink by 15% and it could experience a 23% increase in elderly residents (aged 65+). As a result, the European Commission identified Nord-Vest to be at risk of falling into a 'talent development trap'.

Policy responses to demographic change in Nord-Vest are complicated by Romania's fragmented multi-level governance system. While Romania has undergone a gradual decentralisation process, the central government maintains primary responsibility across most policy domains. The North-West Regional Development Agency (RDA) plays a key role in co-ordinating a regional response to demographic change, in particular by targeting investments through the ERDF-funded Regional Programme that it manages. However, action from the RDA alone will not be sufficient – robust action will also be needed by national, county and local governments.

Adapting land use and spatial planning

Efficient land use and effective spatial planning are critical to respond to and steer demographic change. The spatial planning framework in Romania is characterised by outdated spatial planning tools and insufficient co-ordination among and within governments, including with sectoral policies. Housing is a particularly acute challenge. While the dynamic cities of Nord-Vest are magnets for youth, high housing costs in Cluj-Napoca and Oradea risk deterring young talent from moving to, or staying in, the region. On the other side, a significant share of residential buildings in Nord-Vest are vacant. Inefficient land and property use in the region are linked to the prevalence of secondary residences, unoccupied inherited homes and abandoned properties due to emigration. In Sălaj County, for example, the vacancy rate increased from 15% in 2008 to 18% in 2018 and it is projected to exceed 20% by 2030. To help address these challenges, the report provides detailed recommendations in three broad areas:

- Streamline the spatial and urban planning framework to support a coordinated response to demographic change
- Enhance access to affordable housing in urban areas
- Support efficient adaptation of land and buildings as the population shrinks.

Adapting multi-level governance frameworks and subnational finances

Multi-level governance frameworks and subnational finances in Nord-Vest need to be aligned to the current and future population. Although regional-level strategic planning has strengthened over time with the growing role of the North-West RDA, it remains fragmented and could become more forward-looking. Counties and localities focus on local investments to enhance attractiveness but have limited ability to adapt public services and infrastructure to long-term demand changes. The territorial structure in Nord-Vest is fragmented and the system of classification of localities is outdated. More than half of the cities and towns in the region no longer meet relevant population criteria. Further, despite there being many small communes, inter-municipal co-operation and metropolitan bodies remains under-developed. County and local governments' ability to act is also limited and they are highly reliant on grants and transfers, which make up 84% of their government revenue. A complex inter-governmental fiscal framework risks limiting autonomy to respond to local needs and in-efficient allocation of transfers. To help address these challenges, the report provides detailed recommendations in four broad areas:

- Enhance long-term strategic planning to better align investments to future populations
- Adapt territorial structures as the population changes
- Gradually and asymmetrically increase subnational government autonomy to facilitate more tailored local responses to demographic change and attractiveness
- Strengthen county and local government finances to support an equitable and locally designed response to demographic change.

Adapting service provision

To adapt to a shrinking and ageing population, Nord-Vest will need to strengthen its transport networks, and education and healthcare services. The region's public transport is fragmented, reducing attractiveness and access to jobs and public services, especially for youth, minorities and the elderly. While ongoing investments are improving road and public transport networks, transport planning remains somewhat disconnected from land use and sectoral planning and fragmented across administrative borders. The region will also need to grow its skilled workforce to offset the impact of demographic headwinds. Yet, Nord-Vest's education system faces a triple challenge from insufficient childcare and education quality, low participation rates (especially in pre-school and upper-secondary education) and rising per student costs. By the end of lower-secondary education, students in Nord-Vest are much less likely to achieve basic competence in mathematics, reading and science as their EU peers. The regional healthcare system is also lacking, with Nord-Vest residents experiencing a mortality rate one and a half times that of the EU average. While the region has seen significant investment in healthcare in recent years, it is not yet prepared for an ageing population. For example, preventative and public health interventions are limited despite their role to support healthy ageing and reduce the future health burden. To help address these challenges, the report provides detailed recommendations in three broad areas:

- Improve public transport to better reflect and shape demographic trends
- Enhance education access and quality to improve social and economic outcomes and offset the negative economic impact of demographic change
- Improve the quality of the regional healthcare system to better meet the needs of an ageing population.

1 Assessment and recommendations

The Nord-Vest is one of Romania's eight development regions, strategically positioned in the northwest of the country. It shares international borders with Hungary to the west and Ukraine to the north, serving as a gateway for trade. The region of 2.5 million inhabitants is characterised by a predominantly rural landscape, with half of the region's population. While large urban centres such as Cluj-Napoca (420 000 inhabitants) and Oradea (220 000) are thriving economic hubs, extensive rural areas remain underdeveloped. Nord-Vest has been gradually converging towards the EU average in terms of GDP per capita, aided by significant investment through EU and national funds.

The Nord-Vest planning region is composed of 6 counties (Bihor, Bistrița-Năsăud, Cluj, Maramureș, Satu Mare and Sălaj). It contains 446 territorial administrative units, including 15 cities (*municipii*), 28 towns (*orașe*) and 403 rural communes (*comună*). Five cities have legally constituted metropolitan areas (Baia Mare, Cluj, Oradea, Satu Mare and Zalău), which aim to help coordinate development and infrastructure planning in these cities. At the planning region level, which is primarily statistical, the non-governmental North-West Regional Development Agency (NW RDA) manages the EUR 1.4 billion Regional Programme 2021-2027, which is funded with EUR 1.19 billion from the European Regional Development Fund (ERDF) and EUR 242 million from the Romanian state budget.

Although Nord-Vest has been confronted with long-term population decline and outmigration, it has not been as strongly impacted as many other regions in Romania. While other Romanian regions (with the exception București-Ilfov) are classified by the European Commission as already being 'in a talent development trap', the Nord-Vest region is classified as being 'at risk of being in a talent development trap'. In the ten years to 2024, the region's population decreased by 1.8%, a trend that is expected to continue in the future, albeit at a slower pace than the national average.

In the face of demographic change, the region has many assets to leverage to remain attractive and competitive. It has twelve universities, a diverse industrial base, an emerging information technology sector, a strategic geographic position, significant natural capital and the RDA with robust investment capacity, amongst other areas. Making the most of these assets requires ensuring fit-for-purpose policies, governance structures, public services and investments across all levels of government.

Regional profile and key trends

Despite long-term population decline, outmigration is slowing as urban centres flourish

Nord-Vest has experienced long-term population decline. In the 10 years leading up to 2024, the population decline (1.8%) was below the national average decline of 4.0%. This decline has been driven by natural change linked to lower fertility—a fertility rate of 1.54 children per woman in Romania in 2023, well below the replacement rate of 2.1—and the ageing of the generation born during a baby boom in the late 1960s and 1970s resulting from pro-natalist policies under Nicolae Ceaușescu's communist regime. It has also been driven by emigration. In the ten years to 2024, around 4 500 more people moved overseas from Nord-Vest every year than arrived. Fortunately, emigration rates have been decreasing, which indicates the region is becoming more attractive. While Nord-Vest had already experienced positive net domestic

migration for many years, it also achieved positive net international migration in 2022. Despite this, the population of Nord-Vest is 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 elderly residents (65+).

Population dynamics vary significantly within Nord-Vest. Urban centres of Cluj-Napoca, Oradea and Baia Mare continue to attract residents from rural areas and other parts of Romania. The higher education sector—concentrated in Cluj-Napoca—brings diverse and young individuals who migrate in pursuit of education, including students from Western Europe. At the same time, rural and non-metropolitan areas risk being left behind. Between 2014 and 2021, the elderly population (65+) in rural areas increased by 1% over the 7-year period. Looking ahead, all counties are expected to shrink and age. The predominantly rural counties of Salaj, Maramures and Satu Mare are forecast to have 20% fewer inhabitants by 2050, while Cluj—the least impacted—is forecast to have 9% fewer inhabitants. The region is ethnically diverse, with around 20% of its population Hungarian and 3.5% Roma.

Nord-Vest is an economically dynamic region that is converging towards the European Union average

Nord-Vest's economy is steadily converging towards the European Union (EU) average. Although the GDP per capita (of EUR 24 370) remains below the average of the EU (39 088) and Romania (26 162), the region has witnessed the third fastest growth rate in Romania over the last 10 years. Robust economic performance is indicated by a 79% increase in labour productivity. While there is currently 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%), and it has increased in recent years. Although youth participation in education stands at 62.1%, the second highest in the country after the București-Ifov region, it is below the EU average (65.6%). The share of the population at risk of poverty (14.7%) is lower than the national average (21.1%), having halved since 2013.

Nord-Vest's EUR 39 billion economy is primarily 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 at 3%. The region's economic structure is evolving towards a more high-skilled economy with professional, scientific, and technical activities accounting for 45% of employment growth between 2014 and 2020. Other growing sectors include trade, transportation, services and public administration. While a positive transformation is underway, the region remains constrained by a skill-gap in the labour market exacerbated by youth emigration. The labour market is particularly tight for high-skilled industries such as ICT, which has emerged as a key growth sector in Cluj-Napoca in recent years.

Nord-Vest is at risk of being in a 'talent development trap'

The European Commission's Communication on Harnessing Talent in Europe's Regions identifies that Nord-Vest is at risk of falling in a "talent development trap". This is where demographic decline is compounded by the outmigration of young and educated individuals. As in much of Romania, youth outmigration has been high in recent decades. Annual youth net out-migration rate in Nord-Vest was equivalent to 1.2% of the youth population each year between 2011 and 2021. Despite the presence of universities and skill shortages in some industries, many young people continue to leave the region. This trend risks exacerbating the current skills mismatch and putting pressure on key public sectors such as education and health, which struggle to attract young workers. If not addressed, this dynamic could undermine the region's transition toward a high-skill economy and its long-term development.

A range of national, regional and local programmes are already being implemented that can help develop, retain and attract youth in Nord-Vest – a key part of overcoming the "talent development trap". Examples

include the National Youth Strategy, North-West RDA participation in the Talent T4S3 initiative and the Com'ON Cluj-Napoca initiative that provides a participatory process for youth to create, vote on and implement ideas. These multi-sectoral and multi-level efforts reflect the need for comprehensive and co-ordinated policies to both adapt to and mitigate demographic change and youth outmigration.

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, operating at a county and local level. Since the 1989 Romanian revolution, the country has undergone a gradual decentralisation process. In 2022, county and local governments were responsible for 21.5% of public expenditure, below the EU average of 34.3%, but account for half of public investment, which is in line with the EU average. Public investment represents approximately half of subnational government budgets. Subnational governments are mainly funded through inter-governmental transfers (84% of revenue) with taxes only representing 4.6% of subnational government revenue, well below the EU average of 26.7%. The central government maintains strong oversight of county and local governments through prefectures and county directorates, which are deconcentrated territorial administrative bodies. Romania also has eight statistical development regions that correspond to the NUTS 2 territorial units, each of which has a corresponding Regional Development Agency (RDA) that has recently become a Managing Authority for the ERDF-funded Regional Programmes in the framework of Cohesion Policy. The North-West RDA is also an intermediary body for the Nord-Vest region under the ESF+ and ERDF funded National Health Programme.

The central government retains primary responsibility for most policy domains in Romania, while county and local governments support policy implementation and investment. For example, the central government has the main responsibilities for education, health and social services, although some activities such as facility maintenance are delegated to local authorities. The central government has adopted a range of policies that seek to shift demographic trends, including by focusing on fertility, families and the attraction and reintegration of Romanian citizens living abroad. The central government has also started to adopt various policies to respond to the impacts of demographic change, including through policies for long-term care and active ageing, education, employment and integration of minority groups. The North-West RDA, as well as county and local governments, are primarily focused on responding to demographic change by encouraging local economic development through investment, largely supported by EU funds. Some county and local governments seek to attract private investment through the creation of industrial parks and smart specialisation. Resource constraints, limited competencies, high use of earmarking and a hierarchical policy framework limit the scope for the RDA, and county and local governments, to design policies to adapt to demographic change, meaning their focus is on investment.

Adapting land use and spatial planning

Streamline the spatial and urban planning framework to support a coordinated response to demographic change

Spatial and urban planning is essential for an efficient and coordinated response to demographic change; however, the framework in Romania is characterised by outdated spatial tools and insufficient coordination both across and within the level of governance, particularly within the same Functional Urban Area (FUA). Coordination with sectoral policies and local or regional development strategies also remains weak. This results in fragmented policies and creates a risk of conflict. In the national spatial planning framework, a Zonal Regional Spatial Plan (PATZR) is intended to provide strategic guidance at the level of the eight development regions. In Nord-Vest a PATZR was developed in 2003, but its update remains incomplete – although the region prepares a Regional Development Plan to support access to EU funds. Within Nord-

Vest, six separate County Spatial Plans (*Planul de Amenajare a Teritoriului Județului* – PATJ) vary considerably in focus and scope, partly due to differences in capacity among counties, undermining coherence. All local authorities must prepare urban plans (General Urban Plan - PUG), but these are updated infrequently – especially by communes – as local capacity to prepare them is often limited. Urban localities, especially those with county seat, can also develop Integrated Urban Development Strategies (SIDU) to coordinate and prioritise urban investments, as required under EU regional funding frameworks and according with the National Urban Policy. SIDU can be developed at the local and metropolitan level. While the RDA is making important efforts to strengthen regional planning, many planning decisions in the region are still made with limited up-to-date data and analysis. Furthermore, the land cadastre is still incomplete, digital tools remain underused and spatial plans do not systematically integrate population projections. As a result, there is limited control over the expansion of built-up areas, increasing the risk of misallocated investments and inefficient land use.

To address these challenges, key policy actions may include:

- **Coordinate county spatial plans to better plan the adaptation to demographic change.** The county councils, in cooperation with the RDA and the MDPWA, could develop an updated Zonal Regional Spatial Plan (PATZR). This updated regional spatial plan could then serve as a coordination framework for aligning the county spatial plans (PATJ) across Nord-Vest. County and local authorities could also better ensure spatial and urban plans are regularly updated through a structured consultation and approval process involving all relevant county councils and the RDA. The RDA should ensure that investments they fund are integrated in regional spatial plans (PATZR), county spatial plans (PATJ) and urban plans/urban strategies (PUG/ SIDU).
- **Strengthen coordination between local urban plans at the metropolitan level to promote more integrated and sustainable development with urban-rural linkages.** Local authorities within the same metropolitan area, especially in growing metropolitan areas such as Cluj-Napoca or Oradea, could prioritise development of an integrated metropolitan urban plan. This plan could serve as a strategic framework to guide and align individual General Urban Plans (PUGs), helping to avoid overlaps, ensure coherent territorial development and reduce urban planning costs through shared resources and coordinated efforts. Alternatively, MDPWA could consider exploring legislative changes to simplify the planning framework for metropolitan areas. The metropolitan urban plan should be developed based on, and in alignment with, the SIDU of the metropolitan area to ensure strategic and spatial coherence. Cohesion funds could be used to finance projects that are included in both the SIDU and the metropolitan plan.
- **Digitalise spatial and urban planning to gain efficiency and integrate demographic data.** The MDPWA and the National Statistics Institute (NIS) could facilitate better spatial planning by digitalising maps and establishing a comprehensive GIS database, which could also incorporate demographic projections at the local level. The RDA could support county-level projects to enhance urban planning capacity at the local level, building on examples such as the GIS database developed by Cluj County or the town planning certificate issuance software implemented in Bistrița-Năsăud. The RDA could promote and support the establishment of a dynamic data collection system at the regional level to support up-to-date and evidence-based planning and the development of strategic documents. Additionally, given its role in the allocation of EU funds, the RDA could directly assist selected local authorities by providing targeted funding to develop digital tools, update urban plans and integrate demographic projection data into planning processes (while ensuring value for money in the investment appraisal process).

Enhance access to affordable housing in urban areas

The dynamic cities of Nord-Vest are magnets for youth and have a key role to reduce out-migration from the region. However, the success of urban areas, particularly Cluj-Napoca and Oradea, has significantly

increased housing costs for their residents. Cluj-Napoca has experienced the strongest property price growth in Romania in recent years, with the total value of real estate transactions reaching EUR 679 million in 2019, more than double the EUR 284 million recorded in 2014. Limited access to affordable housing risks deterring young talents from moving to, or staying in, the region. Amid the ongoing housing crisis and as part of the European Affordable Housing Plan, the European Commission plans to support and enable Member States to double their planned Cohesion Policy investments in affordable housing over the coming years. New flexible funding modes—including increased co-financing, prefinancing, and simplified permitting procedures—aim to accelerate delivery. A model financial instrument, developed with the EIB, will help leverage public and private funding for affordable and social housing, targeting vulnerable groups. The Commission will also encourage alignment with the New European Bauhaus initiative that aims at creating environmentally sustainable and socially inclusive built environments and has urged Member States to establish transparent, inclusive allocation frameworks.

The attractiveness of major cities has driven their spatial expansion. Around Cluj-Napoca, neighbouring localities in the metropolitan area such as Florești, Apahida and Băciu have experienced rapid population growth. Between 2000 and 2019, the built-up surface of the metropolitan area nearly doubled. A similar trend is evident around Oradea, where industrial and residential developments have extended into adjacent rural areas, particularly along major transport corridors. The rapid suburban expansion reflects diverse dynamics, driven both by families seeking larger living spaces and by students in search of affordable housing. Insufficient land use regulation has resulted in developers opting for greenfield sites, with lower upfront construction costs and profit opportunities from the rezoning of greenfield to urban land, rather than focusing on redeveloping urban cores. This has led to urban expansion in areas lacking adequate access public services, contributing to higher infrastructure and environmental costs. While local authorities have recently begun to enforce obligations on developers to contribute to public infrastructure, such as requiring the provision of public utilities as a condition for building permits, their use remains limited.

To address these challenges, key policy actions may include:

- **Facilitate increased development of housing in areas facing rising demand and with good public service and infrastructure access.** County governments should ensure that PATJs provide guidelines for local authorities in the growing urban cores of metropolitan areas to allow higher density development, including through density bonuses awarded to developers in exchange for the commitment to provide housing at below-market price and by promoting flexibility in zoning regulations within PUGs. Zoning restrictions such as building restrictions or greenbelts, could also be introduced or strengthened to prevent development in areas that lack adequate infrastructure or access to essential services. As identified in the mid-term review of the European Commission, local governments in urban cores would also benefit from reviewing their permitting procedures for renovation to support simplification, for example by implementing fast-track approval processes for affordable housing projects.
- **Direct funding to social and affordable housing to better accommodate youth in high-demand places.** Local authorities in growing urban areas could update land use regulations to capture uplift in land-value from any regulatory changes (e.g., change in building height limits or new public transport facilities), for example by requiring developers to provide affordable housing through developer obligations. Building on the European Commission's mid-term review and the renewed prioritisation of affordable housing at the EU level, the North-West RDA could also facilitate local authorities in areas facing housing pressure to benefit from Cohesion Funds (e.g., ERDF)) and the new EIB financial instrument to support them with the renovation of high-quality social housing in high demand places. Cohesion funds could also be used to finance urban regeneration, including public spaces that could support the provision of attractive affordable housing close to urban centers. In addition, the RDA could facilitate access to funding for areas in need through the pan-European Investment Platform for Affordable and Sustainable Housing.

- **Facilitate the absorption of EU funds for the renovation of multi-owner residential buildings to expand the stock of quality housing.** When projects are eligible for co-financing through EU funds, local authorities should ease procedural barriers, particularly by waiving the requirement for unanimous consent, when it is required, and applying the standard threshold of two-thirds of ownership shares in favour. The RDA and local authorities should also strengthen outreach efforts to inform homeowners about available EU funding opportunities for energy-efficiency renovations, the possibility of financial contribution exemptions for vulnerable households, and the potential benefits for owners, including increased property value.
- **Promote the use of land value capture mechanisms to support public facilities provision in growing areas.** The North-West RDA would benefit from promoting the wider adoption of land value capture mechanisms, such as developer obligations, in growing urban areas. For example, the RDA could require that large investment projects consider the potential for an infrastructure levy on nearby residents to help repay construction costs in their appraisal process. Local authorities in suburban areas of growing metropolitan areas, for instance, around Cluj-Napoca or Oradea, would also benefit from implementing a more systematic approach to enforcing developer obligations related to the provision of public facilities and public transport infrastructure.

Support efficient adaptation of land and buildings as the population shrinks

A significant share of residential buildings in Nord-Vest are vacant – a situation that is likely to worsen as the population shrinks. Inefficient land and property use is linked to the prevalence of secondary residences, inherited parental homes left unoccupied and the abandonment of properties due to outmigration. 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%. Many homes remain vacant due to unclear title deeds or unresolved inheritance procedures. The home ownership rate is also exceptionally high in Romania, at 95.6%.

Policy action to support more efficient land use are constrained by an unfinished cadastre and a complex expropriation framework. Although the establishment of the National Cadastre and Land Registration Agency (ANCPI) in 2015 has improved land registration, challenges persist, especially in remote areas. In August 2023, around 45% of properties remained unregistered. Expropriation remains a highly sensitive issue in Romania due to its legacy of arbitrary nationalisations under communism, which fostered lasting public distrust, and despite post-1989 legal reforms, perceptions of unfairness still fuel resistance when transparency is lacking. While regulated by law (Law No. 255/2010 and Law No. 33/1994), the procedure tends to be lengthy and costly, largely due to the extensive technical and economic documentation and stakeholder involvement requirements. Numerous expropriation cases have resulted in legal challenges by absentee property owners or disagreements over compensation. Consequently, the expropriation process primarily facilitates larger-scale projects but not smaller initiatives such as the redevelopment of abandoned buildings.

To address these challenges key policy actions may include:

- **Enhance building and property transaction data to get information on underused or abandoned buildings and better tailor policies to the demographic situation.** The MDPWA could benefit from initiatives aiming to help a comprehensive and publicly accessible building real estate database. The database—or other linked databases—could include detailed information on transactions, secondary homes, vacant properties, quality of dwellings and historical property data. The North-West RDA could also support the development of a real estate database and ensure that the data is made publicly accessible.
- **Use fiscal instruments to encourage more efficient use of properties, in depopulating areas and in urban areas to boost housing supply.** Local authorities would benefit from increasing the property tax rate on secondary residences and introduce taxes on vacant properties to encourage

the integration of houses without productive use into the active housing market. The North-West RDA could potentially also support localities in accessing ERDF programmes to rehabilitate vacant and low-quality buildings, while ensuring long-term benefits of these programmes. Developing these fiscal incentives will require reliable data on vacant houses and secondary residences.

- **Complete the national cadastre to enhance real estate market efficiency and reduce property vacancies.** The ANCPPI should continue to complete the national cadastral and land registry system. A fully functional cadastral and land registry system will significantly enhance market transparency, reduce transaction times and mitigate property disputes, thereby improving overall market efficiency. A complete cadastre and land registry is also relevant for expropriation of unclaimed and vacant properties.
- **Simplify the expropriation process to encourage adaptation and demolition of buildings in depopulating areas.** Transparent procedures and fair compensation are essential to rebuilding public trust and ensuring legitimacy in the expropriation process. The MDPWA could consider simplifying expropriation procedures by reducing documentation, especially for small-scale projects and when they have support from local governments. Additionally, the MDPWA could look to establish a clear legal framework for managing unclaimed properties to mitigate challenges associated with absentee or non-responsive property owners.

Adapting multi-level governance frameworks and subnational finances

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

Regional-level strategic planning in Nord-Vest has been progressively strengthened over time as the role of the RDAs has increased. A key milestone was with RDAs becoming the Managing Authorities for Cohesion Policy funded Regional Programmes in 2021, which strengthened and regionalised some investment planning. The North-West RDA adapted particularly quickly, quickly achieving the highest absorption rate of Regional Programmes (RPs) of all RDAs in the current programming period (2021-2027). As of late 2024, Nord-Vest had spent 3.0% of its allocated funds, well above 1.8% for EU and 1.7% for Romania. Alongside the RPs, several EU funded national programmes are implemented in Nord-Vest for essential public services (e.g., education and employment, social inclusion and dignity).

Strategic planning and funding for investment remains fragmented across levels of government and could be more forward-looking to help coordinate a long-term response to demographic change. Several EU funded national programmes for essential public services (e.g., education and employment, social inclusion and dignity) are implemented at the national level, with regions, counties and localities competing for funds. The national Territorial Development Strategy for Romania (SDTR) aims to provide a framework to guide development of the entire territory of Romania (e.g., through connective infrastructure and networks of localities) and support the development of specific territories (e.g., urban areas, mountain areas, coastal areas, cross-border areas, etc.). It also included specific tools to help prioritise investments. However, it was delayed in its adoption and is now outdated, limiting its use to guide both strategic and operational decisions. Although the North-West RDA has continued to evolve the Nord-Vest Regional Development Plan as the main regional strategic document, there remain opportunities to further strengthen its analysis, for example by including population projections. At the regional, county and local levels, development strategies place a strong focus on investment to enhance attractiveness, yet there is limited emphasis on adapting public services and infrastructure to changing demand. Strategic planning at county and local level also remains constrained by insufficient co-ordination, capacity and localised data.

To address these challenges, key policy actions may include:

- **Update and formally adopt the national territorial development strategy to strategically and coherently respond to long-term trends, especially demographic change and youth**

emigration to the capital city and abroad. In line with the Law on Regional Planning and Urbanism (*Law No. 350/2001*), the MDPWA is responsible for regularly preparing an SDTR to support balanced, coherent and sustainable development. The MDPWA is current prioritising the update to the SDTR, which could further account for population projections and identify measures to adapt to these trends at a national scale. A particular focus could be placed on rural areas. A sufficient level of detail should be provided in the SDTR to ensure support a place-based approach to development. Measures contained in the SDTR could be further harnessed for the development plans at the regional, county and local level across Nord-Vest. The European Commission could facilitate the adoption of the national strategy by linking a portion of funding to its adoption.

- **Ensure that key development strategies and plans across all levels of government explicitly include long-term population projections.** The MDPWA may consider instructing all relevant administrative bodies' development strategies to include independently prepared long-term demographic projections. Even without an instruction, the North-West RDA could benefit from adopting a more forward-looking perspective in its Regional Development Plan by including population projections and articulating a development strategy that prioritises investments based on demographic trends. This may consider, for example, both directing investments to support the continued development of in-demand cities, which act as a magnet to keep talent in the region (e.g., by improving the built environment, enhancing transport networks or targeting skills gaps), and also sustaining and improving the quality of life in depopulating areas (e.g., by facilitating establishment of enterprises and maintaining effective public services). The North-West RDA may also benefit from ensuring that the selection criteria for individual investments includes consideration of a project's potential impact on managing demographic change and retaining talent in the region.
- **Continue to enhance strategic planning by the North-West RDA, including for national investment programmes, to limit investment fragmentation and ensure investments are aligned with population changes and regional priorities.** The North-West RDA can further the role of its Regional Development Plan as a mechanism to coordinate and prioritise investments within Nord-Vest, while ensuring the inclusion of local stakeholders so that investments respond to local needs. The RDA should continue to use the process of developing the plan to coordinate and prioritise investments within Nord-Vest to ensure that these are complementary and reach common goals, including with nationally administered programmes.
- **Conduct a structured consultation process with youth and other stakeholders to support development of the next Regional Development Plan.** The North-West RDA should conduct a structured consultation process with national, county and local stakeholders to give inputs into the development of the next Regional Development Plan. A particular focus should be placed on consulting youth in the region. The consultation process could focus on informing the identification and strategic prioritisation of investments, with a focus on adapting to demographic change and helping to retain youth.
- **Strengthen local-level statistics to better inform regional, county and local strategies to help address demographic change.** The central government—through the NIS—should continue to enhance the availability and quality of data available at a locality level, including for long-term population projections, public service quality, housing, health and education outcomes, public sector skills and local government finances. In particular, granular population projections at the locality level are needed to support investment and policy decision-making by the North-West RDA and local authorities. There is also potential for greater use of administrative data by strengthening privacy protections, streamlining internal data sharing and use across government, and continuing to consolidate fragmented data sources through unified digital platforms. The North-West RDA could also benefit from complimenting national data collection by digitalising, harmonising and publishing additional datasets relevant to Nord-Vest, such as on public transport use.

Adapt territorial structures as the population changes

The territorial structure in Nord-Vest is relatively fragmented. Even as historical trends significantly changed the population of localities, the territorial structure has remained relatively stable, albeit with a few cases of de-amalgamation. At the county level, the population ranges from 210 000 inhabitants in Sălaj to 694 000 in Cluj. At the local level, around 80% of local governments in Nord-Vest have fewer than 5 000 inhabitants – a share that is significantly above the OECD average of 50% – and only 3% have more than 20 000 inhabitants – well below the OECD average of 36%. Romania has a unique and legislated system for classifying localities into cities, towns and villages based on certain criteria—a classification that can impact eligibility for funding and staffing. However, more than half of the cities and towns in the region—and around a quarter of the communes—no longer meet the population criteria specified in the Law on Local Public Administration (*Administrative Code No. 57/2019*). Furthermore, there are 69 communes with fewer than 1 500 inhabitants, which is below the legal threshold to create a new commune, but no mergers have taken place in recent decades. Use of intermunicipal co-operation (e.g., Intercommunity Development Associations, IDAs; administrative consortia) remains somewhat limited and largely focused on specific sectors, such as water and waste management. IDAs can face challenges linked to the unanimous decision-making process and their funding, with limited ability to directly collect taxes. Although the recent legislative changes (e.g., Law 246/2022 on Metropolitan Areas) have sought to strengthen metropolitan areas' role by clarifying their legal status, governance and funding, they remain constrained by fragmented planning with a sectoral focus, limited financial incentives, capacity challenges and that not all localities in functional areas voluntarily join a metropolitan area.

To address these challenges, key policy actions may include:

- **Update the administrative territorial structure to align the categorisation of local authorities with changes in the population.** If a categorisation system is maintained, the MDPWA should update the classification of local authorities (cities, towns and communes) to align with existing (or updated) criteria, such as minimum population thresholds in the Law on Local Public Administration (*Administrative Code No. 57/2019*), alongside other criteria such as local authorities' territorial context and functions (or example, as “rural poles” to help ensure access to essential services in rural areas). The RDA should continue to ensure that the categorisation of local authorities is not used as the basis for allocating funding.
- **Streamline the legal framework and promote benefits of mergers to support small local authorities to voluntarily merge where their viability is reduced due to demographic change.** The MDPWA, and other relevant central government ministries, would benefit from reviewing the legislative process and streamlining administrative and legislative processes for mergers, for example by limiting the number of approvals and referendum thresholds. A review could also consider limiting the ability for local governments to undertake a de-amalgamation process. MDPWA could also consider providing financial support to cover the cost of a merger to local authorities.
- **Develop guidelines and good practices to facilitate inter-municipal cooperation, potentially focused on localities facing larger impacts from demographic change.** The North-West RDA, in collaboration with MDPWA and relevant local government associations, could consider developing blueprint models and practical handbooks, offering legal and procedural guidance on key governance mechanisms, such as inter-municipal cooperation and municipal mergers. This could include details of the potential benefits of these mechanisms and how to ensure they are effective. The North-West RDA could also consider providing technical support and training to guide local authorities throughout the process and raise awareness of their benefits. The RDA might also consider implementing funding conditionalities to incentivise inter-municipal co-operation, such as through a dedicated fund for administrative consortia.

- **Earmark EU funding to for investments that are undertaken through inter-municipal co-operation to promote the use of these mechanisms and support investment at the right scale as populations change.** 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 the national legal framework for inter-municipal co-operation to facilitate more efficient service provision, especially in depopulating areas.** The MDPWA, with support of the relevant associations of local authorities, could further develop targeted funding, incentives and training to encourage IDAs and administrative consortia, especially in depopulating areas. This could be supported by exploring further updates to the legal framework to help concentrate the key legal provisions for municipal co-operation, such as those found in the Law on Local Public Administration (Administrative Code No. 57/2019), into a single, dedicated legal framework, clarifying roles, types and funding mechanisms and including complementary details in specific regulations within sectoral laws. The MDPWA might also consider introducing a legal mandate in national legislation that requires municipalities with populations under a specific threshold (e.g., 5 000 inhabitants) to engage in cooperative arrangements for the provision of key services (e.g., public transportation, education). This could be supported by further analysis on the relevant scale for the sector in question, considering local factors, geography and population.
- **Reinforce metropolitan governance by further strengthening the Law on Metropolitan Areas and clarifying funding arrangements to facilitate more effective development in growing urban areas.** To support the metropolitan areas in Nord-Vest, the MDPWA may wish to consider further strengthen the legal framework for metropolitan areas to more clearly clarify responsibilities and distinguishing them clearly from those of local authorities. This could, for example, give a defined role to metropolitan areas for issues such as strategic planning, transport and investment. The MDPWA may also consider arrangements to ensure that metropolitan areas have dedicated funding in the future programming framework and requiring participation of relevant localities. Alternatively, the RDA could consider setting side a pool of funds for metropolitan areas.
- **Use the inter-governmental transfer system to strengthen the role of metropolitan areas and foster inter-municipal co-operation for efficient public service provision as populations change.** 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. As part of this review, the Ministry of Finance may wish to consider opportunities to increase incentives for cooperation, for example by providing PIT allocations directly to inter-municipal co-operation bodies, by linking funding amounts to the degree of cooperation or by raising user charges and fees for services provided by these bodies.
- **Harness the European Commissions' Integrated Territorial Investment (ITI) instrument to foster a culture of collaboration, especially for metropolitan areas.** The North-West RDA, with the support of the European Commission, could consider supporting and guiding stakeholders wishing to use ITI in metropolitan areas, as well as making sure that these are built on lessons learnt and success of existing ITIs, advise the creation of strategies and verify their conformity with EU regulations and principles, as well as make sure there is an embedded component for capacity building within these structures, in time for the adoption of the next EU multi-annual financial framework. Metropolitan areas could start to identify potential projects to make better use of ITIs in future programming periods. The North-West RDA could also undertake capacity-building on ITIs through workshops and support knowledge sharing, including by creating practical technical, financial and legal guidance. Local authorities in Nord-Vest could also benefit from further supporting Local Action Groups and the Community-Led Local Development instrument. Further use of the ITI instrument in metropolitan areas could help further reinforce and strengthen metropolitan governance and cooperation.

- **Examine longer-term opportunities to facilitate strategic and cross-sectorial responses at a regional level to respond to demographic change and other economic development needs.** The MDPWA may wish to explore opportunities for the continued evolution of the regional level to ensure an effective and efficient response to strategic challenges. This could consider options to reinforce the role of RDAs within the broader multi-level governance framework or alternative governance models, while also considering ensuring a pathway to continue empowering local authorities.

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

Local governments in Nord-Vest are well placed to understand local demographic challenges and identify opportunities to respond, but their ability to act is limited. In Romania, county and local governments account for 21% of total public expenditure, which is below the OECD average of 27%. Around half of that expenditure goes towards investment, which is very high compared to the OECD average (11.3%). A large proportion of revenue received by county and local government are transfers from the central government and the EU, a large part of which is earmarked. The main areas of subnational government expenditure are for investment and maintenance of local infrastructure, as well as spatial planning and some specialised programmes (e.g., local public health, elderly care). Although Romania has undergone a gradual decentralisation process, recent progress has been limited. The 2017 General Strategy for Decentralisation, which sought to accelerate the transfer of competencies to county and local governments, has not progressed recently. Local administrative capacity is one reason for limited progress, with large differences in capacity between larger cities and other local authorities.

To address these challenges, key policy avenues may include:

- **Create a pilot programme for decentralisation to experiment with granting additional competencies and fiscal autonomy to high-capacity local authorities to enable them to promote local development that is responsive to local needs, including for demographic change and youth outmigration.** 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, or cities above 40 000 population) and implement a pilot programme to grant selected additional competencies. In line with the strategy, the MDPWA could then evaluate and refine the programme. An updated classification of local governments could potentially be used as the basis for granting additional competencies. The EC, potentially through the North-West RDA, could provide dedicated funds for capacity building and monitoring systems to support a pilot.
- **Support county and local government strategic planning by developing a publicly available dashboard that provide indicators on each government to encourage effective and accountable local development.** The North-West RDA could create a database and user-friendly dashboard showing quantitative indicators on all local authorities in the region. This could include information on past, current and planned projects (e.g., budgets, progress and timelines). It could also include key indicators on local public services, health and education outcomes, environment and local attractiveness, among other areas. The North-West RDA should publicly share data in the dashboard and highlight good practices of local authorities that manage to improve indicators. In addition, the central government, through the Ministry of Finance and NIS, should publish a detailed and standardised database of county and local government finance.
- **Develop local public sector skills to ensure that counties and local governments have the capacity to effectively deliver services and investments in the face of the ageing workforce and youth outmigration, including providing pathways for youth employment.** The MDPWA, together with associations of cities, towns and communes, could undertake an assessment of skills

gaps (e.g., through a survey) and implement centralised training programmes and support systems to address these gaps. The North-West RDA could develop investment guidelines and provide targeted technical support in areas of capacity constraints, such as strategic planning and public procurement. The North-West RDA may then explore options to further support the remediation of local capacity gaps, such as establishing a regional expert pool, directly hiring technical specialists who can support local authorities on a rotating or project basis.

Strengthen county and local government finances to support an equitable and locally designed response to demographic change

The complex inter-governmental fiscal framework in Romania gives county and local governments limited autonomy to respond to local needs and creates a risk that transfers are not efficiently allocated as populations change. Subnational governments in Romania are highly reliant on grants and transfers, which make up 83.7% of county and local government revenue, well above the OECD and EU averages of 42.7% and 38.9%, respectively. Grants and transfers include those based on PIT and VAT receipts and EU funds. They, respectively, represent 28%, 23% and 26% of local government revenue. The VAT and PIT sharing systems are complex, opaque and earmarked, with funding linked to fiscal capacity rather than expenditure needs. Recent reforms to the Law on Local Public Finances have sought to improve the distribution of PIT for metropolitan areas and inter-municipal co-operation bodies by earmarking a proportion of revenue, but planned funding is not always received. Conversely, tax collection at the county and local levels is still incipient, accounting for 0.8% of GDP and 4.5% of public tax revenue. These are among the lowest percentages in EU countries. The main local taxes are the property tax on buildings and the land tax, which local governments charge on both legal entities and individuals, but local property taxes remain underutilised—only representing 0.5% of GDP in Romania, well below the EU average of 0.9%. Improving property taxes can potentially also help manage negative externalities of demographic change, such as vacant housing.

To address these challenges, key policy actions may include:

- **Update the property tax system and increase tax administration capacity to generate additional own-source revenues for locally designed programmes for families, youth and the elderly.** The Ministry of Finance's planned simplification of the property tax system could provide an opportunity to help ensure local governments further leverage property taxes to respond to local needs and manage the impacts of demographic change. This might be supported by considering areas such as the band of property and capital gains taxes, property valuations and incentives for improved compliance, including by focusing on secondary properties. The North-West RDA, in cooperation with the Ministry of Finance, may also consider opportunities to strengthen the capacity of local officials to support the ongoing shift to the recently upgraded property taxation system. County and local governments could undertake campaigns to more actively communicate with local taxpayers about the local programmes supported by property taxes to increase public support.
- **Review the equalisation system to ensure equitable, efficient and transparent resource allocation in line with local expenditure needs and based on verifiable demographic, socio-economic and geographic indicators.** The Ministry of Finance could consider opportunities to review the PIT and VAT sharing systems, as well as the National Equalisation Fund, to help determine whether the current mechanism remain fit-for-purpose in the context of demographic change. The review might consider options to better link transfers to local expenditure needs through increased use of formula-based allocations based on verifiable and transparent indicators, including on demography. The review could also consider simplifying, clarifying and standardising the transfer system, for example by limiting indirect transfers (e.g., share of PIT

provided to county councils for redistribution). It may also benefit from considering opportunities to reduce the use of earmarking to give local authorities more ability to target funds to local needs.

- **Update or otherwise avoid using the classification of local governments (cities, towns, communes) for funding and staffing decisions to better align funding to demographic indicators.** The central government and the North-West RDA should avoid using the classification of local authorities (cities, towns and communes) for funding allocation and staffing limits. Funding and staffing decisions and rules would benefit from being linked to a range of transparent indicators, such as demography, geography, socio-economic outcomes and competencies.

Adapting service provision

Improve public transport to better reflect and shape demographic trends

Limited and fragmented public transport in Nord-Vest impacts the regions attractiveness and limits access to jobs and public services, especially for youth, minorities and the elderly. In coordination with the national government, county and local governments manage local transport policy and operations in the region. Ongoing major investments, including those supported through the Nord-Vest Regional Programme and the Connecting Europe Facility are already improving road, public transport and digital networks in the region. However, the public transport planning system remains disconnected, with land use planning and transport operations are fragmented across administrative borders, lowering effectiveness. This is especially the case in urban areas, such as Cluj-Napoca, where the under-provision of public transport in the metropolitan area—combined with insufficient land use planning—has led to increased congestion in recent years. It is also the case in rural areas, where public transport is needed to ensure positive spillovers from urban development and ensure access to essential public services. Maintaining accessibility in shrinking and ageing rural areas will require ensuring that the transport system is adapted to remain efficient and meet the changing needs of users.

To address these challenges, key policy actions may include:

- **Create inter-municipal co-ordination structures that integrate public transport in metropolitan areas to improve attractiveness and encourage effective economic development and improve attractiveness for youth.** 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. These services should be integrated into other modes and broader mobility planning, in line with the European Commission's New Urban Mobility Framework.
- **Facilitate urban-rural connections at a service basin level to help distribute the benefits of development to surrounding towns and communes.** 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 (e.g., supporting the creation of 'rural poles'). While not all such routes will be financially viable, county governments might look for opportunities to improve connectivity, such as by providing subsidies to operators where there is a broader social benefit. It could also consider if vulnerable groups, such as people with low incomes, could be given further discounts to help them access public services, and indeed other work and leisure opportunities.
- **Explore on-demand transport solutions to improve public transport access in sparsely populated communities.** The North-West RDA could monitor the progress of a variety of on-demand transport solutions and consider if this technology has the potential be used to efficiently support mobility access in sparsely populated areas in a way that improves access for

rural places. Promising investment opportunities could seek to mobilise funding allocated in the Nord-Vest Regional Programme or the Social Climate Fund.

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

To continue raising living standards and maintain economic growth in the face of demographic headwinds, labour productivity in Nord-Vest will need to increase. This requires a skilled workforce. While the North-West RDA has been investing significantly in upgrading all levels of education facilities, Nord-Vest's education system still faces a triple challenge from insufficient education quality, low participation rates (in childcare and upper-secondary education) and rising costs, which demographic change risks exacerbating. By the end of lower-secondary education, students in Romania 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 in Romania having inadequate mathematics skills, double that of urban students. Enrolment in upper secondary education has declined, contributing to a shortage of skilled workers. Indeed, one in seven young people (aged 18 to 24) in Nord-Vest are considered early leavers from education or training – a rate one and a half times that of the EU average – and this is likely to be concentrated in rural areas. Participation in childcare is also limited, partly due to limited infrastructure; less than 7% of eligible children in Nord-Vest attend nurseries, well below the 19% goal by end-2025 despite the ongoing expansion of mandatory attendance. At the same time, the per-student cost of education is set to increase in most Nord-Vest localities, in large part due to declining youth population and a loss of economies of scale. By 2035, three in five localities in Nord-Vest could have per student costs above the median Romanian locality for primary education, which will create fiscal challenges for central and local governments. While education is primarily a central government responsibility in Romania, there is room to further involve subnational governments in decision-making given diverse local demographic trends and the role of subnational governments for investing in and maintaining school infrastructure.

To address these challenges, key policy actions may include:

- **Develop and test inter-municipal co-operation for primary education in areas facing population decline.** The Ministry of Education might 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 access to appropriate reliable transport. This could allow pooling of funding to improve the quality of school facilities. While school closures and mergers should be a last resort option, this pilot could then be used by the central government to develop a fit-for-purpose governance framework for supporting intermunicipal cooperation on schools. To encourage collaboration, the North-West RDA could consider additional investment to in schools where collaboration takes place, including student transport.
- **Develop national guidelines for school network re-organisation to provide local communities in shrinking places with a clear understanding of the criteria and process for any school closure (if applicable).** The Ministry of Education may wish to 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 to provide an alternate education option for shrinking communities.** 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 to inform funding for disadvantaged communities and target support to increase engagement and improve outcomes.** The Ministry of Education could consider developing a comprehensive index based on costs and social disadvantages to inform funding to better provide social support (e.g. school counsellors and psychologists) and tailored education experiences (e.g. collaboration with local employers, greater extra-curricular opportunities). This could build on existing indices such as the Composite Vulnerability Index for Early School Leaving, which could serve as a basis to adjust school funding. The North-West RDA could use the index to identify potential gaps in education services and inform investment across other sectors. Funding for other national and EU programmes, such as the Social Inclusion and Dignity Programme of Romania, could also be informed by such as index.
- **Develop an investment pipeline for childcare facilities to lower barriers to child-raising.** The North-West RDA could work with local authorities to identify shortages and develop a pipeline of childcare facilities to seek further funding for investment in childcare capacity. Investments in childcare facilities should be based on careful modelling of future local childcare demand to avoid over-supply. The North-West RDA could also encourage local authorities to develop initiatives for multi-use facilities and multi-service centres (where relevant) to increase flexibility where there are uncertainties in demand.
- **Review the unit cost of education that can inform the ongoing update of the school funding formula to ensure costs are accurately reflected.** 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. In particular, they should consider differences in teacher and infrastructure requirements, as well as student transport costs. The results of the unit cost review could inform the current review of school funding as part of the *Educated Romania* project and help secure sufficient funding for disadvantaged communities.
- **Expand funding to develop the education workforce, especially in disadvantaged communities, and provide a pathway to employment for young people in the region.** The North-West RDA could fund professional development and training for teachers as part of its investment in human capital. This could be funded through priority six or the technical assistance component of the Regional Programme. The North-West RDA should collaborate with the re-organised County Education Directorates to identify strategic opportunities to tackle disparities and trial new approaches, such as a stronger mentorship system for teachers in rural areas or management training for leaders of school clusters.
- **Provide pilot grants for employers to support the roll-out of dual education and enhance workforce participation.** The North-West RDA could provide one-off conditional grants to support employers that are considering providing training opportunities within the dual education system. This could be funded through priorities one or six of the Regional Programme. Such grants could require employers to train a certain number of students in a community over some time. This would help offset risks and set-up costs employers might face when first engaging with the dual education system and help foster a larger ecosystem of community-business partnerships across schools. A similar approach could also apply to tertiary students, where the national government could draw upon ESF+ funds to provide pilot funding for internships or graduate programs to retain youth in the region after their education, especially in rural areas.

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

While the region has seen significant investment in healthcare in recent years, the health system in Nord-Vest is still not fully prepared for an ageing population. This is partly due to its high reliance on in-patient care and insufficient public health programmes. Health outcomes in the region remain relatively low, with Nord-Vest residents experiencing a mortality rate one and a half times that of the EU average,

with especially high levels of treatable and preventable mortality. By 2050, the elderly population (age 65+) in Nord-Vest is projected to grow by almost a third, which will place increased pressure on the health system. Per capita spending on health in Romania is the lowest of all EU countries, with especially low spending on preventative and out-patient care. Access to preventative interventions via local primary and community care is limited, even though they can support healthy ageing and reduce the future burden on the health system. Workforce shortages remain a threat in Nord-Vest, especially in rural areas and for primary care – current staffing levels are well below EU averages and have remained stagnant over the past decade despite growing health needs and there are major geographic gaps. Incentives for healthcare workers to move to rural areas have proved insufficient. Although health is primarily a central government responsibility in Romania, the North-West RDA plays a major role in health investment as an intermediate body for health under the ERDF and ESF+ funded EUR 5.88 billion national Health Programme (*Programul Sănătate*).

To address these challenges, key policy actions may include:

- **Collect granular health data and implement the workforce planning strategy to more proactively identify and act to improve health outcomes.** 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. This could include the geographic location and operating hours of primary care facilities, which would provide a more granular and accurate measure of health access and could be integrated in the planned Health Atlas.
- **Invest to improve the quality and accessibility of the health care network throughout the Nord-Vest to improve health outcomes and ensure accessibility in shrinking places.** 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. The North-West RDA could continue to invest the upgrade the hospital network and explore opportunities to increase investment in the primary and secondary healthcare network by mobilising EU funds and in its role as an intermediate health body under the national Health Programme, in collaboration with the county directorates for health. Changes to the rural health network could foster the creation of ‘rural poles’ that provide multiple public services for across defined rural area.
- **Further develop local public health and preventative health programmes to reduce the fiscal impact of an ageing population.** 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. The Ministry of Health could increase capacity building and technical assistance for localities and support the development of digital solutions to increase awareness of public health and simplify access to primary care providers.
- **Address barriers to medical training in county and rural health centres to help fill service gaps in small communities.** The county directorates for health in Nord-Vest could benefit from closer collaboration with local medical universities to understand and 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). The central government could support this reinforcing the integrity of the service obligations requirement to make them more effective at attracting specialised skills in towns and smaller cities.
- **Scale up investment in community health centres and long-term care facilities outside urban centres to help improve quality of life and attractiveness for youth.** 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. However, delivering such infrastructure investments at scale will need to be accompanied by long-term staffing and operational resources, for which funding will likely depend on the central government.

- **Strengthen and innovate local public health and related programmes to support healthy ageing.** County and locality governments could trial programs that promote public health and healthy ageing. While public health is primarily a central government responsibility, county and locality government could support these efforts through locally tailored programmes on active recreation and mobility. Stronger public health components could also be embedded in locality-run services, such as education, social services and elderly care. Digital training programmes and targeted investments could also support elderly people's access to telemedicine. The North-West RDA could provide support to localities, counties or local community groups seeking to pilot innovative public health and healthy ageing measures.

Action plan

This action plan outlines a series of targeted actions linked to the policy recommendations developed for each policy sector in the report. These reflect the levers available to national, regional, county and local authorities to help adapt to demographic change. Each recommendation is broken down into concrete actions, specifying the relevant actor and an indicative timeline. A proposed lead actor, typically the institution with legal authority or technical competence, is listed first, followed by key partners involved in the delivery of the action. Timelines are classified as short-term (1-2 years), medium-term (3-5 years), or long-term (beyond 5 years), which has been determined based on a judgement of the regulatory, financial, and institutional requirements of the action. Where possible and relevant a mix short-term and long-term actions have been identified across different levels of government, allowing smaller actions to be taken in the absence of larger reforms. Recommendations that have a strong link to the priority topic of youth have also been explicitly identified (Table 1.1).

Given the breadth and complexity of the proposed actions, it is recommended that the North-West RDA, in collaboration with the cooperation of the Ministry of Development, Public Works and Administration, organises a forum with relevant stakeholders to priorities the actions and develops an implementation roadmap. This roadmap could include a prioritisation matrix for each action's expected impact (low, medium, high) and feasibility (including political will), administrative capacity and availability of finance. It should also identify funding sources, designate a clear lead institution and provide a realistic timeline for implementation. It could also be supported by a monitoring and evaluation framework with indicators, milestones and evaluation timeframes for each action. Establishing such a roadmap would support effective sequencing, foster alignment across government levels, and enhance transparency and accountability in implementation.

Table 1.1. Action plan for Nord-Vest

Recommendation	Action	Actors	Timeline	Priority
Land use and spatial planning				
Streamline the spatial and urban planning framework to support a coordinated response to demographic change	The county councils, in cooperation with the RDA and MDPWA, could develop an updated regional spatial plan that incorporates recent demographic changes. This updated regional spatial plan should then serve as a coordination framework for aligning the county spatial plans to support a coordinated response to demographic change and youth outmigration.	North-West RDA County governments MDPWA	Medium-term	Talent - attractiveness
	County and local authorities could better ensure spatial and urban plans are regularly updated through a structured consultation and approval process involving all relevant county councils and the RDA	County governments Local authorities North-West RDA	Short-term	

	The RDA could further ensure that investments they fund are first included in county spatial plans and urban plans	North-West RDA	Short-term	
	Local authorities within the same metropolitan area, especially in growing metropolitan areas such as Cluj-Napoca or Oradea, could more actively collaborate and prioritise development of an integrated metropolitan urban plan. The metropolitan urban plan should be developed based on, and in alignment with, the SIDU of the metropolitan area to ensure strategic and spatial coherence.	Local authorities	Medium-term	
	The MDPWA and the National Statistics Institute (NIS) could facilitate better spatial planning at all levels digitalising maps and establishing a comprehensive GIS database, which could also incorporate demographic projections at the local level	MDPWA NIS	Medium-term	
	The RDA could support county-level projects to enhance urban planning capacity at the local level	North-West RDA	Short-term	
	The RDA could promote the establishment of a dynamic data collection system to support evidence-based planning and the development of strategic documents.	North-West RDA	Medium-term	
	The RDA could directly assist selected local authorities by providing targeted funding to develop digital tools, update urban plans and integrate demographic projection data into planning processes	North-West RDA	Short-term	
Enhance access to housing in urban areas to provide attractive places for young people	County governments could ensure that future revisions of PATJs provide guidelines for local authorities in the growing urban cores of metropolitan areas to allow higher density development, through density bonuses and by promoting flexibility in zoning regulations within PUGs.	County governments	Medium-term	Talent - housing
	Local governments in urban cores would benefit from reviewing their permitting procedures for renovation to support simplification, for example by implementing fast-track approval processes for affordable housing projects.	Local governments	Medium-term	
	Local authorities in growing urban areas could update land use regulations to capture uplift in land-value from any regulatory changes	Local governments	Medium-term	
	The RDA could also facilitate local authorities in areas facing housing pressure to benefit from EU funds to support them with the renovation of high quality social housing in high demand places.	North-West RDA	Short-term	Talent - housing
	The RDA could facilitate access to funding for areas in need through the pan-European Investment Platform for Affordable and Sustainable Housing	North-West RDA	Short-term	Talent - housing
	When projects are eligible for co-financing through EU funds, local authorities should ease procedural barriers, particularly by waiving the requirement for unanimous consent, when it is required, and applying the standard threshold of two-thirds of ownership shares in favor.	Local governments	Short-term	Talent - housing
	The RDA and local authorities should also strengthen outreach efforts to inform homeowners about available EU funding opportunities for energy-efficiency renovations, the possibility of financial contribution exemptions for vulnerable households, and the potential benefits for owners, including increased property value.	North-West RDA	Short-term	Talent - housing
	The RDA would benefit from promoting the wider adoption of land value capture mechanisms such as developer obligations, in growing urban areas.	North-West RDA	Medium-term	
	Local authorities in suburban areas of growing metropolitan areas, for instance, around Cluj-Napoca or Oradea, would also benefit from implementing a more systematic approach to enforcing developer obligations related to the provision of public facilities and public transport infrastructure.	Local governments	Short-term	
Support efficient adaptation of land and	The MDPWA could benefit from supporting initiatives aimed to help a comprehensive and publicly accessible building real	MDPWA	Short-term	

buildings as the population shrinks	estate database.			
	The North-West RDA could also support the development of a real estate database and ensure that the data is made publicly accessible.	North-West RDA	Short-term	
	Local authorities would benefit from increasing property tax rate on secondary residences and introduce taxes on vacant properties to encourage the integration of houses without productive use into the active housing market.	Local authorities	Short-term	
	The RDA could also support localities in accessing ERDF programmes to rehabilitate vacant buildings.	North-West RDA	Short-term	
	The ANCPPI should continue to complete the national cadastral and land registry system.	ANCPPI	Medium-term	
	The MDPWA could consider simplifying expropriation procedures by reducing documentation, especially for small-scale projects.	MDPWA	Long-term	
	The MDPWA could look to establish a clear legal framework for managing unclaimed properties to mitigate challenges associated with absentee or non-responsive property owners.	MDPWA	Long-term	
Multi-level governance and subnational finance				
Enhance long-term strategic planning to better align investments to future populations	Formally adopt a national territorial development strategy to strategically and coherently respond to long term trends, especially demographic change and youth outmigration	MDPWA	Medium-term	Talent – attractiveness, employment
	Ensure that key development strategies and plans across all levels of government explicitly consider long-term population projections	MDPWA	Long-term	Talent – attractiveness, public services
	Continue to enhance the strategic planning role of the North-West RDA, including for non-EU funded investments, to limit investment fragmentation and ensure investments are aligned with population changes	North-West RDA	Medium-term	
	Strengthen local-level statistics to better inform regional, county and local strategies to help address demographic change	NIS North-West RDA	Medium-term	
Adapt territorial structures as the population changes	Update the administrative territorial structure to align the categorisation of local authorities with changes in the population	MDPWA	Long-term	
	Streamline the legal framework and promote benefits of mergers to make it easier for support small local authorities to voluntarily merge where their viability is reduced due to demographic change	MDPWA Associations of Cities, Towns and Communes North-West RDA	Long-term	
	Strengthen the national legal framework for inter-municipal co-operation to facilitate more efficient service provision, especially in depopulating areas	MDPWA North-West RDA	Long-term	
	Reinforce metropolitan governance by further updating the Law on Metropolitan Areas to better clarify responsibilities and facilitate more effective development in growing urban areas	MDPWA	Medium-term	
	Use the inter-governmental transfer system to strengthen the role of metropolitan areas and to foster inter municipal co-operation for efficient public service provision as populations change	MDPWA	Medium-term	
	Harness the European Commissions' Integrated Territorial Investment (ITI) and Community-Led Local Development (CLLD) instruments to foster a culture of collaboration, especially between local authorities with changing populations	North-West RDA Local authorities	Short-term	
	Examine the potential for regionalisation to facilitate more strategic and cross-sectorial response to demographic change and other economic development needs	MDPWA	Long-term	
	Create a pilot programme for decentralisation that grants additional competencies and fiscal autonomy to high-capacity local authorities to enable them to promote local development	MDPWA EC	Long-term	Talent – attractiveness

local government autonomy to facilitate more tailored local responses to demographic change and attractiveness	that is responsive to local needs, including for demographic change and youth outmigration			
	Support county and local government strategic planning by developing a publicly available dashboards that provide indicators on each government by locality to encourage effective and accountable local development	North-West RDA Ministry of Finance and INS	Medium-term	
	Develop local public sector skills to ensure that counties and local governments have the capacity to effectively deliver services and investments in the face of the ageing workforce and youth outmigration, including providing pathways for youth employment.	MDPWA North-West RDA	Medium-term	Talent – job creation
Strengthen county and local government finances to support an equitable and locally designed response to demographic change	Update the property tax system and increase tax administration capacity to generate additional own source revenues for locally designed programmes for families, youth and the elderly	Ministry of Finance County and local governments	Medium-term	Talent – skills programmes
	Review the equalisation system to ensure equitable, efficient and transparent resource allocation in line with local expenditure needs and based on verifiable demographic, socio economic and geographic indicators	Ministry of Finance	Long-term	
	Update or otherwise avoid using the classification of local governments (cities, towns, communes) for funding and staffing decisions to better align funding to demographic indicators	Ministry of Finance	Medium-term	
Service provision and accessibility				
Improve public transport to better reflect and shape demographic trends	Create inter-municipal co-ordination structures that integrate public transport in urban areas to improve attractiveness and encourage effective economic development and improve attractiveness for youth	Metropolitan areas	Medium-term	Talent - attractiveness
	Facilitate urban-rural connections at a service basin level to help distribute the benefits of development to surrounding towns and communes	County governments	Medium-term	
	Explore on-demand transport solutions to improve public transport access in sparsely populated communities	North-West RDA	Long-term	
Enhance education workforce and facilities 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 in areas facing population decline	Ministry of Education	Medium-term	Talent – skills
	Develop national guidelines for school network re-organisation to provide local communities in shrinking places with a clear understanding of the criteria and process for any school closure (if applicable)	Ministry of Education	Long-term	Talent – skills
	Develop a digital correspondence education system to provide an alternate education option for shrinking communities	Ministry of Education	Long-term	Talent – skills
	Develop an education disadvantage index to inform funding for disadvantaged communities and target support to increase engagement and improve outcomes	Ministry of Education North-West RDA	Long-term	Talent – skills
	Develop an investment pipeline for childcare facilities to lower barriers to child-raising	North-West RDA	Short-term	Talent – workforce
	Review the unit cost of education that can inform the ongoing update of the school funding formula to ensure costs are accurately reflected	County directorates for education	Medium-term	
	Expand funding to develop the education workforce, especially in disadvantaged communities, and provide a pathway to employment for young people in the region	North-West RDA	Short-term	Talent – skills
	Provide pilot grants for employers to support the roll-out of dual education and enhance workforce participation	North-West RDA	Short-term	Talent – skills
Improve the quality of the regional healthcare system to better meet the needs of an ageing population	Collect granular health data and implement the workforce planning strategy to more proactively identify and act to improve health outcomes	Ministry of Health	Medium-term	
	Invest to improve the quality and accessibility of the health care network throughout the Nord-Vest to improve health outcomes	Ministry of Health	Long-term	

	and ensure accessibility in shrinking places	North-West RDA		
	Further develop local public health and preventative health programmes to reduce the fiscal impact of an ageing population	North-West RDA	Short-term	
	Address barriers to medical training in county and rural hospitals to help fill service gaps in small communities	County directorates for health	Short-term	
	Scale up investment in community health centres and long-term care facilities outside urban centres to help improve quality of life and attractiveness for youth	North-West RDA	Medium-term	Talent – attractiveness
	Strengthen and innovate local public health programmes and related programmes to support healthy ageing	County and locality governments; North-West RDA	Short-term	

2 Setting the scene: Portrait of Nord-Vest in its national and European context

This chapter provides an overview of the demographic and socio-economic trends and multi-level governance structure in Nord-Vest, Romania. In the last 10 years, the region of 2.5 million inhabitants has decreased in population by 1.8% – a trend that is forecast to continue, albeit at a slower pace than the Romanian average. Despite population decline, outmigration is slowing as urban centres of Cluj-Napoca and Oradea flourish. The region is gradually converging towards the EU average, supported by growth in high-skilled sectors of the local economy. The national government in Romania has the main competencies for key policy areas linked to demographic change and has adopted several policies to both shape demographic trends and adapt to their impacts. While regional, county and local authorities' competencies are more limited, they have an essential role in investment – in particular through EU funds – which they will need to direct effectively to support an ageing population and improve attractiveness for youth.

Introduction

The Nord-Vest is one of Romania's eight development regions, strategically positioned in the northwest of the country. It shares international borders with Hungary to the west and Ukraine to the north, serving as a gateway for trade across the region. The region is composed of six counties (Bihor, Bistrița-Năsăud, Cluj, Maramureș, Satu Mare and Sălaj) and 446 territorial administrative units, including 15 cities (*municipii*), 28 towns (*orașe*) and 403 rural communes (*comună*). It is characterised by a predominantly rural landscape, which is home to around half of the region's population. In recent years, Nord-Vest has been converging towards the EU average in terms of GDP per capita, aided by significant investment supported by EU and national funds.

By 2050, the population of Nord-Vest (2.5 million inhabitants) is projected to shrink by 14%, with 24% fewer working-age residents (15-64 years old) and 41% fewer young residents (15-49). It will also age, with a 23% increase in elderly residents (65+). A smaller and older demographic profile will have a significant impact on the region. Economic growth risks being constrained from a smaller working-age population. Public services in shrinking rural communes – especially primary schools – may become less viable as student numbers decrease. Healthcare service will face pressure as an older population requires additional and more complex procedures. Public finances will also face pressures from increase pension liabilities and higher healthcare spending.

Avoiding the worst impacts of demographic change requires proactively adapting to demographic change. To ensure the Nord-Vest region remains an attractive place for youth requires re-scaling and re-shaping governance structures, policies, services and investment priorities. Without adaptation, Nord-Vest will risk having infrastructure and services that not aligned with future population needs, which will increase their cost and reduce potential benefits. Ultimately, this could lower the attractiveness of the region for youth.

This report provides a comprehensive analysis of the key trends, challenges and policy responses required to adapt to demographic change. It provides a roadmap for policymakers, practitioners and stakeholders in Nord-Vest, and beyond, to navigate demographic changes in a way that fosters resilience and long-term prosperity (Box 2.1). The study is structured into four main chapters. Chapter 2 outlines the socio-economic and demographic profile of the region, and the institutional arrangements and overarching policy framework relating to demographic change in Romania. Chapter 3 explores land use and spatial planning issues, focusing on the spatial planning framework, land use, housing and settlement patterns. Chapter 4 focuses on subnational government finances, infrastructure investment and multi-level governance. Chapter 5 provides an assessment of public service delivery, focusing on balancing quality, accessibility and financial sustainability in the face of shifting demographic pressure.

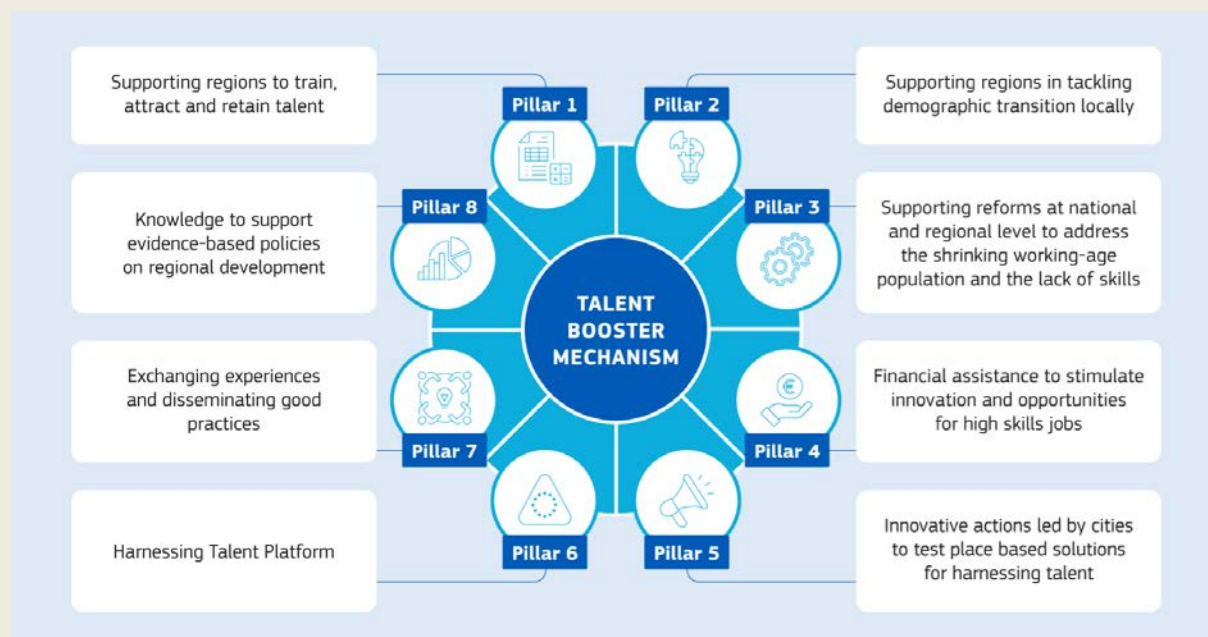
Box 2.1. Helping regions adapt to demographic change

By 2050, two-thirds of EU regions are projected to have less population than in 2019, while nearly 9 of 10 regions are projected to have a higher median age. Population shrinking, ageing and outmigration of youth is negatively impacting many regions and risks leaving these places in a development trap.

Harnessing talent in Europe's regions

In recognition of this challenge, the European Commission issued the Communication [Harnessing Talent in Europe's Regions](#) in January 2023. This Communication led to the establishment of the Talent Booster Mechanism and the Harnessing Talent Platform, which aim to support regions facing a sharp decline in the working age population, a low and stagnating share of people with tertiary education and a significant departure of young people. These initiatives offer tailor-made, place-based and multi-dimensional solutions to support regions most affected by the demographic transition.

Figure 2.1. Overview of the Talent Booster Mechanism



Source: European Commission (2025^[1]), *Talent Booster Mechanism*, https://ec.europa.eu/regional_policy/policy/communities-and-networks/harnessing-talent-platform/talent-booster-mechanism_en (accessed on April 2025).

Smart adaptation of regions to the demographic transition

Pillar 2 of the Talent Booster Mechanism targets regions at risk of falling into a ‘talent development trap’, which are regions that have historically faced a high rate of departure of young people. Ten regions, including the Nord-Vest, were selected based on an open call to receive support to address their demographic challenges with a targeted study focusing on land use and spatial planning, multi-level governance, subnational government finance and public investment, and public service delivery.

Adapting to demographic change in order to remain attractive

Meeting the challenge of demographic change requires focusing on both adaptation and attractiveness. Adaptation strategies seek to ensure policies, governance structures and public services are aligned with a changing demographic structure. Attractiveness initiatives aim to address quality of life factors to create an attractive environment and opportunities for current and potential residents.

These approaches reinforce one another:

- **Adapting land use** to be more efficient can not only make public services easier and less costly to provide but can also transform neighbourhoods into more attractive and lively environments that better serve current needs and attract residents and visitors.
- **Adapting multi-level governance structures, public finances and investment** in line with population changes can help to limit fiscal pressure from population ageing and facilitate more efficient public services, creating fiscal space for investment in attractiveness.
- **Adapting public service delivery** through digitalisation and mobile solutions, for example, can keep costs in check while also attracting younger populations and remote workers seeking residential mobility.

The necessity of adaptation thus becomes an opportunity to rethink and improve what makes places attractive and sustainable in the long-term.

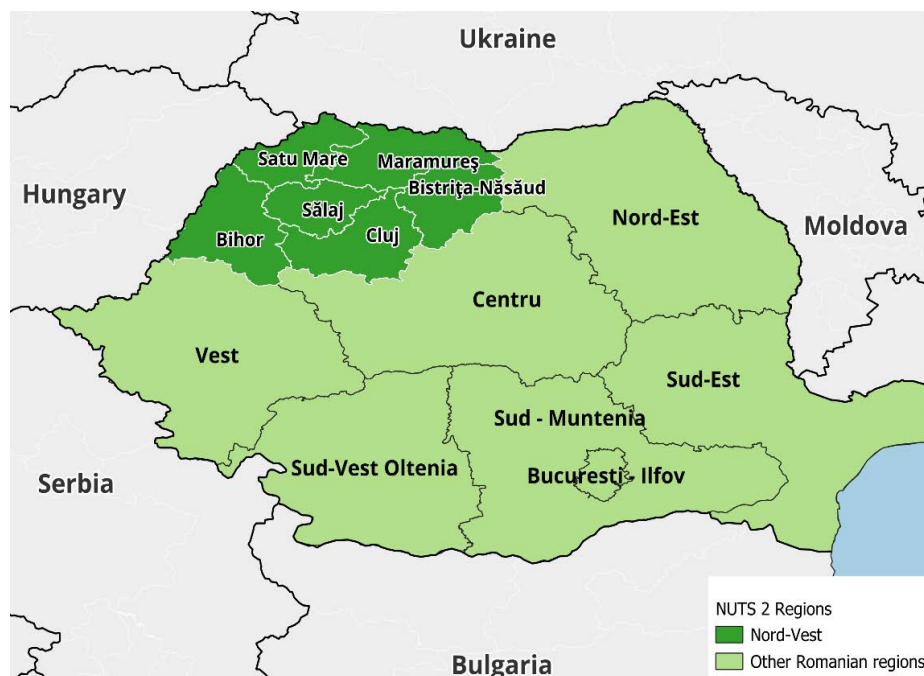
Source: European Commission (2023^[2]), *Harnessing talent in Europe's regions*, https://ec.europa.eu/regional_policy/information-sources/publications/communications/2023/harnessing-talent-in-europe-s-regions_en (accessed on April 2025); European Commission (n.d.), *Talent Booster Mechanism*, https://ec.europa.eu/regional_policy/policy/communities-and-networks/harnessing-talent-platform/talent-booster-mechanism_en (accessed on April 2025); European Commission (2025^[3]), *Harnessing Talent Platform*, https://ec.europa.eu/regional_policy/policy/communities-and-networks/harnessing-talent-platform_en (accessed on April 2025).

Socio-economic context

The Nord-Vest Region is one of eight NUTS 2 development regions (TL2 regions according to OECD classification) in Romania. It shares international borders with Hungary to the northeast and Ukraine to the north, as well as domestic borders with the Nord-Est, Centru and Vest (Figure 2.2). The region is characterised by a predominantly rural landscape.

Figure 2.2. Nord-Vest is situated on border of Hungary and Ukraine and comprises six counties

Territorial organisation of the Nord-Vest region



Source: OECD (n.d.^[4]), *OECD Database on Regions, Cities and Local Statistics*, https://localdataportal.oecd.org/maps.html?indicator=POP_T&latitude=47.2035&longitude=23.4065&zoom=6.9648 (accessed on March 2025).

The region comprises of six counties (TL3 regions according to the OECD classification): Bihor, Bistrița-Năsăud, Cluj, Maramureș, Satu Mare, and Sălaj. The territorial and administrative structure of Nord-Vest includes 446 territorial administrative units, comprising 15 cities (*municipii*), 28 towns (*orașe*) and 403 rural communes (*comune*). Law No. 351/2001 on the approval of the National Spatial Plan – section IV Network of Settlements - defines the status of localities based on criteria such as population size, economic activity

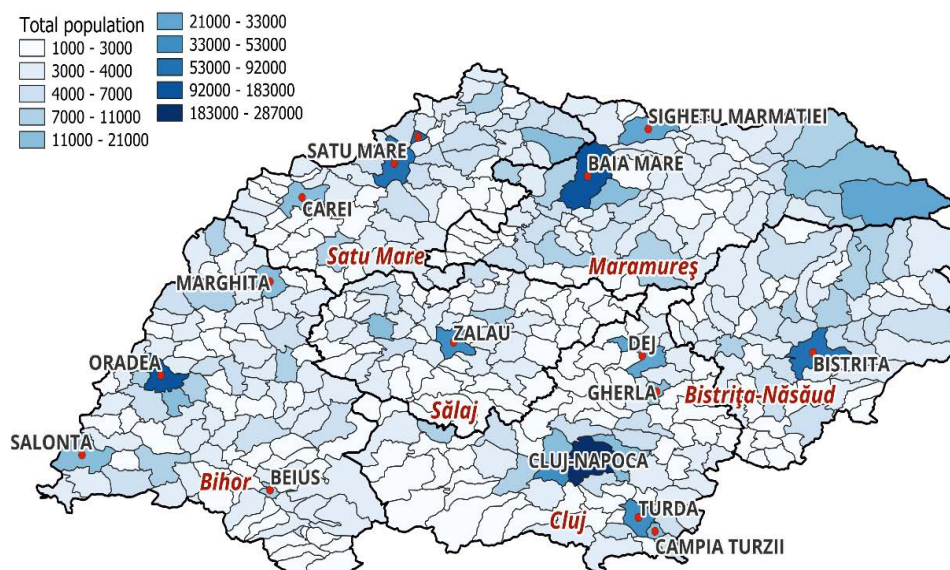
and the presence of administrative institutions. Cities are urban localities with significant economic, social, cultural and administrative presence, while towns are smaller urban areas. Communes are rural administrative units made up of one or more villages.

Nord-Vest is a diverse region with imbalances between urban and rural areas

Nord-Vest is spread across 34,159 km², with a total population of 2,531,913 inhabitants (as of 2023). Bihor is the geographically largest county, accounting for 22% of both the region's land area and population. Cluj is the second-largest in surface and the most populous, hosting 28% of the regional population. The spatial distribution of the population is heterogenous, with sparsely populated rural areas coexisting alongside densely populated urban centres, such as Oradea (187 249 inhabitants, as of 2021) and Cluj-Napoca (330 992 inhabitants, as of 2021) (Figure 2.3).

Figure 2.3. The Nord-Vest region is a rural region with several important urban centers

Population distribution across Nord-Vest, 2021



Source: OECD (n.d.^[4]), *OECD Database on Regions, Cities and Local Statistics*, https://localdataportal.oecd.org/maps.html?indicator=POP_T&latitude=47.2035&longitude=23.4065&zoom=6.9648 (accessed on December 2024).

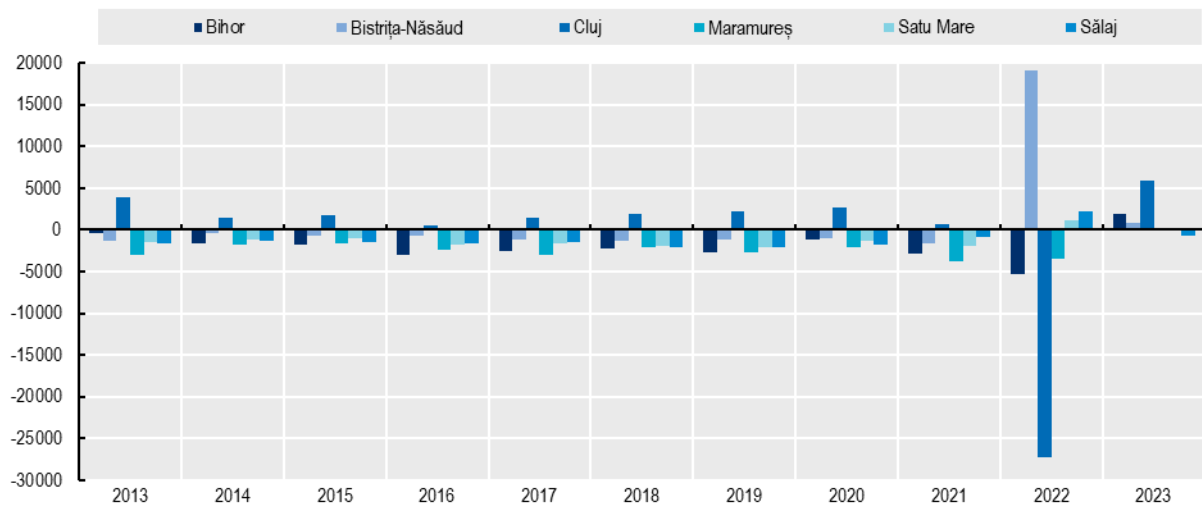
The Nord-Vest development region of Romania is notable for its ethnic diversity, comprising significant Hungarian and Roma communities, as well as a growing population of Ukrainian refugees. The Hungarian population accounts for about 20% of the region's inhabitants and the Roma population for about 3.5%, with a higher concentration in Bihor County. The Roma community continues to face challenges related to social inclusion and access to education and employment. Following the onset of the conflict in Ukraine in 2022, the Nord-Vest region, particularly Maramureș County, has seen an influx of Ukrainian refugees. Romania has received over 3 million Ukrainian refugees, with approximately 100 000 remaining in the country (DG ECFIN, 2023^[5]). The share of the population at risk of poverty is 14.7%, lower than the national average of 21.1%, having declined by 14 percentage points since 2013 (TEMPO, 2025^[6]).

Nord-Vest region faces population decline, suburbanisation and rural ageing

Nord-Vest has experienced long-term population decline, although to a lesser extent than other regions in Romania. In the 10 years to 2024, the region's population decreased by 1.8%, which was below the national average (4.0%). Within Nord-Vest, population dynamics vary significantly across counties. Cluj County experienced population growth until 2021, reflecting the status of Cluj-Napoca as a key economic and academic hub. In contrast, Sălaj and Maramureş counties have experienced persistent and significant population decline, with decreases of 5% between 2013 and 2023 (Figure 2.4).

Figure 2.4. Population decreased in all counties between 2013 and 2023

Population changes by county in Nord-Vest, 2013-23



Note: The significant increase in population recorded in Bistrița-Năsăud County and the corresponding decrease in Cluj County in 2021 may be attributed to an abnormal outmigration flow from Cluj to Bistrița-Năsăud. This pattern is likely linked to the COVID-19 pandemic, during which many individuals temporarily relocated from urban to rural areas. For example, a substantial number of students appear to have returned to their parental homes during lockdowns. Since the census was conducted during this period, the data may reflect temporary shifts in residence rather than permanent migration, suggesting that the observed population movements may not accurately represent long-term demographic trends.

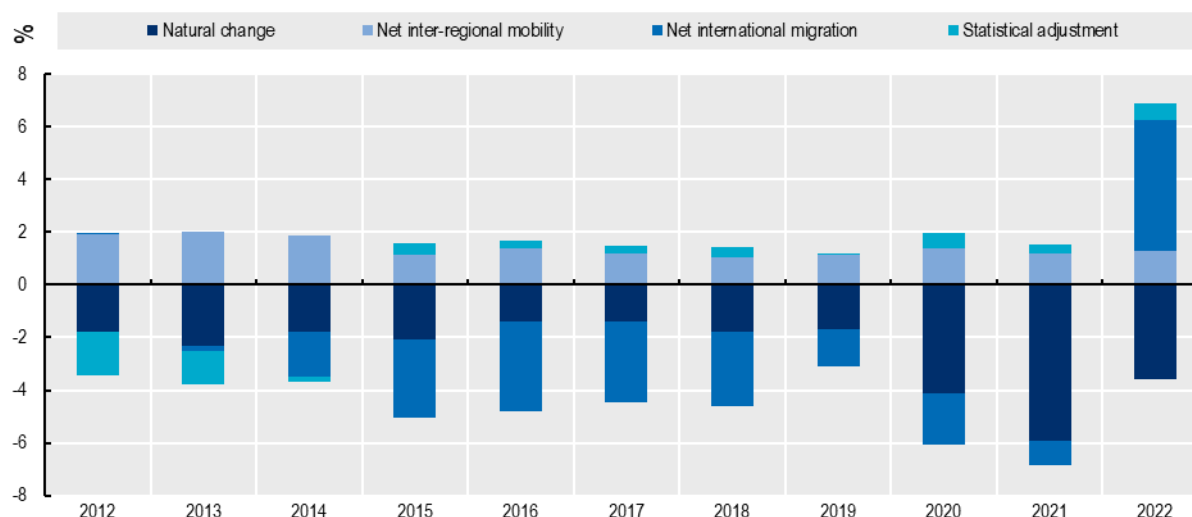
Source: OECD (n.d.^[4]), *OECD Database on Regions, Cities and Local Statistics*,

https://localdataportal.oecd.org/maps.html?indicator=POP_T&latitude=47.2035&longitude=23.4065&zoom=6.9648 (accessed on December 2024).

The sustained population decline in Nord-Vest is driven by both negative natural change and net migration (Figure 2.5). The region recorded a negative natural balance since 2012, linked to lower fertility, at 1.55 children per woman in Nord-Vest in 2023, well below the replacement rate of 2.1. The negative natural balance was also related to ageing of the generation who were born in the 1970s during a baby boom resulting from pro-natalist policies under Nicolae Ceaușescu's communist regime. The natural balance reached its lowest point in 2021, largely due to the increased mortality caused by the COVID-19 pandemic. Beyond this temporary shock, the persistent natural decrease reflects broader socio-economic shifts, including rising income levels, increasing adoption of urban lifestyles, and changing gender roles in society, all of which contribute to lower fertility rates (Bignami, 2024^[7]; OECD, 2024^[8]).

Figure 2.5. The population of the Nord-Vest region is declining because of low birth rate and international outmigration

Decomposition of population change (persons) by year, 2012-22



Note: The migration values represent share of population moved permanently outside of Romania (International migration), or permanently outside of Nord-Vest within Romania (Domestic migration).

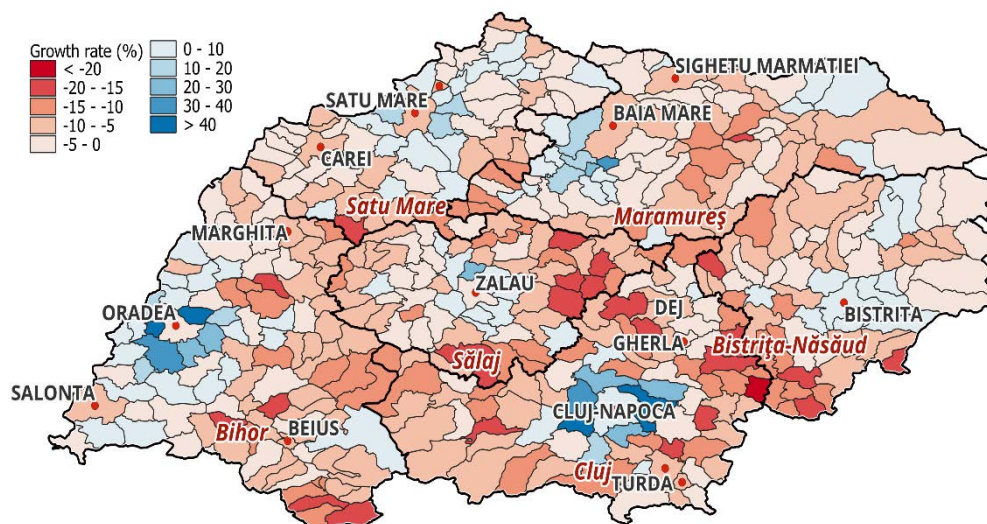
Source: Eurostat (2024^[9]), *Population change - Demographic balance and crude rates at national level*, https://ec.europa.eu/eurostat/databrowser/view/demo_gind/default/table (accessed on November 2024); Eurostat (2024^[10]), *Population change - Demographic balance and crude rates at regional level (NUTS 3)*, https://ec.europa.eu/eurostat/en/web/main/search/-/search/dataset?text=demo_r_gind3 (accessed on November 2024). National Institute for Statistics (NIS) Romania (2024^[11]), *Settlements of the residence by urban/ rural area, macroregions, development regions and counties*, <http://statistici.insse.ro:8077/tempo-online/#/pages/tables/insse-table> (accessed on November 2024). NIS Romania (2024^[12]), *Departures from the residence, by urban/ rural area, macroregions, development regions and counties*, <http://statistici.insse.ro:8077/tempo-online/#/pages/tables/insse-table> (accessed on November 2024). NIS Romania (2024^[13]), *Temporary immigrants by age group, sex, urban/ rural area, macroregions, development regions and counties*, <http://statistici.insse.ro:8077/tempo-online/#/pages/tables/insse-table> (accessed on November 2024). NIS Romania (2024^[14]), *Temporary emigrants by age group, sex, urban/ rural area, macroregions, development regions and counties*, <http://statistici.insse.ro:8077/tempo-online/#/pages/tables/insse-table> (accessed on November 2024).

The region experienced a pronounced wave of international outmigration between 2014 and 2021 following Romania's accession to the European Union in 2007. Since 1989, over 5 million Romanians emigrated abroad. On average, around 4 500 more people left the Nord-Vest than arrived each year between 2015 and 2024. As Nord-Vest has converged towards the EU average in terms of GDP per capita the emigration rate has been slowing. The Nord-Vest region is emerging as an increasingly attractive destination within Romania, driven by positive economic performance of key urban centres. This is reflected in a sustained pattern of net domestic in-migration over the period (Figure 2.5). In 2022, the Nord-Vest region even experienced a notable influx of international immigrants, primarily due to the displacement caused by Russia's war of aggression against Ukraine.

In the past decade, internal migration flows have been concentrated in metropolitan areas, notably Cluj-Napoca and Oradea. These cities recorded population growth rates 23% to 69% higher than rural areas, driving significant youth outmigration from the countryside. Nevertheless, despite their attractiveness, these cities continue to face net losses of highly skilled youth to Bucharest and international destinations.. Although population levels in city centres have stabilised or declined, metropolitan peripheries are expanding (Figure 2.7). The rapid suburban expansion reflects diverse dynamics, driven both by families seeking larger living spaces and by students in search of affordable housing.

Figure 2.6. Nord-Vest is experiencing suburbanisation and population decline in rural areas

Population change in localities in Nord-Vest, Romania, 2011-21



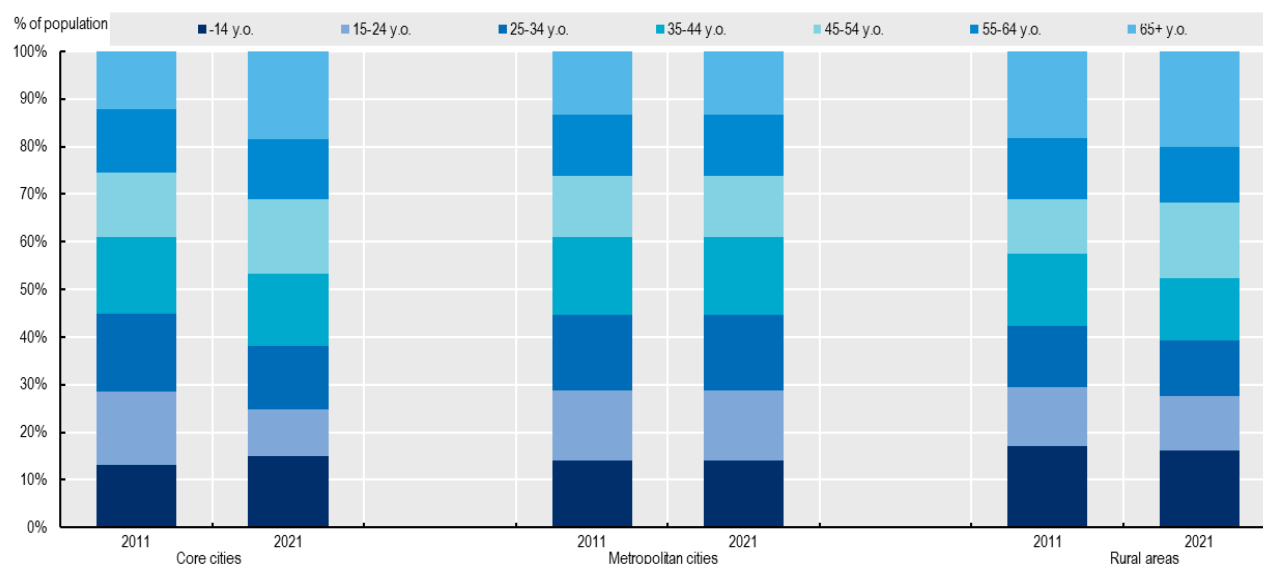
Note: The variable "Metropolitan cities" groups core cities (with county seat) and first ring cities (with county seat)

Source: OECD (n.d.[4]), OECD Database on Regions, Cities and Local Statistics,,
https://localdataportal.oecd.org/maps.html?indicator=POP_T&latitude=47.2035&longitude=23.4065&zoom=6.9648 (accessed on December 2024).

Urban centres such as Cluj-Napoca, Oradea attract young residents in pursuit of better employment prospects and improved living standards, while rural areas are aging. The higher education sector, concentrated in Cluj-Napoca, brings diverse youth who migrate in pursuit of education, including some students from Western Europe. In 2020, youth participation (15-24 years) in education stood at 62.1%, the second highest in the country after the București-Ifov region and slightly below the EU average (65.6%) (Eurostat, 2025[15]). At the same time, rural populations are experiencing a rise in aging populations (Figure 2.7). Between 2014 and 2021, the elderly population in rural areas increased by 1%.

Figure 2.7. Metropolitan areas are becoming younger, while remote places are ageing

Distribution of population age groups in core cities, metropolitan cities and rural areas, 2011-21



Note: The variable "Metropolitan cities" groups core cities (with county seat) and first ring cities (with county seat). The variable "Core cities" groups core cities with county seats and core cities without county seats.

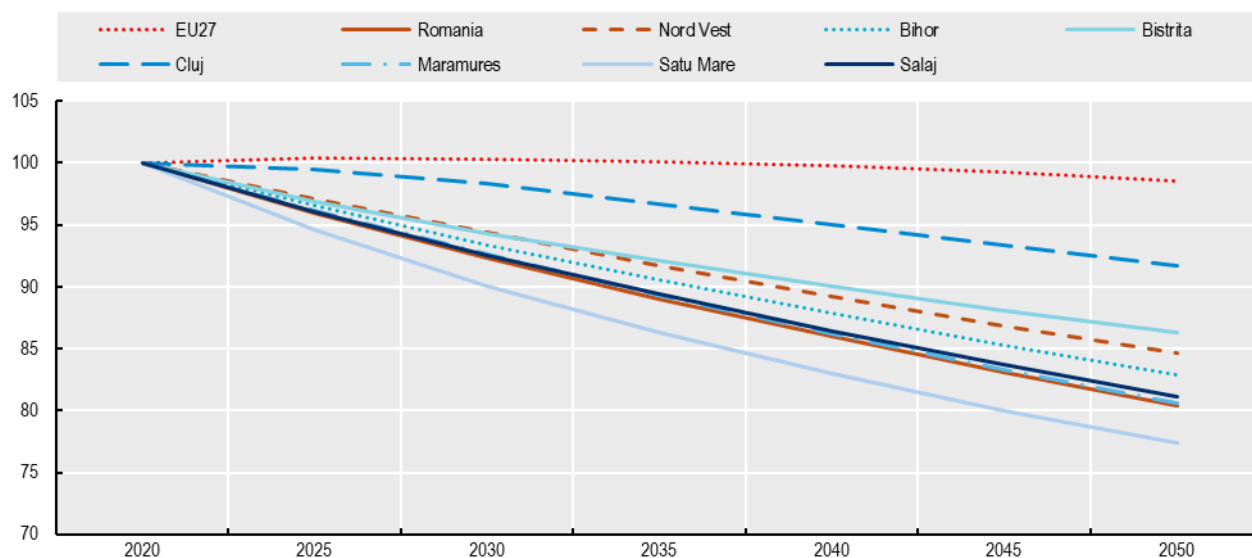
Source: The National Institute of Statistics Romania (n.d.^[16]), "TEMPO- Online", POP107D - LEGALLY RESIDENT POPULATION, by age group and ages, sex, counties and localities at January 1st., <http://statistici.insse.ro:8077/tempo-online/#/pages/tables/insse-table> (accessed on November 2024).

The Nord-Vest region is projected to continue to experience population decline and aging, with rural counties more impacted

Nord-Vest is projected to continue experiencing population decline, with a decrease in population of 15% by 2050 (Figure 2.8). Amongst the eight development regions in Romania, the projected population decline (until 2050) of Nord-Vest is expected to be smaller than other regions, while the most significant decline is projected in Sud-Vest Oltenia. Within the Nord-Vest region, the projection varies significantly across counties. Population is expected to decline sharply in most rural counties of Sălaj and Satu Mare, with a decline of 23% and 19% respectively.

Figure 2.8. Nord-Vest is projected to shrink at slower rate than Romania overall

Projected population change, change relative to 2020 baseline (=100)



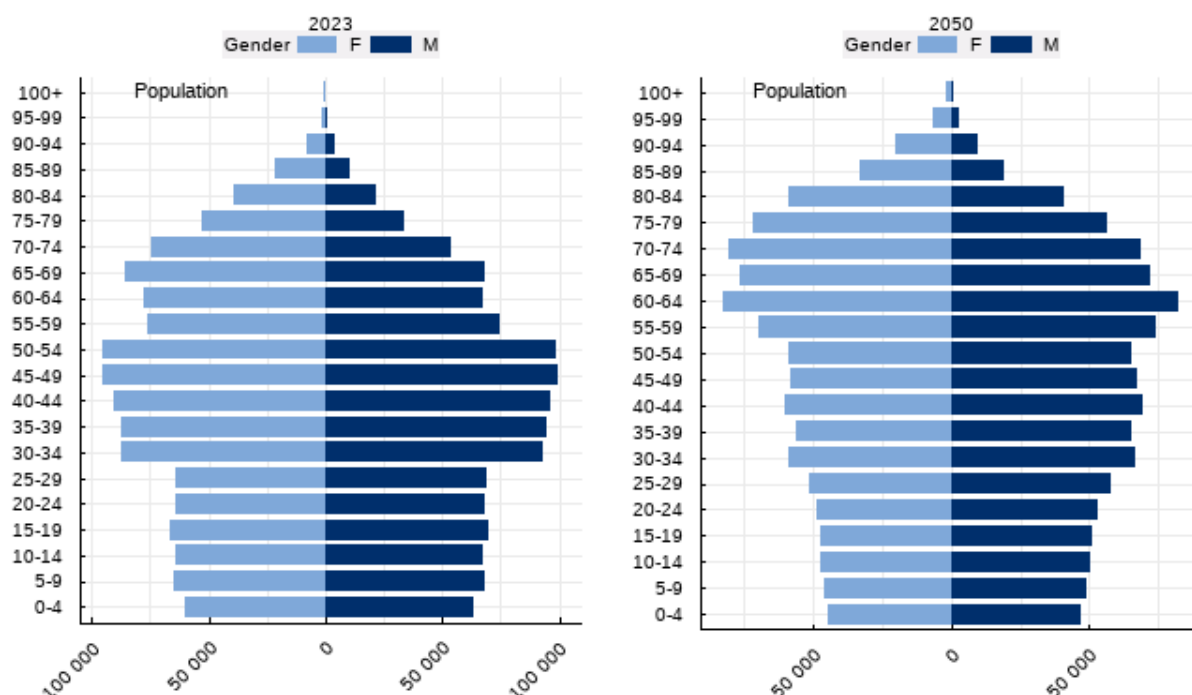
Note: Projections are made in 2019. Caution is needed when interpreting population projections, as they are based on various assumptions. While fertility rates and the age pyramid are often emphasised in projections, migration patterns remain more uncertain and difficult to predict, which can make them a critical factor in shaping the region's future demographic structure.

Source: Eurostat (2021^[17]), *Demographic balances and indicators by type of projection and NUTS 3 region*, https://ec.europa.eu/eurostat/databrowser/view/proj_19rdbi3/default/table?lang=en (accessed on November 2024).

Nord-Vest population predictions highlight the ageing of the region. The number of young people (15-49 years old) will decrease by 41% by 2050, while the share of the elderly population (65+) will grow by 23% (Figure 2.9). Furthermore, there is a projected 24% decrease of the working age population (15-64), which is faster than the decline in the population as a whole.

Figure 2.9. The population of Nord-Vest is forecast to rapidly age in coming years

Current and forecasted population distribution across age groups and gender, 2023-50



Source: Eurostat (2021^[18]), *Population on 1st January by age, sex, type of projection and NUTS 3 region*, https://ec.europa.eu/eurostat/databrowser/view/proj_19rp3/default/table?lang=en (accessed on November 2024).

Nord-Vest is an economically dynamic where some urban centres are flourishing

Nord-Vest is a dynamic and rapidly growing region that is steadily converging toward the EU average in terms of GDP per capita. Although its GDP per capita remains below the EU27 and Romanian averages, the region experienced a 57% increase between 2011 and 2020 (Table 2.1). This positions Nord-Vest as the third fastest-growing region in Romania, with an average annual GDP per capita growth rate of 5.11%, following Bucureşti-Ilfov (7.4%) and Vest (5.5%). The region's strong economic performance is largely driven by increasing labour productivity, which, while remaining below the EU average, grew by 79% from 2011 to 2020. Despite its economic dynamism, Nord-Vest faces challenges in innovation performance. The region's expenditure on R&D (GERD) accounted for only 0.2% of GDP, significantly below the Romanian (0.46%) and EU27 averages (2.28%).

Table 2.1. The economy of Nord-Vest is dynamic and growing

Selected economic indicators for Nord-Vest compared to OECD average, EU27 average and Romania

Region	GDP per capita		Productivity		Unemployment Rate		Income of households (Purchasing Power Standard per capita)		Gross Domestic Expenditure on R&D	
	2020	% change 2011-20	2020	% change 2011-20	2020	% change 2011-20	2020	% change 2011-20	2020	% change 2011-20
OECD average	41,470	+7%	-	-	-	-	-	-	2.72%	+0.41%
EU27 average	39,088	+5%	65,200	+13%	6	-35%	19,500	+ 15%	2.28%	+0.28%
ROU: Romania	26,162	+39%	26,000	+60%	5	-31%	12,000	+ 93%	0.46%	-
RO11: Nord-Vest	24,370	+57%	24,000	+79%	4	-24%	11,800	+ 122%	0.2%	-0.27%

Note: Annual GDP, US \$, volume, constant PPPs, reference year 2015. Productivity is per worker (Nominal labour productivity - euros). Unemployment rate (Total, % of labour force 15+) is presented for EU28. Gross Domestic Expenditure on R&D is in % of GDP. The share of inactive population is computed as a share of inactive population within the age group of 15- 64 years old on the entire population.

Source: OECD (2022^[19]), *Regional Economy database*,

https://stats.oecd.org/OECDStat_Metadata/ShowMetadata.ashx?Dataset=REGION_ECONOM&ShowOnWeb=true&Lang=en (accessed on 28 February 2025), Eurostat (2025^[20]), *Nominal Labour productivity by NUTS 3 region*,

https://ec.europa.eu/eurostat/databrowser/view/nama_10r_3nlp/default/table?lang=en (accessed on January 2025). Eurostat (2025^[21]),

Income of households by NUTS 2 region, https://ec.europa.eu/eurostat/databrowser/view/nama_10r_2hhinc/default/table?lang=en (accessed on January 2025). Eurostat (2025^[22]), *GERD by sector of performance and NUTS 2 region*,

https://ec.europa.eu/eurostat/databrowser/view/rd_e_gerdreg/default/table?lang=en (accessed on January 2025). Eurostat (2025^[23]),

Employment by sex, age, economic activity and NUTS 2 region (NACE Rev. 2) (1 000),

https://ec.europa.eu/eurostat/databrowser/product/view/lfst_r_lfe2en2?lang=en (accessed on January 2025). OECD (n.d.^[4]) OECD Database on Regions, Cities and Local Areas,

https://localdataportal.oecd.org/maps.html?indicator=POP_T&latitude=47.2035&longitude=23.4065&zoom=6.9648 (accessed on December 2024).

The Nord-Vest's 39 billion EUR economy is focused on primary sectors, industry, trade and transport. Industry, particularly manufacturing, remains the backbone of Nord-Vest's economy, accounting for 27.6% of total employment, significantly above the EU average of 17.6% (Table 2.2). However, the share of this sector is gradually declining, with a negative growth rate of -2.56%. Agriculture, forestry and fishing also represent a high but declining share of employment compared to the EU average, reflecting a shift towards a more capital-intensive production. Conversely, knowledge-intensive services are expanding rapidly. The professional, scientific and technical activities sector, and the administrative and support service activities sector have experienced the highest growth rate, accounting for 45.22% of growth in the workforce. Additionally, wholesale and retail trade, transport, accommodation and food services, as well as public administration, defence, education, health, and social work, have seen significant increases.

Table 2.2. The mix of economic activities in Nord-Vest is converging towards the EU average

Share of employment different economic activities in EU 27, Romania and Nord-Vest

Economic activity (NACE Rev. 2)	EU- 27		Romania		Nord-Vest	
	Share in employment (2020)	Share in employment - growth rate (2014-2020)	Share in employment (2020)	Share in employment - growth rate (2014-2020)	Share in employment (2020)	Share in employment - growth rate (2014-2020)
Industry	17.6%	-4.47%	22.9%	2.10%	27.6%	-2.56%
Wholesale and retail trade, transport, accommodation and food services	23.6%	-1.11%	27.5%	31.85%	26.6%	22.09%
Public administration, defence, education, human health and social work activities	25.6%	3.55%	15.1%	16.88%	14.6%	25.37%
Agriculture, forestry and fishing	3.4%	-30.51%	11.5%	-54.89%	10.6%	-53.41%
Construction	6.8%	1.31%	10.5%	35.70%	9.9%	34.16%
Professional, scientific and technical activities; administrative and support service activities	10.0%	9.53%	5.6%	24.25%	4.7%	45.22%
Arts, entertainment and recreation; other service activities; activities of household and extra-territorial organisations and bodies	5.1%	-2.97%	2.8%	2.94%	2.8%	22.87%
Information and communication	3.9%	38.36%	2.4%	35.34%	1.8%	23.17%
Financial and insurance activities	2.8%	-1.70%	1.4%	1.18%	1.1%	7.49%
Real estate activities	0.9%	13.19%	0.3%	22.04%	-	-

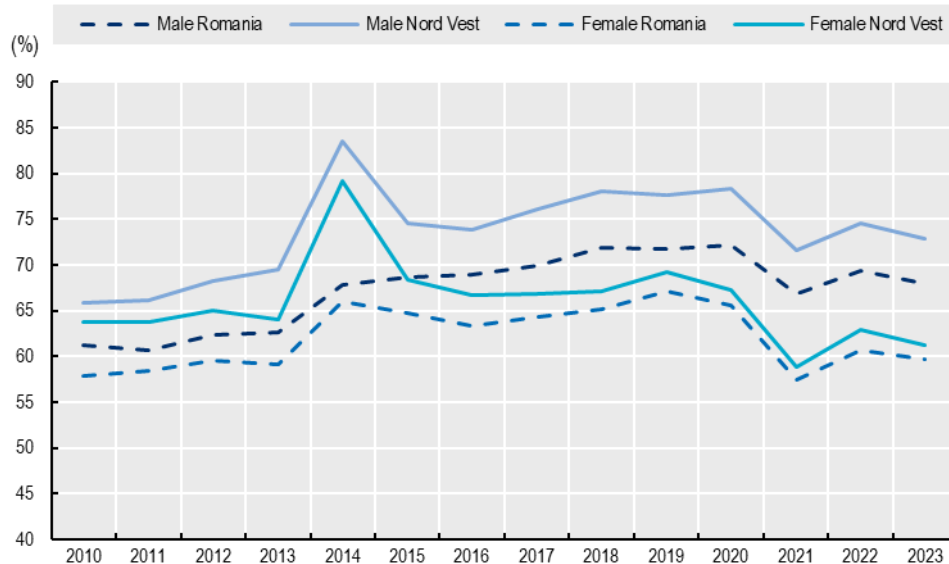
Source: Eurostat (2025^[23]), *Employment by sex, age, economic activity and NUTS 2 region (NACE Rev. 2) (1 000)*, https://ec.europa.eu/eurostat/databrowser/product/view/lfst_r_lfe2en2?lang=en (accessed on January 2025).

Although Nord-Vest is less export-intensive than Romania as a whole, its strategic location offers a strong comparative advantage. The recent accession to the Schengen Area has reduced border controls, which combined with transport network upgrades will reduce trade frictions and create new opportunities for cross-border trade and export growth from Nord-Vest. ‘Mechanical and electrical equipment’ was by far the largest goods export, accounting for 33.9% of the total value of regional goods exports. Only two other categories, ‘base metals and articles of base metal’ and ‘miscellaneous manufactured articles’ accounted for more than 10% of total regional goods exports (De Rosa and Valerio, 2020^[24]).

Strengthening labour market participation will be essential to mitigate potential gaps in labour supply, service provision and to support long-term economic development. The structure of the labour market in Nord-Vest is shaped by the changing demography. While the region’s unemployment rate remains low and continues to decline, labour force participation challenges persist (Table 2.1). In 2023, the share of the inactive population was 32.2%, significantly higher than the EU average of 25%, in part due to the large number of students in the region.

Figure 2.10. Employment rate is higher for female

Employment rate by gender in Romania and Nord Vest, 2010-23



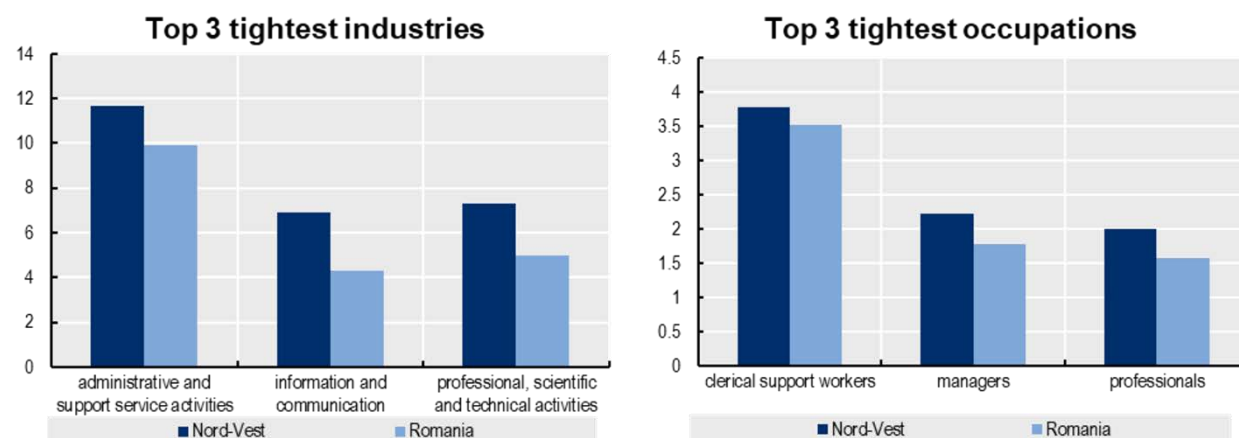
Source: The National Institute of Statistics Romania (2025_[25]), "TEMPO- Online", *Employment rate of labour resources by gender, macroregions, development regions and counties*, <http://statistici.INSSE.ro:8077/tempo-online/#/pages/tables/insse-table>

Labour force participation in Nord-Vest (67.3%) exceeds the national average (64%). In both cases, male participation rates are higher than female rates: 68.0% versus 59.7% at the national level, and 72.9% versus 61.3% in Nord-Vest. Gender gaps in participation have proven persistent and have gradually widened since 2014, suggesting that structural barriers to female labour market participation remain significant (Figure 2.10).

Strengthening the high-skilled workforce will be critical to enhancing the region's long-term competitiveness, particularly in supporting a transition toward higher value-added production and export specialisations. Driven by strong economic performance Nord-Vest's labour market is increasingly tight, underscoring the demand for a skilled workforce. Tightness indicates the region's potential attractiveness as a destination for talent and investment. Labour market tightness is particularly pronounced in administrative and support service activities, which emerge as the most constrained category across most regions, indicating a shortage of workers (Figure 2.11). High-skilled industries such as information and communication, as well as professional, scientific and technical activities, also face significant labour market pressures. The labour market is tighter in Nord-Vest than Romania more generally. Analysis also reveals similar patterns across occupational groups. Labour market tightness is particularly pronounced in clerical and service occupations, as well as in high-skilled managerial and professional roles.

Figure 2.11. Tightness by industry and skill group

Relative labour market tightness by industry (3 most tight industries within the region) and occupation (3 most tight occupations within the region)



Note: Relative labour market tightness by industry is calculated at the regional level as the number of vacancies over employment for a given industry/occupation and region, divided by the regional labour market tightness average of Romania.

Source: OECD calculations based on Lightcast (n.d.^[26]), <https://lightcast.io/> (accessed on October 2024). Eurostat (2022^[27]), *EU Labour Force Survey*, <https://ec.europa.eu/eurostat/web/lfs> (accessed on October 2024).

Understanding the talent development trap and its drivers

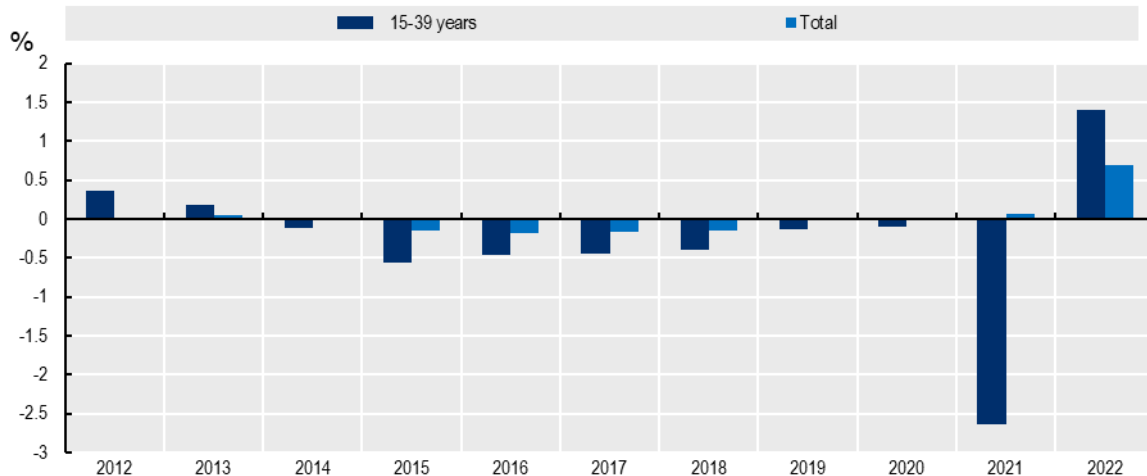
In some regions, demographic decline is compounded by a shrinking base of skilled individuals, leaving them without the talent needed to develop. In its *2023 Communication on Harnessing Talent in Europe's Regions*, the European Commission identifies Nord-Vest as one of the 82 regions in the European Union most exposed to this. In a “talent development trap” regions face both a declining working-age population and challenges in attracting or retaining skilled workers, undermining their long-term development.

Nord-Vest is characterised by a sustained net outmigration of its young population

International emigration of youth has been a key driver of population decline in Romania (Figure 2.12). Between 2014 and 2021, emigration rates among the youth population consistently exceeded those of the general population, affecting both high and low skilled segments of the labour force in Nord-Vest. There has been a general trend of high youth outmigration, albeit with an abnormal decline in outmigration observed in 2021, which may be attributed to students temporarily returning to their hometowns during the COVID-19 crisis. Skilled youth outmigration is part of a broader trend across many regions in Romania. In 2016, 23% of Romanian emigrants aged 15 and above residing in OECD countries were highly educated (OECD, 2019^[28]). As highlighted in the previous section, while cities like Cluj-Napoca attract students, many young and educated individuals continue to leave the region once they receive their education in search of opportunities in Bucharest or abroad, particularly in Western Europe.

Figure 2.12. Net youth outmigration was high until 2021

Net migration rate for population aged 15 to 39 in Nord-Vest, Romania, 2012-22



Note: Net migration for the population aged 15 to 39 is estimated based on yearly population by age and deaths, using the following formula, which corresponds to the residual between population change and natural change for the age group 15-39: $(POPF_Y15T39 - POPI_Y15T39) - (POPI_Y14 - POPI_Y39 - DEATHS_Y15T39)$, where $POPI_Yk$ is the population aged k on January 1, $POPF_Yk$ the population aged k on December 31, $DEATHS_Yk$ the number of deaths at the age k

Source: Eurostat (2025^[29]), *Deaths by age, sex and NUTS 2 region*,

https://ec.europa.eu/eurostat/databrowser/view/demo_r_magec/default/table (accessed on February 2025), Eurostat (2025^[30]), *Population on 1 January by age, sex and NUTS 2 region*, https://ec.europa.eu/eurostat/databrowser/product/view/demo_r_d2jan?lang=en (accessed on February 2025).

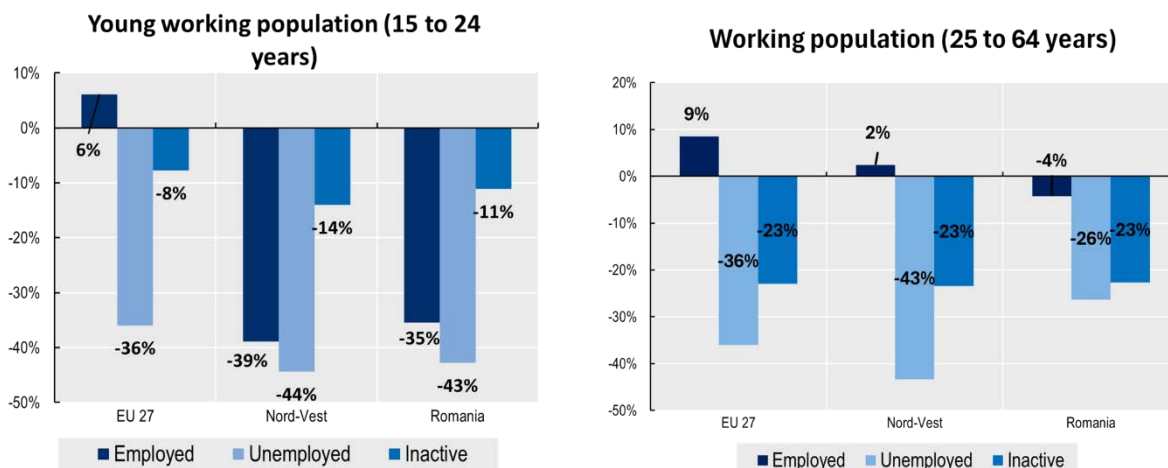
Despite local job opportunities, young people often emigrated

The regional economy remains heavily reliant on low- to medium-tech manufacturing and agriculture, which offers limited opportunities for the increasingly highly educated youth, contributing to growing skills mismatches in the local economy and accelerating high-skill emigration. Additionally, the public administration, education and health sectors are under considerable pressure, yet attract a relatively small share of the young working-age population. The situation is even more critical in rural areas, where opportunities for young, skilled individuals are extremely limited or altogether absent.

Among youth aged 15–24, the number of workers in all labour market categories – employed, unemployed and inactive – has declined as the population has shrunk (Figure 2.13). For individuals aged 25 and above, the number of employed persons has grown, while unemployment and inactivity have declined. The decline in the number of young workers, including among those who are employed, indicates that even when local job opportunities exist, many young people choose to migrate, either to the capital or abroad, in pursuit of better employment prospects and living conditions.

Figure 2.13. Young individuals leave the region regardless of their employment status

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



Note: Age groups change due to data availability. Data on inactive and unemployed population is only available across these age groups, as opposed to data on employed population which is available at a more granular level. Statistics in red represent the percentual change in the employed population.

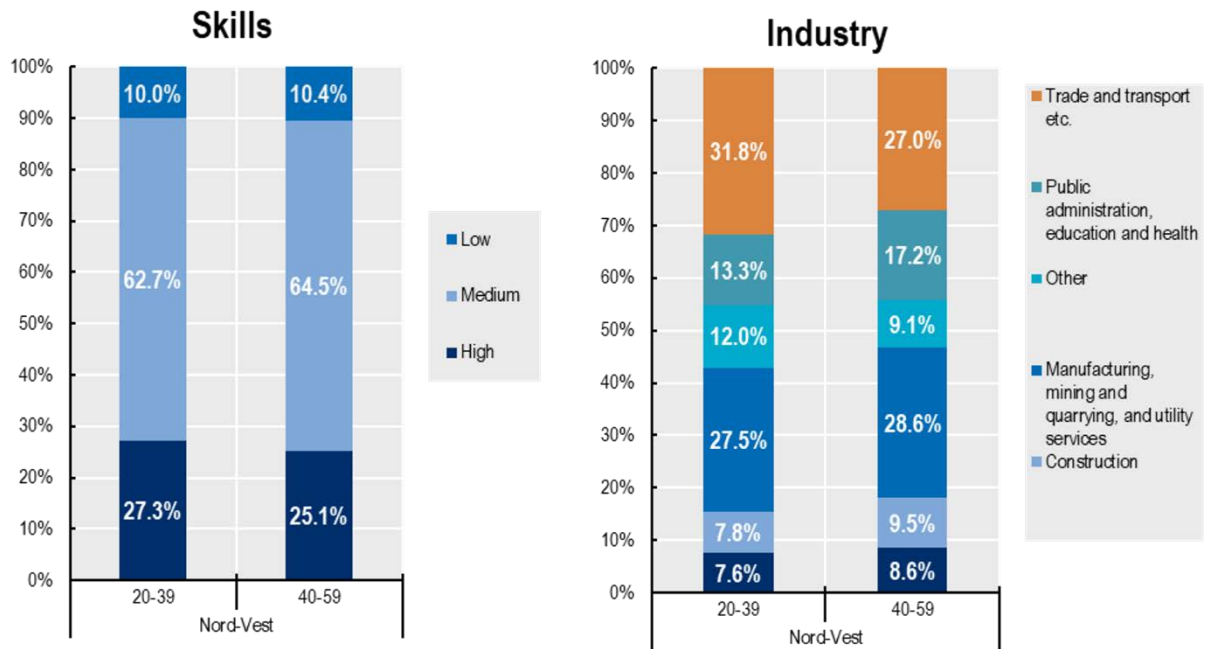
Source: OECD elaboration based on OECD Regions and Cities databases <http://oe.cd/geostats>.

Labour market tightness and youth outmigration risk undermining development

High-demand positions in the labour market are more frequently being filled by younger cohorts than older, late-career workers. This generational shift is indicative of a broader structural transformation. Younger, more highly educated workers are increasingly concentrated in high-skill and complex occupations, whereas older workers continue to dominate traditional sectors such as agriculture and manufacturing. However, as noted in the previous section, high-skill industries and occupations in the region face significant labour market tightness. This raises concerns that the outmigration of the young population could jeopardise the observed convergence dynamics and hinder Nord-Vest's transition toward a high-skill, knowledge-based economy. Meanwhile, the public administration, education and health sector faces increasing labour pressure, yet they account for a lower share of employment among the young working-age population. Maintaining the attractiveness of these professions for younger cohorts is essential to securing equitable and sustainable access to public services.

Figure 2.14. The youth population is more prominent in higher-skilled roles

Employment by skill and industry share by age, 2022



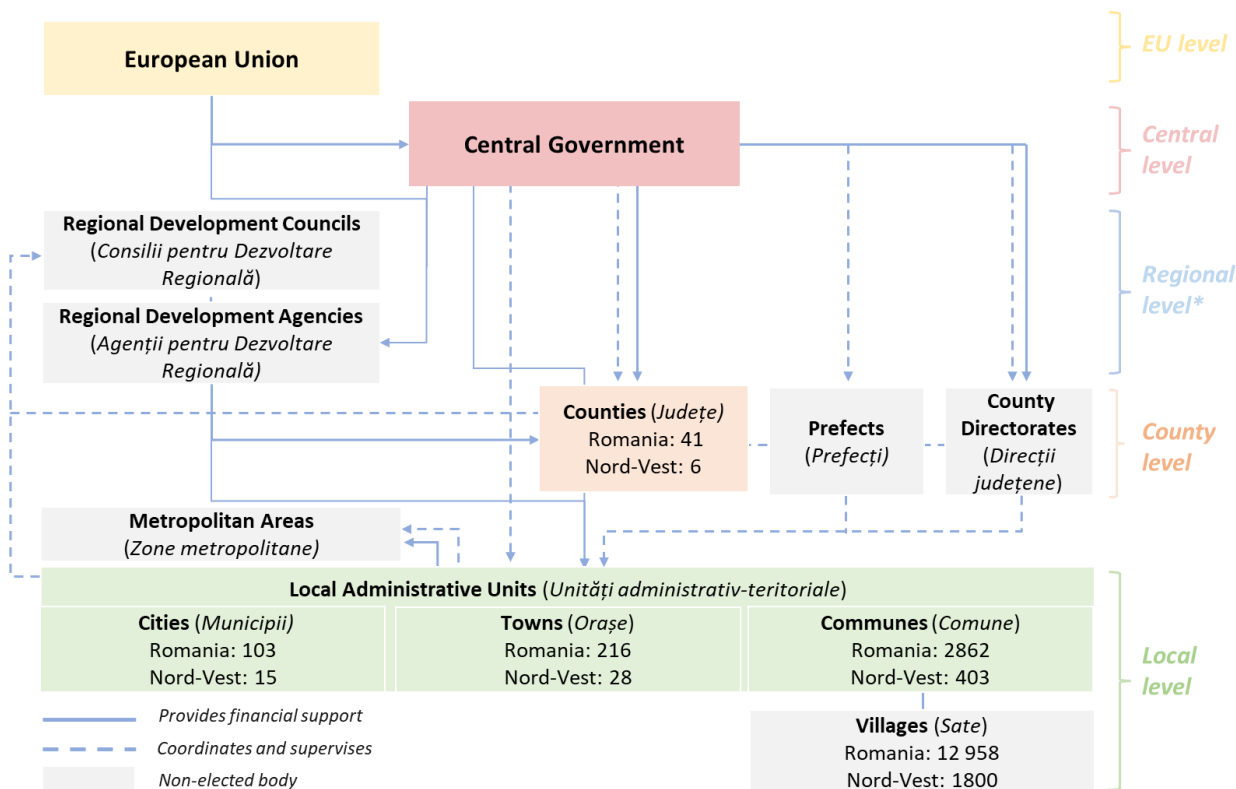
Note: Skill level is an aggregated category of occupations. See <https://ilostat.ilo.org/methods/concepts-and-definitions/classification-occupation/>. Source: OECD calculations based on Lightcast (n.d.^[26]), <https://lightcast.io/> (accessed on October 2024). Eurostat (2022^[27]), *EU Labour Force Survey*, <https://ec.europa.eu/eurostat/web/lfs> (accessed on October 2024).

Institutional and policy context

Romania is a unitary state encompassing two tiers of subnational governments¹. The upper level comprises 41 county governments and the city of Bucharest, which holds a special status (Figure 2.15). Each county is governed by a county council, elected by popular vote, and a president, selected by the members of the county council, all for a 4-year term (OECD, 2023^[31]). The lower level comprises 3 181 local administrative units (LAUs) divided into cities, towns and communes, each with a mayor and local council elected by popular vote on a four-year term. Communes can contain multiple villages, which do not have their own administrative authority.

Figure 2.15. Multi-level governance system is characterised by oversight from the central government

Romanian model of multi-level governance applied to the Nord-Vest region



Source: Author's elaboration based on OECD-UCLG (2022), World Observatory on Subnational Government Finance and Investment: Romania Country Profile, Accessed at <https://www.sng-wofi.org/country-profiles/romania.html>

Romania has several administrative bodies that operate alongside county and local governments. At the regional level, Romania is divided into eight development regions, each with a Regional Development Agency (RDA; *Agenții pentru Dezvoltare Regională*) that acts as a Managing Authority for certain EU funds, in particular the ERDF-funded Regional Programmes. RDAs are considered as a public utility body, with a legal personality and governed by a Regional Development Council (*Consilii pentru Dezvoltare Regională*) made-up of elected representatives from county and local governments. RDAs regions also have responsibility for the formulation, implementation and monitoring of regional-level strategies (e.g. Smart Specialisation strategy), fostering partnerships with stakeholders (e.g., academia, civil society, private sector) and providing technical support to county and local governments. At the county level, each county has a prefect appointed by the national government to ensure compliance of county and local governments with national policies and laws, and to support cross-sectorial coordination (OECD, 2023^[31]). In each county there are also county directorates (*Direcții județene*), which are deconcentrated bodies of the national government responsible for delivering sector-specific services under the supervision of their respective national ministries (including for Education, Public Health, Water and Environment, Labour and Social Protection, Emergency Situations, Roads and Infrastructure, Environment, Police, Public Procurement, Payments and Social Services). Major cities can also form a metropolitan area (*Zone metropolitane*), which is a voluntary partnership with surrounding towns and communes to deliver defined functions.

The Nord-Vest development region encompasses 6 counties, 15 cities, 28 towns and 403 communes, as well as 5 legally constituted metropolitan areas (Cluj-Napoca, Oradea, Baia Mare, Satu Mare and Zalău). In the region, the North-West RDA is the Managing Authority for the 1.4 billion EUR Regional Programme 2021-2027 and is also an intermediary body under the national Health Programme (*Programul Sănătate*) linked to the National Health Strategy 2022-2030 (North-West RDA, n.d.^[32]). The North-West RDA is governed by the Nord-Vest Regional Development Council, which is composed of the presidents of the six county councils and one representative of the local administrative units for each county who is appointed from each county (North-West RDA, n.d.^[33]).

Decentralisation processes have been slow moving in recent years

Romania has undergone gradual decentralisation since the 1990s. The 1991 Constitution established following the Romanian Revolution in 1989 laid the foundation for local autonomy and the decentralisation of public services. Since then, a series of laws has gradually expanded local authorities' powers, starting with granting of financial competences to local governments (*Law No. 189/1998 on Regional Development* and *Law No. 215/2001 on Local Public Administration (now Administrative Code 57/2019)*). The eight development regions (including Nord-Vest) were established in 1998 and strengthened in 2004 as part of the country's effort to align with the European Union's regional policy (*Law No. 189/1998* and *Law No. 315/2004 on Regional Development*). Adoption of the framework law on decentralisation in 2006 (*Law No. 195/2006 on the Decentralisation of Public Administration*) transferred further responsibilities to subnational governments and laid out a pathway for further decentralisation (OECD, 2023^[31]; OECD, 2024^[34]; Murphy and Ghencea, 2023^[35]).

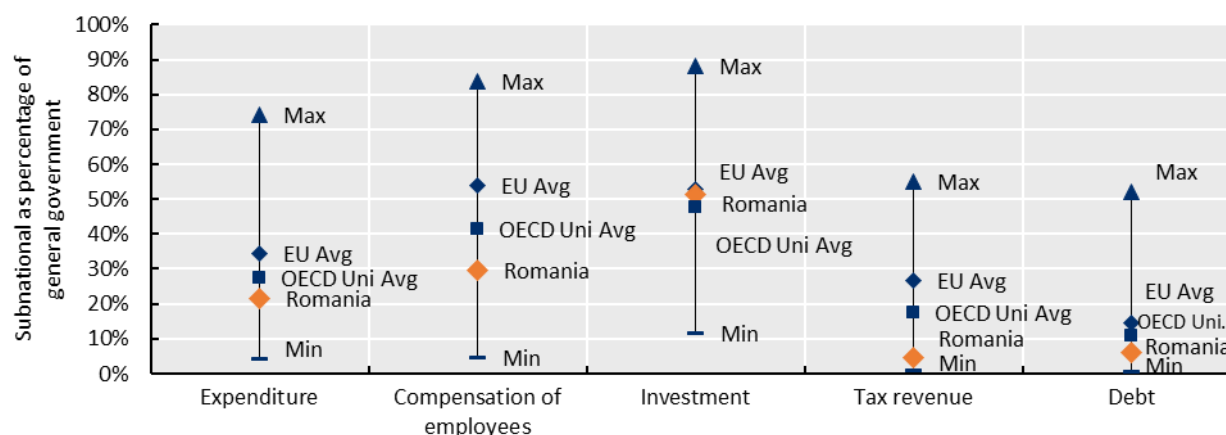
Despite these advances decentralisation processes have been slow in recent years. While a 2017 General Strategy for Decentralisation (*Decision No. 229/2017*) aimed to accelerate the transfer of competences to local authorities, its implementation is limited. Most recently, the update to the Administrative Code (*Emergency Ordinance No. 57/2019 on the Administrative Code*) and the law on Local Development Consortia (*Law No. 138/2022*) were enacted to provide a more comprehensive framework consolidating previous legislation to better clarify the roles of public administration and strengthening coordination with territorial administrative units. While these regulations present a step towards harmonising legislation and offering greater flexibility, the country's General Strategy for Decentralisation only remains partially implemented. Romania has also had a long-standing political debate on regionalisation in the context of its fragmented county structure.

Romania remains fiscally centralised, limiting county and local government scope for policy interventions

Romania remains fiscally centralised but subnational governments do have a major investment role and support the implementation of national policies. Subnational governments account for a fifth of total public expenditure (8.7% of GDP) and receive a quarter of government revenue, both well below EU and OECD averages (Figure 2.16). Fiscal autonomy is limited, as indicated by tax revenues only representing 4.6% of total subnational revenue, well below the OECD average of 17.4%. Conversely, subnational governments are highly dependent on grants and shared taxes, which represent 83.7% of their revenue. Subnational governments have a much larger role for public investment than their role in general public expenditure, being responsible for around half of total public investment in Romania, in line with OECD and EU average. Around one-third of total subnational government expenditure was on public investment in 2023, well above the OECD average (11.3%) (OECD, 2024^[36]). Much of this local investment is supported by EU and national funds (Chapter 4).

Figure 2.16. Subnational government expenditure and tax revenue in Romania is below the OECD and EU averages

Subnational government expenditure, investment, revenue, tax revenue and debt in Romania as a percentage of general government and GDP, as compared to OECD and EU27 averages, 2022



Note: All indicators calculated as a percentage of general government (comprising central government, social security, state government and local government). OECD Uni Avg represents the OECD unitary country average for the period where data is available.

Source: OECD (2024), Subnational Governments in OECD Countries: Key data; OECD National Accounts: Annual government non-financial accounts and key indicators; OECD-UCLG (2023) World Observatory on Subnational Government Finance and Investment

County and local governments have fewer competencies relating to demographic change than in many other EU countries

The central government maintains primary responsibility across most policy domains in Romania, including for areas most directly impacted by demographic change. This includes responsibilities for policy formulation, legislation, resourcing, regulation and provision of services across education, healthcare, migration and social protection, among other areas (Table 2.3). As mentioned earlier, implementation of central government policies is supported by county directorates that are connected to the central government ministry.

County and local governments maintain responsibility for public services of local interest and support the implementation of central government policies and investments. County governments are primarily responsible for supporting socio-economic development at the county-level through the preparation of development strategies and supporting county scale investments. Their main competences include co-ordination and management of county hospitals, county roads, county public transport, cultural institutions and certain education institutions (Table 2.3). Local governments are responsible for supporting local socio-economic development through the preparation of local development strategies, undertaking spatial planning and delivering investments. Their main competencies relate to the provision of public services of local interest, including water supply, sewerage, waste management, local roads, public lighting, public parks and local public transport. They are also responsible for the issuance of marriage certificates and birth records, as well as building permits (OECD, 2023^[31]).

Table 2.3. County and local governments have limited competencies in policy areas most impacted by demographic change

Allocation of main competencies and anticipated demographic impact by function of government

Function of government	Potential demographic impact	Central government (including County Directorates)	County governments	Local governments	County and local govt. expenditure represents*
Economic affairs	Moderate (+ / -)	National road networks, railway networks and facilities, employment; agriculture, rural development, irrigation, telecommunications / IT, mining, tourism, commerce and energy.	Management of local airports; county roads; county infrastructure network (shared)	Local public passenger transport; local roads; industrial parks	19.6% of SNG exp.; 1.7% of GDP; 19.1% of total public exp. in category
Health	High (-)	Legislating, funding and administering general and specialised medical services and paramedical services, primary healthcare, hospital services, preventative healthcare and public health care services.	Facility maintenance for county hospitals and provision of public health units (primary, secondary, tertiary)	Local public health	22.8% of SNG exp.; 1.9% of GDP; 25.9% of total public exp. in category
Education	Moderate (+ / -)	Defining curriculum, standards and teacher salaries for pre-primary, primary, secondary, higher and vocational education and training, special education.	Facility maintenance for special education	Facility maintenance for pre-school, primary, secondary and adult education.	6.6% of SNG exp.; 0.6% of GDP; 15.1% of total public exp. in category
Social protection	High (-)	Legislating, funding and administering social care for children and youth, elderly, disabled people, social exclusion / poverty, immigrants. Supporting migrant integration. Providing social welfare centers and unemployment subsidies/benefits.	Child and disability allowances; social services and specialised services; elderly and disabled (shared); medical and social assistance (shared)	Social services and specialised services for domestic violence; child protection; elderly; medical and social assistance (shared)	13.1% of SNG exp.; 1.1% of GDP; 9.3% of total public exp. in category
Housing and community amenities	Moderate (+ / -)	Housing (subsidies)		Urban planning and urbanism; water supply; public lightning; sanitation; social housing (shared)	10.0% of SNG exp.; 0.8% of GDP; 48.8% of total public exp. in category
General public services	Unclear	National level planning, population records (shared).	County level planning	Local level planning; management of state domain; population records (shared)	12.4% of SNG exp.; 1.1% of GDP; 20.7 % of total public exp. in category
Environmental protection	Unclear	Nature preservation, air pollution, soil and groundwater, and climate protection		Waste, sewerage and wastewater	5.7% of SNG expenditure; 0.5% of GDP; 65.6% of total public exp. in category
Recreation, culture and religion	Unclear	Media/ broadcasting and publishing services, religious affairs; cultural institutions	Tourism development and promotion	Local cultural institutions and tourism development and promotion	8.2% of SNG expenditure; 0.7% of GDP; 67% of total public exp. in category

Note: Authors' assessment of the potential demographic impact based on literature. Note that RDAs are not included, but are responsible for the financial management of EU funds.

Source: Helping Regions adapt to demographic change: Questionnaire (2024), OECD/UCLG (2022) 2022 Country Profiles of the World Observatory on Subnational Government Finance and Investment, <https://www.sng-wofi.org/>

The central government is seeking improve the long-term demographic outlook, while preparing for an older population

The central government in Romania has adopted several policies that aim to alter the long-term demographic profile of the country. These policies focus on fertility, families and immigration. *FamilyStart* and *Sfânta Ana*, for example, seek to promote a higher birth rate by expanding childcare options and improving the quality of family life (OECD, 2024^[34]). Efforts are also underway to attract and retain people to contribute to the labour force through, for example, the *Student Invest* and *Housing Construction* programmes, which offer financial support and accessible housing options, with the aim to create a favourable environment for young people to build careers and families (Ministry of Investments and European Projects, 2024^[37]). The *National Strategy for Romanians Abroad 2023-2026* aims facilitate the return and (re)integration of Romanian citizens living abroad (The Government of Romania, 2022^[38]).

The central government has also developed several policies that aim to help adjust to the impacts of population ageing and improve labour force participation. These include a focus on supporting the ageing populations' growing health needs, as well as better integrating underrepresented groups into the workforce. The *National Strategy on Long-Term Care and Active Aging 2023-2030* aims to empower elderly individuals to live independently, while ensuring improved access to quality care through better management, funding and preventive measures (EC, 2022^[39]). The *Education and Employment Program 2021-2027* seeks to improve education accessibility and quality, including by reducing early school leaving, supporting vulnerable groups and facilitating youth integration into the labour market (OECD, 2024^[34]). The *Government Strategy for the Inclusion of Romanian Citizens Belonging to the Roma Minority for the Period 2022-2027* provides a guiding and cross-sectorial strategy for the promotion of social inclusion and improvement of living conditions, as well access to education and the job market for the Roma population. The strategy also emphasises the role of local authorities as key actors in promoting social inclusion, guided by subsidiarity and decentralisation principles (Government of Romania, 2021^[40]).

Table 2.4. Central government policies related to demographic change cover multiple fields

Key central government policies related to demographic change in Romania

Family and Youth	Education and Employment	Ageing and Health	Economic Development	Integration of Migrants and Minorities
FamilyStart National Youth Strategy 2024–2027 Youth Guarantee StudentInvest	Employment Strategy for 2021-2027 Increasing Work Prospects of NEETs Through Capacity Building and Improved Policy Measures (atWork4NEETs) Education and Employment Program 2021-2027	National Strategy on Long-Term Care and Active Aging 2023-2030 National Health Strategy 2022-2030 New Pensions Law	National Urban Policy Housing Construction Program National Housing Strategy The National Long Term Renovation Strategy	National Strategy on Immigration 2021-2024 Asylum, Migration and Integration Fund 2021-2027 Government Strategy for the Inclusion of Romanian Citizens Belonging to the Roma minority for the Period 2022-2027 National Strategy for Romanians Living Abroad 2023-2026 National Strategy on Social Inclusion and Poverty Reduction 2022–2027

Source: Helping Regions adapt to demographic change: Questionnaire (2024); OECD interviews (2024)

Regional, county and local authorities are predominantly focused on improving quality of life to attract and retain residents

At the regional level, North-West RDA has a primary ability to improve the attractiveness of the region by supporting investments that promote economic development. As mentioned above, the RDA has adopted several strategies and programmes focused on attracting or retaining residents, tourists and investors,

which collectively can help increase the incentive for youth to stay. This includes the Nord-Vest Regional Development Plan and the Smart Specialisation Strategy, as well as planned investments being supported as part of those plans that cover transport, digitalisation, health, human capital, education and employment that are contained in the Regional Programme 2021-2027 (Box 2.2) (North-West RDA, n.d.^[32]).

Box 2.2. The North-West RDA and the Nord-Vest Regional Programme (RP)

North-West RDA manages EU funds (ERDF) through the Regional Programme (RP), by preparing a Regional Development Plan and by facilitating and overseeing project selection. County and local governments, as well as businesses, universities and civil society organisations, receive funding from the North-West RDA to implement investment projects. Established in 1998, the North-West RDA has co-ordinated three RPs to allocate funding from European structural funds (and pre-accession funds prior to 2009), though it had only been a direct managing authority for the current RP. To this end, the North-West RDA is responsible for launching project calls, evaluating applications, selecting beneficiaries and overseeing implementation and compliance.

The latest ROP for 2021–2027 proposes EUR 1.19 billion of ERDF financing alongside EUR 243 million of national co-financing. The RP envisions Nord-Vest to become one of the most dynamic European regions in terms of smart and sustainable economic growth. The 2021–2027 RP includes seven priorities (Competitive region through innovation, digitalisation and dynamic enterprises; Region with smart localities; Region with environmentally friendly localities; Region with sustainable multi-modal urban mobility; Accessible region; Educated region; Attractive region).

In addition, the Nord-Vest region benefits from other EU funds and programmes managed at a national level, such as the Cohesion Fund, the European Agricultural Fund for Rural Development, Interreg cross-border cooperation programmes, and the Recovery and Resilience Facility. The Nord-Vest region also participates in four cross-border Interreg programmes: Interreg NEXT Hungary-Slovakia-Romania-Ukraine, Interreg NEXT Romania-Ukraine, Interreg Romania-Hungary and Interreg Danube. The management and co-ordination of these funds are entrusted to a range of authorities, with the North-West RDA sometimes acting as a regional facilitator or an intermediary body.

Source: North-West RDA, Regional Programme 2021–2027, <https://www.nord-vest.ro/en/programul-operational-regional-nord-vest-2021-2027-aprobat-de-guvernul-romaniei-si-transmis-comisiei-europene-pentru-verificare-si-aprobare/>

County and local governments also have a focus on implementing strategies and investment focused on improving local attractiveness. Each county has a development strategy that outlines the proposed approach for supporting economic development. Most counties have also actively supported the development of industrial parks to help attract businesses and increase employment opportunities (North-West RDA, n.d.^[32]). Local government sometimes also provide facilities and services for the elderly, such as day care centres and rehabilitation spaces, and support the integration of minorities and migrant populations; however, provision of these services is inconsistent across municipalities. Local not-for-profit organisations also play a role in adapting to demographic change. For example, the Cluj International Citizens Council is a grass roots organisation that serves as a platform for societal and political participation for the city's growing number of international residents.

While the North-West RDA, as well as county and local governments, do not have responsibility for major policy areas linked to demographic change, they still have a key role to ensure development plans and investments are aligned with future population needs. For example, they develop and implement many initiatives to help develop, retain and attract youth across Nord-Vest (Box 2.3).

Box 2.3. Initiatives to develop and attract youth talent in Nord-Vest

Nord-Vest benefits from many initiatives to develop, attract and retain youth (Table 2.5). Subnational authorities are responsible for implementing many national plans, as well as designing local programmes that make the most of local assets to improve Nord-Vest's attractiveness to youth. These initiatives span many policy areas, including education, employment, rural development and SMEs, highlighting the multi-sectoral approach needed to help Nord-Vest tackle the talent development trap.

Table 2.5. Select initiatives to develop and attract youth in Nord-Vest

Level	Initiative
National	National Programme for Reducing School Drop-Out – this RRF-funded initiative provides grants to high-risk schools to implement projects that increase school participation and improve testing scores. It targets secondary schools with the goal of increasing completion of lower-secondary education and increasing the transition rate to upper-secondary education to ensure students have the basic skills needed to succeed in the labour market (Eurydice, 2025 ^[41]).
	National Implementation Plan for Initial and In-Service Vocational Education and Training – this plan defines measures that align with national and EU objectives in vocational education, including by offering locally-relevant traineeships for school students (Eurydice, 2025 ^[42]). It also extends dual education to higher education to combine academic learning with practical work experience. By 2025/26, 29 bachelor level and 13 master level programmes are expected to be offered, including by Babes-Bolyai University in Cluj-Napoca (European Centre for the Development of Vocational Training, 2025 ^[43]).
	National Youth Strategy – this strategy targets youth and disadvantaged youth in particular to increase their access to learning, promote youth employment and entrepreneurship and support opportunities for rural youth (European Commission, 2025 ^[44]).
	National Strategy for Employment – this strategy includes the EU Youth Guarantee, which provides employment, training or education opportunities to all young people aged under 30, supporting their skill development and avoiding labour market scarring (Ministry of Labour and Social Protection, 2021 ^[45]).
	Child Guarantee Action Plan – this plan provides actions to implement the European Child Guarantee, aiming to provide affordable social services, housing and education to children, thus making Romania a more attractive place to grow and start a family (Ministry of Family, Youth and Equal Opportunities, 2023 ^[46]).
Regional	Talent T4S3 – this project is implemented by the North-West RDA to help youth build local careers by strengthening Smart Specialisation Strategies that support local innovation, training and employment ecosystems (Interreg Europe, 2024 ^[47]).
	ROP Priority 6 and investment in universities – under priority 6 of the Regional Operational Plan, the North-West RDA is investing in university infrastructure to reinforce Nord-Vest's attractiveness for youth seeking higher-education (North-West RDA, n.d. ^[48]).
Local	Com'ON Cluj-Napoca – this initiative is funded by Cluj-Napoca City Hall and Council to provide a participatory process for youth to create, vote on and implement ideas that improve the lives of youth (Com'On Cluj-Napoca, n.d. ^[49]).
	TalentMagnet – this EU-funded programme provides small municipalities in the Danube Region with technical support to build the institutional capacity needed to tackle youth out-migration (Consiliul Județean Harghita, 2020 ^[50]).
	European Youth Village – this programme empowers young people from rural areas to participate in public decision-making and community organization, with the aim of helping address the unique needs of rural youth in Romania (European Youth Village, n.d. ^[51]).

Source: Provided in table.

References

- Bignami, S. (2024), *Low Fertility in the EU: A Review of Trends and Drivers*, European Commission, Ispra. [7]
- Com'On Cluj-Napoca (n.d.), *Com'On Cluj-Napoca*, <https://www.comoncluj.ro/what-is-comon>. [49]
- Consiliul Județean Harghita (2020), *TalentMagnet*, <https://judetulharghita.ro/proiectul-talentmagnet/>. [50]
- De Rosa, D. and A. Valerio (2020), *Markets and people : Romania country economic memorandum*, World Bank Group. [24]
- DG ECFIN (2023), "2023 Country Report - Romania", *European Economy Institutional Papers*. [5]
- EC (2022), *Reform of long-term care services for older people*, https://commission.europa.eu/projects/reform-long-term-care-services-older-people_en. [39]
- European Centre for the Development of Vocational Training (2025), *Romania: dual higher education – new opportunity for students*, <https://www.cedefop.europa.eu/en/news/romania-dual-higher-education-new-opportunity-students>. [43]
- European Commission (2025), *Harnessing Talent Platform*, https://ec.europa.eu/regional_policy/policy/communities-and-networks/harnessing-talent-platform_en (accessed on April 2025). [3]
- European Commission (2025), *Romanian National Youth Strategy*, <https://national-policies.eacea.ec.europa.eu/youthwiki/chapters/romania/13-national-youth-strategy>. [44]
- European Commission (2025), *Talent Booster Mechanism*, https://ec.europa.eu/regional_policy/policy/communities-and-networks/harnessing-talent-platform/talent-booster-mechanism_en (accessed on April 2025). [1]
- European Commission (2023), *Harnessing talent in Europe's regions*, https://ec.europa.eu/regional_policy/information-sources/publications/communications/2023/harnessing-talent-in-europe-s-regions_en (accessed on April 2025). [2]
- European Youth Village (n.d.), *European Youth Village*, <https://europeanyouthvillage.eu/en/>. [51]
- Eurostat (2025), *Deaths by age, sex and NUTS 2 region*, https://ec.europa.eu/eurostat/databrowser/view/demo_r_magec/default/table (accessed on February 2025). [29]
- Eurostat (2025), *Employment by sex, age, economic activity and NUTS 2 region (NACE Rev. 2) (1 000)*, https://ec.europa.eu/eurostat/databrowser/product/view/lfst_r_lfe2en2?lang=en (accessed on January 2025). [23]
- Eurostat (2025), *GERD by sector of performance and NUTS 2 region*, https://ec.europa.eu/eurostat/databrowser/view/rd_e_gerdreg/default/table?lang=en (accessed on January 2025). [22]

- Eurostat (2025), *Income of households by NUTS 2 region*, [21]
https://ec.europa.eu/eurostat/databrowser/view/nama_10r_2hhinc/default/table?lang=en
 (accessed on January 2025).
- Eurostat (2025), *Nominal Labour productivity by NUTS 3 region*, [20]
https://ec.europa.eu/eurostat/databrowser/view/nama_10r_3nlp/default/table?lang=en
 (accessed on January 2025).
- Eurostat (2025), "Participation rates of selected age groups in education at regional level", [15]
https://ec.europa.eu/eurostat/databrowser/view/educ_uoe_enra14/default/table?lang=en&category=educ.educ_part.educ_uoe_enr.educ_uoe_enra (accessed on 16 April 2025).
- Eurostat (2025), *Population on 1 January by age, sex and NUTS 2 region*, [30]
https://ec.europa.eu/eurostat/databrowser/product/view/demo_r_d2jan?lang=en (accessed on February 2025).
- Eurostat (2024), *Population change - Demographic balance and crude rates at national level*, [9]
https://ec.europa.eu/eurostat/databrowser/view/demo_gind/default/table (accessed on November 2024).
- Eurostat (2024), *Population change - Demographic balance and crude rates at regional level (NUTS 3)*, [10]
https://ec.europa.eu/eurostat/en/web/main/search/-/search/dataset?text=demo_r_gind3 (accessed on November 2024).
- Eurostat (2022), *EU Labour Force Survey*, <https://ec.europa.eu/eurostat/web/lfs> (accessed on October 2024). [27]
- Eurostat (2021), *Demographic balances and indicators by type of projection and NUTS 3 region*, [17]
https://ec.europa.eu/eurostat/databrowser/view/proj_19rdbi3/default/table?lang=en (accessed on November 2024).
- Eurostat (2021), *Population on 1st January by age, sex, type of projection and NUTS 3 region*, [18]
https://ec.europa.eu/eurostat/databrowser/view/proj_19rp3/default/table?lang=en (accessed on November 2024).
- Eurydice (2025), *National reforms in general school education*, [41]
<https://eurydice.eacea.ec.europa.eu/eurypedia/romania/national-reforms-general-school-education>.
- Eurydice (2025), *National reforms in vocational education and training*, [42]
<https://eurydice.eacea.ec.europa.eu/eurypedia/romania/national-reforms-vocational-education-and-training>.
- Government of Romania (2021), *Strategy of the Romanian Government on Inclusion of Romanian Citizens Belonging to the Roma Minority for the period 2022-2027*, [40]
https://commission.europa.eu/system/files/2022-10/1_1romania_national_roma_strategic_framework_2022_2027.pdf.
- Interreg Europe (2024), *Youth as the Key Development Asset in the NW Romanian Region*, [47]
<https://www.interregeurope.eu/news-events/news/youth-as-key-development-asset-in-nw-romanian-region>.
- Lightcast (n.d.), , <https://lightcast.io/> (accessed on October 2024). [26]

- Ministry of Family, Youth and Equal Opportunities (2023), *Child Guarantee National Action Plan*, https://employment-social-affairs.ec.europa.eu/policies-and-activities/social-protection-social-inclusion/addressing-poverty-and-supporting-social-inclusion/investing-children/european-child-guarantee/national-action-plans-and-progress-reports_en?prefLang. [46]
- Ministry of Investments and European Projects (2024), *FamilyStart and StudentInvest credit program*, <https://oportunitati-ue.gov.ro/en/program/programul-de-creditare-familystart-si-studentinvest/>. [37]
- Ministry of Labour and Social Protection (2021), *Strategia națională pentru ocuparea forței de muncă 2021 - 2027*, <https://mmuncii.ro/j33/index.php/ro/minister-2019/strategii-politici-programe/6333-sn-ocupare-fora-munca-2021-2027>. [45]
- Murphy, A. and F. Ghencea (2023), *The Legal Framework for Local Government Coordination in Romania*, <https://doi.org/10.17951/sil.2023.32.5.105-115>. [35]
- National Institute for Statistics Romania (2024), *Departures from the residence, by urban/ rural area, macroregions, development regions and counties*, <http://statistici.insse.ro:8077/tempo-online/#/pages/tables/insse-table> (accessed on November 2024). [12]
- National Institute for Statistics Romania (2024), *Settlings of the residence by urban/ rural area, macroregions, development regions and counties*, <http://statistici.insse.ro:8077/tempo-online/#/pages/tables/insse-table> (accessed on November 2024). [11]
- National Institute for Statistics Romania (2024), *Temporary emigrants by age group, sex, urban/ rural area, macroregions, development regions and counties*, <http://statistici.insse.ro:8077/tempo-online/#/pages/tables/insse-table> (accessed on November 2024). [14]
- National Institute for Statistics Romania (2024), *Temporary immigrants by age group, sex, urban/ rural area, macroregions, development regions and counties*, <http://statistici.insse.ro:8077/tempo-online/#/pages/tables/insse-table> (accessed on November 2024). [13]
- North-West RDA (n.d.), *Nord-Vest Regional Development Plan 2021-2027*, <https://regionordvest.ro/>. [32]
- North-West RDA (n.d.), *Priority Funding 6*, <https://regionordvest.ro/prioritati-de-finantare/prioritati-de-finantare-6/>. [48]
- North-West RDA (n.d.), *Regional Development Council, Role and Structure*, <https://www.nord-vest.ro/despre-noi/cdr/>. [33]
- OECD (2024), *OECD Survey on Demographic Changes in the Nord-Vest Region*. [34]
- OECD (2024), *Society at a Glance 2024: OECD Social Indicators*, OECD Publishing, Paris, <https://doi.org/10.1787/918d8db3-en>. [8]
- OECD (2024), *Subnational Governments in OECD Countries: Key Data*, <https://www.oecd.org/en/topics/policy-issues/subnational-finance-and-investment.html>. [36]
- OECD (2023), *SNG-WOFI*, <https://www.sng-wofi.org/country-profiles/romania.html>. [31]

- OECD (2022), *Regional Economy database*, [19]
https://stats.oecd.org/OECDStat_Metadata/ShowMetadata.ashx?Dataset=REGION_ECONOMY&ShowOnWeb=true&Lang=en (accessed on 28 February 2025).
- OECD (2019), *Talent Abroad: A Review of Romanian Emigrants*, Talent Abroad, OECD [28]
 Publishing, Paris, <https://doi.org/10.1787/bac53150-en>.
- OECD (n.d.), *OECD Database on Regions, Cities and Local Areas*, [4]
https://localdataportal.oecd.org/maps.html?indicator=POP_T&latitude=47.2035&longitude=23.4065&zoom=6.9648 (accessed on December 2024).
- TEMPO (2025), *Relative at-risk-of-poverty rate by macroregions and development region*, [6]
<http://statistici.INSSE.ro:8077/tempo-online/#/pages/tables/insse-table> (accessed on 16 April 2025).
- The Government of Romania (2022), *National Strategy for Romanians Abroad 2023-2026*, [38]
<https://dprp.gov.ro/web/wp-content/uploads/2023/01/Proiect-Strategia-Nationala-pentru-Romanii-de-Pretutindeni-08.12.2022.pdf#page16>.
- The National Institute of Statistics Romania (n.d.), “TEMPO- Online”, *POP107D - LEGALLY RESIDENT POPULATION, by age group and ages, sex, counties and localities at January 1st.*, <http://statistici.INSSE.ro:8077/tempo-online/#/pages/tables/insse-table> (accessed on November 2024). [16]
- The National Institute of Statistics Romania Tempo Online (2025), *Employment rate of labour resources by gender, macroregions, development regions and counties*, [25]
<http://statistici.INSSE.ro:8077/tempo-online/#/pages/tables/insse-table> (accessed on 29 August 2025).

Note

¹ Subnational governments refer to all levels of government below the national level, including regional and state governments, other intermediary government levels (e.g., départements, counties, provinces) and municipal/local/metropolitan governments. [OECD/LEGAL/0492]

3

Adapting land-use and spatial planning to demographic change in Nord-Vest

This chapter explores how Nord-Vest can modernise land-use and spatial planning to better respond to demographic change, including urban growth in key cities and rural population shrinkage elsewhere. It highlights inefficiencies in land-use, fragmented planning, and housing market imbalances in Nord-Vest. The chapter outlines policy actions in four areas: modernising planning tools to reflect population trends, promoting compact urban growth, expanding affordable housing in dynamic areas, and improving land management in shrinking communities.

Introduction

Demographic change necessitates a strategic reassessment of land-use and spatial planning in Nord-Vest, for both urban and rural areas. Dynamic urban centres like Cluj-Napoca and Oradea are expanding due to economic growth which is increasing demand for housing, while many rural and remote areas continue to face population decline. Between 2000 and 2020, the urban population increased by 0.10%, while the rural population decreased by 4.65% (National Institute for Statistics, n.d.^[1]). These contrasting trajectories are placing growing pressure on land-use and infrastructure. In spite of population decline, land consumption is increasing, even in areas where populations are shrinking.

Nord-Vest faces two distinct challenges relating to land-use and spatial planning. The first challenge is to support thriving urban areas to keep youth in the region by reducing housing pressure and improving planning coordination. Urban development in Nord-Vest is expanding rapidly around dynamic cities like Cluj-Napoca and Oradea, driven by strong economic growth and rising demand for housing. This has led to fast suburbanisation, rising housing prices, and stretched infrastructure in adjacent communes such as Floreşti. The shortage of affordable housing and weak coordination among municipalities hampers the provision of public services and sustainable urban growth. Moreover, spatial and urban planning frameworks are fragmented, outdated, and overly complex, limiting their ability to respond to demographic changes and densify urban development. Second, rural areas face population decline, land fragmentation, and underutilised housing stock. While residential development has also increased in rural areas, it is often dispersed and poorly integrated with infrastructure networks. Many dwellings remain vacant, particularly in counties like Sălaj and Maramureş, due to outmigration, inheritance complexities, and the prevalence of secondary homes. The high ownership rate limits housing mobility and market efficiency. Planning in rural areas is constrained by limited financial and technical capacity, and the lack of a complete land registry system hinders redevelopment and adaptation.

At the same time, these challenges offer a window of opportunity. Through smarter spatial and urban planning, the region can promote more efficient land-use, improve access to affordable housing in growth areas, and better manage the transition in shrinking communities. However, to seize this opportunity, Nord-Vest must address the complexity, fragmentation, and outdated nature of its current planning framework, which currently limits its ability to respond effectively to emerging demographic realities.

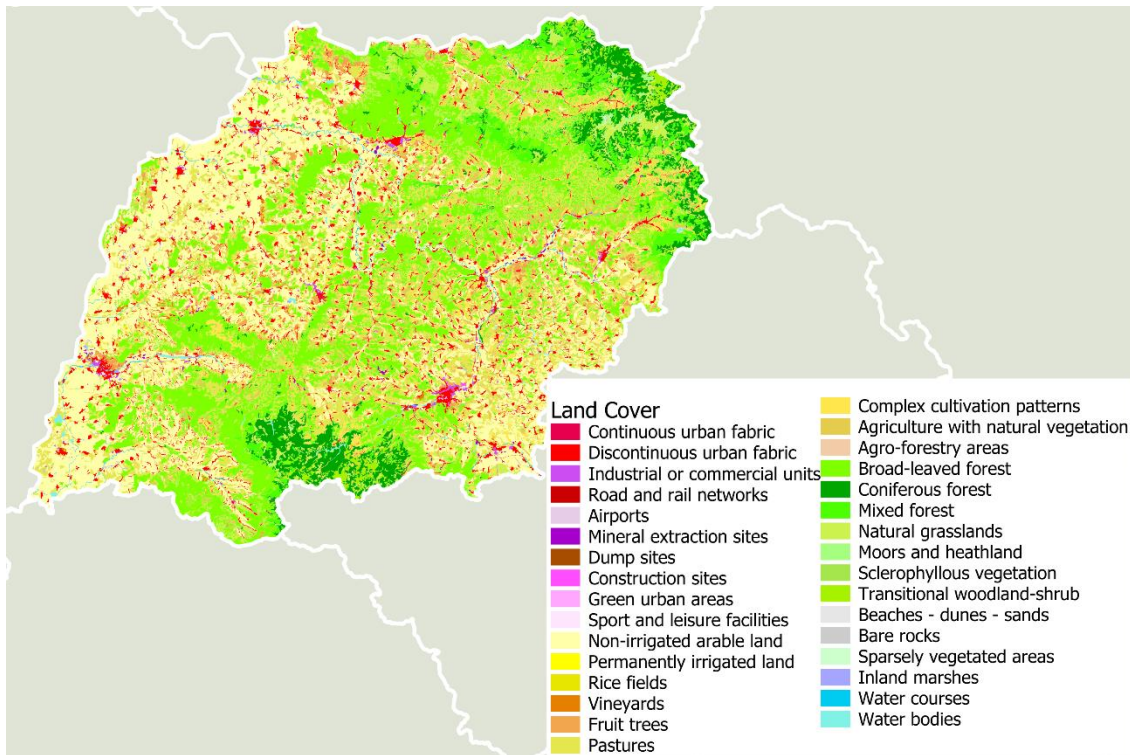
This chapter examines how land-use patterns and spatial planning frameworks in the Nord-Vest region can adapt to demographic change. It begins by identifying key spatial development trends, such as suburbanisation, rural land fragmentation and housing market disparities. It then evaluates the efficiency of the current planning system and the implications for housing and land-use. The chapter concludes with policy recommendations to strengthen spatial governance, enhance housing access, and promote more coherent and adaptive land-use strategies.

Land-use and settlement patterns in Nord-Vest

The Nord-Vest region presents a diverse land cover structure that reflects its predominantly rural character. The region is largely dominated by forested and agricultural landscapes (Figure 3.1). Agricultural lands characterised by lowlands and rolling hills are widespread, especially in counties such as Bihor and Cluj County. Most of these are classified as non-irrigated arable land, with areas of permanent crops and pastures. Extensive agricultural activity underscores the region's character as a predominantly rural territory. In addition, broad-leaved, coniferous, and mixed forests cover significant portions of the territory, particularly in the Apuseni Mountains and in Maramureş County. These forested zones play a crucial role in preserving biodiversity and supporting activities such as sustainable tourism and recreation.

Figure 3.1. Nord-Vest is a predominantly rural region with significant agricultural areas

Land cover in Romania (2018)



Source: European Union (2020[2]), "CORINE Land Cover 2018 (vector), Europe, 6-yearly". Copernicus Land Monitoring Service information, <https://doi.org/10.2909/71c95a07-e296-44fc-b22b-415f42acfd0>.

Centralised planning in the communist era has contributed to a low proportion of built-up areas in Nord-Vest. Built-up areas cover 1.9% of the region's total land area (639.92 km²), which is below the European NUTS2 average of 2.67%. Built-up areas in the region are primarily concentrated in the county seats (capitals) of Cluj-Napoca, Oradea, Bistrita, Satu Mare, Baia Mare and Zalău (Figure 3.2). Current settlement patterns need to be viewed in the context of the legacy of the communist era when spatial planning was used as a "tool" to model the society by the central authority. During the communist era (1947-1989), spatial planning was highly centralised and aligned with the principles of a planned economy, prioritising urbanisation through standardised apartment blocks and balanced development across regions (Box 3.1). The fall of communism in 1989 marked a shift toward decentralised and market-driven spatial planning.

Box 3.1. The "Rural Systematisation" law has had a significant and lasting impact on the current structure and distribution of human settlements in Romania

Under the "rural systematisation" law, issued in 1974, the government aimed to homogenise human settlements and reduce the number of villages from 13 129 to 10 000 by 2000. The reasons for its implementation were ideological, including prioritising the socialist agriculture and the insistence on developing a structured built environment (Turnock, 1991^[3]).

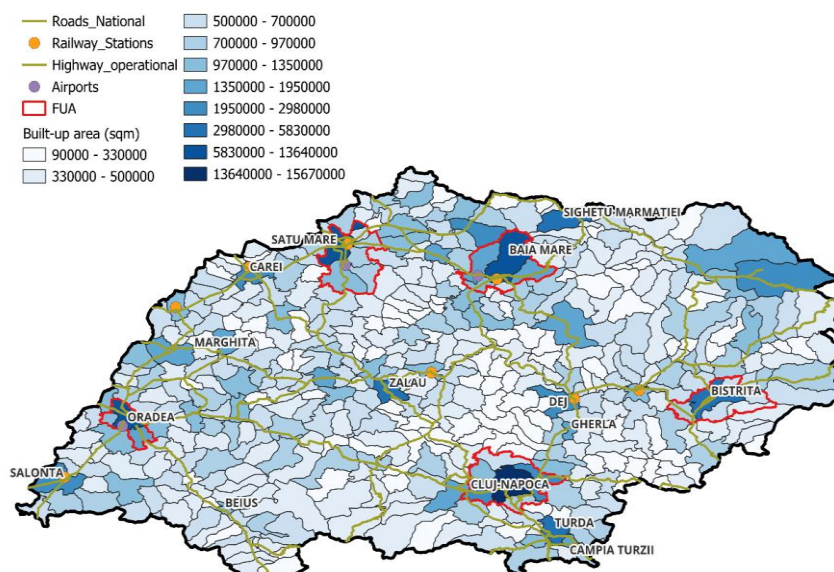
A key policy was the so-called "built-up perimeter," which aimed to restrain the growth of rural and urban settlements, by limiting expansion and even reducing settlement sizes, particularly in rural areas where

communities were traditionally spread along valleys and roads (Pascariu Gabriel, 2012^[4]). The policy also introduced the concept of "regrouping" inhabitants, leading to the gradual disappearance of some localities and the relocation of residents to fewer, strategically placed and better-equipped villages.

The law ultimately failed due to economic and infrastructural constraints, as well as lack of long-term viability and was abolished in December 1989. Forced relocation into state-imposed housing led to the loss of individual freedom. Many Romanians suffered, displaced from traditional homes and deprived of rights, resulting in lasting social consequences, such as weakened community spirit, disconnection from tradition and a breakdown in shared values (Carjan, Idiceanu-Mathe and Banescu, 2017^[5]).

Figure 3.2. Settlements in Nord-Vest are concentrated around key centres

Build-up areas per municipalities, 2020



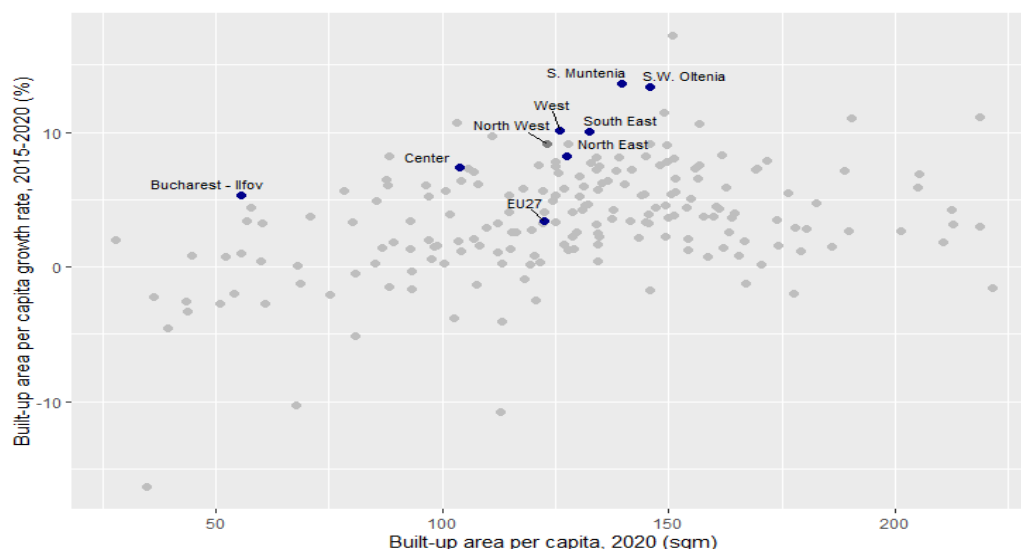
Source: Pesaresi M., Politis P. (2023^[6]) "GHS-BUILT-S R2023A - GHS built-up surface grid, derived from Sentinel2 composite and Landsat, multitemporal (1975-2030)", European Commission, Joint Research Centre (JRC), <https://doi.org/10.2905/9F06F36F-4B11-47EC-ABB0-4F8B7B1D72EA>; OECD (2021^[7]), *OECD.Stat (database)*, <https://stats.oecd.org/> (accessed on 14 April 2025).

Economic growth has coincided with increased land consumption in Nord-Vest

Despite population decline, land consumption has increased at a rapid rate as the region has experienced strong economic development and rising incomes. Built-up area increased by 7.5% between 2010 and 2020, significantly outpacing the 4.5% average growth observed across large regions (NUTS2) in the EU. Built-up area per capita has grown even more rapidly, with the region recording an 8.9% increase, one of the highest growth rates in the EU (Figure 3.3). Conversely, built-up area per unit of GDP decreased by 27.61% between 2015 and 2020, indicating GDP growth has outpaced the increase in built-up area.

Figure 3.3. Built-up area per capita is increasing at a rapid pace

Built-up area per capita (2020) and built-up area per capita growth rate (2015-2020) among European NUTS3 regions

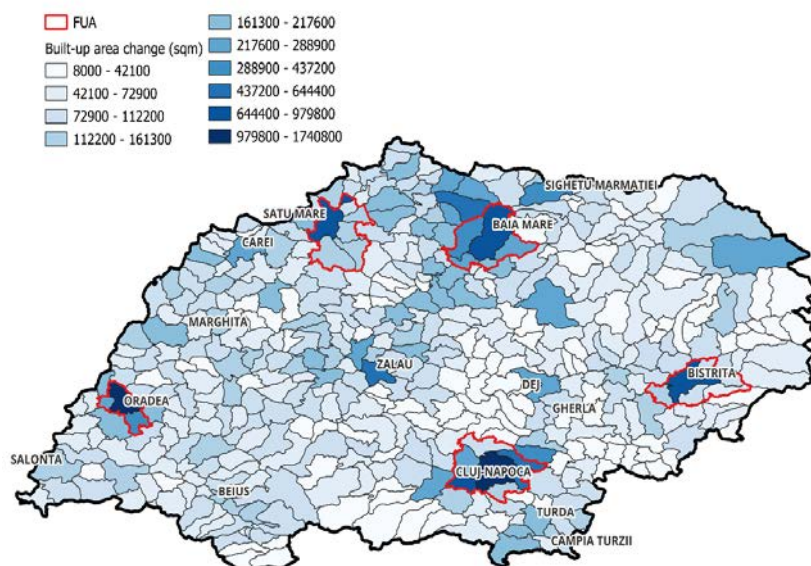


Source: Pesaresi M., Politis P. (2023^[6]) "GHS-BUILT-S R2023A - GHS built-up surface grid, derived from Sentinel2 composite and Landsat, multitemporal (1975-2030)", European Commission, Joint Research Centre (JRC), <https://doi.org/10.2905/9F06F36F-4B11-47EC-ABB0-4F8B7B1D72EA>; OECD (2021^[7]), *OECD.Stat (database)*, <https://stats.oecd.org/> (accessed on 14 April 2025).

Within the region, built-up areas expansion has been concentrated in the suburban areas surrounding county seats and within their functional urban areas (Figure 3.4). This trend has been driven by economic growth and the increasing attractiveness of these cities. The most pronounced suburban growth has occurred around Cluj-Napoca and Oradea, two of the most dynamic urban centres in the region. In the Cluj-Napoca area, neighbouring communes such as Florești, Apahida, and Baciú have experienced rapid demographic and spatial growth as households and businesses have moved beyond the city's administrative boundaries. Between 2000 and 2019, the built-up area of Cluj-Napoca municipality nearly doubled, rising from approximately 11% to 20% of its total surface area (Dolean et al., 2020^[8]). A similar pattern is observed around Oradea, where industrial areas and residential developments have expanded into surrounding rural areas, particularly along major transport routes. Although suburban development has occurred in a fragmented manner, the urban expansion in Cluj-Napoca and Oradea remains relatively compact when compared to the pace of population growth (Romania Urban Policy Washington, 2020^[9]).

Figure 3.4. Built-up areas are expanding in cities and rural areas

Built-up area change, 2010-2020 (sqm)



Source: Pesaresi M., Politis P. (2023^[6]) "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^[7]), *OECD.Stat (database)*, <https://stats.oecd.org/> (accessed on 14 April 2025).

Growth has also been recorded in certain remote areas, particularly in the central and northern parts of the region due to residential and industrial development (Figure 3.4). While residential areas continue to account for the majority of total built-up land, non-residential development in rural areas is expanding at a faster pace. This trend underscores an increasing focus on the expansion of industrial and commercial infrastructure in less urbanised areas of the region. The localities of Sărmășag in Salaj County and Sighetu Marmatiei in Maramureș County serve as pertinent examples (Box 3.2).

Box 3.2. The Nord-Vest region is developing several industrial sites in rural areas

Sărmășag

Sărmășag, located in the Salaj County, has undertaken notable steps towards industrial development. Although it does not yet host a large-scale industrial park comparable to those found in more urbanised settings, the commune has garnered interest due to its investments in energy infrastructure and the emergence of localised industrial activities. The availability of land and its strategic location near regional road networks position Sărmășag as a viable candidate for future industrial expansion.

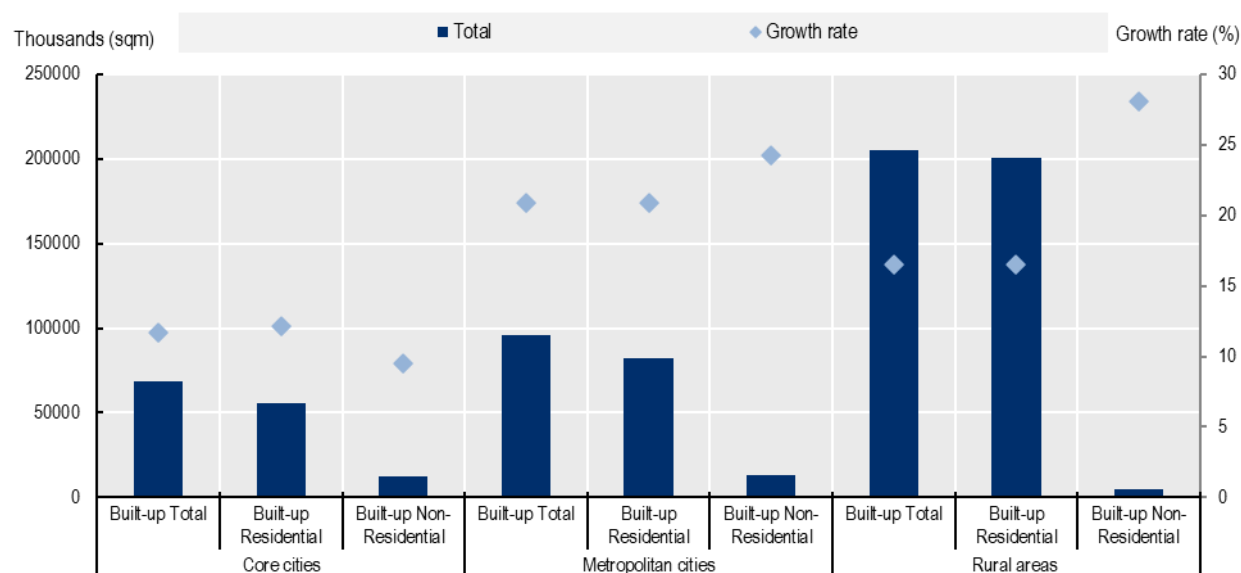
Sighetu Marmatiei

Sighetu Marmatiei, situated in Maramureș County near the Ukrainian border, presents a case of a locality with a longer-standing industrial tradition. Historically known for its wood processing and furniture manufacturing sectors, the town's industrial landscape has diversified over time. It now accommodates a range of small and medium-sized enterprises (SMEs), operating in fields such as metalworking, construction materials and light manufacturing. While the town does not currently feature a formalised industrial park, it benefits from an established industrial base, a skilled workforce and logistical advantages, including access to both domestic and cross-border markets.

Source: Energynomics (2024^[10]), Enery inaugurated the photovoltaic park in Sărmășag (Sălaj), with an installed capacity of 51.4 MW and battery storage, <https://www.energynomics.ro/en/enery-inaugurated-the-photovoltaic-park-in-sarmasag-salaj-with-an-installed-capacity-of-51-4-mw-and-battery-storage> (accessed on 10 April 2025).; Renewable Market Watch (2024^[11]), *Enery Launched in Commercial Operation the Sarmasag PV Power Plant in Romania with 51.4 MWp Capacity and 22 MWh battery energy storage system (BESS)*, https://renewablemarketwatch.com/news-analysis/574-enery-launched-in-commercial-operation-the-sarmasag-pv-power-plant-in-romania-with-51-4-mwp-capacity-and-22-mwh-battery-energy-storage-system-bess?utm_source=chatgpt.com (accessed on 10 April 2025).; Dun and Bradstreet (n.d.^[12]), *Architectural and Structural Metals Manufacturing Companies in Sighetu Marmatiei, Maramures, Romania*, https://www.dnb.com/business-directory/company-information.architectural_and_structural_metals_manufacturing.ro.maramures.sighetu_marmatiei.html (accessed on 10 April 2025).

Figure 3.5. Residential areas represent the largest part of the built-up area but non-residential areas are increasing at a faster pace in rural and metropolitan areas

Built-up areas with decomposition between residential and non-residential 2020, growth rate 2010-2020



Note: The variable “Metropolitan cities” groups core cities (with county seat) and first ring cities (with county seat). The variable “Core cities” groups core cities with county seats and core cities without county seats.

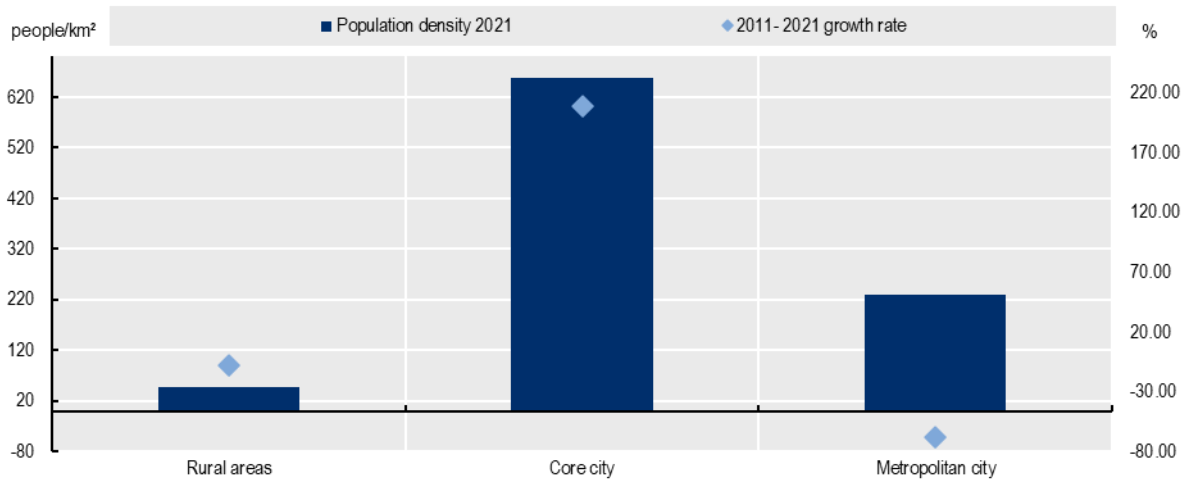
Source: Pesaresi M., Politis P. (2023^[6]). “GHS-BUILT-S R2023A - GHS built-up surface grid, derived from Sentinel2 composite and Landsat, multitemporal (1975-2030)”, European Commission, Joint Research Centre (JRC), <https://doi.org/10.2905/9F06F36F-4B11-47EC-ABB0-4F8B7B1D72EA>; OECD (2021^[7]), *OECD.Stat (database)*, <https://stats.oecd.org/> (accessed on 14 April 2025).

The density of development in Nord-Vest is relatively low

The Nord-Vest region is experiencing low-density development, a pattern that has contributed to accelerated land consumption. This trend reflects a continued expansion of the built environment, accompanied by a lack of corresponding increase in vertical construction. As of 2020, the average building height in Nord-Vest stood at 3.7 meters, one of the lowest across Europe, and has declined by 2.6% since 2010. Density levels remain highest in the core cities, as anticipated, yet have shown a consistent decline since 2011 (Figure 3.6). In contrast, surrounding metropolitan areas have recorded moderate increases in density. This shift indicates a suburban expansion that, while exhibiting elements of fragmentation, continues to follow a relatively compact development pattern.

Figure 3.6. Density decreases in core cities but increases in metropolitan areas

Population density per km² (2021) and growth rate (2011-21)



Note: The variable “Metropolitan cities” groups core cities (with county seat) and first ring cities (with county seat). The variable “Core cities” groups core cities with county seats and core cities without county seats. Mean population density is computed as a mean of population density values within each category according to said specification.

Source: Pesaresi M., Politis P. (2023^[6]). “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^[7]), *OECD.Stat (database)*, <https://stats.oecd.org/> (accessed on 14 April 2025).

The housing market exhibits heterogeneous trends across urban and rural contexts

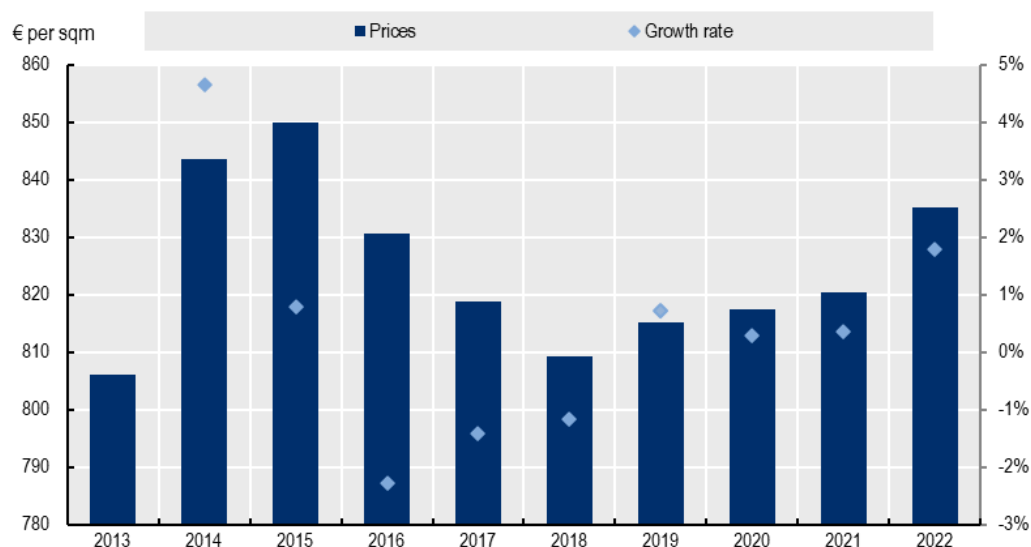
Despite ongoing depopulation, both the dwelling stock and house prices have continued to rise since 2018. These increases reflect persistent mismatches in a fragmented housing market, particularly between urban and rural areas.

Average housing prices have increased gradually

In Nord-Vest, property prices have gradually risen over the past decade. In nominal terms, property prices grew by 50 percent between 2013 and 2022. When adjusted for inflation, the picture is clearer, with a real growth rate of 3.6 percent over the same period. More specifically, housing prices peaked in 2015 and slowly declined for the next three years (Figure 3.7). Since 2018, there has been a consistent and growth trend, continuing until 2022. These numbers mask a heterogeneous reality within the region, as is discussed further below.

Figure 3.7. House price growth has increased since 2019

Property prices and annual growth rate adjusted for inflation, 2013-2022



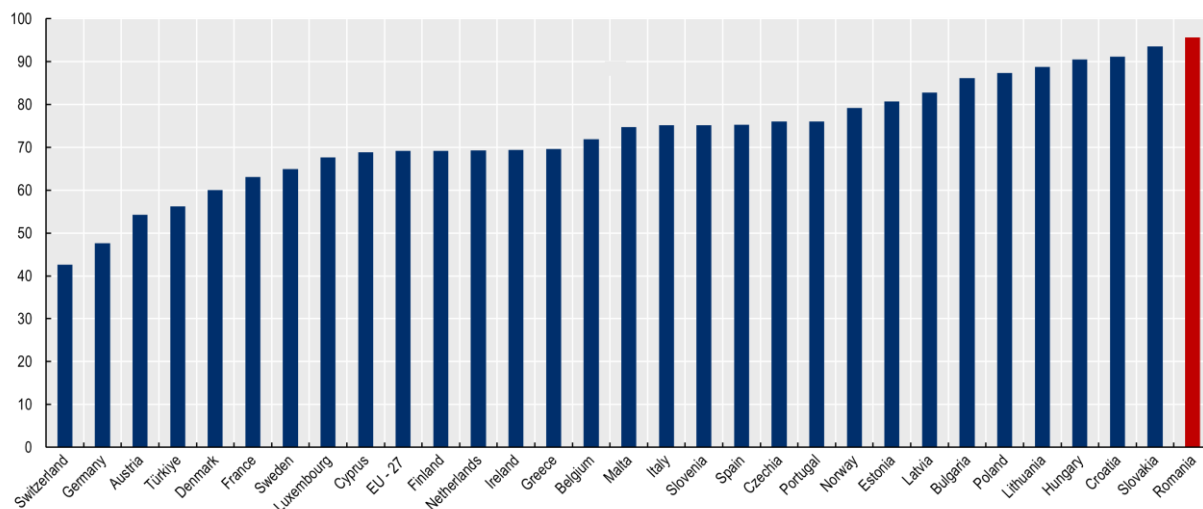
Note: The graph portrays real prices, calculated by adjusting nominal prices for inflation using the House Price Index (CPI), with nominal year 2015.

Source: North-West Regional Development Agency, Eurostat (prc_hpi_a__custom_15734656)

The housing sector in Romania is characterised by a high ownership rate and negligible private rental sector. In 2023, the ownership rate in Romania reached 95.6%, one of the highest among EU countries (Figure 3.8). This trend stems largely from the post-communist mass privatisation of housing in the 1990s when the share of privately owned housing stock grew from 67.35% in 1990 to 79.2% in 2002 (Alpopi, Iacoboaia and Andrei, 2014^[13]). During this period, many Romanians were able to acquire properties below the market price (Pittini, 2011^[14]). Additionally, the increasing prices can be related to the observed decline in the interest rate on mortgages between 2010 and 2020 and the consequent growth of residential loans to households of 151% between 2010 and 2020 (European Construction Sector Observatory, 2022^[15]).

Figure 3.8. The ownership rate in Romania is the highest in EU

Property ownership rate, 2023



Source: Eurostat, Distribution of population by tenure status, type of household and income group (ilc_lvho02)

Rising demand for urban housing is driving urban expansion

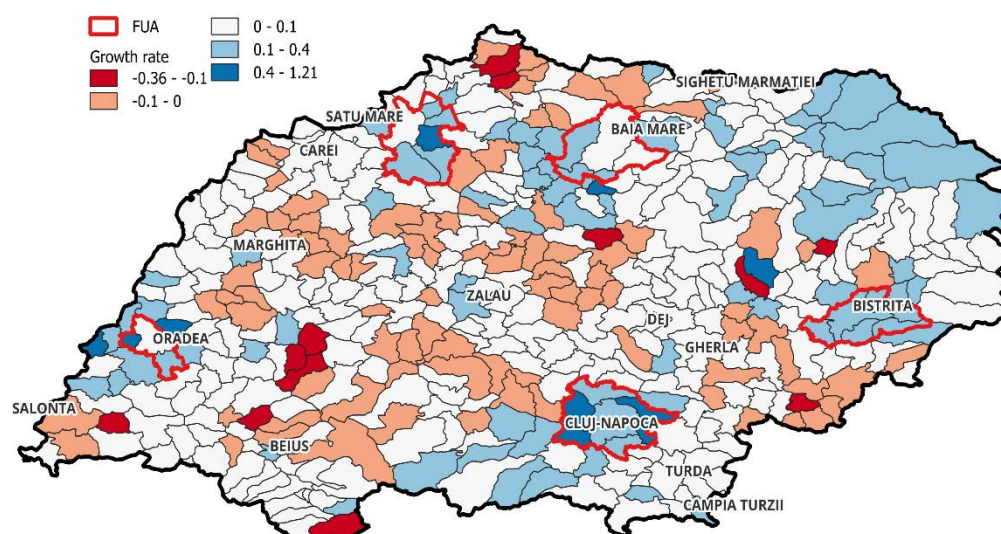
The economic dynamism of urban areas, most notably in Cluj-Napoca and Oradea, has increased their attractiveness, intensifying demand for real estate and driving up housing prices. Cluj-Napoca has experienced the most significant growth in house prices in the country since the 2008-2009 economic crisis. According to the Real Estate Transactions Guide, the total value of real estate transactions in Cluj-Napoca reached EUR 679 million in 2019, more than double the EUR 284 million recorded in 2014 (Bândea et al., 2020^[16]).

The shortage of affordable housing in urban cores has pushed many residents toward suburban areas, contributing to significant suburban expansion. The rising housing costs could lead to socio-economic issues, particularly by limiting access to housing for the most vulnerable populations. A substantial number of low-income urban families have been displaced from the social rented sector, leaving them with no choice but to seek housing in the private rental market or in more remote areas outside urban centres (Habitat for Humanity, n.d.^[17]).

In Nord-Vest region, the share of new dwellings in total dwellings has increased from 0.52% to 0.75% between 2007 and 2020 (Chițea, 2022^[18]). Following the demand, the most significant increase in dwelling stocks between 2010 and 2020 can be observed in FUAs of Cluj-Napoca, Bistrița, Oradea, Satu Mare and Baia Mare (Figure 3.9). New housing is being built mainly in urban areas (INSSE, 2022), where the development of new stock is predominantly vertical.

Figure 3.9. Dwelling stocks are also increasing in shrinking municipalities

Growth rate of the dwelling stock in Nord-Vest, 2010-20



Source: National Institute of Statistics, TEMPO: LOC101B, Dwellings stock at the end of the year by type of ownership, counties and localities. FUA: Functional Urban Areas.

Underused dwellings are highly prevalent in rural areas

The demographic shift coupled with an increasing housing stock has led to vacant or underused properties in rural areas. In rural areas, the dwelling stock has been growing with a predilection for horizontal development. While there is no comprehensive data on dwelling vacancy region-wise, the data from individual counties demonstrate, that the issue is particularly prevalent in Sălaj and Maramureș. For instance, in Sălaj County, the vacancy rate rose from 15% in 2008 to 18% in 2018 and is expected to exceed 20% by 2030, even under the most optimistic scenario (Consiliul Județean Sălaj, 2023^[19]). The presence of underused dwellings has a negative impact on the built environment, infrastructure and supply networks, affecting the quality of life and living standards.

Persistence of vacant or underused dwellings, particularly in rural and peri-urban areas, is further enhanced by the high rate of home ownership. A significant share of vacant housing in Romania is owned by individuals with multiple properties, including secondary homes (World Bank, 2021^[20]), or potentially inherited parental houses, or investment properties (Consiliul Județean Maramureș, 2009^[21]) that remain unoccupied. Some rural areas can serve as weekend retreats for city residents. A clear example of the significant presence of this phenomenon can be seen in the mountainous areas of Cluj County, where despite the declining population the number of owners of secondary residences, and recreational houses has been increasing (World Bank, 2020^[22]). Since these dwellings remain unoccupied during the majority of the year, the vacancy rate in some of the Cluj County exceeds 50% (World Bank, 2021^[20]). The share of vacant properties is also a result of international migrants purchasing housing to invest their repatriated capital and where they are planning to move back in the future (Chițea, 2022^[18]). The trend is particularly true in counties with a high share in international immigration, such as in Maramureș as reflected in the strategic objectives of PATJ Maramureș (Consiliul Județean Maramureș, 2009^[21]).

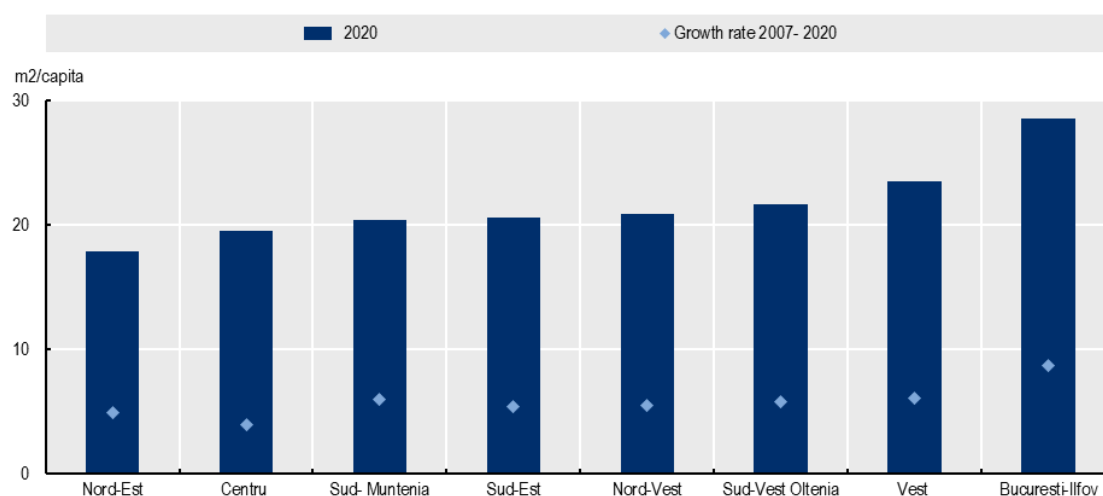
The quality of housing stock is low

Romania is facing poor-quality housing in declining rural areas and in less well-off urban neighbourhoods (Permanent Mission of Romania to the UNON, n.d.^[23]). In Romania in 2020, 21.2% of the population lacked a toilet, shower and bath, well above the EU average (1.5% of the population). Urban areas are better endowed with utilities with 96.3% of dwellings having a bathroom or shower in 2020, compared to 56.7% in rural areas. However, the rural areas have seen significant progress in the area with a growth rate of 177.9% since 2007 (Chițea, 2022^[18]).

Nord-Vest has one of the largest living areas per inhabitant compared to other Romanian regions. Between 2007 and 2020, the living area per inhabitant has increased in all regions, indicating rising quality of housing (Figure 3.10). The living area per inhabitant is slightly lower in rural areas, as urban areas have a larger share of new dwellings, indicating their better quality (Chițea, 2022^[18]).

Figure 3.10. Living area per capita in Romanian regions

Nord-Vest has the fourth highest living area per inhabitant value among all Romanian regions



Note: The growth rate was calculated as absolute growth rate between 2007 and 2020.

Source: NIS online (2022), as cited in Chițea, L. (2022^[18]), "Housing conditions in the Romanian rural household in the 21st century", *Rodino, Steliana Dragomir, Vili (Ed.): Agrarian Economy and Rural Development - Trends and Challenges. International Symposium*, pp. 299-306, <https://www.econstor.eu/bitstream/10419/301738/1/ICEADR-2022-p299.pdf> (accessed on 3 April 2025).

Housing quality in Romania is closely linked to the aging housing stock. According to Eurostat, 70.3% of dwellings in Romania were built before 1980, compared to 66.4% across the EU. The quality of newly built homes is significantly higher. Data from 2010 to 2018 show that 99.66% of newly constructed houses in Romania are connected to electricity, 87.27% have access to running water, 72.85% are connected to a sewerage network and 96.08% are equipped with central heating. However, 17.97% of these homes still rely on solid fuel stoves for heating. Notably, there is a significant disparity between urban and rural areas, with urban homes being generally better equipped than rural regions (Lăzărescu and Diacon, 2020^[24]).

Roma communities, who experience disproportionately high rates of poverty, often live in substandard housing conditions with limited or no access to basic infrastructure. As of 2021, two out of three Roma were living in inadequate housing, many in overcrowded spaces or in homes without access to running water. The absence of formal land titles further compounds their housing insecurity. Without legal recognition of property ownership, connecting homes to essential utilities, particularly in remote areas, becomes significantly more difficult (OECD, 2024^[25]).

The spatial and urban planning framework remains overly complex and fragmented

In the context of the ongoing demographic change in Nord-Vest, marked by depopulation in remote areas and continued urban development, effective urban and spatial planning that meets future population needs will be essential to promote sustainable land-use and housing development. It will also be essential to support the retention of youth, in particular by ensuring the attractiveness of cities such as Cluj-Napoca and Oradea. Effective spatial and urban planning can also support the development of regional and local service centres to efficiently concentrate public services, infrastructure and job opportunities.

Romania has a complex and fragmented spatial and urban planning system

Adapting land-use to demographic change depends on having an effective spatial and urban planning system. Romania's spatial planning and urban development are governed by the law on spatial planning and urban planning (Law No. 350/2001), originally enacted in 2001. The law establishes a hierarchical, multi-level planning framework designed to ensure coherence and coordination across national, regional, county and local levels. This system integrates spatial development strategies, sectoral policies and urban regulations to promote territorial cohesion and sustainable growth. At the national level, the Ministry of Development, Public Works and Administration holds primary responsibility for overseeing the spatial and urban planning system.

Romania's accession to the European Union in 2007 marked a significant turning point in the evolution of the spatial planning system (Munteanu and Servillo, 2014^[26]). EU membership prompted institutional and policy reforms aimed at aligning national planning approaches with European principles and frameworks. A key development in this context was the development of the National Spatial Development Strategy (*Strategia de Dezvoltare Teritorială a României* – SDTR) by the Romanian Government in 2016. The SDTR provides a long-term strategic framework for territorial development, extending to 2035. It aims to promote balanced, sustainable and integrated development across the country's diverse territories while strengthening alignment with the EU's Territorial Agenda and Cohesion Policy objectives.

A complex spatial planning and urban planning system

The legislative and institutional framework governing spatial and urban planning is complex and multi-layered. The law on spatial and urban planning (Law No. 350/2001) provides a clear distinction between spatial planning, which establishes the strategic vision for territorial development, and urban planning, which ensures the practical implementation of that vision at the local level (Evers et al., 2020^[27]; Benedek, 2013^[28]). Spatial planning is structured across several territorial levels, including the national level through the National Land Use Plan (*Planul de Amenajare a Teritoriului Național*, PATN), the regional level via the Regional Spatial Planning Plan (*Planul de Amenajare a Teritoriului Zonal Regional*, PATZR), the county level through the County Land Use Plan (*Planul de Amenajare a Teritoriului Județean*, PATJ), and, where relevant, the metropolitan and peri-urban levels through the Metropolitan Area Land Use Plan (*Planul de Amenajare a Teritoriului Zonal Metropolitan*, PATZM) and Peri-urban Area Land Use Plan (*Planul de Amenajare a Teritoriului Zonal Periurban*, PATZP) respectively. The national strategic plan primarily serves as a guiding framework, comprising various plans with a sectoral focus, often addressing specific domains such as critical infrastructure, environmental protection and natural risk management. At the local level, urban planning is governed by three main instruments: the General Urban Plan (*Plan Urbanistic General* – PUG), the Zonal Urban Plan (*Plan Urbanistic Zonal* – PUZ), and the Detailed Urban Plan (*Plan Urbanistic de Detaliu* – PUD). In addition, SIDU (*Strategii Integrate de Dezvoltare Urbană*) are developed in parallel at the local level to guide strategic investments and complement regulatory urban planning tools. These instruments are operational in nature and serve to implement the overarching goals of spatial planning at the municipal level.

At the national level, the process for approving PATN is lengthy

The PATN guides regional and local planning. The PATN is composed of six sectoral plans, such as transport, natural resources and heritage conservation, each of them developed with coordination by the Ministry for Development, Public Works and Administration. Each PATN section is adopted as law by the Romanian Parliament (Benedek, 2013^[28]). The adoption or amendment of the PATN is therefore a long administrative and political process. While this system ensures stability and protection of the spatial plan, it can also result in rigidity and delayed responsiveness. The latest update of the PATN has been launched for public consultation but has not yet been formally approved by the government or parliament. The legislation does not specify the frequency with which the PATN has to be updated, unlike spatial plans on lower levels.

At the regional level, the PATZR is underused

The PATZR provides strategic guidelines for territorial transformation and spatial planning across administrative units within or across counties. Although they are listed as mandatory in the spatial and urban planning law, in practice these documents have served more of a guiding or consultative role, largely due to the lack of clarity regarding which institution is responsible for their implementation (Ionescu-Heroiu et al., 2013^[29]). In the Nord-Vest region, the last plan was developed in 2003. The plan focuses on expanding transport networks, revitalising declining areas, improving public services, and fostering regional cooperation (Pompei Cocean, 2004^[30]).

At the county level, the PATJs are heterogeneous

PATJs govern planning across localities within a single county. County councils are tasked with drafting and implementing these plans, which guide land-use, infrastructure, building regulations and environmental management. The PATJs aim to balance top-down national strategies with bottom-up local priorities, promoting regional cohesion and sustainable development. By law, these plans must be updated every ten years, though the process can take two to three years, and sometimes five years. While the mandatory updates allow for addressing recent challenges, such as demographic shifts, and for modernising the plans through new technologies like geospatial data, the complex and lengthy approval process places a significant burden on the county councils.

Within Nord-Vest, County Spatial Plans (PATJs) exhibit significant variation in scope and level of detail, largely reflecting disparities in financial, administrative and technical capacities across the six counties. More urbanised and better-resourced counties, such as Cluj, benefit from stronger financial, administrative and technical capabilities, which enable the development of more comprehensive planning documents. Cluj County's PATJ is informed by an extensive study conducted by the World Bank and comprises multiple supporting analytical documents (Grupul Banca Mondială în România, 2020^[31]; Apostol, 2022^[32]). In contrast, counties such as Sălaj and Bihor have more limited spatial plans, each consisting of a single document of approximately 300 and 450 pages, respectively (Sălaj, 2023^[33]; Apostol, 2022^[32]). Furthermore, accessibility and digitalisation of these documents remain inconsistent. In some cases, such as Satu Mare and Bistrița-Năsăud, the PATJs are not publicly available or lack digital formats (Consiliul Județean Bistrița-Năsăud, 2022^[34]; Consiliul Județean Satu Mare, 2024^[35]). For Maramureș, only an outdated version of the PATJ from 2009 is publicly accessible (Pompei Cocean, 2009^[36]).

The six PATJs acknowledge the current demographic situation and several include demographic data. However, population statistics are primarily used to analyse existing trends rather than to actively guide future planning decisions. All PATJs emphasise strategies for retaining and attracting population. While such approaches may foster economic growth in key urban areas, excessive competition among counties can be counterproductive, as in the short term, population attraction is often a zero-sum game at the

regional level. In this context, the PATZR could serve as a coordinating framework to identify regional centres and prioritise areas that require repurposing or adaptation to population decline.

At the local level, the process of updating PUG and SIDU is complex

At the local level, urban planning in Romania is structured around three main instruments: the PUG, the PUZ, and the PUD. These instruments collectively shape land development and spatial organisation, with the PUG being the only legally mandatory plan. The PUG establishes the overarching framework for land-use at the level of a town or commune. It regulates functional zoning, transportation networks, infrastructure provision and the protection of historical monuments, and it sets limits on the maximum built-up area. The PUZ applies to specific zones within the urban territory and must align with the provisions of the PUG, but it can change some regulations of the PUG for the zone covered (e.g. change to built area).. The PUD, which covers the smallest territorial units, provides further detail and refinement of the regulations outlined in both the PUG and PUZ.

In addition, localities could develop Integrated Urban Development Strategies (SIDU), strategic planning documents mandated under EU regional funding frameworks. These strategies are developed by local authorities, particularly county-seat municipalities (for which SIDU are mandatory), to coordinate and prioritise urban investment projects in a coherent and forward-looking manner. To ensure consistency and quality, local authorities should follow the official guidance outlined in the Ghid pentru elaborarea Strategiilor Integrate de Dezvoltare Urbană (SIDU), developed by the Ministry of Development, Public Works and Administration in collaboration with the World Bank (MDPWA, 2020^[37]). Through the implementation of the National Urban Policy, SIDUs define concrete actions tailored to the specific needs of both declining and growing cities. While SIDU serve a strategic function and cover a broad range of urban development priorities, they must align with the spatial and regulatory framework set out in the PUG. For instance, projects related to urban regeneration or housing development included in a SIDU must be feasible and permissible within the zoning and land-use designations defined by the PUG. In the Nord-Vest region, all six county-seat municipalities, Cluj-Napoca, Oradea, Baia Mare, Satu Mare, Bistrița, and Zalău, have developed SIDU for their respective functional metropolitan areas.

In practice, the urban planning process is subject to strong pressure from landowners, particularly in major cities and rapidly growing suburban areas such as in Cluj-Napoca and Oradea, who seek to expand the permissible built-up area. In most cases, these pressures result in the adaptation of the PUG to accommodate the evolving dynamics of land ownership and urban development. As a result, although the planning framework is legally binding, it often operates in a discretionary manner, with decisions influenced by context-specific factors and individual development behaviours. This reflects a broader tendency toward the continuous adjustment of planning instruments in response to changing local realities (Benedek, 2013^[28]).

The process of updating a PUG in Romania is complex and time-intensive, involving several sequential stages, including the preparation of a summary of the existing plan, diagnostic analyses, supporting technical studies, and the acquisition of necessary permits and approvals (Advisory Services Agreement on the Constanța Urban Development Program, 2019^[38]; Ungureanu and Șoimoșan, 2023^[39]). Rural localities frequently lack the financial, technical, and administrative capacity required to undertake such detailed and resource-intensive planning processes. As a result, many PUGs remain outdated and are often misaligned with higher-level spatial planning instruments such as the PATJ and the PATN (Ionescu-Heroiu et al., 2013^[29]). Furthermore, the procedural complexity of updating PUGs hinders the timely integration of emerging challenges, such as demographic change, into local urban planning frameworks.

The urban and spatial planning system is fragmented

Coordination mechanisms between actors involved in spatial and urban planning are either weak or lacking altogether. The fragmented institutional arrangement is characterised by limited vertical communication and inconsistent coordination across levels of government. The limited vertical communication contributes to inconsistencies in terminology across planning documents and levels complicate the regulatory environment (Nowak et al., 2022^[40]). As highlighted in the previous section, multiple institutions are involved in Romania's spatial and urban planning system, including central ministries, regional development agencies, county councils and local authorities. For example, the elaboration and oversight of PATJs fall under the authority of county councils, while PUGs and SIDUs are managed by local authorities. In practice, many PUGs, SIDUs and PATJs are developed independently and follow uncoordinated timelines, leading to frequent misalignments between local, county and national objectives. When PUGs are outdated or lack integration, local development initiatives may diverge from broader spatial strategies, thereby undermining the efficiency, coherence and long-term sustainability of the planning process.

Fragmented institutional arrangements are also indicated by limited horizontal coordination on spatial planning. The increasing attractiveness of Cluj-Napoca and Oradea has led to their expansion beyond core urban areas. However, this growth, particularly Cluj-Napoca and Oradea, has often occurred without adequate coordination of core cities with their neighboring localities, resulting in unplanned development and poor transport connections to the core (Horeczki et al., 2023^[41]). This lack of strategic oversight reduces accessibility to public services and increases congestion. One of the most striking examples is Florești, a locality adjacent to Cluj-Napoca, which has experienced rapid and under-regulated suburban expansion that has created significant congestion of public infrastructure. This case underscores the necessity of establishing a comprehensive spatial planning framework at the metropolitan level to ensure balanced and sustainable growth (Box 3.3).

Box 3.3. Florești as a case of rapid suburban expansion and insufficient urban planning

Florești is a peri-urban suburb of Cluj-Napoca. Although closely integrated with the economic life of Cluj-Napoca, located just 4 kilometres away, Florești remains administratively an independent commune still categorised as rural. Florești accounted for the largest share of local GDP among the localities in the Cluj Metropolitan Area (excluding Cluj-Napoca) in 2018. Between 1990 and 2012 the population of Florești has quadrupled, making it larger than 3 of the 6 designated urban areas in Cluj County. During the 2008 real estate boom, Florești saw the highest increase in housing units among all localities in Romania, surpassing even București.

Urban planning has struggled to keep pace with the population growth in terms of coherent urbanisation, resulting in deficiencies in urban mobility and quality of life. Urban planning failed to anticipate higher demand for amenities, leading to a lack of essential facilities, including educational centres, sport centres, commerce, services and green areas. Many Florești residents commute from their homes in the commune to the city, as most of them are former city dwellers who have relocated. The infrastructure connecting the two Cluj-Napoca and Florești remains insufficient. The road between Florești and Cluj-Napoca has the highest concentration of road accidents in the country.

Source: World Bank, (2013^[42]). , *Competitive cities: Reshaping the Economic Geography of Romania*, <https://documents1.worldbank.org/curated/pt/664361468093270286/pdf/Full-report.pdf> (accessed on 25 February 2025).; World Bank, Local Council Cluj- Napoca (2021^[43]), "Integrated Urban Development Strategy for the Municipality of Cluj-Napoca and its Metropolitan Area" <https://documents1.worldbank.org/curated/en/099848210282223121/pdf/P1723840e027c30360a8be0c93fd4db9e69.pdf> (accessed on 25 February 2025).

Recent reforms have introduced shared administration of metropolitan areas, enabling local governments to pool resources and share expertise. In 2022, legislation (Law No. 246/2022) was implemented to strengthen the governance of metropolitan areas, stipulating a 5% budget allocation from income tax revenues to support the development of metropolitan areas with integrated urban plans. However, implementation has been postponed. Without adequate financial support, metropolitan governance remains weak, hindering efforts to establish integrated, strategic and sustainable urban growth. Metropolitan areas like Cluj and Oradea have taken steps toward regional cooperation, receiving Special Metropolitan Area status. However, without a proper budget and alignment of incentives, collaboration remains limited, with public transport being the primary area of effective joint governance. Chapter 4 will explore key aspects of metropolitan governance.

Although the legal framework in Romania explicitly mandates that spatial planning should serve as a coordinating tool for sectoral policies, in practice, spatial plans are frequently developed in isolation. A notable example is the limited integration between spatial and mobility policies, despite their significant interdependence, particularly in shaping urban expansion and regional connectivity (Cadaru, Boitor and Dragomir, 2024^[44]). This disconnection is especially evident in Cluj-Napoca, where the PUG is not aligned with the city's Sustainable Urban Mobility Plan (SUMP). The SUMP, which aims to modernise transport infrastructure and promote environmentally sustainable mobility solutions, has significant spatial implications and should be closely coordinated with spatial and urban plans.

Land fragmentation and unresolved property rights pose further challenges for efficient spatial planning

Ensuring efficient use of existing land and buildings with a smaller population will require facilitating an efficient real estate market. Romania, including the Nord-Vest region, faces persistent challenges related to land fragmentation and unresolved property rights disputes (Hartvigsen, 2014^[45]; Dolean et al., 2020^[8]). The implementation of Land Law 18/1991 led to the restitution of land in numerous small, scattered plots. This fragmentation has created approximately 50 million parcels, with one-third of all agricultural land owned by individuals who reside outside rural areas. Moreover, the post-1989 transition from collective to private ownership led to prolonged land title disputes, leaving many rural and agricultural plots unregistered.

Many homes are left vacant due to unclear ownership titles. Properties previously owned by deceased individuals without heirs often remain unoccupied, as unclear ownership records and incomplete succession processes hinder transactions. Co-ownership structures further limit market activity, requiring full consensus for transactions, which often discourages minority owners from engaging in land consolidation or sales. These factors create structural inefficiencies in the housing market and hamper efficient spatial planning.

The National Agency for Cadastre and Land Registration (ANCPPI) has progressively enhanced the efficiency, transparency and legal security of land registration. The National Cadastre and Land Book Program (PNCCF), launched in 2015, aims to systematically register all properties in Romania within an integrated cadastre and land registry system. This initiative seeks to clarify property boundaries, resolve ownership disputes and improve land administration efficiency (EuroGeographics, 2023^[46]). This is essential for property transactions, such as buying, selling or transferring land, as well as for securing mortgages or other rights tied to land ownership. While progress has been made, significant challenges persist, particularly in remote areas where many properties remain unregistered. In August 2023, around 45% of properties remained unregistered in Romania (Radu, 2023^[47]).

Expropriation procedures are lengthy and costly

Despite its strategic relevance for adapting the housing stock to demographic change, expropriation remains a complex and challenging process in Nord-Vest due to lengthy procedures, legal ambiguities and resistance from property owners. Ensuring fair compensation is crucial to maintaining public trust and minimising disputes. Addressing these challenges through transparent, predictable and efficient processes is essential for enabling timely infrastructure development, redevelopment of abandoned land and buildings as well as fostering regional economic growth.

The history of expropriation in Romania is marked by deep societal trauma, particularly due to the widespread and often arbitrary nationalisations during the communist era. Beginning with the 1948 nationalisation law, the state confiscated vast amounts of private property, land, housing, and businesses, without fair compensation or legal recourse, leading to long-term distrust in public authorities and a collective memory of injustice. This legacy still shapes public perceptions today, making expropriation a highly sensitive issue, especially in urban development contexts. Post-1989, Romania shifted focus toward restitution and legal reform which introduced clearer procedures, public utility declarations, and market-based compensation to align with democratic standards and EU legal norms (e.g., Protocol No. 1 of the European Convention on Human Rights)

In Nord-Vest, the expropriation framework faces significant challenges that limit both its efficiency and effectiveness. While expropriation is governed by established legislation (Box 3.4), the practical implementation often proves problematic for several reasons. The lack of a complete cadastre, mentioned in the previous section, significantly slows down or even paralyses the process (Bertelsmann, 2024^[48]). Similarly, the absence of land ownership documentation means that residents of informal settlements are not eligible for compensation when affected by expropriation (Transgaz, n.d.^[49]).

The procedure tends to be lengthy and costly, largely due to the extensive technical and economic documentation required and the involvement of multiple stakeholders (Ministry of Justice, 2023^[50]). Additionally, numerous expropriation cases result in legal disputes, frequently arising from absentee property owners or disagreements over the compensation amounts (Bertelsmann, 2024^[48]). Consequently, the expropriation process primarily facilitates larger-scale projects, such as a recent highway development that required the expropriation of 154 private properties, while offering little assistance to smaller initiatives like the redevelopment of abandoned buildings.

Box 3.4. Legal framework and procedures for expropriation

Romania has a complex and painful legacy of expropriation due to mass nationalisations during the communist regime. Today, the inviolability of private property is stated in the constitution and expropriation procedures are governed by 2 main regulations, in line with the EU acquis. The first one defines the broad rules (Law No. 33/1994) and another one streamlines and simplifies the process for large-scale public infrastructure that falls under national strategic importance (Law No. 255/2010).

This legal framework empowers the state and public authorities to acquire private property for infrastructure development, public buildings, urban renewal and environmental initiatives, provided that public interest is demonstrated and fair compensation is ensured. Expropriation plans and land-use documentation must be revalidated under specific conditions if a public utility declaration ceases.

Expropriation procedures in Romania follow a structured process involving several key steps. First, a competent authority issues a declaration of public utility, establishing the necessity of the expropriation in the public interest. Affected property owners are then formally notified of the intent to expropriate. The property is subsequently valued to determine fair compensation, followed by a negotiation phase

where owners can discuss the proposed amount. Once negotiations conclude, the authority issues a formal expropriation decision, which owners have the right to challenge in court. Finally, after completing all legal steps and securing payment, ownership is transferred to the public authority.

Source: Nartea Partners (2024^[51]), *Expropriation: An analysis of the concept and its implications*, [Expropriation: An analysis of the concept and its implications | NARTEA & PARTNERS law office](#) (accessed on 14 April 2025).

Limited implementation of Land Value Capture instruments

To support the adaptation of land-use to demographic changes in Nord-Vest, Land Value Capture (LVC) instruments offer a promising policy tool. When effectively implemented, LVC instruments can enable municipalities to better manage urban expansion, while generating revenue to finance investment, including for affordable housing. Moreover, these instruments can facilitate land consolidation and encourage the redevelopment of underused or abandoned sites, thereby reducing the need for complex and often contentious expropriation procedures. The law on spatial planning and urban planning (Law No. 350/2001) establishes mechanisms for capturing the increase in land value resulting from public investments. Despite being included in the legal framework in Romania, these instruments remain largely underused.

Box 3.5. The OECD-Lincoln taxonomy of Land Value Capture instruments

The OECD-Lincoln taxonomy standardises the terminology and definitions for the following LVC instruments, allowing for meaningful cross-country comparisons while minimising confusion.

- **Infrastructure levy:** taxes or fees levied on landowners possessing land that has gained value due to government-initiated infrastructure development
- **Developer obligations:** cash or in-kind contributions that defray costs for additional infrastructure or services that need to be provided due to private development
- **Charges for development rights:** cash or in-kind contributions payable in exchange for development rights or development potential above a set density baseline
- **Land readjustment:** the practice of pooling fragmented land parcels for joint development, with owners transferring a portion of their land for public use
- **Strategic land management:** the practice of governments actively buying, developing, selling and leasing land to advance public needs and recoup value increments borne through public action.

Source: OECD/Lincoln Institute of Land Policy, PKU-Lincoln Institute Center (2022^[52]), *Global Compendium of Land Value Capture Policies*, OECD Regional Development Studies, OECD Publishing, Paris, <https://doi.org/10.1787/4f9559ee-en>.

Land Value Capture (LVC) instruments can play a critical role in regulating urban expansion by promoting compact, well-planned and sustainable development. In the Nord-Vest region, rapid and often uncoordinated urban growth, particularly around major cities, has frequently taken place without adequate integration of infrastructure planning or consideration of public service accessibility. Developer obligations, known locally as *obligații de dezvoltator* or *obligații urbanistice*, represent an important mechanism to ensure that private developers contribute to the provision of public infrastructure, services and affordable housing. For each major development, the approval of a Zonal Urban Plan (PUZ) and a building permit is

required. These planning instruments offer municipalities a strategic opportunity to include specific provisions obliging developers to deliver or finance public facilities and infrastructure. In the Nord-Vest region, the use of developer obligations has historically been limited. However, local authorities are increasingly beginning to implement them. A notable example is the urban regeneration project in Cluj-Napoca led by IULIUS and Atterbury Europe, which aims to transform a former industrial site into a cultural hub (CIJ Daily Newsletter Europe, 2024^[53]). As part of the planning approval, developers are required to provide key infrastructure, including a four-lane road bridge and dedicated bicycle lanes. Developer obligations and fees could also serve for affordable housing provision. However, there is limited evidence that municipalities are currently utilising these instruments.

Land readjustment and strategic land management instruments, such as land banking, also offer valuable opportunities for facilitating land consolidation, urban redevelopment and the demolition or repurposing of abandoned structures. Land readjustment enables property owners to contribute parcels to redevelopment projects in exchange for upgraded infrastructure and enhanced urban amenities. Land banking involves the acquisition and holding of underused or abandoned land for future development or resale (OECD, 2023^[54]). Despite potential benefits of these instruments, both approaches remain underused in Romania, where their application has been limited to date.

Housing policy is not sufficiently integrated into spatial planning

Several legislative instruments regulate the housing sector in Romania. The legal framework governing the housing sector in Romania is primarily established through the Housing Law (No. 114/1996), which defines the concept of adequate housing and sets the foundation for housing-related policies and interventions. The Administrative Code outlines the responsibilities of public authorities and provides the legal basis for the delivery of public services of local interest, including housing and social housing. Housing is also mentioned within the broader framework of urban development through spatial planning and urban planning law (Law No. 350/2001). Additionally, the National Housing Strategy 2022–2050 serves as a strategic policy document, guiding long-term objectives and priorities for improving housing conditions and expanding access to affordable and adequate housing across Romania.

Public administration authorities in the field of housing include central public administration authorities and local public authorities. As described in Chapter 2, the central public authorities are responsible for the strategic and legislative framework and the management of funding programs (MDPWA, National Housing Agency, NHA). Local public authorities fulfill duties related to the construction of social housing and other housing units owned by administrative-territorial units or under their administration, they also define the criteria for the allocation of social housing and housing utilities owned or managed by them.

Local public authorities in Romania often adopt an opportunity-driven approach to housing policy, prioritising projects that align with available funding streams rather than those based on a comprehensive assessment of local needs. Housing interventions included in local development strategies frequently focus on initiatives eligible for EU funding, such as thermal insulation programmes, or on construction projects supported by national schemes (e.g. MDPWA construction programmes, thermal rehabilitation programmes). However, these projects are not always aligned with local housing priorities, particularly with regard to the provision of social housing. In response to the affordable housing crisis, the European Commission has made housing affordability a top priority, encouraging regions to leverage Cohesion Policy funds to expand the supply of affordable housing.

Box 3.6. Mobilising cohesion policy for affordable housing and regional resilience

In the context of housing crisis and the European Affordable Housing Plan, the Commission will support and allow Member States to double their planned cohesion policy investments in affordable housing in the next years. The Commission's proposal on the mid-term review package has taken an important step in this regard, with tailored amendments to Cohesion policy legislation, including flexibilities and incentives for Member States and regions to direct funding to affordable housing (including social housing), for example increased prefinancing and co-financing. In parallel with the legislative proposal, the Commission published a model for financial instruments for affordable housing aiming to help the managing authorities to set up financial instruments contributing to support for housing. In the mid-term review communication, the Commission urged Member States and regions, when reprogramming under the mid-term review, to:

- Double the funding allocated to affordable housing
- Leverage such funding through financial instruments, including through the forthcoming pan-European Investment Platform for affordable and sustainable housing and a new financial instrument prepared jointly by the European Commission and the European Investment Bank (EIB)
- Accelerate and streamline permitting and planning rules at local and city level to accelerate delivery of affordable housing investments
- Support housing projects consistent with the New European Bauhaus (NEB) initiative.

Furthermore, it is advised that a minimum regulatory framework is put in place to ensure housing investments are conducted in healthy regulatory environments, with existing plans and transparent fair and inclusive allocation mechanisms (for the allocation of affordable housing units to households) and avoiding speculative behaviors. The EIB financial instrument model listed above provides a set of well-defined rules to be considered.

These reforms offer a timely opportunity to accelerate the renovation of building stock, enhance energy efficiency, and create quality, affordable housing. In doing so, they can help make the region more attractive to talent, support demographic renewal, and lay the foundations for long-term social and economic resilience.

Source: (European Commission, 2025^[55]), *A modernised Cohesion policy: The mid-term review*, [communication-mid-term-review-2025_en.pdf](#) (accessed on 18 June 2025).

Local authorities in Romania face significant limitations in developing and implementing effective housing policies. While housing is referenced in the spatial and urban planning law as well as in all six PATJs, the National Housing Strategy 2022–2050 highlights persistent gaps in the integration of housing policy with urban planning and land management frameworks. Urban and spatial planning instruments have not adequately addressed housing needs, particularly in the peri-urban areas surrounding cities. This is partly due to the expansion of urban settlements beyond local administrative boundaries, where coordinated planning and service provision often require inter-municipal cooperation. Moreover, the lack of granular and disaggregated data in official statistical systems hinders the ability of local authorities to accurately identify and respond to housing needs.

The real estate market in Romania faces a range of structural inefficiencies that hinder the effective allocation of housing. As previously noted, the national cadastre remains incomplete, limiting legal clarity over land and property ownership and constraining development opportunities. The permitting process for new construction is often lengthy, lacks transparency and poses significant administrative burdens for

developers and local authorities (OECD, 2024^[25]). The rental sector is small and highly informal, arising from rather liberal regulations. A reliance on cash transactions in the housing market only further restricts mobility for various social groups (Habitat for Humanity, n.d.^[17]). Addressing these market inefficiencies is essential for promoting a more inclusive, responsive and well-functioning housing system in Nord-Vest.

Recommendations

Fostering more attractive, well-serviced and inclusive urban environments can contribute to retaining and attracting younger populations, helping to mitigate demographic imbalances and support long-term regional vitality. The following recommendations aim to enhance the responsiveness of spatial and urban planning to demographic change, promote compact urban development, support a more inclusive housing market, and improve land-use efficiency in both urban and rural areas.

Streamline the spatial planning framework to support a coordinated response to demographic change

Spatial and urban planning play a critical role in enabling an efficient and coordinated response to help efficiently create attractive and family friendly places for people to live and work. However, in Nord-Vest, the planning framework is marked by overlapping mandates, institutional fragmentation and limited inter-institutional coordination. These shortcomings contribute to policy inconsistencies and, at times, conflicting development objectives. Some key policy avenues are as follows:

- **Coordinate county spatial plans to better plan the adaptation to demographic change.** The county councils, in cooperation with the RDA and the MDPWA, could develop an updated Zonal Regional Spatial Plan (PATZR). This updated regional spatial plan could then serve as a coordination framework for aligning the county spatial plans (PATJ) across Nord-Vest. County and local authorities could also better ensure spatial and urban plans are regularly updated through a structured consultation and approval process involving all relevant county councils and the RDA. The RDA should ensure that investments they fund are integrated in regional spatial plans (PATZR), county spatial plans (PATJ) and urban plans/urban strategies (PUG/ SIDU).
- **Strengthen coordination between local urban plans at the metropolitan level to promote more integrated and sustainable development with urban-rural linkages.** Local authorities within the same metropolitan area, especially in growing metropolitan areas such as Cluj-Napoca or Oradea, could prioritise development of an integrated metropolitan urban plan. This plan could serve as a strategic framework to guide and align individual General Urban Plans (PUGs), helping to avoid overlaps, ensure coherent territorial development and reduce urban planning costs through shared resources and coordinated efforts (Box 3.7). Alternatively, MDPWA could consider exploring legislative changes to simplify the planning framework for metropolitan areas. The metropolitan urban plan should be developed based on, and in alignment with, the SIDU of the metropolitan area to ensure strategic and spatial coherence. Cohesion funds could be used to finance projects that are included in both the SIDU and the metropolitan plan. The metropolitan urban plan should be developed based on, and in alignment with, the SIDU of the metropolitan area to ensure strategic and spatial coherence.
- **Digitalise spatial and urban planning to gain efficiency and integrate demographic data.** The MDPWA and the National Statistics Institute (NIS) could facilitate better spatial planning by digitalising maps and establishing a comprehensive GIS database, which could also incorporate demographic projections at the local level. The RDA could support county-level projects to enhance urban planning capacity at the local level, building on examples such as the GIS database developed by Cluj County or the town planning certificate issuance software implemented in Bistrița-Năsăud. The RDA could promote and support the establishment of a dynamic data

collection system at the regional-level to support up-to-date and evidence-based planning and the development of strategic documents. Additionally, given its role in the allocation of EU funds, the RDA could directly assist selected local authorities by providing targeted funding to develop digital tools, update urban plans and integrate demographic projection data into planning processes (while ensuring value for money in the investment appraisal process).

Box 3.7. Developing a metropolitan urban planning in Paris, France

The *Schéma Directeur de la Région Île-de-France Environnemental* (SDRIF-E) is the strategic spatial planning framework guiding the development of the Paris metropolitan region up to 2040. Adopted by the Regional Council in September 2024, the SDRIF-E aims to balance urban growth, economic competitiveness, environmental sustainability and regional cohesion. The key objectives of the SDRIF-E are to contain urban expansion and enhance public transport. The plan promotes compact, transit-oriented development to limit urban expansion into rural and natural areas. This approach encourages higher-density housing and mixed-use developments near public transport hubs. A significant component is the integration and expansion of public transport networks, notably through projects like the *Grand Paris Express*, a large-scale metro expansion designed to improve connectivity between suburban areas and reduce reliance on private vehicles.

The SDRIF-E fosters coordination in several ways:

- **Common spatial vision:** It offers a shared long-term vision for land-use, housing, and transport infrastructure, which guides municipal planning decisions and reduces policy fragmentation.
- **Integration through transport:** Major infrastructure projects like the *Grand Paris Express* are coordinated at the regional level but implemented across multiple jurisdictions. This enables municipalities to synchronise development around new transport hubs, encouraging densification and reducing car dependency.
- **Harmonisation of zoning and density targets:** The SDRIF-E proposes common principles for zoning, particularly around priority development areas, enabling municipalities to coordinate land-use planning and avoid competition or duplication of functions.
- **Environmental coherence:** The plan identifies protected natural areas and ecological corridors across municipal boundaries, requiring inter-municipal collaboration to maintain environmental continuity and manage urban expansion responsibly.

Source: Région Île-de-France (n.d.^[56]), *Le SDRIF-E : Île-de-France objectif 2040*, <https://www.iledefrance.fr/participer-la-vie-citoyenne/je-participe-la-vie-de-la-region/le-sdrif-e-ile-de-france-objectif-2040> (accessed on 14 April 2025).

Enhance access to housing in urban areas

The economically dynamic cities of the Nord-Vest region, particularly Cluj-Napoca and Oradea, serve as important engines of growth and key attractors for young people. However, their success has also contributed to a sharp increase in housing costs, limiting access to affordable housing, especially for young talent and early-career professionals. Strengthening affordable housing policies will be critical to ensuring inclusive urban growth and attracting and retaining younger populations in the region. For this, some of the measures that could be taken are the following:

- **Facilitate increased development of housing in areas facing rising demand and with good public service and infrastructure access.** County governments should ensure that PATJs provide guidelines for local authorities in the growing urban cores of metropolitan areas to allow

higher density development, including through density bonuses awarded to developers in exchange for the commitment to provide housing at below-market price and by promoting flexibility in zoning regulations within PUGs. Zoning restrictions such as building restrictions or greenbelts, could also be introduced or strengthened to prevent development in areas that lack adequate infrastructure or access to essential services. As identified in the mid-term review of the European Commission, local governments in urban cores would also benefit from reviewing their permitting procedures for renovation to support simplification, for example by implementing fast-track approval processes for affordable housing projects.

- **Direct funding to social and affordable housing to better accommodate youth in high-demand places.** Local authorities in growing urban areas could update land use regulations to capture uplift in land-value from any regulatory changes (e.g., change in building height limits or new public transport facilities), for example by requiring developers to provide affordable housing through developer obligations. Building on the European Commission's mid-term review and the renewed prioritisation of affordable housing at the EU level, the North-West RDA could also facilitate local authorities in areas facing housing pressure to benefit from Cohesion Funds (e.g., ERDF) and the new EIB financial instrument to support them with the renovation of high-quality social housing in high demand places. Cohesion funds could also be used to finance urban regeneration, including public spaces that could support the provision of attractive affordable housing close to urban centers. In addition, the RDA could facilitate access to funding for areas in need through the pan-European Investment Platform for Affordable and Sustainable Housing.
- **Facilitate the absorption of EU funds for the renovation of multi-owner residential buildings to expand the stock of quality housing.** When projects are eligible for co-financing through EU funds, local authorities should ease procedural barriers, particularly by waiving the requirement for unanimous consent, when it is required, and applying the standard threshold of two-thirds of ownership shares in favour. The RDA and local authorities should also strengthen outreach efforts to inform homeowners about available EU funding opportunities for energy-efficiency renovations, the possibility of financial contribution exemptions for vulnerable households, and the potential benefits for owners, including increased property value.
- **Promote the use of land value capture mechanisms to support public facilities provision in growing areas.** The North-West RDA would benefit from promoting the wider adoption of land value capture mechanisms such as developer obligations, in growing urban areas (Box 3.8). For example, the RDA could require that large investment projects consider the potential for an infrastructure levy on nearby residents to help repay construction costs in their appraisal process. Local authorities in suburban areas of growing metropolitan areas, for instance, around Cluj-Napoca or Oradea, would also benefit from implementing a more systematic approach to enforcing developer obligations related to the provision of public facilities and public transport infrastructure.
- **Expand the rental market to enhance the availability of affordable housing.** National authorities should promote the formalisation of the rental sector by introducing a standardised rental contract template and offer targeted tax incentives, such as reduced property tax rates for landlords who officially register and declare rental income. In parallel, central authorities should invest in improving rental market data collection and dissemination to increase transparency, support policymaking, and build trust among tenants and landlords.
- **Prioritise urban regeneration to support compact and sustainable development.** Urban regeneration projects include housing development, the enhancement of public spaces, and investment in active mobility infrastructure, such as pedestrian and cycling networks. Urban regeneration projects should be prioritised by both the North-West RDA, with the use of EU funds, and by local authorities through urban plans and building permit procedures. This is particularly important in urban areas and rural localities where industrial sites are developed. To accelerate implementation local authorities should simplify and streamline permitting processes, for instance,

by introducing fast-track approval mechanisms specifically designed for urban regeneration initiatives, which can be expected to have minor environmental impacts.

Box 3.8. Developer obligations are a key tool for affordable housing and public utility provision, Germany and Colombia

Germany

In Germany, developer obligations are formalised through urban development contracts (städtebauliche Verträge), governed by Section 11 of the Federal Building Code (Baugesetzbuch, BauGB). Municipalities widely use these contracts to ensure that private development projects contribute to public infrastructure, services and community needs. When a developer seeks approval for a project that requires changes to land-use plans or additional planning permissions, municipalities can negotiate a legally binding agreement. Through this contract, the developer may be required to provide affordable housing within the project or to finance or construct public infrastructure (e.g. roads, schools, utilities). These obligations must be directly related to the development and proportionate to its scale and impact, ensuring transparency and legal compliance.

Bogotá (Colombia)

Bogotá has implemented developer obligations (*contribución de valorización*) as a key financing tool for public infrastructure projects. This system requires property owners benefiting from infrastructure improvements to contribute financially, ensuring that development costs are equitably shared rather than solely borne by the city. In sprawling suburban areas, betterment levies help cover the costs of new roads, utilities and public services, preventing uncontrolled expansion and promoting more efficient land-use. In declining neighborhoods, these funds are used for redevelopment projects, infrastructure upgrades and public space improvements, making these areas more attractive to residents and businesses.

Source: OECD/Lincoln Institute of Land Policy, PKU-Lincoln Institute Center (2022^[52]), *Global Compendium of Land Value Capture Policies*, OECD Regional Development Studies, OECD Publishing, Paris, <https://doi.org/10.1787/4f9559ee-en>, Hartmann, T. and F. Wenner (2025^[57]), "Land Policy in Germany: Waiting for the Owner to Develop", in *Land Policies in Europe*, Springer Nature Switzerland, Cham, https://doi.org/10.1007/978-3-031-83725-8_8.

Support efficient adaptation of land-use and buildings as the population shrinks

In Nord-Vest, a significant proportion of the building stock remains vacant, a trend that is expected to intensify in the context of ongoing population decline. Inefficient land and property use is often driven by the prevalence of secondary residences, unoccupied inherited homes, and the abandonment of properties linked to outmigration. In many cases, properties remain unused due to legal uncertainties, such as unclear title deeds or unresolved inheritance procedures. For this, some of the measures that could be taken are the following:

- **Enhance building and property transaction data to get information on underused or abandoned buildings and better tailor policies to the demographic situation.** The MDPWA could benefit from supporting initiatives aimed to help a comprehensive and publicly accessible building real estate database. The database—or other linked databases—could include detailed information on transactions, secondary homes, vacant properties, quality of dwellings and historical property data. The North-West RDA could also support the development of a real estate database and ensure that the data is made publicly accessible.

- **Use fiscal instruments to encourage more efficient use of properties, in depopulating areas and in urban areas to boost housing supply.** Local authorities would benefit from increasing property tax rate on secondary residences and introduce taxes on vacant properties to encourage the integration of houses without productive use into the active housing market (Box 3.9). Developing these fiscal incentives requires reliable data on vacant houses and secondary residences. The North-West RDA could potentially also support localities in accessing ERDF programmes to rehabilitate vacant and low-quality buildings, while ensuring long-term benefits of these programmes. Developing these fiscal incentives will require reliable data on vacant houses and secondary residences.
- **Complete the national cadastre to enhance real estate market efficiency and reduce property vacancies.** The ANCPI should continue to complete of the national cadastral and land registry system. A fully functional cadastral and land registry system will significantly enhance market transparency, reduce transaction times, and mitigate property disputes, thereby improving overall market efficiency. A complete cadastre and land registry is also relevant for expropriation of unclaimed and vacant properties.
- **Simplify the expropriation process to encourage adaptation and demolition of buildings in depopulating areas.** Transparent procedures and fair compensation are essential to rebuilding public trust and ensuring legitimacy in the expropriation process. The MDPWA could consider simplifying expropriation procedures by reducing documentation, especially for small-scale projects and when they have support from local governments. Additionally, the MDPWA could look to establish a clear legal framework for managing unclaimed properties to mitigate challenges associated with absentee or non-responsive property owners.

Box 3.9. Implementing an empty home tax in Vancouver, Canada

The City of Vancouver created the Empty Homes Tax (EHT) to address housing affordability and availability challenges by increasing the rental housing supply. The policy requires property owners to submit an annual property status declaration to determine whether their property is subject to the tax. The tax applies to homes that are left vacant for more than six months in a year, unless they serve as a principal residence, are rented for at least six months in 30-day increments, or meet specific exemption criteria. This measure has had a significant impact on improving housing availability and promoting a shift toward long-term rentals. It also encourages better use of existing housing stock and discourages speculative ownership. The revenues generated by the tax have been reinvested in affordable housing programmes, further supporting local housing policy objectives. The EHT is now viewed as a policy tool with strong potential for replication in cities facing similar challenges around housing scarcity and vacancy.

Since its introduction, Vancouver's EHT has had a measurable impact on the city's housing market. Between 2017 and 2023, the number of vacant properties fell by 58%, reflecting improved housing utilisation. The EHT also generated CAD 169.8 million in revenue, which was directed toward affordable housing initiatives, helping to expand access for residents. Notably, in just one year following the tax's introduction (2018-2019), approximately 5 920 condominium units were added to the long-term rental market, contributing to increased housing availability in the city.

Source: (City of Vancouver, n.d.^[58]), Why an Empty Homes Tax? <https://vancouver.ca/home-property-development/why-an-empty-homes-tax.aspx> (accessed on 18 March 2025).

References

- Advisory Services Agreement on the Constanța Urban Development Program (2019), *Metropolitan Spatial Planning Measures - Updating the General Urban Plan of Municipality, and Elaborating the Metropolitan Masterplan*, World Bank Group. [38]
- Alpopi, C., C. Iacoboaia and S. Andrei (2014), "Analysis of the Current Housing Situation in Romania in the European Context", *Transylvanian Review of Administrative Sciences*, Vol. 10/43, pp. 5-24. [13]
- Apostol, D. (2022), *Elaborare Strategii și Plan de Acțiune pentru P.A.T.J. Bihor*, Consiliul Județean Bihor. [32]
- Bândea, P. et al. (2020), *Real Estate Transactions Guide*, Veridio. [16]
- Benedek, J. (2013), *The spatial planning system in Romania*, <https://www.researchgate.net/publication/306153384>. [28]
- Bertelsmann, S. (2024), *BTI 2024 Country Report — Romania*, Gütersloh: Bertelsmann Stiftung, https://bti-project.org/fileadmin/api/content/en/downloads/reports/country_report_2024_ROU.pdf (accessed on 8 April 2025). [48]
- Cadar, R., R. Boitor and M. Dragomir (2024), "LAND-USE AND TRANSPORT INTEGRATED PLANNING AND MODELLING IN CLUJ-NAPOCA, ROMANIA", *JOURNAL OF ENGINEERING SCIENCE*, Vol. 30/4, pp. 93-110, [https://doi.org/10.52326/jes.utm.2023.30\(4\).08](https://doi.org/10.52326/jes.utm.2023.30(4).08). [44]
- Carjan, R., D. Idiceanu-Mathe and O. Banescu (2017), "Rural Systematization as an Instrument of Political Control of the Communist Regime in Romania", *IOP Conference Series: Materials Science and Engineering*, Vol. 245, p. 052053, <https://doi.org/10.1088/1757-899X/245/5/052053>. [5]
- Chițea, L. (2022), "Housing conditions in the Romanian rural household in the 21st century", *Rodino, Steliana Dragomir, Vili (Ed.): Agrarian Economy and Rural Development - Trends and Challenges. International Symposium*, pp. 299-306, <https://www.econstor.eu/bitstream/10419/301738/1/ICEADR-2022-p299.pdf> (accessed on 3 April 2025). [18]
- CIJ Daily Newsletter Europe (2024), *The largest urban reconversion investment in Romania was approved by the Cluj-Napoca Local Council*, <https://cijeurope.com/en/the-largest-urban-reconversion-investment-in-romania-was-approved-by-the-cluj-napoca-local-council/post.html> (accessed on 14 April 2025). [53]
- City of Vancouver (n.d.), *Why an Empty Homes Tax?*, <https://vancouver.ca/home-property-development/why-an-empty-homes-tax.aspx>. [58]
- Consiliul Județean Bistrița-Năsăud (2022), *Elaborarea Planului de Amenajare a*, Consiliul Județean Bistrița-Năsăud. [34]
- Consiliul Județean Maramureș (2009), *REACTUALIZARE PLAN DE AMENAJARE A TERITORIULUI JUDEȚEAN-PATJ-JUDEȚUL MARAMUREȘ PRIORITĂȚI. STRATEGIA DE DEZVOLTARE*. [21]

- Consiliul Județean Sălaj (2023), *PATJ Sălaj*. [19]
- Consiliul Județean Satu Mare (2024), *Hotărârea NR.12/2024*. [35]
- Dolean, B. et al. (2020), "Evaluation of the Built-Up Area Dynamics in the First Ring of Cluj-Napoca Metropolitan Area, Romania by Semi-Automatic GIS Analysis of Landsat Satellite Images", *Applied Sciences*, Vol. 10/21, p. 7722, <https://doi.org/10.3390/app10217722>. [8]
- Dun and Bradstreet (n.d.), *Architectural and Structural Metals Manufacturing Companies in Sighetu Marmatiei, Maramures, Romania*, https://www.dnb.com/business-directory/company-information.architectural_and_structural_metals_manufacturing.ro.maramures.sighetu_marmatiei.html (accessed on 10 April 2025). [12]
- Energynomics (2024), *Energy inaugurated the photovoltaic park in Sărmășag (Sălaj), with an installed capacity of 51.4 MW and battery storage*, <https://www.energynomics.ro/en/energy-inaugurated-the-photovoltaic-park-in-sarmasag-salaj-with-an-installed-capacity-of-51-4-mw-and-battery-storage> (accessed on 10 April 2025). [10]
- EuroGeographics (2023), "Romania-Annual-Review-2023". [46]
- European Commission (2025), *A modernised Cohesion policy: The mid-term review*. [55]
- European Construction Sector Observatory (2022), *Country profile Romania*, European Construction Sector Observatory. [15]
- European Union (2020), *CORINE Land Cover 2018 (vector), Europe, 6-yearly - version 2020_20u1*, <https://doi.org/10.2909/71c95a07-e296-44fc-b22b-415f42acdf0>. [2]
- Evers, D. et al. (2020), *SUPER-Sustainable Urbanisation and Land Use Practices in European Regions On the basis of contributions from*, <http://www.espon.eu>. [27]
- Grupul Banca Mondială în România (2020), *STRATEGIA DE DEZVOLTARE TERITORIALĂ A JUDEȚULUI*, Consiliul Județean Cluj. [31]
- Habitat for Humanity (n.d.), *Country Fiche*, https://www.habitat.org/sites/default/files/documents/COUNTRY%20FICHE_RO.pdf (accessed on 4 April 2025). [17]
- Hartmann, T. and F. Wenner (2025), "Land Policy in Germany: Waiting for the Owner to Develop", in *Land Policies in Europe*, Springer Nature Switzerland, Cham, https://doi.org/10.1007/978-3-031-83725-8_8. [57]
- Hartvigsen, M. (2014), "Land reform and land fragmentation in Central and Eastern Europe", *Land Use Policy*, Vol. 36, pp. 330-341, <https://doi.org/10.1016/j.landusepol.2013.08.016>. [45]
- Horeczki, R. et al. (2023), "Evolution of urbanisation and metropolitan development in Romania", *Deturope*, Vol. 15/2, pp. 28-47. [41]
- Ionescu-Heroiu, M. et al. (2013), *Romania - Enhanced spatial planning as a precondition for sustainable urban development (Romanian)*, Romania regional development program, Romania Spatial and Territorial Strategy, Enhanced spatial planning as a precondition for sustainable urban development Washington, D.C. : World Bank Group, <http://documents.worldbank.org/curated/en/511271468094454416/Raport-complet> (accessed on 3 February 2025). [29]

- Lăzărescu, L. and D. Diacon (2020), “A Comparative Analysis of the Housing Affordability in Romania and the European Union from the Perspective of the Housing Costs”, *Lumen Proceedings: Vol. 13. 16th Economic International Conference NCOE 4.0 2020*, Vol. 13, pp. 93-104, <https://proceedings.lumenpublishing.com/ojs/index.php/lumenproceedings/article/view/321/340> (accessed on 9 April 2025). [24]
- MDPWA (2020), *Ghid pentru elaborarea STRATEGIILOR INTEGRATE DE DEZVOLTARE URBANĂ POLITICA URBANĂ A ROMÂNIEI*. [37]
- Ministry of Justice (2023), *Resettlement Action Plan: Land Acquisition Plan for the Romania Justice for Sustainable Urban Transformation Project*. [50]
- Munteanu, M. and L. Servillo (2014), “Romanian Spatial Planning System: Post-Communist Dynamics of Change and Europeanization Processes”, *European Planning Studies*, Vol. 22/11, pp. 2248-2267, <https://doi.org/10.1080/09654313.2013.830696>. [26]
- Nartea Partners (2024), *Expropriation: An analysis of the concept and its implications*, https://nartea.ro/en/2024/04/01/expropriation-an-analysis-of-the-concept-and-its-implications/?utm_source=chatgpt.com (accessed on 14 April 2025). [51]
- National Institute for Statistics (n.d.), “Tempo Online”, *POP107A - LEGALLY RESIDENT POPULATION, by age group and age, sex, urban/ rural area, macroregions, development regions and counties, at January 1st*, <http://statistici.INSSE.ro:8077/tempo-online/#/pages/tables/insse-table> (accessed on April 2025). [1]
- Nowak, M. et al. (2022), “The Role of Spatial Plans Adopted at the Local Level in the Spatial Planning Systems of Central and Eastern European Countries”, *Land*, Vol. 11/9, p. 1599, <https://doi.org/10.3390/land11091599>. [40]
- OECD (2024), *OECD Economic Surveys: Romania 2024*, OECD Publishing, Paris, <https://doi.org/10.1787/106b32c4-en>. [25]
- OECD (2023), *Financing Cities of Tomorrow: G20/OECD Report for the G20 Infrastructure Working Group under the Indian Presidency*, OECD Publishing, Paris, <https://doi.org/10.1787/51bd124a-en>. [54]
- OECD (2021), *OECD.Stat (database)*, <https://stats.oecd.org/> (accessed on 14 April 2025). [7]
- OECD/Lincoln Institute of Land Policy (2022), *Global Compendium of Land Value Capture Policies*, OECD Regional Development Studies, OECD Publishing, Paris, <https://doi.org/10.1787/4f9559ee-en>. [52]
- Pascariu Gabriel (2012), *Overview of Romanian Planning Evolution*, https://www.researchgate.net/publication/301731689_Overview_of_Romanian_Planning_Evolution (accessed on 12 March 2025). [4]
- Permanent Mission of Romania to the UNON (n.d.), *NATIONAL STATEMENT ON BEHALF OF THE GOVERNMENT OF ROMANIA*, https://unhabitat.org/sites/default/files/2023/06/national_statement_ro_un_habitat_assembly.pdf (accessed on 9 April 2025). [23]

- Pesaresi M., 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://data.jrc.ec.europa.eu/dataset/9f06f36f-4b11-47ec-abb0-4f8b7b1d72ea> (accessed on 11 April 2025). [6]
- Pittini, A. (2011), *Housing Europe Review 2012. The Nuts and Bolts of European Social Housing Systems*, CECODHAS Housing Europe's Observatory, Brussels. [14]
- Pompei Cocean (2009), *REACTUALIZARE PLAN DE AMENAJARE A TERITORIULUI JUDEȚEAN – PATJ – JUDEȚUL MARAMUREȘ*, CONSILIUL JUDEȚEAN MARAMUREȘ. [36]
- Pompei Cocean (2004), "PLANUL DE AMENAJARE A TERITORIULUI REGIUNII DE NORD-VEST (PATR)". [30]
- Radu, O. (2023), *Implementation of the specific activities of the systematic cadastre in Romania*. [47]
- Région Île-de-France (n.d.), *Le SDRIF-E : Île-de-France objectif 2040*, <https://www.iledefrance.fr/participer-la-vie-citoyenne/je-participe-la-vie-de-la-region/le-sdrif-e-ile-de-france-objectif-2040> (accessed on 14 April 2025). [56]
- Renewable Market Watch (2024), *Enery Launched in Commercial Operation the Sarmasag PV Power Plant in Romania with 51.4 MWp Capacity and 22 MWh battery energy storage system (BESS)*, https://renewablemarketwatch.com/news-analysis/574-enery-launched-in-commercial-operation-the-sarmasag-pv-power-plant-in-romania-with-51-4-mwp-capacity-and-22-mwh-battery-energy-storage-system-bess?utm_source=chatgpt.com (accessed on 10 April 2025). [11]
- Romania Urban Policy Washington, D. (2020), *OUTPUT 1. COMPANION PAPER 4 The Growth and Shrinkage of Romanian Cities: A Spatial Analysis*, World Bank, <http://documents.worldbank.org/curated/en/099230501242225314/P17117607dcc5602708f2c053fa22670f58> (accessed on 28 January 2025). [9]
- Sălaj, C. (2023), *PATJ Sălaj*. [33]
- Transgaz (n.d.), *Land Acquisition Framework*, <https://www.eib.org/attachments/registers/79724294.pdf> (accessed on 8 April 2025). [49]
- Turnock, D. (1991), "The Planning of Rural Settlement in Romania", *The Geographical Journal*, Vol. 157/3, p. 251, <https://doi.org/10.2307/635500>. [3]
- Ungureanu, T. and T. Șoimoșan (2023), "An Integrated Analysis of the Urban Form of Residential Areas in Romania", *Buildings*, Vol. 13/10, p. 2525, <https://doi.org/10.3390/buildings13102525>. [39]
- World Bank (2021), *Cluj-Napoca Housing Strategy*, Worlds Bank, <https://documents1.worldbank.org/curated/en/099115110282231024/pdf/P17238404d146f0f508eb0094ba6c1f9dff.pdf> (accessed on 3 April 2025). [20]
- World Bank (2020), *Substantiation Study on settlements network*, World Bank, <https://www.patjcluj.ro/en/the-project-results/the-substantiation-studies/substantiation-study-on-settlements-network.html> (accessed on 14 April 2025). [22]

- World Bank, Local Council Cluj-Napoca (2021), “Integrated Urban Development Strategy for the Municipality of Cluj-Napoca and its Metropolitan Area”, [43]
<https://documents1.worldbank.org/curated/en/099848210282223121/pdf/P1723840e027c30360a8be0c93fd4db9e69.pdf> (accessed on 25 February 2025).
- World Bank, E. (2013), *Competitive cities: Reshaping the Economic Geography of Romania*, [42]
<https://documents1.worldbank.org/curated/pt/664361468093270286/pdf/Full-report.pdf>
(accessed on 25 February 2025).

4

Adapting multi-level governance, subnational finance and investment to demographic change in Nord-Vest

A shrinking and ageing population will place significant pressure on public finance and multi-level governance frameworks in Nord-Vest. Ageing is forecast to increase fiscal pressure on the central government by around 6.5 percentage points of GDP by 2050, which will also impact subnational governments who are reliant on transfers for 83% of revenue. Shrinking in will result in 26% of local governments in Nord-Vest having a population below 1 500. An ageing and shrinking population risks increase disparities between urban and rural areas. Responding to these challenges calls for strengthening the inter-governmental fiscal framework, ensuring investments are forward-looking and strengthening multi-level governance.

Introduction

Effectively responding to long-term demographic change in Nord-Vest calls for proactively adapting the inter-governmental fiscal framework, ensuring public investments are forward-looking and strengthening multi-level governance structures. By 2050, Nord-Vest is 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 will also age, with a 23% increase in elderly residents (65+). Impacts will be most strongly felt in rural areas. These demographic headwinds will place subnational government finances, public investment and multi-level governance structures under increasing pressure (Box 4.1).

Box 4.1. Understanding the potential impact of demographic change on multi-level governance, subnational finance and investment

The specific impact of demographic change is linked to the regional dynamics of demographic change, as well as the multi-level governance framework. Three main dimensions of demographic change are shrinking, ageing and urbanisation each have specific impacts on subnational government finances, investment prioritisation and multi-level governance (Table 4.1).

Table 4.1. Potential impacts of demographic change vary depending on regional dynamics

Demographic trends and their potential impact on subnational finance, investment and multi-level governance (assuming all else equal)

	Shrinking	Ageing	Urbanisation
Subnational finance	Reduction in own revenue and (to a lesser extent) expenditure Higher per capita costs for services Potential need for higher taxes or increased transfers	Higher health and social expenditure Reduced demand for education, with potentially higher per capita costs Potential reduction in personal income tax	Increased disparities in own-source revenue between cities and rural areas
Investment priorities	Reduced greenfield investment needs Higher maintenance needs Rescaling of infrastructure	Increased demand for healthcare and aged care facilities Demand to improve accessibility of facilities Potential demand for improved childcare and youth facilities	High investment needs in growing urban areas
Multi-level governance	Reduced viability of small jurisdictions Increased need for cooperation or territorial reforms	Change in local public service needs	Need for effective metropolitan governance

Source: Authors' elaboration based on OECD (2025) Shrinking Smartly and Sustainably; OECD (2022) Delivering Quality Services to All in Alentejo; OECD (2022), Shrinking Smartly in Estonia: Preparing Regions for Demographic Change; Das B and M Skidmore (2018), Asymmetry in Municipal Government Responses in Growing versus Shrinking Counties with Focus on Capital Spending.

Building on the general overview of multi-level governance structure provided in Chapter 2, this chapter examines the specific impact of demographic change on subnational finance, public investment and multi-level governance in Nord-Vest. The first section examines county and local government finances and considers the potential impact of demographic change on expenditure and revenue. The second section outlines long-term trends in public investment and highlights current investment priorities, considering how demographic change could alter these priorities. The third section examines the implications for the multi-level governance framework, including the administrative-territorial structure.

Adapting subnational finances to demographic change in Nord-Vest

County and local governments in Romania have relatively low fiscal autonomy. As described in Chapter 2, subnational governments in Romania are responsible for 21.5% of total public expenditure, below the OECD average of 34.3%¹. Almost half of that expenditure is on investment, well above the OECD average (12%). This expenditure is primarily supported by grants and transfers, which makes up 84% of subnational revenue. However, even though the central government retains primary responsibility for most policy domains and has strong oversight of subnational governments (Box 4.2), county and local governments will face some specific expenditure and revenue pressures due to demographic change.

Box 4.2. Romania has a centralised inter-governmental fiscal and budgetary framework

Romania has a centralised fiscal framework, with county and local government budgets closely overseen by the central government. Law no. 273/2006 on Local Public Finance mandates that local governments prepare an annual budget detailing revenues and expenditures for approval by the central government. County and local governments prepare budgets in accordance with a framework letter for the budget cycle, the central government budget and past budgets. A large majority (84%) of subnational revenue is from transfers, which are allocated on an annual basis (see discussion). Transparency and access to local government budgets remains a challenge, with high reliance on non-digital formats for budgets. In the Nord-Vest region, county and local governments publish budgets but the formats used – scanned PDFs in 4 out of 6 counties – render information difficult to access and use.

Source: OECD (2022^[1]), Journal on Budgeting, Volume 2022 Issue 3; OECD (2023^[2]), Open Government Review of Romania

County and local governments will face some expenditure pressure

County and local government expenditure in Nord-Vest amounts to RON 10.9 billion per annum, with local governments responsible for 78% of that amount in 2021. This represents 7.4% of regional GDP and RON 3 847 per inhabitant, slightly above the Romanian average (RON 3 560 per capita or 6.0% of Romanian national GDP). As described in Chapter 2, county governments are primarily responsible for economic affairs (especially county roads, airports and other networked infrastructure) and social protection (child and disability allowances, social services and social assistance). Local governments responsibilities relate to economic affairs (local roads and public transport), housing and community affairs, education (school infrastructure) and social protection (child protection, elderly protection and social services).

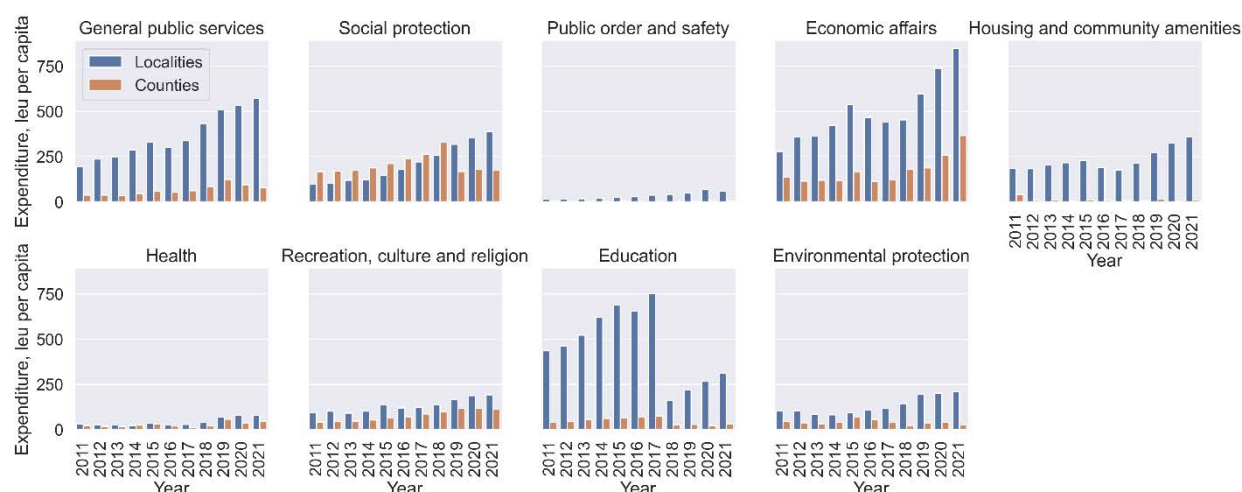
Subnational expenditure has risen, driven by a substantial increase in capital expenditure, especially for economic affairs

Over the last 10 years, subnational government expenditure has grown significantly in Romania and Nord-Vest. Total subnational government expenditure in Romania was 25.8% of general government

expenditure (9.2% of GDP) in 2014 and reached 21.7% of general government expenditure (9.4% of GDP) in 2024. In Nord-Vest, county and local government expenditure (in real 2021 terms) increased from RON 2 894 per capita in 2011 to RON 3 847 per capita in 2021, a real increase of almost a third. Local governments accounted for 84% of the nominal expenditure growth per capita between 2011 and 2021, primarily driven by an increase in general public services (+194% increase), social protection (+301% increase) and economic affairs (+205% increase) (Figure 4.1). Between 2011 and 2021, most (58%) of the nominal increase in local government expenditure per capita in Nord-Vest was due to an over four-fold increase in capital expenditure per capita (Figure 4.2).

Figure 4.1. Subnational expenditure growth has been primarily driven by local government expenditure on general public services, social protection and economic affairs

County and local government spending in Nord Vest by function of government (2011), RON per capita

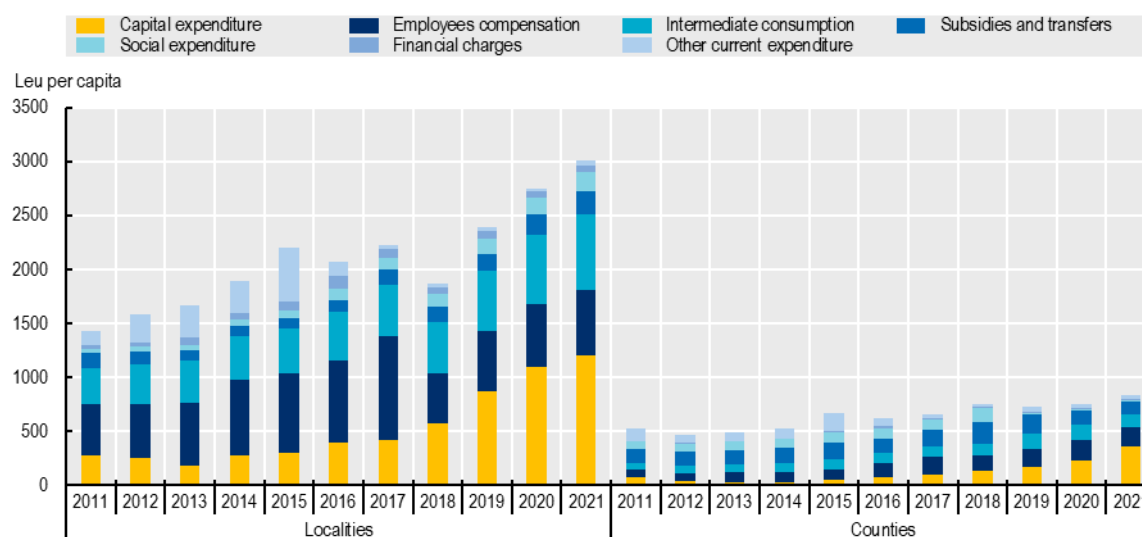


Note: Data from the regional and municipal finance databases differs from the subnational government sector in the national accounts. This is primarily due to coverage differences between the two, as the regional and municipal finance databases include only county and local governments and excludes other subnational-level entities that are included in the national accounts.

Source: OECD Subnational Government Finance and Employment Statistics, Disaggregated municipal government finance, DSD_SNGF_AGG@DF_MUNIFI; Disaggregated regional government finance, DSD_SNGF_DISAGG@DF_REGOFI

Figure 4.2. Rising investment (capex) account for 40% of local government spending

County and local government spending in Nord Vest by category (2011–2021), RON per capita



Note: Capital expenditure in yellow. Current expenditure in shades of blue.

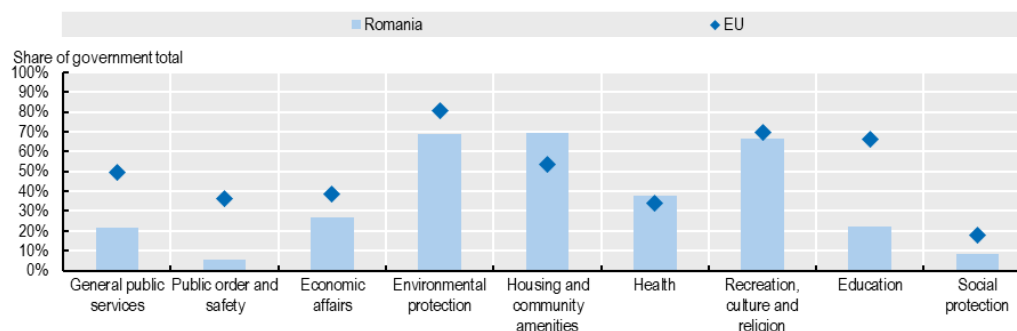
Source: OECD Subnational Government Finance and Employment Statistics, Disaggregated municipal government finance, DSD_SNGF_AGG@DF_MUNIFI; Disaggregated regional government finance, DSD_SNGF_DISAGG@DF_REGOFI

Subnational government budget pressures from demographic change are mainly related to health and social protection

Demographic change is expected to most significantly impact health, social protection and education, which together accounted for 42% of subnational government in Nord-Vest in 2022. In 2022, subnational governments in Romania were responsible for 27% of public expenditure on economic affairs (22% of subnational expenditure), 38% of public expenditure on healthcare (21% of subnational expenditure), 8% of social protection (12.8% of subnational expenditure) and 69% of housing and community amenities (10% of subnational expenditure) (Figure 4.3).

Figure 4.3. Subnational governments in Romania are less exposed to demographic change than subnational governments in most other EU countries

Subnational government spending by function in Romania and EU (2022), share of general government spending in same function



Source: OECD National Accounts, Annual government expenditure by function, DSD_NASEC10@DF_TABLE11

Healthcare costs for subnational governments are expected to increase as a result of demographic change, but increases should be matched by additional transfers. As described in Chapter 5, ageing will increase demand for healthcare services. Subnational governments have a role in running most public hospitals (80%) (Duran et al., 2018^[3]) and have other responsibilities related to public and community health (see Chapter 2 and Chapter 5). However, most current health expenditure is directly paid from the state budget to hospitals via National and District Health Insurance Houses, meaning that subnational governments may be partly shielded from impacts of an ageing population. In practice, however, the national government could face significant fiscal pressure from population ageing, which may put at risk transfers for health spending at the subnational level (OECD, 2024^[4]).

Social protection costs are also expected to increase due to ageing. As outlined in Chapter 2, the central government is responsible for pensions, but subnational governments are responsible for long-term care. With 19.2% of the population in Nord-Vest already aged 65 or over—a figure projected to rise to 27.7% by 2050—the need for elderly care services will increase rapidly. Despite this, long-term care provision remains severely underdeveloped in Romania, particularly outside major cities (World Bank, 2022^[5]). Unclear service standards and limited co-ordination between the social care and health sectors have resulted in overlapping measures and inadequate coverage. Overall, subnational governments across Romania have limited expenditure responsibilities, with social protection accounting for 8% of total public expenditure, below the EU average of 18% (Figure 4.3), and less than 3% of old-age social protection. For localities that do provide long-term care, services are primarily funded through the transfer system based on existing demand. However, while the role of subnational government is currently limited, population ageing and reforms to increase access to aged care could result in higher spending on social protection in the future (Ministry of Labour, Family, Youth and Social Solidarity, 2022^[6]). Subnational governments reliance on national transfers to fund these services may result in mounting fiscal pressure to meet growing demand (EuroCarers, 2023^[7]).

Although **education** costs per capita may increase, the impact on the overall education budget is unclear, and might even decrease due to declining enrolment. In any case, the fiscal impact on county and local governments may be limited. In Romania, following the 2015 reform to re-centralise education, subnational governments only account for 22% of public spending on education, far below the EU average of 66%. Most of this expenditure is linked to capital investment on primary and secondary school facilities and is directly supported by transfers. As such, impacts to education expenditure will primarily be felt by the central government. Nonetheless, subnational governments may still be exposed due to higher costs needed to maintain, renew and construct schools while adapting the school network to demographic trends.

County and local governments remain highly dependent on transfers

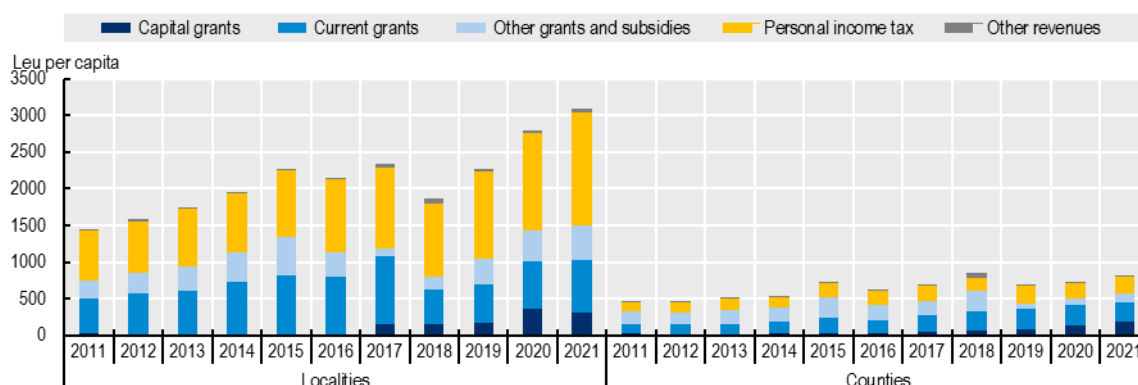
Subnational governments in Nord-Vest are highly reliant on shared taxes and grants. In 2024, grants and subsidies (including shared taxes) represented 83.4% of subnational government revenue in Romania, well above the EU27 average (45.7%). Taxes represented 8.6% of subnational government revenue, well below the EU27 average (40%). Other subnational government revenue sources include user charges and fees (6.4% of total) and income from assets (1.6% of total). Shared taxes make-up a significant part of subnational government revenue in Romania, and by extension in Nord-Vest. These taxes (namely personal income tax and value-added tax) are collected by the Ministry of Finance and re-distributed to county and local governments (partly by formula), meaning they are functionally analogous to grants seen in many countries, and are classified as such in the System of National Accounts.

According to disaggregated revenue statistics collected by the OECD, grants and subsidies (excluding PIT) made up 48.5% of locality revenues and 70.4% of county revenues in Nord-Vest for 2021 (Figure 4.4), similar to the 47.8% for Romanian localities, but higher than the 55.2% for Romanian counties.

Reliance on shared taxes and grants has fluctuated over the past decade. For localities, they reached as high as 59% of revenue in 2015 and as low as 43% of locality revenue in 2018, partly reflecting changing EU funding levels.

Figure 4.4. County and local governments in Nord Vest are reliant on shared taxes and grants

County and local government revenue in Nord-Vest by source (2011–2021), RON per capita



Note: Other grants and subsidies calculated by subtracting capital and current grants from total grants and subsidies.

Source: OECD Subnational Government Finance and Employment Statistics, Disaggregated municipal government finance, DSD_SNGF_AGG@DF_MUNIFI; Disaggregated regional government finance, DSD_SNGF_DISAGG@DF_REGOFI

High reliance on grants and subsidies, especially earmarked grants, means that county and local governments have limited fiscal autonomy—it also exposes them to national fiscal pressures. High reliance on earmarked grants indicates top-down decision-making, leaving county and local governments limited room to experiment with and tailor spending to advance local priorities and tackle demographic challenges. It can also reduce incentives to improve local implementation efficiency and capacity (Guess, 2013^[8]). Furthermore, the increasingly fiscally constrained national government may have less fiscal space to continue high levels of transfers to subnational governments (Box 4.3). This creates a need to improve the efficiency and transparency of transfer systems and mitigate dependence on transfers by increasing own-source revenues.

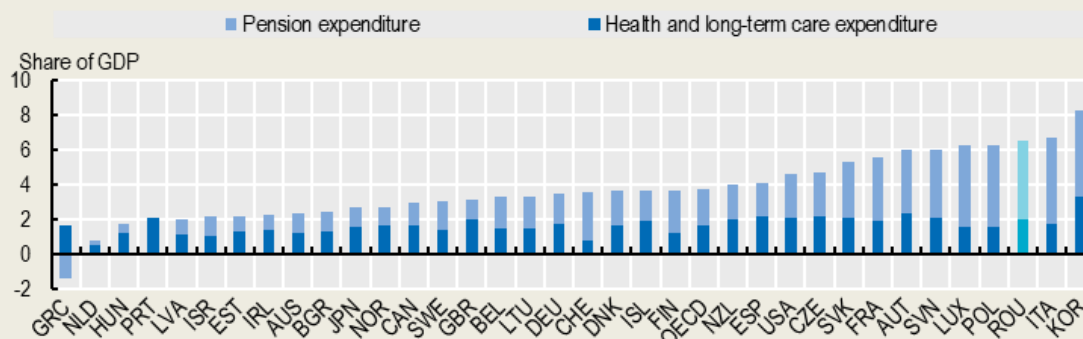
Box 4.3. Growing national fiscal pressure in Romania is partly linked to demographic change

Tax revenues in Romania remain well below what is needed to fund ongoing government spending, resulting in a significant national budget deficit. In 2023, Romania's tax revenues were equivalent to less than 16.3% of GDP, significantly lower than the EU average of 26.1% of GDP (OECD, 2024^[9]). This contributed to a deficit, with general government revenues equivalent to 34.0% of GDP compared to public expenditure at 40.6% of GDP. Although tax revenues on consumer goods and services as a share of GDP are in line with the EU average, Romania has the highest VAT tax gap in the EU due to widespread evasion and exception (European Commission, 2022^[10]). EU debt sustainability analysis highlights a high medium-term risk to fiscal sustainability due to large deficit (8.7% in 2024), rising debt and sensitivity to adverse shocks (European Commission, 2022^[10]). OECD debt projections show that general government debt could rise from 48.1% of GDP in 2023 to around 91.8% of GDP by 2050 without tax or spending reforms. Reducing this will require robust consolidation efforts, which risks reducing fiscal space for transfers (OECD, 2024^[4]).

The fiscal position of Romania is partly worsening due to population ageing. Among EU and OECD members, Romania is estimated to experience higher than average increases in ageing-related spending (Figure 4.5), with an increase of 2 percentage points of GDP from healthcare and long-term care, and 4.5 percentage points of GDP due to pension pressure (OECD, 2024^[9]).

Figure 4.5. Ageing-related expenditure may increase by 6.5 percentage points of GDP by 2050

Estimated increase in ageing-related fiscal pressure in Romania and OECD countries (2024–2050), percentage points of GDP



Note: Romania highlighted in teal. OECD average unweighted and excluding Chile, Colombia, Costa Rica, Mexico and Türkiye.

Source: OECD (2024), OECD Economic Surveys: Romania 2024, <https://doi.org/10.1787/106b32c4-en>

Personal income tax is an important source of revenue, with some distributional elements

Distribution of personal income tax (PIT) revenue has a central role in county and local government financing, providing a key source of discretionary revenue. PIT is collected by the national government and redistributed to the county and local governments. In 2021, transfers from PIT revenue represented 24% of county and 28% of local government revenue in Nord-Vest. PIT allocation goes mainly to the locality where the tax was generated, although there are equalisation elements in the formula. According to Law no 273/2006, four-fifths of the distribution from the PIT is redistributed to counties and cities where it was generated, leaving one-fifth for equalisation purposes, with 14% of total PIT revenue allocated through formula-based equalisation (Box 4.4).

Box 4.4. Personal Income Tax distribution in Romania risks increasing disparities

PIT is collected by the central government, which redistributes it to county and local authorities based on the criteria specified in Law no. 273/2006 on Local Public Finances (amended by Law no. 286/2020). According to Article 32 of this law:

- 15% is assigned to county budgets where the tax was generated
- 65% is designated for the cities, towns and communes where the tax was generated ('quota portion')
- 6% is distributed to localities at the discretion of the county council through a two-stage process: in the first stage (80% of the allocation), only counties with lower-than-average PIT per capita receive an allocation that is based on population (75%) and built-up area (25%). In the second

stage, the remainder is distributed to all administrative-territorial units, based on income tax collected per inhabitant in the previous year.

- 14% is allocated for equalisation ('balancing payment'), with 85% to balance the budget of local governments and 15% to balance county government budgets. Equalisation is based on a weighted formula that considers fiscal capacity based on income tax per inhabitant (70%) and land area (30%) (see Article 33).

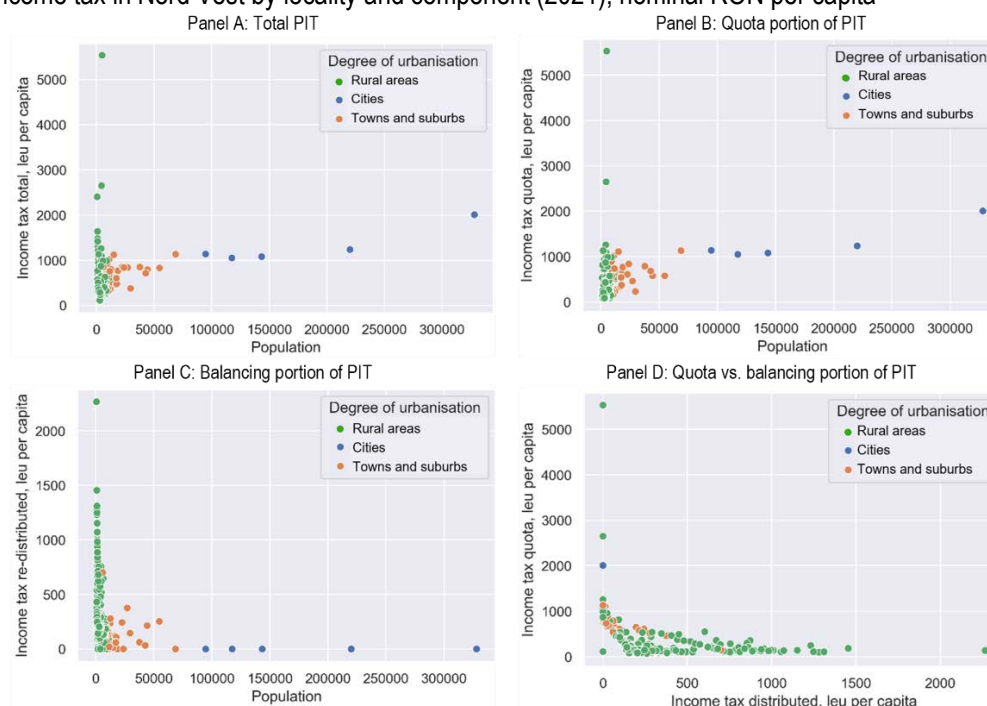
Article 33 of the Law (amended by Law no. 246/2022 and Emergency Ordinance no. 168/2022) also establishes specific criteria for the redistribution for localities within Metropolitan Areas or Administrative Consortia. For localities within a Metropolitan Area, 30% of PIT is allocated to localities where employees reside, while 70% is allocated to the localities where they are employed. For localities within an Administrative Consortia, 60% of PIT is allocated to the localities where work is conducted, and 5% is directed to the budget of the administrative consortium to which these localities belong. This last provision will come into effect on January 1, 2026.

Source: Law No. 273/2006 on Local Public Finances, <https://legislatie.just.ro/Public/DetaliuDocument/73527>

At the locality level, PIT revenue can vary significantly. In 2021, the amount received ranged from RON 113 per capita in Vadu Izei to RON 5 533 per capita in Jucu (Figure 4.6). Localities with smaller and shrinking populations tended to receive additional balancing payments, but within this group the amount of balancing payments received differed greatly. Even with the balancing payments, there are considerable differences in PIT revenue.

Figure 4.6. Personal income tax receipts differ greatly despite balancing payments

Personal income tax in Nord Vest by locality and component (2021), nominal RON per capita



Note: The quota portion refers to the 65% of total PIT that is returned to the locality where it is generated. The balancing portion refers to the 14% of total PIT allocated to balance locality and county government budgets (of which 85% are for locality governments). Together, the quota and balancing portions make up the total locality PIT revenue as shown above. The remaining 21% of PIT go to county governments, consisting of 15% returned to the county where the PIT is generated and 6% for the county council to further distribute to localities at their discretion. For more information see Box 4.4.

Source: OECD calculations based on data received from the Ministry of Development, Public Works and Administration.

Overtime, insufficiently re-distributive fiscal transfers may risk worsening local demographic decline and increase disparities between urban and rural areas. Many OECD countries adopt comprehensive fiscal equalisation policies to re-distribute state resources so that subnational governments can provide basic service levels (Dougherty and Forman, 2021^[11]). While the system in Romania does distribute funding to areas with lower PIT revenue (Figure 4.6), the extent of these transfers appears to be limited in terms of overall revenues and inequality. Research suggests that fiscal policies in Romania has been insufficient to reduce inequality and poverty, with disparities in local revenues in Romania exceeding those of local GDP per capita (Gavriluta (Vatamanu), Onofrei and Cigu, 2020^[12]) and ineffective fiscal equalisation in Romania failing to reduce regional and local inequalities (Szabo, 2016^[13]).

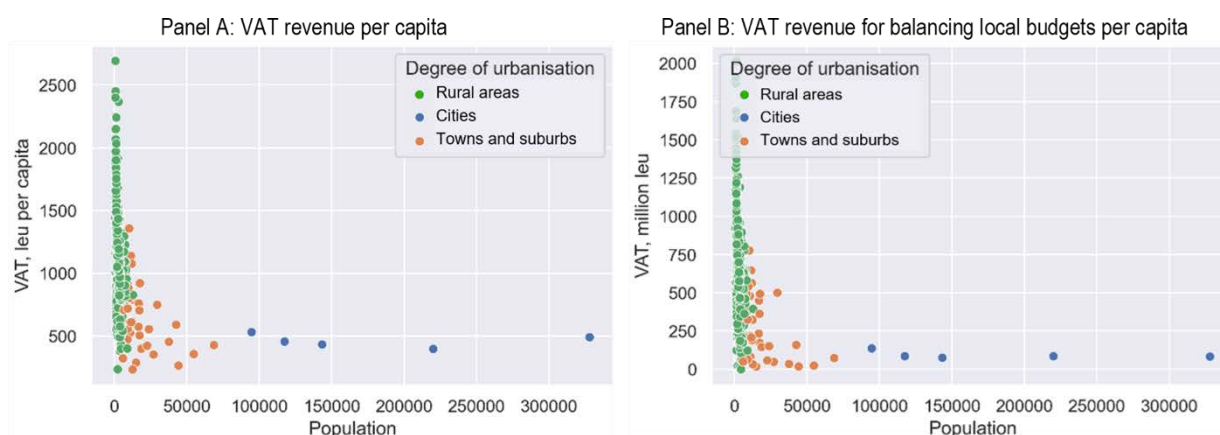
Furthermore, Romania has the lowest PIT rate in the EU (10%) and various loopholes and exemptions exist (IMF, 2022^[14]). PIT collection is complex, with the PIT is divided into ten categories each with distinct rules for assessment, calculation and declaration (OECD, 2024^[4]). Certain categories of income, such as the construction sector and IT specialists, enjoy tax exemptions or favorable treatment, placing significant costs on the state budget (IMF, 2022^[14]), though Romania has made progress to eliminate man of these exemptions. The complexity of the system can result in errors and lead to underreporting, evasion and complications in tax audits (Romanian Fiscal Council, 2022^[15]). As a result, various proposals have been made to reform the PIT collection system, such as shifting from a flat income tax rate to a progressive one and eliminating certain exemptions (IMF, 2022^[14]).

VAT-sharing is an important revenue source revenue, but lacks a clear allocation formula

The VAT-sharing system in Romania is an important source of funding for county and local governments. In 2021 in Nord-Vest, revenue from VAT made up 23% of local government revenue and 37% of county government revenue, comparable to the ratio across Romania (OECD, 2024^[16]). In Nord-Vest, the allocation of VAT in 2021 ranged from RON 232 per capita in Baci to RON 2 693 per capita in Zelha (Figure 4.7). Smaller localities tended to receive more VAT revenues per capita, largely due to the portion of VAT allocated to balance locality budgets.

Figure 4.7. Value added tax receipts differ across localities

Locality VAT revenues in Nord Vest by population (2021), RON per capita



Source: OECD calculations based on data received from the Ministry of Development, Public Works and Administration

Allocation of VAT is complex and lacks a transparent rationale. The VAT-sharing system is better understood as a “pseudo-sharing” system that provides earmarked grants, as allocation is not linked to local VAT revenue (Leonardo et al., 2006^[17]). Unlike PIT-sharing, VAT-sharing is earmarked to specific functions – primarily social services (notably child protection, elder care and special education units) and

roads, but also several geographic and project-based funding streams (Parliament of Romania, 2023^[18]). Until 2015, the VAT-sharing system had also funded teacher salaries. Despite its importance, the VAT-sharing system is opaque, with the allocation requiring five separate annexes in the state budget and limited rationale provided (Parliament of Romania, 2023^[18]).

County and local governments could potentially reduce dependence on transfers and improve land use efficiency by better mobilising property taxes

Property tax holds significant potential as a source of local revenue, but the current property tax system is complex and generates limited revenue. Property taxes in Romania are low compared to OECD average (OECD, 2024^[4]), accounting for only 0.46% of GDP in 2024, as compared to the OECD average of 1.5% (OECD, Forthcoming^[19]). According to Law no. 227/2015, county and local governments can place taxes on residential and non-residential buildings or land, with company-owned properties assessed based on market value, while the taxable value of dwellings and land is determined by area. County and local governments have discretion in setting tax rates within national guidelines (IMF, 2022^[20]).

Despite its potential as a stable local revenue source, Romania's property tax system remains underutilised due to structural and administrative limitations. The reliance on a rigid calculation system and outdated area-based valuations—rather than market-based assessments—leads to under-taxation, particularly in rapidly growing urban areas (Friedrich-Ebert-Stiftung, 2020^[21]). In addition, local governments frequently face capacity constraints, limit their ability to carry out comprehensive and up-to-date property valuations (IMF, 2022^[20]).

Land and property taxes can also be used to encourage more efficient allocation of housing resources in the context of a shrinking population. As described in Chapter 3, demographic change is decreasing the efficiency of land use in Nord-Vest. Property and land taxes can be effective instruments to improve land use efficiency. In particular, land value taxes can help mitigate urban sprawl by making underused land more expensive to hold. Since land value is independent of use—whether it is vacant, underdeveloped or built upon—a land value tax encourages higher-density development and prevents land hoarding (OECD, 2022^[22]). Separately, property tax and capital gains tax policies could also be refined to discourage individuals from maintaining secondary homes or rural family houses to avoid administrative burdens by imposing higher tax rates on non-primary residences, which is a particular challenge in Nord-Vest.

Aligning public investment with demographic change in Nord-Vest

Nord-Vest is undergoing a public investment boom that is underpinning development of the region. Ongoing investment is helping enhance connectivity, support urban development, facilitate industrial development and improve public services. This can create new job opportunities and improve quality of life, ultimately enhancing attractiveness for all residents in Nord-Vest and reducing youth out-migration. Yet, funding for investment is ultimately limited, so investments also need to be effective. Making the most of public investment in the context of demographic change in Nord-Vest requires proactively understanding population projections and choosing investments that align with future needs, effective coordination across and among levels of government, and sufficient capacity.

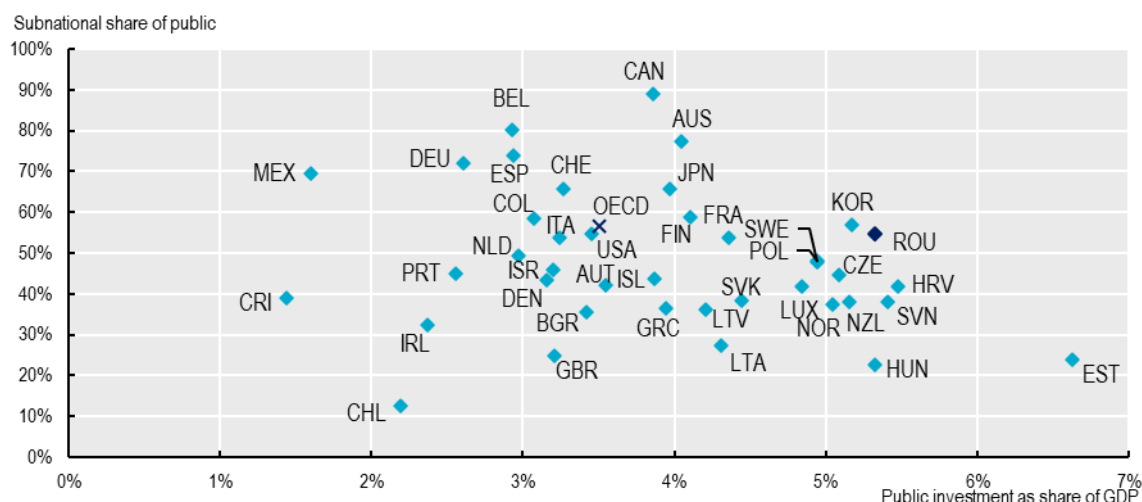
Nord-Vest is experiencing a public investment boom

Public investment has risen across Romania, with subnational governments now carrying out around half of that investment. In 2022, public investment in Romania reached EUR-PPP 1 690 per capita in nominal terms, or 5.3% of GDP (Figure 4.8) (OECD, 2024^[23]). This compares with EUR-PPP 1 423 per capita in nominal terms across OECD countries, or 3.5% of GDP. Despite the limited role of subnational

governments in total public expenditure, the share of public investment undertaken by subnational governments in Romania is comparable to that of the OECD average, around 55%.

Figure 4.8. Public investment as share of GDP in Romania is higher than the OECD average

Public investment in OECD and EU countries (2022), share of GDP and subnational share of general government investment



Note: OECD average weighted. Public investment refers to direct investment by the general government sector.

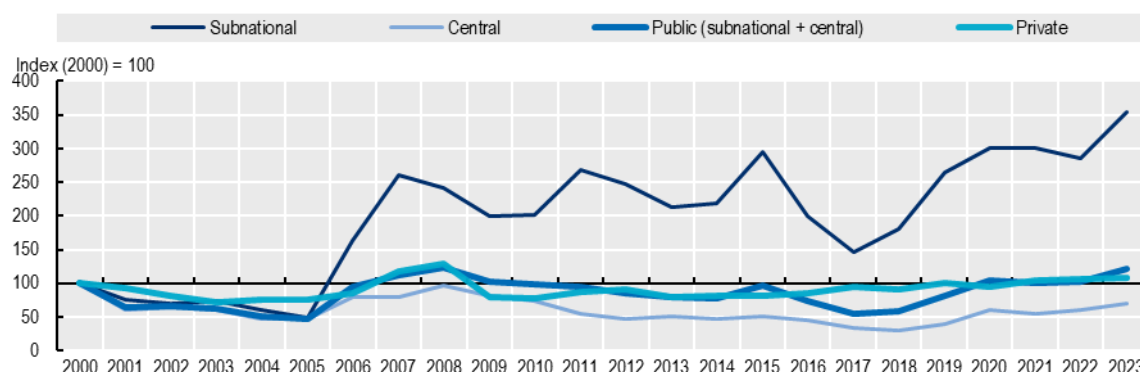
Source: OECD National Accounts, Annual government non-financial accounts and key indicators, DSD_NASEC10@DF_TABLE12_EXP

Public investment growth has been mainly at the subnational level

Public investment rose substantially following Romania's accession to the EU in 2007, particularly at the subnational level. Nonetheless, public investment in Romania has been somewhat volatile in the past decade, reaching as low as EUR 465 per capita (in real 2015 EUR-PPP) in 2017. Since then, however, public investment more than doubled to EUR 1 008 per capita (in real 2015 EUR-PPP). Subnational public investment has grown even more quickly. Between 2003 and 2023, subnational public investment per capita in Romania more than quadrupled in real terms, reaching EUR 543 per capita (in real 2015 EUR-PPP) in 2023, which represented 54.5% of total public investment (Figure 4.9).

Figure 4.9. Rising public investment in Romania has been mainly by subnational governments

Gross fixed capital formation in Romania by sector (2000–2023), real terms indexed to 2000

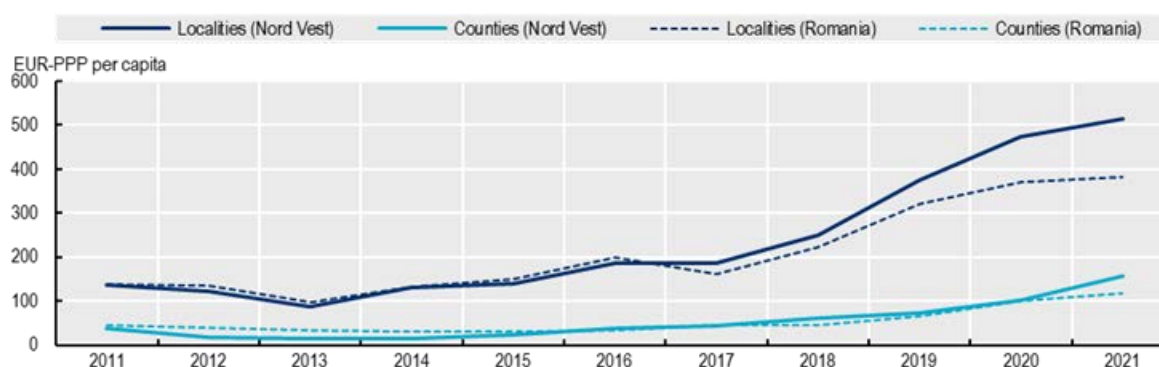


Source: OECD National Accounts, Annual government non-financial accounts and key indicators (expenditure), DSD_NASEC10@DF_TABLE12_EXP; Annual GDP and components – expenditure approach, DSD_NAMAIN10@DF_TABLE1_EXPENDITURE

Subnational public investment levels in Nord-Vest have increased significantly, in line with the region's development (Figure 4.10). Between 2011 and 2021, public investment at the locality level more than quadrupled in nominal terms from EUR-PPP 138 per capita to EUR-PPP 515 per capita, reaching EUR-PPP 1.46 billion in total. This is above the Romanian average of EUR-PPP 382 per capita (total EUR-PPP 7.6 billion) at the locality level. The level of public investment at the county level is lower (at EUR-PPP 157 per capita) and in line with the Romanian average, but has increased in recent years faster than the Romanian average.

Figure 4.10. Subnational public investment has increased substantially in Nord-Vest, above that of Romania overall

Locality and county level public investment in Nord-Vest (2011–2021), nominal EUR-PPP per capita



Source: OECD Disaggregated Municipal and Regional Government Finance Databases, DSD_SNGF_AGG@DF_MUNIFI and DSD_SNGF_DISAGG@DF_REGOFI

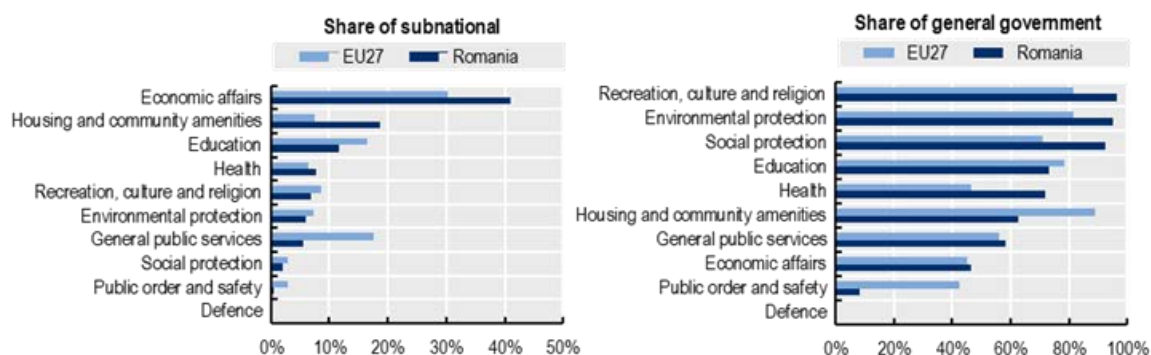
Most subnational investment is in economic affairs and housing

Subnational governments in Romania invest heavily in economic affairs, which made up 41% of total investment in 2022, well above the EU average of 30% (Figure 4.11). This is followed by housing and community amenities (19%) and education (12%). Subnational governments in Romania have an

especially important role for investment in education and health – where they account for 73% and 72% of total public investment in these sectors, respectively. Nonetheless, they have limited responsibility for current expenditure in these areas and investment overseen by the central government.

Figure 4.11. Economic affairs and housing together account for 60% of subnational investment in Romania

Subnational public investment by function of government (2022), share of total subnational public investment and share of general government investment in each function



Source: OECD National Accounts, Annual government expenditure by function, DSD_NASEC10@DF_TABLE11

Levels of public investment vary considerably at the locality level

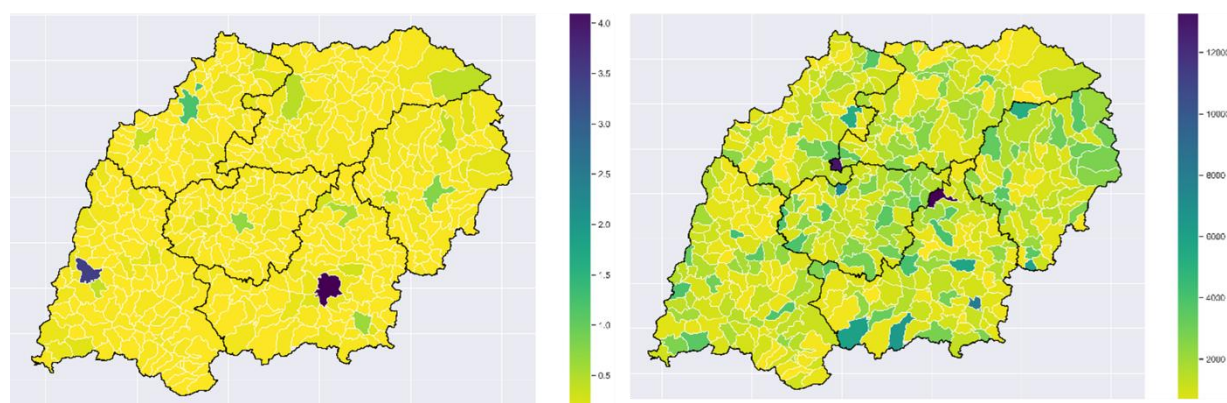
Despite high overall investment levels, per capita investment varies considerably across localities in Nord-Vest. There does not appear to be a correlation between investment levels, population and population changes (Figure 4.12). One potential explanation for the variation is that economic affairs (which includes transport) disproportionally occurs in rural areas (e.g., upgrade of rural roads), which makes up a large share of local public investment and results in high investment per capita. Indeed, there are major efforts to upgrade roads and highways across Nord-Vest, which is often delegated to local government. These investments tend to occur disproportionally outside cities resulting in more transport investment to rural areas. Ultimately, improvement in the transport network could strengthen urban-rural linkages and support the spill-over of benefits accruing in growing cities. This may balance out other investments in education and healthcare, which tend to occur in areas with growing populations.

Figure 4.12. Public investment by localities is concentrated in cities, but some other areas in Nord-Vest also have high public investment on a per capita basis

Direct investment by localities in Nord-Vest (2021), million leu (left) and leu per capita (right)

Panel A: Total investment by localities

Panel B: Per capita investment by localities



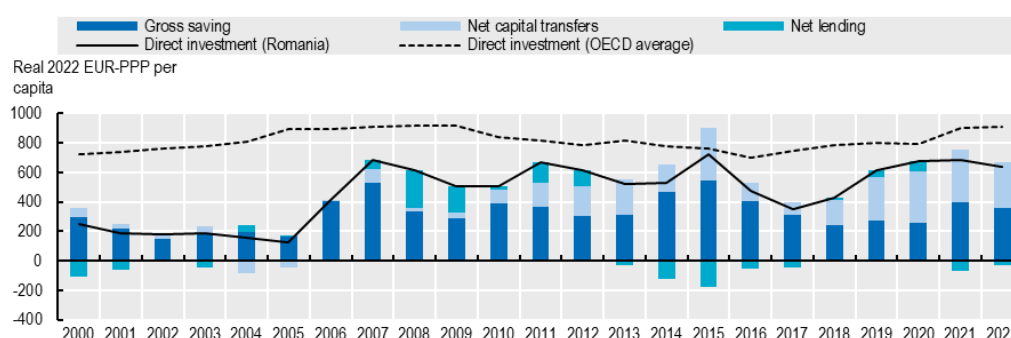
Source: OECD Disaggregated Municipal Government Finance Databases, DSD_SNGF_AGG@DF_MUNIFI

Subnational investment in Nord-Vest relies heavily on transfers

Rising capital transfers have supported growing investment by county and local governments in Nord-Vest (Figure 4.13). In 2022, net capital transfers (capital transfers received less capital transfers spent) funded around half of total local public investment in Romania, well above the level in 2012 (24%) and 2002 (12%). The remainder of public investment is supported by gross savings, which is the difference between current expenditure and revenue. Gross savings has decreased in importance, though it has remained somewhat stable in per capita volumes. Local government borrowing for investment has been low or negative in recent years, potentially due to local government borrowing constraints.

Figure 4.13. Subnational public investment in Romania is increasingly reliant on capital transfers

Funding and financing sources for subnational public investment in Romania (2000–2022), real 2022 EUR-PPP per capita



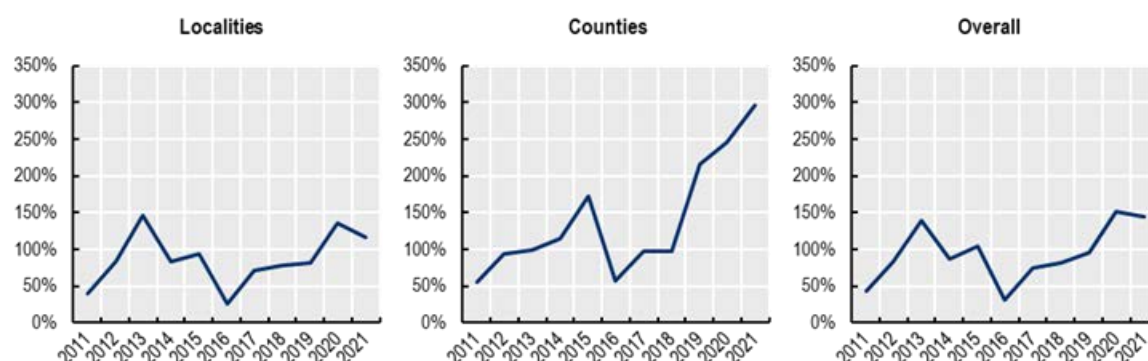
Note: Where $\text{direct investment spent} = \text{gross savings received} + \text{net capital transfers received} + \text{net lending received}$. It excludes indirect investment (i.e. capital transfers spent) which is netted out of capital transfers received. OECD averages weighted.

Source: OECD calculations based on OECD National Accounts, Annual government non-financial accounts and key indicators, DSD_NASEC10@DF_TABLE12_EXP

Nord-Vest is particularly reliant on EU transfers for public investment, with almost all county and local government investment funded by EU transfers (Figure 4.14). County and local governments Nord-Vest have successfully received EU funding that has supported public investment. According to data provided from the Ministry of Development, Public Works and Administration, in 2021, local governments in Nord-Vest received EU transfers equivalent to 117% of their capital expenditure, while for county governments that amount was almost 300%. Given dependence on capital transfers for investment, it is perhaps not unusual for this ratio to exceed 100% in a single year since funds received in one year may be spent over time, which partly explains its volatility. Nonetheless, such a high ratio reflects Nord-Vest's reliance on EU funds for investment. High levels of EU transfers received – as well as planned additional spending from cohesion policy, RRP and national funds – suggest that public investment levels could remain high in Nord-Vest over the next few years.

Figure 4.14. EU transfers account for a growing share of capital expenditure in Nord-Vest

EU transfers received by Nord-Vest county and local governments (2011–2021), as share of capital expenditure

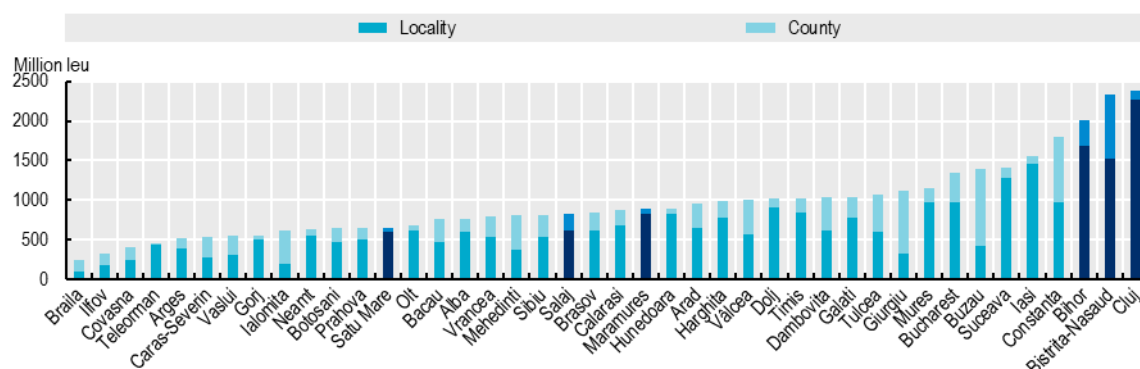


Source: OECD calculations based on data received from the Ministry of Development, Public Works and Administration.

Nord-Vest's higher investment levels relative to other Romanian regions can be partly attributed to its ability to attract EU funds. Between 2017 and 2021, the top three counties in terms of European transfers to county and local governments were in Nord-Vest – indeed Nord-Vest accounted for 23% of the Romanian total (Figure 4.15). Over this period, county and local governments in Cluj and Bistrita-Nasaud have received European transfers almost two-and-a-half times that of the median Romanian county, reflecting their economic potential and capacity to manage investments.

Figure 4.15. Nord-Vest is among the top recipients of EU funding in Romania

European transfers to locality and county governments in Romania (cumulative 2017–2021), million RON



Note: Nord-Vest highlighted in dark blue and other Romanian regions in teal.

Source: OECD calculations based on data received from the Ministry of Development, Public Works and Administration.

Though EU funding has been essential to support Nord-Vest's development, over-reliance on EU funding could present a risk for public investment in the future. As Nord-Vest and Romania become more developed, counties and localities in Nord-Vest will need to identify new sources of funding for investment. Indeed, there is room to further mobilise local and national-level funding tools, such as land value capture, property taxes, capital gains taxes and the state budget to support investment and ongoing maintenance (see earlier discussion).

Investment programmes in Nord-Vest focus on boosting development, which can increase regional attractiveness

Nord-Vest benefits from a range of investment programmes organised under territorial and sectoral plans (Table 4.2). The North-West RDA oversees the main territorial programme – the Nord-Vest Regional Programme, which takes a place-based and cross-sector approach to investment. Several national level programmes also invest in Nord-Vest, often administered by sectoral ministries through county directorates. These regional and national-level investment programmes tend to focus on making Nord-Vest more competitive and attractive.

Table 4.2. Selection of major investment programmes in Nord-Vest

Name	Main investment entity	Main focus areas	Consideration of demographic trends
Nord-Vest Regional Programme	North-West RDA	Innovation, transport, environment, etc.	Limited to education and urban mobility
Anghel Saligny National Investment Programme	Ministry of Development, Public Works and Administration	Transport, water and energy infrastructure	Formula based on current population
National Recovery and Resilience Plan	Relevant sectoral ministries	Green and digital transition; economic reforms	Reflected in sectors considered, but limited overall consideration
Rural Development Programme	Ministry of Agriculture and Rural Development	Rural and local roads	Unclear
Investment Programme for the Development of Transport Infrastructure 2021–2030	Ministry of Transport	National and European transport corridors	Limited. Investment planned for national and European level connectivity.
Health Program	Ministry of European Investments and Projects (through the Intermediate Body for Health under the North-West RDA)	Hospital infrastructure	Limited to improving quality of health infrastructure.

Source: Authors' elaboration based on review of relevant documents.

Regional and local level investment programmes are focused on attractiveness

The North-West RDA has an important role in planning, co-ordinating and facilitating public investment at the county and local levels. While it does not have direct decisions-making authority over public investment, it serves as an intermediary between national authorities, subnational governments and EU institutions.

The Nord-Vest Regional Programme (RP) is the main investment programme at the regional level in Nord-Vest. It takes a holistic investment approach to improve Nord-Vest's economic performance, quality of life and regional attractiveness. It includes seven priorities, as well as dedicated funding for technical assistance (North-West RDA, 2021^[24]). Notably, urban mobility accounts for 21% of the funding, recognising the growing need for sustainable mobility in Nord-Vest's growing cities. The largest priority by funding, competitiveness, includes 22% of total funding, primarily supporting research and development initiatives and skills in the private sector. As of May 2025, the North-West RDA has made good progress implementing the ROP (Box 4.5).

Box 4.5. Implementation of the Nord-Vest ROP

The North-West RDA is actively implementing the ROP. As of May 2025, 285 contracts have been signed or are in the contracting procedure. These have a total project value of EUR 2.3 billion, with an ROP eligible funding budget of EUR 1.6 billion (Table 4.3). The North-West RDA received 1885 submitted projects, with a total project value of over EUR 6.0 billion.

Almost 330 payments have been made already, totalling EUR 232 million, or 16% of the ROP budget. Of the 450 milestone indicators included in the ROP, 311 have already been achieved, 18 are ongoing and 121 were not achieved. Signed contracts are contributing to projects across the region to a diverse group of beneficiaries.

Table 4.3. Signed contracts under the ROP as of May 2025

Priority	Total eligible funding (million EUR)	Total project value (million EUR)	Select projects under way
1. Competitive region	228	278	15 contracts signed for smart specialisation parks expected to host at least 100 new jobs
2. SMART region	N/A	N/A	N/A
3. Environmentally-friendly region	95	137	Renovation of Mihai Eminescu National College in Oradea to cut emissions by 95%
4. Region with sustainable mobility	359	472	Construction of Garibaldi Bridge in Cluj-Napoca with dedicated space for public transport, cycling and walkways
5. Accessible region	413	688	Construction of new road underpass in Cluj-Napoca, including 444 metres of tram tracks
6. Educated region	81	124	Extension of Florian Porcius Vocational School in Rodna (Bistria-Nasaud) with six new classrooms and four new technical workshops accommodating up to 190 students
7. Attractive region	361	490	Re-development of Iosif Mine in Turda (Cluj) as a new tourist attraction
8. Technical assistance	N/A	N/A	N/A

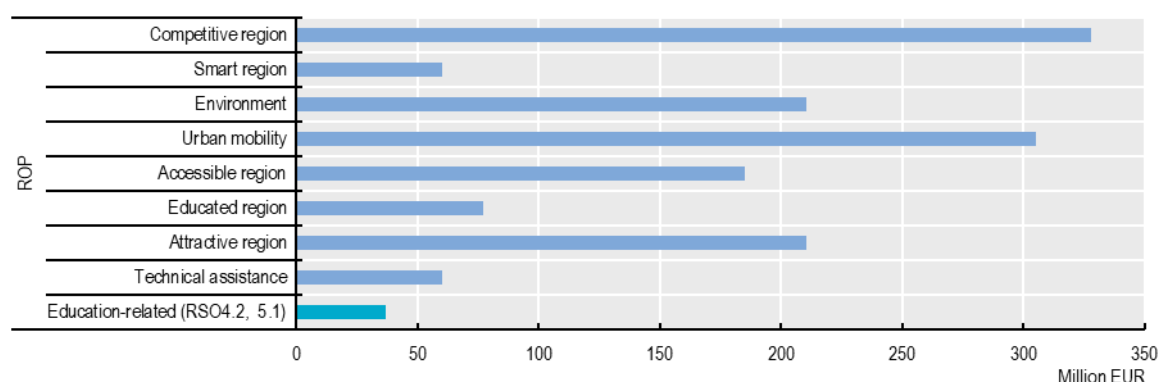
Source: (North-West RDA, 2025^[25]), 2025 May Issue North-West Region, https://regionordvest.ro/wp-content/uploads/2025/06/May_2025_Monthly_Overview.pdf

Though there are references to demographic change throughout the Nord-Vest Regional Programme, they are largely limited to urban mobility and education, and do not include explicit demographic projections. For example, the ROP considers local or micro-regional demographic trends as one of the main

prioritisation criteria for education investment, alongside those in isolated communities and those serving marginalised groups. However, the funding is limited, with investment in education infrastructure (RSO4.2 and RSO5.1) representing only 2.6% of the total ROP (Figure 4.16), though the broader priority *Educated Region* accounts for 5.4% of funding due to additional funding for culture and tourism (North-West RDA, 2021^[24]). As of June 2025, 24 project contracts have been issued within the *Educated Region* priority totalling RON 404 million of support for projects together worth RON 619 million (of which half had universities as beneficiaries) (North-West RDA, 2025^[26]). Further support for schools and vocational centres should be forthcoming, as the ROP identifies equal access to quality education, training and lifelong learning a major priority (Ministry of Investment and European Projects, 2021^[27]), which would further contribute to talent development in the region.

Figure 4.16. Nord-Vest regional investment focuses heavily on transport and innovation, with limited funding for education

Nord-Vest Regional Operation Programme allocation by area, million EUR



Source: European Commission, Cohesion Open Data Portal, <https://cohesiondata.ec.europa.eu/>

The North-West RDA also has an important role in health investment. The Nord-Vest Intermediate Body for Health (under the North-West RDA) is the implementing authority for health infrastructure under the joint ERDF and ESF+ funded Health Program, investing in health infrastructure that is not covered by the ROP. It aims to support implementation of the National Health Strategy 2023–2030. The Health Program includes over EUR 5.8 billion worth of health investments across Romania (including EUR 5.3 billion for hospitals), with the ongoing construction of the Cluj Regional Hospital one of its flagship investment projects to healthcare quality and efficiency in the region (Chapter 5).

National level investment programmes

The key national level investment programmes include the *Anghel Saligny* National Investment Program, the Romanian Recovery and Resilience Fund and various sectoral investment programmes.

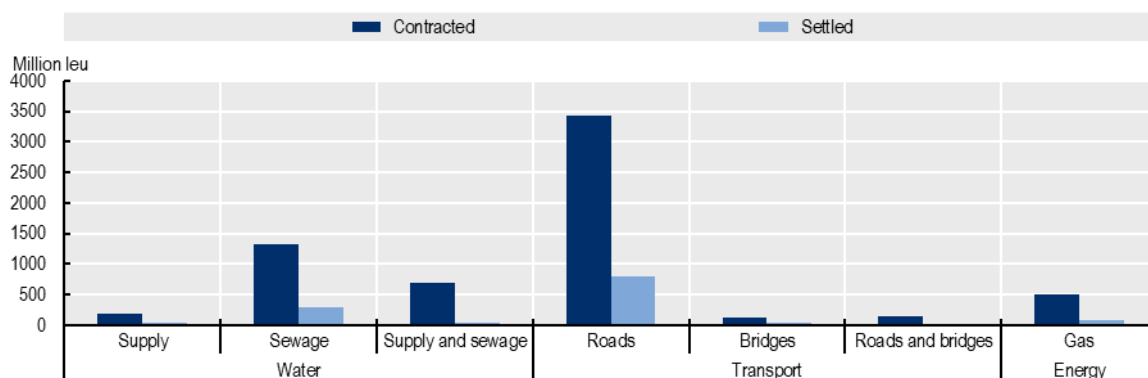
Anghel Saligny National Investment Program in Nord-Vest

The *Anghel Saligny* National Investment Program is the main investment programme by the Ministry of Development, Public Works and Administration. Economic infrastructure such as transport and water make up a large share of total investment within *Anghel Saligny*. As of September 2024, 57% of *Anghel Saligny* funding in Nord-Vest went toward transport infrastructure, followed by 35% to water and waste water infrastructure (Figure 4.17). There is room to further align investment programmes with policy goals. For example, almost 8% of *Anghel Saligny* investment in Nord-Vest goes to natural gas networks, yet gas

network investments may be risky if they become stranded assets as natural gas prices rise and as households and firms transition to greener alternatives.

Figure 4.17. Anghel Saligny has invested heavily in road infrastructure in Nord-Vest

Contracted and settled *Anghel Saligny* investment in Nord-Vest by sector (as of September 2024), million RON



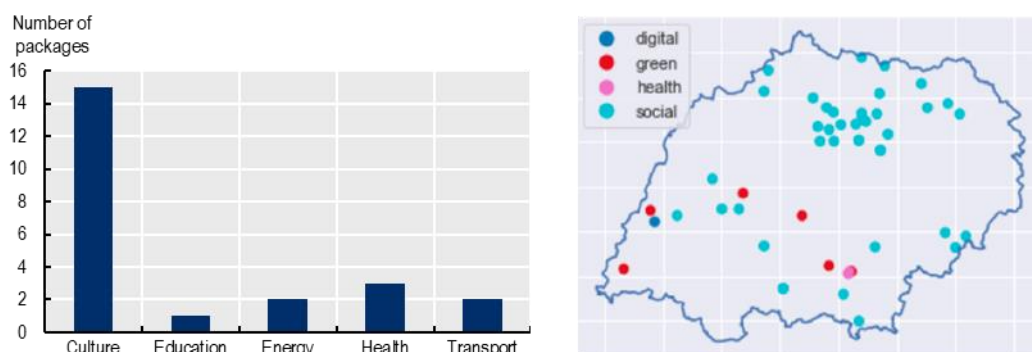
Source: OECD calculations based on Ministry of Development, Public Works and Administration (2024), Anghel Saligny implementation March 2025, <https://www.mdlpa.ro/pages/anghelsaligny>

Romania's Recovery and Resilience Plan in Nord-Vest

The Recovery and Resilience Plan (RRP) aims to help Romania become more sustainable, resilient and prepared for green and digital opportunities. It includes EUR 28.5 billion across Romania, including EUR 13.6 billion in grants and EUR 14.9 billion in loans. The largest components are sustainable transport (26% of total), education (12%), business support (8.6%), green building renovation (7.7%) and local funds (6.4%). Of the 179 localised projects in the RRP, 49 are in Nord-Vest (funded across 29 packages) (Figure 4.18). Notable projects include the electrification of the Cluj-Napoca-Oradea railway line, progress towards the TEN-T road network, rooftop solar panels, medical equipment and cultural initiatives.

Figure 4.18. RRP projects in Nord-Vest span a variety of sectors and locations

RRP projects in Nord Vest by sector and location



Source: European Commission, Romania's Recovery and Resilience Plan, https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility/country-pages/romania-s-recovery-and-resilience-plan_en

Nord-Vest will also benefit from national level RRP projects, including an e-Health system (EUR 442 million), a reform of long-term care services through the *National Strategy on Long-Term Care and Active Ageing 2023–2030* and grants for 1 750 education units with high early drop-out rates to support students entering upper secondary education. Over the 2014–2020 programming period, cohesion policy funded a total of around EUR 2.8 billion in Nord Vest, with energy and transport infrastructure and social inclusion making up almost half of total investments (Box 4.6).

Box 4.6. Cohesion investments in Nord-Vest in 2014–2020 programming period

Project data from the European Commission shows that, across the 2014–2020 programming period, cohesion policy invested a total of EUR 2.8 billion over 1 310 projects wholly located in the Nord-Vest region. Nord-Vest accounted for 7% of the value of total cohesion investment in projects wholly in Romania (EUR 40 billion invested over 15 271 projects). The largest investments in Nord-Vest went to transport and energy infrastructure (28%), social inclusion (18%) low-carbon economy (16%) and environmental protection (14%). Other sizeable investments occurred in education (including vocational education), SME competitiveness and research and innovation. Of the investments located within a single county, over one third occurred in Cluj County, followed by almost one fifth in Satu Mare County and over one seventh in Bihor County.

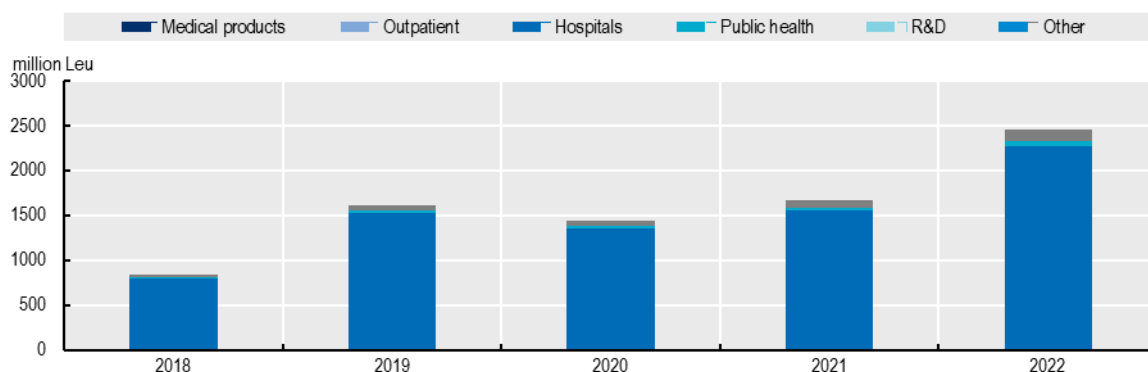
Source: European Commission, Kohesio, <https://kohesio.ec.europa.eu/en>

Health sector investments in Nord-Vest

Health investment has risen in Romania, especially at the subnational level. Subnational investment in public health more than doubled between 2018 and 2022 across Romania, partly reflecting recent investments to upgrade hospital infrastructure. Despite rising investment, overall investment in public health remains low compared to the EU average, with 6.6% of total general government investment on health in Romania, compared to 13% across EU. This health investment has been focused on hospitals and there is limited investment to address other weaknesses in the healthcare sector, notably outpatient care and public health (Figure 4.19). Indeed, despite the recognised need to improve availability and uptake of outpatient care, there was no investment at the subnational level (and less than 1% of total health investment at the central government level). This could pose a risk to the health system as the population ages (see Chapter 5).

Figure 4.19. Investment in hospitals is welcomed but limited investment in outpatient and public health

Health investment by category in Romania (2018–2022), million RON



Source: OECD National Accounts, Annual government expenditure by function, DSD_NASEC10@DF_TABLE11

Ensuring public investment is effective will remain a priority for Nord-Vest

Public investment has been effective at improving economic performance and living standards in the Nord-Vest region, but there is still room to improve. In the face of potential headwinds – such as population decline, rising government deficits and changes in external funding sources – Nord-Vest will need to invest effectively to maximise long-term development. The long-lived and often networked nature of investment projects calls for a forward-looking and integrated approach to public investment. This requires focusing on better understanding future needs, enhancing cooperation across and among levels of government, and building public sector capacity. Addressing multi-level governance challenges will be key for Nord-Vest to continue development amidst demographic change (OECD, 2019^[28]; OECD, 2025^[29]).

Adapting the multi-level governance framework to demographic change in Nord-Vest

Demographic change will increase pressure on the centralised and fragmented multi-level governance structure in Nord-Vest. Developing an effective response will require rethinking policy frameworks, governance structures and collaboration mechanisms. It will also require boosting the capacity of county and local governments.

Ensuring a clear and coordinated policy response to demographic change across levels of government

All levels of government in Romania will need to adjust their policies to better respond to demographic change. As described in Chapter 2, the central government in Romania has primary responsibilities across most policy domains related to demographic change, with RDAs and county and local governments having a more limited role. Nonetheless, county and local governments have a role to identify local development priorities, provide local public services and deliver investments to improve local quality of life. This can ensure local services are adapted to the changing population and ensure strategies and investments are improving the attractiveness of local communities for youth. The North-West RDA has a key role to efficiently allocate resources across the region to promote development.

The central government has adopted a range of sectorial policies relating to demographic change, but lacks a forward-looking territorial development strategy

The Romanian Government has adopted a broad range of sectorial policies that seek to both shape demographic trends and adapt to those trends. As described in Chapter 2, strategies seeking to shape demographic trends include policies on fertility and families (FamilyStart, *Sfânta Ana*), as well as supporting the return and (re)integration of Romanian citizens living abroad (National Strategy for Romanians Abroad 2023-2026). Strategies that aim to adapt public services relate to aging (National Strategy on Long-Term Care and Active Aging 2023-2030), education and employment (Education and Employment Program 2021-2027), among other areas. Although sectorial strategies are developed with consultation between ministries, Romania does not have an overarching strategy to help coordinate these strategies across sectors and levels of government as exists in countries like Spain with its Plan of 130 Measures to Address the Demographic Challenge.

Lack of a national territorial development strategy increases fragmentation of policies related to demographic change and makes it harder to prioritise investments. Although Romania's Territorial Development Strategy (Polycentric Romania 2035) was developed around 10 years ago, in accordance with Law no. 350/2001 and adopted by the government in 2017; it is still awaiting to be fully enacted through legislation, leaving a gap in territorial planning. This strategy proposed a polycentric development model for Romania through the development of multiple hubs that encourage more balanced development throughout the territory (Government of Romania, 2017^[30]). Revisiting and adopting the strategy could provide clarity for efficient prioritisation of investments across the territory between the capital, secondary cities, county capitals and other major cities and towns, which can subsequently impact migration flows within the country. A national territorial development strategy could help ensure that government policies are coordinated across sectors and provide strategic direction for county and local authorities.

Furthermore, national strategies do not always include forward-looking population projections. Despite population projections being produced at the national, regional, county and grid levels by the National Statistical Institute, these are not always used. Instead, strategies typically focus on past trends. For instance, the National Employment Strategy 2021-2027 examines historical trends in working-age population but it does not include projections. This is not always the case, and some strategies do take a more forward-looking approach, as is the case with the Long-Term Care and Active Aging for 2023-2030 strategy, which does include projections of aging and old-age dependency ratios.

The growing role of the Nord-Vest Regional Development Agency is providing an opportunity for more coordinated and strategic investment

Romania's RDAs have an increasing important role in coordinating investment. Since the creation of RDAs, following the adoption of Law no. 151/1998 on Regional Development, Romania has taken important steps to strengthen these bodies to promote more integrated regional planning and investment. A key milestone in their development was becoming Managing Authorities for EU Regional Programmes in 2021 (OECD, 2023^[31]). The North-West RDA was also declared an intermediary body under the National Health Programme (programming period 2021-2027).

The Nord-Vest Regional Development Plan 2021-2027 (*Planul de Dezvoltare Regională Nord-Vest 2021-2027*), developed by the North-West RDA, serves as the main document for coordinating development and investment (Box 4.7). The Nord-Vest Regional Development Plan provides a comprehensive strategy for the region, aligned with the European fund programming period. It includes an overview of the strategic planning process, a detailed socio-economic profile, a SWOT (strengths, weaknesses, threats and opportunities) analysis, a regional development strategy, financing requirements, indicators of achievement and an overview of the implementation and monitoring systems (Box 4.7).

Box 4.7. Main strategies and plans prepared by the Nord-Vest Regional Development Agency

Nord-Vest Regional Development Plan 2021-2027

The Nord-Vest RDP serves as the key strategic planning document for the Nord-Vest region of Romania. It seeks to align national and EU development policies with regional needs, considering both external (European) and internal (national/local) funds to support investment. Central to the strategy is the creation of an attractive environment and improvement of quality of life. The plan outlines 5 specific objectives (competitive economy based on innovation and digitalisation; developing human and social capital; sustainable, authentic and attractive living environment; responsible use of the natural environment; improving physical and digital connectivity), as well as 21 action areas and a series of indicative actions. The North-West RDA is currently in the process of developing the strategy for the upcoming planning period.

Smart Specialisation Strategy 2021-2027

The Smart Specialisation Strategy (RIS3 NV) 2021-2027 identifies specific sectors with the potential to stimulate innovation and improve productivity. Priorities include innovation for health and wellness (such as agri-food, cosmetics, food supplements and healthcare), emerging sectors (new materials, advanced production of technologies) and the digital transformation (information and communication technology). One key objective is to foster synergies between medical and wellness tourism, by leveraging the region's mineral springs and thermal baths, focusing on retirees and elderly populations seeking curative treatments or relaxation. Nord-Vest is also part of the TALENT4S3 programme run by Interreg Europe.

Tourism Strategy 2021-2027

The Tourism Strategy 2021-2027 aims increase the number of domestic and foreign tourists and increase overnight stays. It focuses on the development of cultural, creative and recreational tourism across both rural and urban areas to boost employment. The strategy is funded through national, regional and EU sources. (North-West RDA, 2021^[32]).

Sustainable Urban Mobility and Smart Cities 2021-2027

The Sustainable Urban Mobility and Smart Cities 2021–2027 strategy aims to transform the Nord-Vest Development Region into a smart, sustainable, and interconnected territory by 2030. This transformation is guided by a comprehensive framework that integrates digital innovation, sustainable transport, and citizen-centric services to enhance regional accessibility, efficiency, and quality of life.

Source: North-West RDA (2024), Regional Development Strategy, <https://www.nord-vest.ro/en/despre-noi/>

Although the Regional Development Plan provides a comprehensive overview to guide development in Nord-Vest, it could be further strengthened in the future. While the strategy provides a comprehensive analysis of the socio-economic situation of the region, drawing on demographic trends dating back to 1930s, an assessment of future population projections is lacking. Furthermore, the strategy's structure is tightly bound to specific objectives of the EU Cohesion Policy, which potentially limits its use for broader as an integrated tool for coordinating other (non-EU) investments in the region.

Alongside the Regional Development Plan, the RDA has various other complementary strategies and plans that aim to support development. These include the Smart Specialisation Strategy, Tourism Strategy and the Sustainable Urban Mobility and Smart Cities strategy (Box 4.7).

County and local government responses to demographic change are focused on promoting local economic development to increase attractiveness

Although county and local governments have limited policy responsibilities related to demographic change, they still have an important need to respond to demographic change through local services and investments. As described in Chapter 2, county and local government responsibilities are focused on preparing local development strategies, providing services of local interest (e.g., local roads, water, waste, etc.) and delivering investments. As such, their ability to respond to demographic change is primarily by facilitating local development through strategies and investment, including through spatial planning instruments (see Chapter 3).

Each county in the Nord-Vest region has its own territorial development plan (PATJ) to guide development. The PATJ includes a territorial development strategy (Part 3) that helps to identify priorities for local economic development. PATJ are developed based on analysis of a range of socio-economic indicators. Of the six PATJ in Nord-Vest, all currently include an analysis of historical demographic trends but do not mention demographic projections (Table 4.4). They all have an explicit focus on attractiveness and tourism; however, other priorities related to demographic change such as youth, aging and family policy, are not consistently covered. Actions included in strategies range from infrastructure investments to initiatives for job creation, higher education, entrepreneurship, tourism and promoting social inclusion. The quality of analysis in PATJ documents varies significantly across counties, reflecting varying levels of resources and institutional capacity. For example, Sălaj and Bihor counties engaged consultancy firms to support the development of their strategies, whereas Cluj benefited from the technical assistance from the World Bank. A recurring challenge mentioned in all strategies is the capacity of local public administration posing a risk to effective implementation (see section on capacity).

Table 4.4. Nord-Vest County development strategies

Core focus areas of county development strategies related to demographic change

County strategies	Demographic trends	Demographic projections	Attractiveness	Tourism	Youth	Ageing	Family policy	Fertility	Education and Employment	Migration and Inclusiveness	Sustainability
Cluj	x		x	x	x	x	x		x	x	x
Bihor	x		x	x	x	x	x		x	x	x
Salaj	x		x	x	x	x	x		x	x	x
Satu-Mare	x		x	x	x	x	x			x	x
Bistrita-Nasaud	x		x	x	x	x			x	x	x
Maramures	x		x	x	x	x	x	x	x	x	x

Source: Authors' elaboration based on analysis of Cluj County (2020), Territorial Development Strategy, <https://documents1.worldbank.org/curated/en/309501624653827061/pdf/Romania-Draft-County-Territorial-Development-Strategy.pdf> ; Bihor County (2020), Integrated Sustainable Development Strategy of the County of Bihor, <https://www.cjbihor.ro/informatii-publice/strategia-judetului-bihor/> ; Sălaj County (2022), Integrated Strategy for Sustainable Development of Sălaj 2021-2027, <https://www.cjsj.ro/date/pdfuri/Transparenta%20decizionala/Strategia%20de%20dezvoltare%20a%20judetului%20Salaj%202021-2027.pdf> ; Satu-Mare County (2021), Development Strategy of Satu-Mare 2021-2030, <https://www.cjsm.ro/storage/ddr/strategii/strategia-2021-2030/strategia-judetului-satu-mare-1-final.pdf> ; Maramures County (2021), Sustainable Development Strategy of Maramures 2021-2027, https://www.cjmaramures.ro/attachments/strategie/2021-2027/Strategia%20MM%20-%20analiza%20situatiei%20existente_c.pdf ; Bistrița-Năsăud County (2021), Development Strategy of Bistrița-Năsăud 2021-2027, <https://www.portalbn.ro/portal/bistrita-nasaud/portal.nsf/AAAF66B8A39DFA56C2258825004BE03E/%24FILE/STRATEGIA%20DE%20DEZVOLTARE%20A%20JUDETULUI%20BISTRITA-NASAUD%20pentru%20%20perioada%202021-%202027.pdf>

On top of the PATJ, county governments sometimes also prepare other targeted strategies. Two examples are the Cluj County Development Strategy for Social Services 2023-2030, which has a section on care for the elderly, and the Development and Promotion of Tourism 2021-2027 in Maramures, which aims to promote tourism to support employment, especially for youth in rural areas.

Local governments also prepare a range of strategies and plans for development, but there is considerable variability in their availability and quality. As described in Chapter 3, local governments are mandated to periodically develop General Urban Plans (PUG), in accordance with Law no. 350/2001. Although these plans have to be updated every 10 years under the current legislation, many local governments in Nord-Vest do not have a recently updated PUG. In addition to the PUG, some localities—cities and larger towns—prepare Integrated Urban Development Strategies (SIDU), Sustainable Urban Mobility Plans (SUMP) or Sustainable Development Strategies to support access to EU funds. For example, the city of Năsăud prepared the Integrated Strategy for Urban Development 2021-2027, which includes an analysis of the socio-economic, territorial and socio-demographic profile of the city, with targeted intervention, implementation and monitoring and evaluation system (Năsăud Municipality, 2021^[33]), and the city of Cluj-Napoca prepared the Climate Neutrality Action Plan 2030 (Cluj-Napoca Municipality, 2023^[34]).

Adapting territorial structures to maintain scale as populations change

As described in Chapter 2, Romania is characterised by centralised system of governance with a relatively high level of fragmentation at both the county and local level. Demographic change will further exacerbate these existing pressures. As some rural communes shrink in population, efficiency of public service provision risks decreasing, creating fiscal pressures and lowering service quality. As urbanisation trends continue and key cities expand, fragmented metropolitan structures risks lowering the quality of urban development. Increasing fiscal pressures from demographic change will also create a need for more efficient service provision. Better adapting administrative and territorial structures to demographic change can have a key role in supporting continued development of Nord-Vest and increase its' attractiveness.

County governments in Nord-Vest are relatively small and have limited competencies

Romania has a relatively fragmented county government structure reducing scale for public service delivery. As described in Chapter 2, Romania is divided into 41 counties and Bucharest, with eight development regions (including Nord-Vest) having a more limited role as Managing Authorities for EU funds. The six counties in Nord-Vest have a population between 242 000 (Salaj) and 740 000 residents (Cluj). This is relatively small compared to the regional governments in other comparable OECD countries, such as Poland (average of 1 869 000 inhabitants), France (2 616 000 inhabitants) and Sweden (2 455 000 inhabitants).

County governments also have limited competencies. As described in Chapter 2, their competencies are mainly focused on co-ordination and management of county hospitals, county roads, county public transport, cultural institutions and certain education institutions. They have limited role in policy design and mainly to implement policies and investments designed by the central government, with strong oversight. Their competencies are more limited than regional governments in comparable OECD countries, such as Poland, France and Spain, where the regional governments have a stronger role in policy design. County governments in Romania have also faced challenges relating to efficient service delivery and maintaining integrity (OECD/UCLG, 2022^[35]).

In the context of the fragmented county structure, Romania has had a long-standing debate on regionalisation, and broader administrative-territorial reorganisation. Current proposals aim to replace or augment the existing 41 counties and Bucharest with larger, more functional regions, as well as the merger of localities (Digi24, 2023^[36]; Dinca and Chiper, 2023^[37]). Discussions tend to focus on a proposal for the creation of eight or twelve new administrative regions, which could coexist with county governments.

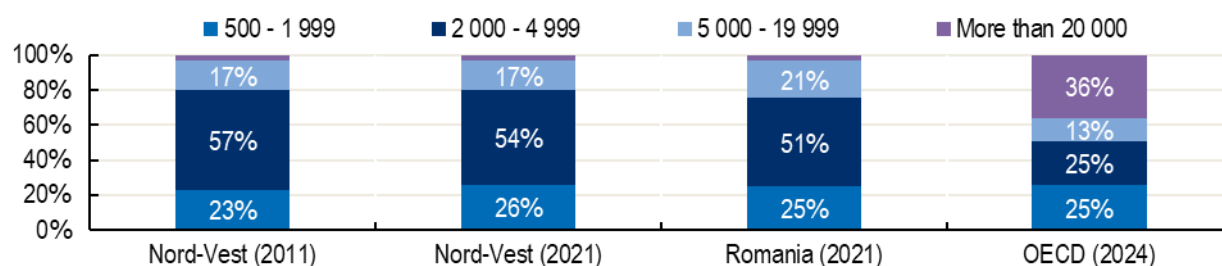
Debates over regionalisation are complex, with potential benefits arising from administrative efficiency through enhanced scale, supporting decentralisation to allow for better targeting of local needs and aligning with goals for EU integration. However, regionalisation remains a complex topic given a range of historical reasons (Benedek and Bajtalan, 2015^[38]). Despite repeated proposals over recent years, no political consensus has been achieved (Digi24, 2023^[36]; adevarul.ro, 2023^[39]). Currently, Regional Development Councils play an important role for co-ordination at the regional level, notably facilitating dialogue between county presidents and municipalities.

Nord-Vest is characterised by a large number of small and mid-sized localities

At the local level, the territorial structure of Nord-Vest is fragmented. Nearly half of localities in Nord-Vest have a population below 5 000 inhabitants, with 26% of localities having a population below 1 999 and 54% between 2 000 to 4 999 (Figure 4.20). Only 3% of localities in Nord-Vest have more than 20 000 residents, well below the OECD average of 36%.

Figure 4.20. Almost all localities in Nord-Vest have a population below 20 000 residents

Percentage of localities (municipalities, towns and communes) in Nord-Vest and Romania by population class size



Note: OECD represents the average of available data from OECD member countries

Source: OECD (2024) Subnational Governments in OECD Countries: Key Data; TEMPO Online database (2024)

Over the last 10 years, many localities have been shrinking in population and the number of very small localities has increased. Between 2011 and 2021, 75% localities decreased in population, with an average decrease of 6.8%. By 2021, an additional 13 localities had fewer than 2 000 residents, increasing the proportion of small localities from 23% to 26%. The share of localities with a population above 20 000 has remained stable, although some localities grew while others shrunk. For instance, the population of Florești grew from 15 000 to 44 301 inhabitants, while the population of Salonta fell below 20 000 inhabitants. Having many small municipalities risks increasing the cost-of-service provision in Nord-Vest (Box 4.8).

Box 4.8. Smaller localities in Nord-Vest have higher expenditure per capita and spend a larger proportion of their budget on 'general public services'

In Nord-Vest, per capita expenditure on 'general public services' higher in smaller communes than in larger communes. The classification of the functions of government (COFOG) defines general public services as expenditure in areas such as executive and legislative functions, financial and fiscal affairs, and general services. These are functions that are not included in other sectorial categories (e.g., education, economic affairs, housing and community amenities, etc.). Analysis of COFOG data from localities in Nord-Vest indicates that localities with fewer than 1 500 inhabitants spend EUR 237 per capita on general public services, which accounts for almost 30% of their total budget (Figure 4.21). By comparison, communes with

populations between 1 500 and 4 999 spent an average of EUR 138 per capita, representing 26% of their overall budget.

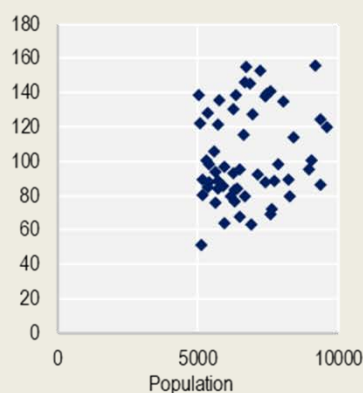
Staff expenditure also tends to be also higher in smaller localities. On average, localities with populations between 1 500 and 4 999 allocate 25% of their budgets to personnel costs (average of EUR 126 per inhabitant), compared to 22% in localities above 5 000 inhabitants (EUR 103 per inhabitant). This may indicate that these communes face higher administrative costs. While smaller local governments receive, on average, higher per capita transfers to balance their local budgets—localities between 1 500 and 4999 receive an average of EUR 227 per capita, compared to EUR 155 per capita for those above 5 000 inhabitants.

Figure 4.21. Localities with smaller populations spend a larger proportion of their budgets on ‘general public services’ and staff

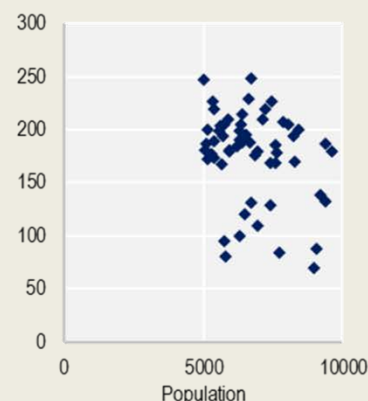
PANEL A: Percentage of total expenditure on general public services (COFOG) by locality, versus population, 2021



PANEL B: Staff expenditure per capita by locality, versus population, 2021



PANEL C: Transfers to balance local budgets and to support decentralisation per capita by locality, versus population, 2021



Note: Each point represents a locality (city, town and communes). PANEL A: General public services include expenditure on items such as “executive and legislative organs, financial and fiscal affairs, general services; basic research; R&D related to general public services. PANEL C: Transfers to balance local budgets include: 1) Sums distributed from the VAT to finance decentralization expenses at the level of communes, towns, municipalities, Bucharest municipality and its sectors, 2) Sums distributed from the VAT to balance local budgets, 3) Own-source revenues - distributed quotas from income taxes to balance local budgets.

Source: OECD (2024), Disaggregated regional and municipal government finance database

Despite population changes, the classification of localities has remained stable

Romania has a unique legal framework for classification localities into cities (*municipii*), towns (*orașe*) and communes (*comune*). The Romanian Constitution allows the classification of localities. Law 351/2001 (National Spatial Planning Plan - Section IV - Network of Localities), provides a process for both the creation of new communes and for the promotion of communes to towns and of towns to cities based on defined criteria (Box 4.9). However, the Law does not provide a process for re-classifying localities to a lower rank where they no longer meet the criteria. Indeed, there is only one example of a town (Băneasa in Constanța County) and no examples of cities being downgraded in Romania, even where the population or other classification indicators have fallen below the threshold.

Box 4.9. Romanian system for the classification of cities, towns and communes

The original system for classifying localities into cities, towns and communes dates from 1968 (Law no. 2/1968), when Ceaușescu reinstated the county system following an interwar administrative structure (Poiana, 2020^[40]). Today, the system for the classification of localities is defined in Law no. 351/2001, which outlines a national network of localities composed of both urban and rural localities. These are ranked according to a defined hierarchy:

- rank 0 - capital of Romania, municipality of European importance
- rank I - municipalities of national importance, with potential influence at European level
- rank II - municipalities of inter-county, county or balancing importance in the network of localities
- rank III – towns
- rank IV - villages that are the administrative seat of a commune
- rank V - component villages of communes and villages belonging to municipalities and cities.

Law no. 351/2001 (amended by Law no. 100/2007) outlines that a locality may be considered to become a city or town by law following a proposal from a local council and after consultation of the local population through a referendum. Localities must meet minimum indicators to become a city or town (Table 4.5).

Table 4.5. Romania has a unique system for classifying cities and towns

Minimum indicators to promote a locality to a city or town as defined in Law no. 351/2001 and Law no. 100/2007

Minimum indicators	City (<i>municipii</i>)	Town (<i>orașe</i>)
Number of inhabitants	40,000	10,000
Population employed in non-agricultural activities (% of total)	85	75
Homes with water supply (% of total housing)	80	70
Homes with bathrooms and toilets (% of total housing)	75	55
Homes with central heating (% of total housing)	45	35
Number of hospital beds per 1,000 of inhabitants	10	7
Number of returning doctors per 1,000 of inhabitants	2.3	1.8
Educational institutions	Post-secondary education	Secondary education
Cultural and sports facilities	Performance halls, theaters, musical institutions, libraries, stadium, halls, sports facilities	Halls, libraries, spaces for sport activities
Places in hotels	100	50
Modernised streets (% of total length of streets)	60	50
Streets with water distribution (% of total length)	70	60
Streets with sewer pipes (% of total street length)	60	50
Wastewater treatment	More advanced treatment	Basic treatment
Streets with fire hydrants (% of length total number of streets)	70	60
Green spaces - sq m/inhabitant	15	10
Controlled waste disposal, with secured access	Public park	Public garden

Law no. 351/2001 also provides a process and criteria for the establishment of a rural commune. In particular, it outlines the requirements for (1) Minimum population of 1,500 inhabitants, 25% of population employed in non-agricultural activities, 45% of houses built after 1960 (2) Component villages of the new commune to be at more than 5 km of the current commune centre, and, (3) Presence of essential institutions (school, town hall, police station, clinic, pharmacy). Law 351/2001 does not provide any criteria for downgrading localities.

Source: Law no. 351/2001 (National Spatial Planning Plan - Section IV - Network of Localities), <https://legislatie.just.ro/Public/DetaliuDocumentAfis/29780>

Despite historical changes in population, the classification of localities in Nord-Vest – and across Romania more broadly – has remained static. Today, nearly half of the region’s municipalities and towns no longer meet the size criteria defined in Law 215/2001 (art. 29). Indeed, only 7 of 15 cities in Nord-Vest have a population larger than 40 000 and only 13 of 28 towns have a population above 10 000. The smallest town of Nucet has a population of 2 049 inhabitants, well below the threshold of 10 000 inhabitants (Table 4.6).

Table 4.6. Over half of the cities and towns in Nord-Vest do not meet relevant population criteria

Categorisation of localities 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

Note: Population category was based on Law no. 351/2001 on the approval of the National Spatial Planning Plan, which sets the minimum population thresholds: 1 500 for communes, 10 000 for towns and over 40 000 for cities.

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

Many communes in Nord-Vest also no longer align with the classification in Law 215/2001. Six communes have populations above 10 000 inhabitants, including the ‘rural’ commune of Floreşti (in the metropolitan area of Cluj-Napoca), which has a population over 40 000 inhabitants. Sixty-nine communes fall below the minimum threshold of 1 500 inhabitants.

The classification of localities has a direct impact on the staffing and financing of local governments. Staffing limits are defined by law based on a locality’s classification and its number of inhabitants. For example, according to Emergency Ordinance 63/2010, a commune with between 10 000 and 20 000 inhabitants can hire a maximum of 60 staff, while a town or city with the same number of inhabitants can hire 130 staff or 349 staff, respectively (Romanian Government, 2010^[41]). The classification of localities is also sometimes used to allocate funding, which risks de-linking funding from population limits. This is the case, for example, with the national investment programme *Anghel Saligny*, which provides a pre-allocated minimum funding level for eligible projects based on the classification of a locality (MDPWA, 2024^[42]).

Unions of localities have not occurred recently, but there have been de-amalgamations

Even with a legal framework in place to support the union (merger) of localities, unions have not recently taken place. Administrative Code 57/2019 on Local Public Administration provides a framework for unification that begins with a proposal from local authorities, followed by public consultation, a local referendum (in corresponding jurisdictions) and approval from local councils, regional authorities and the MDPWA, before the unification is formalised through a government decision (Hintea, Moldovan and Țiclău,

2021^[43]). This is a complex process that requires strong local support and political support. Attempts at unification remain extremely rare, underscoring the procedural and political obstacles (Congress of Local and Regional Authorities, 2023^[44]). Multiple attempts at unification of localities in Romania in over 30 years have failed. In 2015 and 2016, Oradea sought to form a union with the neighboring commune Sânmartin; however, this union was unsuccessful after three local referendums due to low voter turnout. In Buzău in 2022, a similar process failed even with having support from both localities in referendums. These examples highlight the complexities of administrative-territorial reorganisation in Romania, which make ongoing discussions to simplify processes for unions of localities timely (Romanian Parliament, 2024^[45]).

By contrast, Romania has witnessed several de-amalgamations over the last 30 years that have increased fragmentation. These de-amalgamations came partly in response to forced mergers during the process of 'systematisation' under Ceaușescu (Stănuș, 2021^[46]). De-amalgamations follow the process defined in Law no. 351/2001 for the creation of new communes Box 4.9. Between 1990 and 2009, around 174 additional communes were created across Romania, increasing their number from 2 688 to 2 862 (Stănuș, 2021^[46]). Since 2009, there have been no further changes to the territorial structure. The number of cities and towns also increased from 314 to 319. The Nord-Vest region saw the creation of several communes, especially in Bistrița-Năsăud (e.g., Dumitrița, Negrilești, Poiana Ilvei, Runcu Salvei, Ciceu-Mihăiești), but also in Maramures (e.g., Coaș).

Territorial reforms are a sensitive topic in Romania. There are various cultural, political and ethnic considerations (Stănuș, 2021^[46]). For example, in localities where minorities constitute at least 20% of the population they are granted specific rights in the Constitution and in Administrative Code 57/2019 on Local Public Administration, including use of their language in public administration. In some cases, territorial reforms could mean minority populations no longer meet the legal threshold, potentially reducing their rights.

Asymmetric decentralisation has not been implemented in practice

Despite a framework law that supports asymmetric decentralisation, it has not been used in practice in Romania. Law no. 195/2006 (Framework Law for Decentralisation) introduces the concept of asymmetric decentralisation to support the transfer of responsibilities to local governments. The Law outlined a methodology for assessing the capacity of local governments and provides for the transfer of competencies. Despite the existence of this law, the reform has not been applied in practice. Examples of decentralisation (or re-centralisation, as with teacher salaries) have been implemented uniformly (Neamtu, 2016^[47]). The methodology for assessing administrative capacity was also not rigorously applied, leading most localities to qualify as having sufficient administrative capacity (Neamtu, 2016^[47]). There is also local resistance with smaller communes who fear that they would not benefit (Neamtu, 2016^[47]).

Uniquely, the classification system for localities may be amenable to further support asymmetric decentralisation. As described earlier, the Romanian Constitution enables the a classification of localities into towns (urban) and communes (rural), with some towns being declared cities. This is reinforced by Administrative Code 57/2019 on Local Public Administration. This classification system, (with an updated and stricter classification of localities) may provide a complimentary framework for supporting the transfer of powers to local governments. For example, the classification could be used to delegate higher responsibilities to higher ranked localities (e.g., cities or towns). The Nord-Vest has several cities with higher administrative capacity that could be used as a pilot for this.

Fostering collaboration between localities to increase scale

In the absence of territorial reforms, inter-municipal cooperation will become increasingly important to ensure economies of scale of localities in Nord-Vest facing demographic change. Inter-municipal cooperation can enable localities to collaborate on investments and provide services at a functional scale,

while preserving local autonomy (OECD, 2019^[28]). Amongst other areas, effective inter-municipal cooperation requires a clear legal framework, dedicated funding sources, sufficient administrative capacity, a strategic vision and a culture of trust and collaboration (Kurian, Swianiewicz and Teles, 2024^[48]). Inter-municipal cooperation can be relevant for urban and rural localities.

Inter-municipal cooperation frameworks have evolved, but remain complex

Romania has a legal framework for inter-municipal cooperation based on a voluntary agreement between administrative-territorial units². The current legal framework provides for three main types of inter-municipal cooperation: inter-community development associations (*asociație de dezvoltare intercomunitară* - IDAs), metropolitan areas and administrative consortia (Box 4.10).

Box 4.10. Legal framework for inter-municipal cooperation in Romania

The legal foundations for inter-municipal cooperation in Romania are provided in various laws and regulations. These primarily include Administrative Code No. 57/2019 on local public administration, Law no. 273/2006 on local public finances, Law no. 286/2006 on the amendment of the law on local public administration, Government Emergency Ordinance no. 57/2019 on the Administrative Code, Law no. 246/2022 on metropolitan areas and Law no. 387/2023 on amendments to the Administrative Code. Additional laws, regulations and sector-specific legislation complement this legal framework, including Law no. 51/2006 on establishing, managing or jointly operating public utilities and Law 241/2006 on water supply and sewage services. The laws describe three main types of inter-municipal cooperation: inter-community development associations, metropolitan areas and administrative consortia.

Inter-community development associations

IDAs are cooperation structures with legal personality under private law and of public utility. IDAs were introduced into legislation with Law no. 286/2006, which amended the framework law on local public administration (Administrative Code No. 57/2019). IDAs can be voluntarily established by two or more administrative-territorial units for the joint implementation of development projects of local or regional interest, or for the joint provision of public services. They can be financed through contributions from the local budgets of administrative units, from project-based sources, loans or public private partnerships. IDAs are required to have a joint governing body composed of representatives from each participating county or local government.

Several forms of IDAs exist. These include single-purpose entities, multi-purpose entities, programme-based partnerships and project-based partnerships. Examples of single-purpose entities include agencies for public transport provision, water and wastewater management, waste management, infrastructure management or tourism. Multi-purpose entities include metropolitan areas, local development associations and sustainable development associations. Programme-based partnerships include local action groups (LAGs) under the EU's LEADER programme, fisheries LAGs and LAGs for urban development. Project-based partnerships related to implementation of a specific investment. IDAs can also subsequently delegate service provision to private providers.

Metropolitan areas

Metropolitan areas are a specific form of IDA. They are defined in the Administrative Code (in particular, Law no. 264/2011 and Law no. 246/2022) as being an IDA constituted as a partnership basis between the capital of Romania, cities of first rank or county-capital cities, and territorial-administrative units in the immediate area. Metropolitan areas have a legal personality allowing them to enter contracts in their

own name. Component localities can delegate or transfer competencies to manage services or run activities dedicated to members of the local communities in the metropolitan area. Metropolitan areas must respect the mandate granted by component localities. Metropolitan areas rely on receiving funding from membership fees and contributions from the local budgets and attraction of project funding, meaning their financial sustainability depends on local political cooperation and their ability to attract external funding.

Administrative consortia

Administrative consortia are voluntary forms of cooperation and association of two or more neighbouring administrative territorial-unit, without a legal personality. Law no. 375/2022 introduced administrative consortia as a simplified association mechanism, in line with certain obligations under the National Recovery and Resilience Plan. The creation of administrative consortia seeks to improve the efficiency of public services, help implement public investment and make better use of skilled human resources. They aim to enable more developed administrative-territorial units to support those with reduced administrative capacity by sharing resources, as well as facilitating knowledge sharing. Administrative consortia were conceived as a more flexible mechanism, which can be approved by local councils.

Sources: OECD questionnaire (2024); World Bank (2018), Romania Catching-up Regions: Inter—jurisdictional cooperation models <https://documents1.worldbank.org/curated/en/193121580281956431/pdf/Romania-Catching-Up-Regions-Interjurisdictional-Cooperation-Models.pdf> ; World Bank (201X) Romania Catching-up Regions <https://documents1.worldbank.org/curated/en/525151580297667817/pdf/Romania-Catching-Up-Regions-Final-Report.pdf>; Pascaru (2017), Inter-municipal Cooperation: World Realities and Romanian Strategies <https://www.jpcc.ro/index.php/jpcc/article/view/196/174>; Apostolache, Miheala Adina (2023_[49]), The cooperation/association of administrative-territorial units – A possible answer to the problem of administrative fragmentation and reduced administrative capacity.

Since the legal framework was established in 2001, several IDAs have been established in Nord-Vest. The most recent dataset available (from 2015) indicated that there were 391 IDAs in Romania and 75 in Nord-Vest (MRDPA, 2016_[50]). IDAs in Nord-Vest had a wide range of forms, including metropolitan areas (e.g., Cluj Metropolitan Area), water supply and sewerage service agencies (e.g., IDA for Water Supply and Sewerage Services in Bistrița-Năsăud), waste disposal agencies (e.g., IDA for the Management of Household Waste in Maramures), agencies for sustainable development (e.g., Bihor County Sustainable Development Agency), local development agencies (e.g., Microregion Someș-Codru) and project specific consortia (e.g., Consortium for management of the Pădurea Craiului Development Park).

Although the use of IDAs appears to be relatively common, there remain challenges. Participation of localities in IDAs can be limited by the lack of a culture of association (Apostolache, 2023_[49]). A fragmented legal framework, which includes multiple amendments to previous laws and a conflicting public and private legal purpose (see Box 4.10), can increase the complexity (Apostolache, 2023_[49]). IDAs sometimes also have unclear or overlapping responsibilities with county or local governments, as is the case with spatial planning in metropolitan areas (World Bank, 2019_[51]). Participation of localities can also be constrained by insufficient administrative capacity (e.g., for project development and management) and by limited autonomy over resources (low own-source resources and reliance on transfers that are often earmarked) (Stănuș, 2011_[52]). There are also broader concerns that current financial incentives encourage continued fragmentation by reducing support for voluntary amalgamations (Alexe, 2023_[53]). Unanimous decision-making process and lack of ability to levy taxes may further reduce the effectiveness of IDAs.

There have been continued efforts to encourage further use of inter-municipal cooperation in Romania. The Romanian Strategy for Strengthening Public Administration, as part of Romania 2014-2020, highlighted the need to encourage IDAs to support more efficient public services by developing a system to encourage localities to collaborate and established a national programme to support IDAs (MDPWA, 2014_[54]). The central government has also implemented programmes to foster IDAs and increase

administrative capacity. The central government has also undertaken reforms, including to clarify legislative framework for metropolitan areas (Law no. 246/2022) and to establish administrative consortia as a simpler form of association (Law no. 35/2022). Despite reforms, weaknesses still exist in the IDA model, including relating to the unanimous decision-making process and funding, which does not allow for direct collection of revenues (Alexe, 2023^[53]; Apostolache, 2023^[49]; Murphy and Ghencea, 2023^[55]).

While the introduction of administrative consortia as a simplified framework for inter-municipal cooperation has potential to enhance collaboration, there remain challenges with its implementation. In particular, the use of administrative consortia is potentially limited by regulatory concerns relating the impact on local autonomy and employee relationships, among other areas (Alexe, 2023^[53]). As a result, initial implementation appears to be limited, even though the central government has allocated funding and neighbouring communities want to associate (Apostolache, 2023^[49]).

The use of the EU's Integrated Territorial Investment (ITI) mechanism remains limited in Romania. ITIs are a EU funding instrument that support integrated development strategies in specific territories or functional areas, which support coordinated use of resources from multiple EU funds and operational programmes to support cross-sectorial investment across administrative boundaries. As of 2025, there has only been one experience with an ITI in Romania in the Danube Delta in the Sud-Est development region for which a total of €1.3 billion was allocated (Box 4.11). The ITI faced a number of challenges with its implementation. Romania is not alone in facing challenges with the implementation of ITIs, which may arise due to their complex structure, administrative burden and reluctance of states to delegate authority to a local level (European Parliament, 2018^[56]).

Box 4.11. Danube Delta, Romania's first use of the Integrated Territorial Investment mechanism

The first experience of an Integrated Territorial Investment (ITI) in Romania was the Integrated Strategy for the Development of the Danube Delta 2016-2030 (ISDDD). This was implemented during the 2014-2021 programming period with a total value of EUR 1.3 billion. The ITI provided financial and strategic support for a range of projects to support integrated development of Danube Delta region, which is one of Europe's most biodiverse regions. A significant share of the funding was for the a bridge crossing the Danube in the Braila-Galati area.

The final report on the implementation of the Danube Delta ITI indicated that by 2022 only 44% of the priority projects were fully or nearly fully implemented, 20% were partially or minimally executed, and 36% were not implemented. Factors impeding successful implementation included eligibility constraints, misalignment of projects, delays in project preparation, financial limitations and challenges in identifying appropriate funding sources.

In the latest programming period, Romania has also introduced several new ITIs, among which the RON 12 million ITI Motii Tara de Piatra, which includes parts of Nord-Vest. While implementation is ongoing, initial uptake has been slower than expected.

Source: European Commission (2022^[57]), Integrated Territorial Instrument of the Danube Delta - an assessment of its implementation, performance orientation and governance during 2026-2021

The Community-Led Local Development (CLLD), implemented through the LEADER programme, has been a significant instrument for fostering rural development in Romania since its introduction in 2007. This approach empowers local actors to design and implement development strategies tailored to their specific needs, promoting a bottom-up methodology that emphasises community involvement and multisectoral partnerships. The programme operates under the National Rural Development Program in Romania. In the previous programming period, Romania established 239 Local Action Groups (LAGs),

covering 88.9% of Romania's territory (Opria, Roşu and Laţu, 2021^[58]). Nord-Vest has been particularly active in implementing this programme, with overall 34 LAGs in the region as of 2019. These LAGs are tasked with designing and executing local development strategies within the framework of the LEADER axis of the PNDR 2014-2020 program. Bringing together local authorities, the private sector, and civil society, they foster collaborative partnerships aimed at addressing local needs and promoting integrated local development. In rural areas, representing around 95% of the rural population, the involvement of LAGs has encouraged community engagement in developing projects of local significance in 10 rural communities. Despite its many benefits, there are also challenges. In the Nord-Vest, a key obstacle is the lack of support provided to existing LAGs, particularly in terms of resources, which hampers their operational capacity and effectiveness (North-West RDA, 2021^[24]).

Metropolitan governance frameworks are being strengthened

Effective governance of metropolitan areas in Nord-Vest enhances the development of cities, which can help to retain young people in the region. Urban areas, especially large and productive urban areas, act as economic engines that drive increases in well-being, attract youth and provide economic spill-overs across surrounding areas (OECD/European Commission, 2020^[59]). Governance structures that operate across a functional urban area have an important role in supporting effective urban development (Ahrend, Gamper and Schumann, 2014^[60]).

Metropolitan areas are a form of IDA that seek to support integrated development within a metropolitan area surrounding key cities in Romania. Functions of metropolitan areas primarily relate to strategic planning (e.g., preparation integrated urban development strategies and plans), implementing projects to increase administrative capacity, attracting EU and national funding, participating in transnational cooperation projects and provision of technical assistance to local authorities (Hintea, Moldovan and Țiclău, 2021^[43]; Danielewicz, 2021^[61]; World Bank, 2019^[51]).

In Nord-Vest, a number of metropolitan areas have been established with varying functions. There are currently three main metropolitan areas in Nord-Vest: Cluj-Napoca, Oradea and Baia Mare Area (Box 4.12). There is also a metropolitan area with more limited functions in Zalău and a former metropolitan area in Satu Mare. Although the metropolitan areas in Nord-Vest have a role to promote integrated urban development, their functions remain limited and are highly dependent on EU project funding.

Box 4.12. Metropolitan areas in Nord-Vest

The Nord-Vest region currently has five legally constituted metropolitan areas, which vary in their size and activities.

Cluj-Napoca Metropolitan Area

The [Cluj-Napoca Metropolitan Area](#), established in 2008, consists of the city of Cluj-Napoca and 21 surrounding communes. The metropolitan area aims to support growth, prosperity and wellbeing of its citizens through the development and implementation of common interest projects and the joint provision of public services. The metropolitan area has prepared various strategies for the metropolitan area, including the Sustainable Urban Mobility Plan Cluj-Napoca 2021-2030. It has conducted various investment projects in the metropolitan area, predominantly with EU funding. Examples include the design and operation of Făget, a large peri-urban forest and Let's Go Circular. It also participates in international networks, such as Eurocities, and has developed a metropolitan GIS database to facilitate policymaking.

Oradea Metropolitan Area

The [Oradea Metropolitan Area](#), established in 2005, consists of the city of Oradea and 11 surrounding communes. It aims to foster and enhance the area's economic and social vitality, continuously improving quality of life, promoting territorial cohesion, aligning with European standards and attracting investment. The Sustainable Urban Mobility Plan at the level of Oradea Municipality and Oradea Metropolitan Zone 2021-2027 (SUMP) and the Integrated Urban Development Strategy of Oradea Municipality and Oradea Metropolitan Zone 2021-2027 were implemented to support the achievement of the Metropolitan Area's strategic objectives. Since its creation the Oradea Metropolitan Zone has implemented 33 projects and 3 are currently under implementation in several areas such as transportation, infrastructure and renewable energy. It has also engaged in wide cross-border cooperation with regions in Hungary such as the cross-border road construction Cheresig-Korosnagyharsany.

Baia Mare Metropolitan Area

The [Baia Mare Metropolitan Area](#), established in 2006, consists of the city of Baia Mare, three towns (Baia Sprie, Căvnic and Seini) and 13 communes. Over the years, it has crafted strategic plans for several communes within the metropolitan territory. The association has also implemented numerous initiatives, including a project focused on enhancing strategic planning and streamlining bureaucracy in Baia Mare Municipality and the broader metropolitan area. Notable examples include its participation in the STATUS project, part of the Southeast Europe Transnational Cooperation Program, which supports integrated territorial strategies for metropolitan areas, as well as the Inter Urban project—a cross-border database developed in partnership with Hungary to monitor indicators for sustainable development.

Other metropolitan areas in Nord-Vest

The [Zalău Metropolitan Area](#) was developed in 2015 and is composed of the city of Zalău, three towns and 12 communes. Information on the metropolitan area's activities is limited.

The [Satu Mare Metropolitan Area](#), established in 2013 and consists of 2 cities (Satu Mare and Carei), 3 towns and 26 communes. Information on the metropolitan area's activities is limited.

Source: Cluj Metropolitan Area (n.d.), <https://www.clujmet.ro/about-cluj-metropolitan-area-association/>; Oradea Metropolitan Area (n.d.), <https://zmo.ro/>; Baia Mare Metropolitan Area (n.d.), <https://www.zmbm.ro/en/>; Zalău Metropolitan Area (n.d.), <https://zmzalu.ro/municipiul-zalau/>; North-West RDA (2021), Nord-Vest Regional Development Plan 2021-2027

Romania progressively strengthened the legal framework for metropolitan areas. Law no. 215/2001 on Local Public Administration (now Administrative Code No. 57/2019) and Law no. 351/2001 on the approval of the National Spatial Planning Plan provided first definitions of Metropolitan Areas. Following their initial introduction, metropolitan areas faced challenges relating to a lack of detailed provisions on governance, unclear relationships with decentralised institutions, imprecise definition of metropolitan areas, unstable funding mechanisms and a lack of specific competencies, among other areas (Hintea, Moldovan and Țiclău, 2021^[43]; World Bank, 2019^[51]). The success of metropolitan areas is highly dependent on cooperative relationships between the core city and surrounding communes. Following the establishment of the Cluj-Napoca Metropolitan Area, for example, a first integrated development plan focused overly on interventions in the urban core of Cluj-Napoca, leading to mistrust and friction with surrounding communes (Sabina, 2019^[62]). In this context, Integrated Urban Development Strategies (SIDUs) can help facilitate inter-municipal co-operation in metropolitan areas (see Chapter 3).

Recent legislative updates have sought to provide clarity provisions on the establishment, governance and competencies of metropolitan areas. Law no. 246/2022 consolidated and clarified the legal basis for establishing, organising and managing metropolitan areas. It provided the ability for the 40 county seats

(county capitals) to create metropolitan areas up to two rings beyond the central municipality (Article 5, Law 246/2022). For Bucharest, the metropolitan area should cover at least the administrative territory of Ilfov County. The law enhanced governance by specifying frameworks for collaboration, decision-making and joint management of projects and services. The law also provides detailed rules for defining metropolitan boundaries. However, even with these changes metropolitan areas still face challenges relating to complex regulations, limited ability for metropolitan areas to coordinate efforts of local governments and lack of stable funding (Drăghia, 2023^[63]).

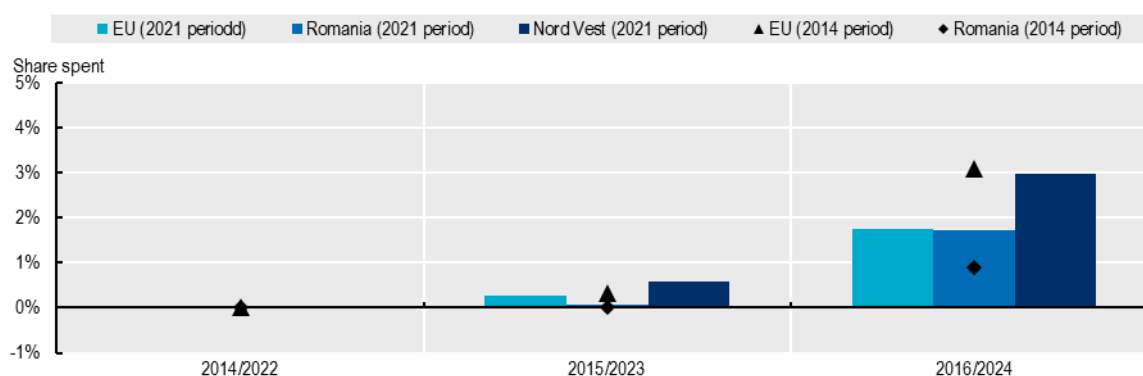
Reinforcing regional and local public capacity

Insufficient administrative capacity across all levels of government in Romania risks undermining the ability to effectively anticipate, plan for, and respond to demographic change. At the national level, the public administration has been characterised by: i) a lack of skilled staff; ii) a low degree of digitalisation; iii) excessively bureaucratic processes; and, iv) a pressing need to attract, develop and retain qualified people (EC, 2024^[64]). This low absorption rate of the 2021–2027 MFF has been identified to stem primarily from weak administrative capacity (Fiscal Council of Romania, 2024^[65]). Indeed, the national absorption rate was just 2.1% at the end of 2024, below the unweighted EU average of 4.2%³. Romania's Public Function Strategy for 2022–2027 has acknowledged these challenges and provided a framework to tackle them, including through several RRP measures (e.g., developing digital and sustainable development skills, leadership and talent management) (EC, 2024^[64]).

Investment capacity in Nord-Vest appears to be above EU and Romania averages (Figure 4.22). While implementation of latest regional programme is in an early stage, as of late 2024, Nord-Vest had spent 3.0% of its allocated funds, well above 1.8% for EU and 1.7% for Romania. This is generally in line with EU averages seen during the equivalent stage of the 2014–2020 programming period (3.1%), again above that of Romania (0.9%).

Figure 4.22. Nord-Vest absorption above EU average for 2021–2027 but slower than 2014–2021

Absorption rate of EU funds, funds spent as a percentage of planned spending



Note: The figures are based on ERDF data; the absorption rate is calculated as the ratio of funds spent to funds planned. Comparison between programming periods starts from first year when funding was decided in each period (2014 and 2022, respectively), as disbursement for the 2021–2027 period was initially disrupted by the pandemic.

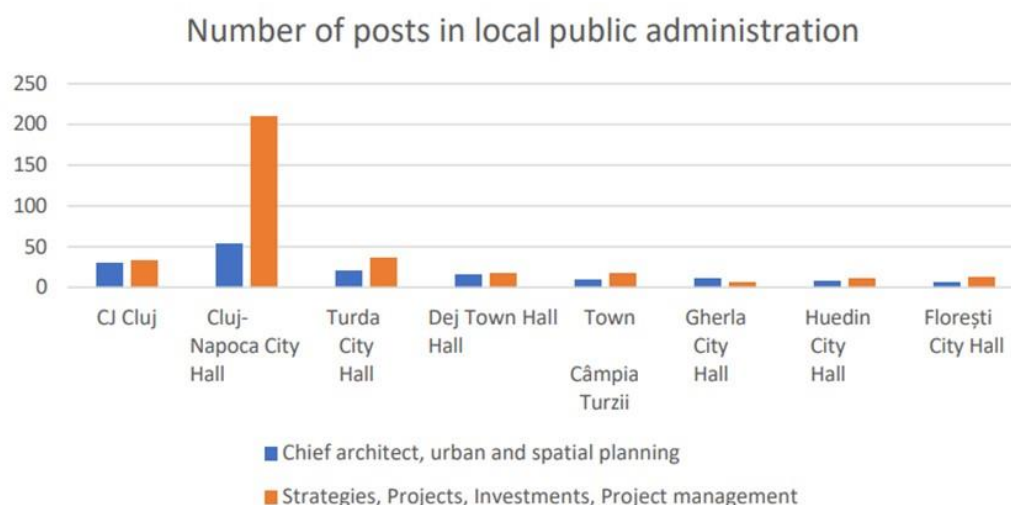
Source: Cohesion Open Data Portal (2024), [Cohesion Open Data Portal](#) (Accessed Jan 2025)

While Nord-Vest performs above other Romanian regions, staffing and skill levels within the region remain a challenge. The North-West RDA has recognised the skills gap and included objectives related to the strengthening administrative capacity in the region in its Regional Development Plan (North-West RDA, 2021^[24]). Specific capacity challenges highlighted in the plan include design, planning and policy

formulation capacity, and lack of vision and skills dedicated to developing and update development and spatial plans.

Another specific capacity challenge in Romania is that public staff levels are partly determined by limits linked to the classification of the county or locality. Cities and towns have higher public staff limits than communes, even where a commune has a larger population. For instance, Turda and Florești have around the same population of 40,000, but as Turda is classified as a city and Florești as a commune, Turda has more than two times the staff of Florești (Figure 4.23). Furthermore, posts are not always filled (North-West RDA, 2021^[24]).

Figure 4.23. Number of posts in local public administration



Source: World Bank (2020), Territorial Development Strategy of Cluj County: Action Plan, <https://documents.banquemondiale.org/fr/publication/documents-reports/documentdetail/464271624653989921/romania-draft-county-territorial-development-strategy>

Recommendations

Adapting to a shrinking and ageing population in Nord-Vest will require proactively strengthening subnational finances, adjusting investment planning and improving multi-level governance. Acting before the demographics evolve further can help ensure the Nord-Vest region remains an attractive place for residents, especially youth. Based on the analysis in this chapter, four overarching recommendations have been identified, each supported by several specific recommendations.

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

As outlined in this chapter, regional-level strategic planning in Nord-Vest has been progressively strengthened over time as the guiding role of the North-West RDA has increased. However, it remains fragmented and underdeveloped across different levels of government, limiting the ability to provide a coordinated response to demographic changes. To help address these challenges, key policy actions may include:

- **Update and formally adopt the national territorial development strategy to strategically and coherently respond to long-term trends, especially demographic change. and youth**

outmigration. In line with the Law on Regional Planning and Urbanism (*Law No. 350/2001*), the MDPWA is responsible for regularly preparing an SDTRSDTR in order to support balanced, coherent and sustainable development. The MDPWA is current prioritising the update to the SDTR, which could further account for population projections and identify measures to adapt to these trends at a national scale. A particular focus could be placed on rural areas. A sufficient level of detail should be provided in the SDTR to ensure support a place-based approach to development. The European Commission could facilitate the adoption of the national strategy by linking a portion of funding to its adoption.

- **Ensure that key development strategies and plans across all levels of government explicitly include long-term population projections.** The MDPWA may consider further amending the Law on Local Public Administration (*Administrative Code No. 57/2019*) to require all relevant administrative bodies' development strategies to include independently prepared long-term demographic projections. Even without a legal requirement, the North-West RDA could benefit from adopting a more forward-looking perspective in its Regional Development Plan by including population projections and articulating a development strategy that prioritises investments based on demographic trends. The North-West RDA may also benefit from ensuring that the selection criteria for EU funded investments includes consideration of a project's potential impact on managing demographic change and retaining talent.
- **Continue to enhance strategic planning by the North-West RDA, including for national investment programmes, to limit investment fragmentation and ensure investments are aligned with population changes and regional priorities.** The North-West RDA can further the role of its Regional Development Plan as a mechanism to coordinate and prioritise investments within Nord-Vest, while ensuring the inclusion of local stakeholders so that investments respond to local needs. The RDA should continue to use the process of developing the plan to coordinate and prioritise investments within Nord-Vest to ensure that these are complementary and reach common goals, including with nationally administered programmes. This could benefit from having a structured consultation process with national, county and local stakeholders, especially youth (for example see Lublin, Box 4.13).
- **Conduct a structured consultation process with youth and other stakeholders to support development of the next Regional Development Plan.** The North-West RDA should conduct a structured consultation process with national, county and local stakeholders to give inputs into the development of the next Regional Development Plan. A particular focus should be placed on consulting youth in the region. The consultation process could focus on informing the identification and strategic prioritisation of investments, with a focus on adapting to demographic change and helping to retain youth.
- **Strengthen local-level statistics to better inform regional, county and local strategies to help address demographic change.** The central government—through the NIS—should continue to enhance the availability and quality of data available at a locality level, including for long-term population projections, public service quality, housing, health and education outcomes, public sector skills and local government finances. In particular, granular population projections at the locality level are needed to support investment and policy decision-making by the North-West RDA and local authorities. There is also potential for greater use of administrative data by strengthening privacy protections, streamlining internal data sharing and use across government, and continuing to consolidate fragmented data sources through unified digital platforms. The North-West RDA could also benefit from complimenting national data collection by digitalising, harmonising and publishing additional datasets relevant to Nord-Vest, such as on public transport use.

Box 4.13. Lublin's "Youth City" programme

In the run-up to becoming the first Polish city to earn the title of European Youth Capital in 2023, Lublin City Hall established a Task Force for managing and implementing a forward-thinking strategy to attract and retain its youth. The team was formed from individuals working in departments that had both direct and indirect contact with youth. The city's youth policy was designed based on a needs' assessment developed through research and direct interviews with young residents, ensuring their voices were at the forefront of the development process. It focused on key areas such as education, employment, civic engagement and mental health support. Youth notably expressed a strong desire for more youth associations and community spaces, of which eight were established to address specific needs, including in areas affected by social exclusion.

Lublin hosted nearly 1,000 youth-centric events in 2023, further fostering active participation, showing a deep commitment to the well-being and future of its young citizens. Youth-driven local change is also supported through the "Miejski Aktywator Młodzieży" (City Youth Activator) micro-grant programme which fosters youth engagement in local initiatives, often in collaboration with local NGOs. In 2023 alone, 20 such initiatives were supported, including the Polish-Ukrainian Intergenerational Festival. A Youth City Council was also created to allow secondary school students to represent young people in the municipal structures and see how local public bodies and institutions operate. Young councillors can develop proposals, which are later considered by the "adult" Lublin City Council.

Source: City Of Lublin (2023[22]), City of Youth: Youth Strategy of Lublin, <https://lublin.eu/lublin/esm2023/polityka-mlodziezowa-miasta-lublin/>; OECD (2024) <https://www.oecd.org/content/dam/oecd/en/about/programmes/cfe/rethinking-regional-attractiveness/rethinking-regional-attractiveness-of-lubelskie-poland-en.pdf>

Adapt territorial structures as the population changes

As outlined in this chapter, the fragmented territorial structure in Nord-Vest has remained relatively stable, even as historical trends have significantly changed the population of localities. The territorial structure is relatively fragmented. Many localities in the region no longer meet the population criteria specified in the Law on Local Public Administration (*Administrative Code No. 57/2019*) and the broader use of inter-municipal co-operation remains limited. To help address the related challenges arising from demographic change, key policy actions may include:

- **Update the administrative territorial structure to align the categorisation of local authorities with changes in the population.** The MDPWA should update the classification of local authorities (cities, towns and communes) to align with existing criteria, such as minimum population thresholds in the Law on Local Public Administration (*Administrative Code No. 57/2019*) alongside other criteria such as local authorities' territorial context and functions (for example, as "rural poles" to ensure access to essential services). The RDA should continue to ensure that the categorisation of local authorities is not used as the basis for allocating funding
- **Streamline the legal framework and promote benefits of mergers to support small local authorities to voluntarily merge where their viability is reduced due to demographic change.** The MDPWA, and other relevant central government ministries, would benefit from reviewing the legislative process and streamlining administrative and legislative processes, for example by limiting the number of approvals and referendum thresholds. A review could also consider limiting the ability for local governments to undertake a de-amalgamation process. To support this, the MDPWA, in collaboration with relevant local government associations, could develop a blueprint model and practical handbook, offering legal and procedural guidance, including analysis of public

finances of local authorities and details on potential benefits of merging. The central government could consider providing financial support to cover the cost of a merger to local authorities. Separately, the North-West RDA could consider requiring local authorities to meet a population criterion to be eligible for accessing certain programmes.

- **Develop guidelines and good practices to facilitate inter-municipal cooperation, potentially focused on localities facing larger impacts from demographic change.** The North-West RDA, in collaboration with MDPWA and relevant local government associations, could consider developing blueprint models and practical handbooks, offering legal and procedural guidance on key governance mechanisms, such as inter-municipal cooperation and municipal mergers. This could include details of the potential benefits of these mechanisms and how to ensure they are effective. The North-West RDA could also consider providing technical support and training to guide local authorities throughout the process and raise awareness of their benefits. The RDA might also consider implementing funding conditionalities to incentivise inter-municipal co-operation, such as through a dedicated fund for administrative consortia.
- **Earmark EU funding to for investments that are undertaken through inter-municipal co-operation to promote the use of these mechanisms and support investment at the right scale as populations change.** 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 the national legal framework for inter-municipal co-operation to facilitate more efficient service provision, especially in depopulating areas.** The MDPWA, with support of the relevant associations of local authorities, could further develop targeted funding, incentives and training to encourage IDAs and Administrative Consortia, especially in depopulating areas. This could be supported by exploring further updates to the legal framework to help concentrate the key legal provisions for municipal co-operation, such as those found in the Law on Local Public Administration (*Administrative Code No. 57/2019*), into a single, dedicated legal framework, clarifying roles, types and funding mechanisms and including complementary details in specific regulations within sectoral laws. The MDPWA might also consider introducing a legal mandate in national legislation that requires municipalities with populations under a specific threshold (e.g., 5 000 inhabitants) to engage in cooperative arrangements for the provision of key services (e.g., public transportation). To support these efforts, the MDPWA, together with associations representing local authorities, may consider establishing guidelines and share best practices for inter-municipal co-operation. The North-West RDA could also consider providing technical support and training to guide local authorities throughout the process and raise awareness of their benefits.
- **Reinforce metropolitan governance by further strengthening the Law on Metropolitan Areas and clarifying funding arrangements to facilitate more effective development in growing urban areas.** To support the metropolitan areas in Nord-Vest, the MDPWA may wish to consider further strengthen the legal framework for metropolitan areas to more clearly clarify responsibilities and distinguishing them clearly from those of local authorities. This could, for example, give a defined role to metropolitan areas for issues such as strategic planning, transport and investment. The MDPWA may also consider arrangements to ensure that metropolitan areas have dedicated funding in the future programming framework and requiring participation of relevant localities. Alternatively, the RDA could consider setting side a pool of funds for metropolitan areas.
- **Use the inter-governmental transfer system to strengthen the role of metropolitan areas and to foster inter-municipal co-operation for efficient public service provision as populations change.** 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. As part of this review, the Ministry of Finance may wish to consider opportunities to increase incentives for cooperation, for example by providing PIT

allocations directly to inter-municipal co-operation bodies, by linking funding amounts to the degree of cooperation or by raising user charges and fees for services provided by these bodies.

- **Harness the European Commissions' Integrated Territorial Investment (ITI) instrument to foster a culture of collaboration, especially for metropolitan areas.** The North-West RDA, with the support of the European Commission, could consider supporting and guiding stakeholders wishing to use ITI in metropolitan areas, as well as making sure that these are built on lessons learnt and success of existing ITIs, advise the creation of strategies and verify their conformity with EU regulations and principles, as well as make sure there is an embedded component for capacity building within these structures, in time for the adoption of the next EU multi-annual financial framework. Metropolitan areas could start to identify potential projects to make better use of ITIs in future programming periods. The North-West RDA could also undertake capacity-building on ITIs through workshops and support knowledge sharing, including by creating practical technical, financial and legal guidance. Local authorities in Nord-Vest could also benefit from further supporting Local Action Groups and the Community-Led Local Development instrument. Further use of the ITI instrument in metropolitan areas could help further reinforce and strengthen metropolitan governance and cooperation.
- **Examine longer-term opportunities to facilitate strategic and cross-sectorial responses at a regional level to respond to demographic change and other economic development needs.** The MDPWA may wish to explore opportunities for the continued evolution of the regional level to ensure an effective and efficient response to strategic challenges. This could consider options to reinforce the role of RDAs within the broader multi-level governance framework or alternative governance models, while also considering ensuring a pathway to continue empowering local authorities (see example of Poland, Box 4.14).

Box 4.14. Regionalisation and inter-municipal cooperation in Poland

History, reforms and outcomes of regionalisation in Poland

Poland has undergone profound transformations over the past five decades. In 1975, the territorial structure was fragmented into 49 small voivodeships (regions), and powiats (counties) were abolished entirely. This was presented as an effort to bring administration closer to citizens and improve service delivery by creating smaller and more accessible voivodeships. The aim of the new structure was also to support the centralised command economy and align regional governance with top-down development plans. However, in practice instead of enhancing local governance, it strengthened central control, weakened regional capacity and autonomy, and led to administrative inefficiencies (Opilowska, 2019^[66]).

As part of the post-1989 transformation in Poland, reforms gradually restored local self-government. A key milestone was the implementation of the Law on Communes in March 1990, which granted communes legal personality and significantly expanded their competences. Local authorities gained ownership of communal property and assumed responsibility for local budgets and all local affairs (e.g., spatial planning, public transport, healthcare, education). This decentralisation process culminated in the 1999 territorial reform, which reintroduced counties and established 16 regions to divide responsibilities more effectively between local, county, regional and central levels. The aim of this reform was to strengthen regional governance and administrative capacity and foster balanced development. In 2000, contracts between regional and central government were implemented, to enhance coordination of development policy and strengthen multilevel governance (Myck and Najsztub, 2019^[67]; Opilowska, 2019^[66]).

The territorial reforms in Poland had subsequent impact on regional development, which provided a more decentralised framework, thereby empowering local governments to better address local needs and priorities, fostering more responsive and targeted initiatives across regions (Myck and Najsztub, 2019^[67]). Reforms also strengthened the capacity of local authorities, enabling them to manage resources more efficiently. The alignment of Poland's administrative structures with EU cohesion policy requirements improved coordination between national and regional levels, leading to more efficient absorption of EU funds and implementation of regional policy (Zuber, 2023^[68]). The reforms also contributed to balanced regional growth, as peripheral municipalities did not experience slower socio-economic development despite concerns about their distance from new administrative centers (Myck and Najsztub, 2019^[67]).

To further strengthen local investment, the Polish government has effectively mobilised the ITI instrument. This has sought to promote intermunicipal cooperation by using financial incentives and guidelines. For example, ITI served as a tool for the implementation of SUD in Poland. Overall, 24 metropolitan areas and urban agglomerations have benefited from the support through this instrument. Poland has gradually increased from the minimum 5% of ERDF to allocated to functional urban areas within ITIs to 11% (including also funds from the ESF). ITIs were included in all of the operational programmes, and Local Intermediate Bodies were created for management for the first time. As such ITIs brought EU funding to FUAs, but also increased territorial coordination for EU-funded investments (World Bank, 2019^[51]).

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

As described in this chapter, local governments in Nord-Vest are well placed to understand local demographic challenges and identify opportunities to respond, but their ability to act is limited by low autonomy. Their main pathway to respond to demographic change is through investment supported by national and EU funds. Although there has been commitment to decentralisation, progress has stalled. To help address these challenges, key policy avenues may include:

- **Create a pilot programme for decentralisation that grants additional competencies and fiscal autonomy to high-capacity local authorities to enable them to promote local development that is responsive to local needs and demographic trends.** 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, or cities above 40 000 population) and implement a pilot program to grant additional competencies and revenues (e.g., new tax instruments, different tax rates, block grants, etc.). The MDPWA may then wish to evaluate and refine the programme and consider progressively rolling it out as other local authorities develop capacity. An updated classification of local governments could be used as the basis for granting additional competencies. The EC, potentially through the North-West RDA, could provide dedicated funds for capacity building and monitoring systems to support the pilot.
- **Support county and local government strategic planning by developing a publicly available dashboard that provide indicators on each government to encourage effective and accountable local development.** The North-West RDA could create a database and user-friendly dashboard showing quantitative indicators on all local authorities in the region. This could include information on past, current and planned projects (e.g., budgets, progress and timelines). It could also include key indicators on local public services, health and education outcomes, environment and local attractiveness, among other areas (see for example Estonia, Box 4.15). The North-West RDA could publicly share data in the dashboard and highlight good practices of local authorities that manage to improve indicators. In addition, the central government, through the Ministry of

Finance and NIS, should publish a detailed and standardised database of county and local government finance.

- **Develop local public sector skills to ensure that counties and local governments have the capacity to effectively deliver services and investments in the face of the ageing workforce and youth outmigration.** The MDPWA, together with associations of cities, towns and communes, could undertake an assessment of skills gaps (e.g., through a survey) and implement centralised training programmes and support systems to address these gaps. The North-West RDA could develop investment guidelines and provide targeted technical support in areas of capacity constraints, such as strategic planning and public procurement. The North-West RDA may then explore options to further support local capacity gaps, such as establishing a regional expert pool, directly hiring technical specialists who can support local authorities on a rotating or project basis.

Box 4.15. My municipality portal in Estonia

Learning from experience and sharing knowledge

Estonia's My Municipality aims to facilitate efficient public service delivery by systematically monitoring and presenting key indicators of local government service provision in a clear and accessible way for citizens, local governments and policymakers. My Municipality facilitates strategic decision-making by identifying regional disparities and highlighting good practices, enabling targeted improvements in service provision.

My Municipality portal offers detailed, comparable data on local government performance across 18 areas such as education, governance, and housing and communal facilities. It uses a comprehensive evaluation methodology that encompasses over 700 metrics, sourced from a variety of institutions, registers, municipalities, and centrally-conducted satisfaction surveys. The data is updated annually in general but for certain specific criteria, updates occur multiple times a year, with the residents' satisfaction survey being revised biennially.

This data-driven approach not only support better decision-making but also fosters greater transparency and encourages active citizen participation in local development. By visualising outcomes and trends over time, it enables municipalities to set targets, monitor results, and learn from others' approaches, strengthening accountability and continuous improvement in local service delivery.

Source: My municipality portal (2024), Ministry of Regional Affairs and Agriculture, <https://minuomavalitsus.ee/en>

Strengthen county and local government finances to support an equitable and locally designed response to demographic change

As described in this chapter, the complex inter-governmental fiscal framework of Romania gives county and local governments limited autonomy to respond to local needs and creates a risk that finances do not align with population needs. Subnational governments remain highly reliant on grants and transfers, which make up 83.7% of their revenue. Recent reforms have sought to improve the distribution of PIT for metropolitan areas and inter-municipal co-operation bodies, but further reforms may be needed to adapt to long-term demographic shifts. To help address these challenges, key policy actions may include:

- **Update the property tax system and increase tax administration capacity to generate additional own-source revenues for locally designed programmes for families, youth and the elderly.** The Ministry of Finance completing its review and simplification of the property tax

system could provide an opportunity to help ensure local governments further leverage property taxes to respond to local needs. This might be supported by considering areas such as the band of property taxes, property valuations and incentives for improved compliance. The Ministry of Finance may also consider opportunities to strengthen the capacity of local officials to support the ongoing shift to the recently upgraded property taxation system. County and local governments should undertake campaigns to more actively communicate with local taxpayers about the local programmes supported by property taxes to increase public support.

- **Review the equalisation system to ensure equitable, efficient and transparent resource allocation in line with local expenditure needs and based on verifiable demographic, socio-economic and geographic indicators.** The Ministry of Finance could consider opportunities to review the PIT and VAT sharing systems, as well as the National Equalisation Fund, to help determine whether the current mechanism will remain fit-for-purpose in the context of demographic change. The review might consider options to better link transfers to local expenditure needs through a formula-based allocation based on verifiable and transparent indicators, including for demographics. The review could also consider simplifying, clarifying and standardising the transfer system, for example by limiting indirect transfers (e.g., share of PIT provided to county councils for redistribution). It may also benefit from considering opportunities to reduce the use of earmarking to give local authorities more ability to target funds to local needs.
- **Update or otherwise avoid using the classification of local governments (cities, towns, communes) for funding and staffing decisions to better align funding to demographic indicators.** The central government should avoid using the classification of local authorities (cities, towns and communes) for funding allocation and staffing limits. Funding and staffing decisions and rules would benefit from being linked to transparent indicators based on the demographic indicators, competencies (where asymmetric decentralisation is adopted), and other relevant factors.

References

- adevarul.ro (2023), *Boc: “The country’s administrative-territorial reform will not be stopped.”* [39]
What he says about the merger of elections, <https://adevarul.ro/politica/boc-reforma-administrativ-teritoriala-a-tarii-nu-2260932.html>.
- Ahrend, R., C. Gamper and A. Schumann (2014), “The OECD Metropolitan Governance Survey: A Quantitative Description of Governance Structures in large Urban Agglomerations”, *OECD Regional Development Working Papers*, No. 2014/4, OECD Publishing, Paris, <https://doi.org/10.1787/5jz43zldh08p-en>. [60]
- Alexe, I. (2023), “Codul administrativ: prezent si perspective in spatiul administrativ romanesc: Legal particularities of consortia administrative”, <https://carti.juridice.ro/11592/codul-administrativ-prezent-si-perspective-in-spatiul-administrativ-romanesc-emil-balan-dragos-troanta-cristi-iftene-marius-vacarelu-gabriela-varia.html>. [53]
- Apostolache, M. (2023), “The cooperation/association of administrative territorial units – a possible answer to the problem of administrative fragmentation and reduced administrative capacity”, *Journal of Law and Administrative Sciences* 19, <https://jolas.ro/wp-content/uploads/2023/06/jolas19a2.pdf>. [49]

- Benedek, J. and H. Bajtalan (2015), *Recent regionalisation discourses and projects in Romania with special focus on the Székelyland*, <https://www.rtsa.ro/tras/index.php/tras/article/viewFile/423/413>. [38]
- Cluj-Napoca Municipality (2023), *Climate Neutrality Action Plan 2030*, https://netzerocities.app/content/files/knowledge/4061/cluj_napoca_nzc_ccc_ok.pdf. [34]
- Congress of Local and Regional Authorities (2023), *Monitoring of the application of the European Charter of Local Self-Government in Romania*, <https://rm.coe.int/monitoring-of-the-application-of-the-european-charter-of-local-self-go/1680aa76e5>. [44]
- Danielewicz, J. (2021), "Integrated Management of Metropolitan Areas in Romania", *Acta Universitatis Lodzianae Folia oeconomica* 6(351), pp. 61-79, <https://doi.org/10.18778/0208-6018.351.04>. [61]
- Digi24 (2023), *Territorial reorganization of Romania. A deputy submitted a bill to Parliament establishing 12 counties*, <https://www.digi24.ro/stiri/actualitate/politica/reorganizarea-teritoriala-a-romaniei-un-deputat-a-depus-in-parlament-un-proiect-de-lege-care-stabileste-12-judete-2336365>. [36]
- Dinca, D. and C. Chiper (2023), "Perspectives on the administrative-territorial", *Romanian Journal of Public Affairs* 7, <https://rjpa.ro/index.php/rjpa/article/download/44/36/74>. [37]
- Dougherty, S. and K. Forman (2021), "Evaluating fiscal equalisation: Finding the right balance", *OECD Working Papers on Fiscal Federalism*, No. 36, OECD Publishing, Paris, <https://doi.org/10.1787/253da2b8-en>. [11]
- Drăghia, M. (2023), "A review of the Romanian legal framework concerning", *Urbanism. Arhitectură. Construcții*, Vol. 3, pp. 229-248, <https://www.uac.incd.ro/Art/v14n3a2.pdf>. [63]
- Duran, A. et al. (2018), "Assessment of Public Hospital Governance in Romania: Lessons From 10 Case Studies", *Int J Health Policy Management* 8(4), pp. 199–210, <https://pmc.ncbi.nlm.nih.gov/articles/PMC6499904/>. [3]
- EC (2024), *2024 Country Report - Romania*, https://economy-finance.ec.europa.eu/document/download/dcac26a0-120e-4233-88b6-8c7b0d919257_en?filename=SWD_2024_623_1_EN_Romania.pdf. [64]
- EC (2022), *Integrated Territorial Instrument of the Danube Delta - an assessment of its implementation, performance orientation and governance during 2026-2021*, https://ec.europa.eu/regional_policy/sources/studies/cross_border/KN-04-22-051-EN-N.pdf. [57]
- EuroCarers (2023), *Towards carer-friendly societies*, https://eurocarers.org/country-profiles/romania/?utm_source. [7]
- European Commission (2022), *2022 Country Report: Romania*, https://commission.europa.eu/system/files/2022-06/2022-european-semester-country-report-romania_en.pdf. [10]
- European Parliament (2018), *Integrated territorial investment - Implementation and future prospects*, [https://www.europarl.europa.eu/RegData/etudes/BRIE/2018/614735/EPRS_BRI\(2018\)614735_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2018/614735/EPRS_BRI(2018)614735_EN.pdf). [56]

- Fiscal Council of Romania (2024), *Note on the absorbtion of European Funds*, [65]
<http://fiscalcouncil.ro/2025-02-21%20feb%20-%20EN%20FC%20-%20Absorption%20of%20European%20Funds.pdf>.
- Friedrich-Ebert-Stiftung (2020), *The inequality of the fiscal system in Romania - The case of property tax*, [21]
<https://library.fes.de/pdf-files/bueros/bukarest/16861.pdf>.
- Gavriluta (Vatamanu), A., M. Onofrei and E. Cigu (2020), *Fiscal Decentralization and Inequality: An Analysis on Romanian Regions*, [12]
https://www.researchgate.net/publication/340901812_Fiscal_Decentralization_and_Inequality_An_Analysis_on_Romanian_Regions.
- Government of Romania (2017), *Government meeting and announcements*, [30]
<https://www.gov.ro/ro/guvernul/sedinte-guvern/strategia-de-dezvoltare-teritoriala-a-romaniei-pentru-urmatoarele-doua-decenii-aprobata-de-guvern>.
- Guess, G. (2013), *Adjusting Fiscal Decentralization Programs to Improve Service Results in Bulgaria and Romania*, [8]
<http://sar.org.ro/wp-content/uploads/2013/01/Adjusting-Fiscal-Decentralization-Programs-to-Improve-Service-Results-in-Bulgaria-and-Romania.pdf>.
- Hintea, C., B. Moldovan and T. Țiclău (2021), *Local Self-Government in Europe*, [43]
<https://doi.org/10.4335/978-961-7124-00-2>.
- IMF (2022), *Romania: Technical Assistance Report on Improving Revenues from the Recurrent Property Tax*, [20]
<https://www.imf.org/en/Publications/CR/Issues/2022/06/28/Romania-Technical-Assistance-Report-on-Improving-Revenues-from-the-Recurrent-Property-Tax-520127>.
- IMF (2022), *Romania: Technical Assistance Report on Reforming Personal Income Taxation*, [14]
<https://www.imf.org/en/Publications/CR/Issues/2022/06/29/Romania-Technical-Assistance-Report-on-Reforming-Personal-Income-Taxation-520132>.
- Kurian, M., P. Swianiewicz and F. Teles (2024), "Inter-municipal co-operation in the Western Balkans", *SIGMA Papers*, No. 70, OECD Publishing, Paris, <https://doi.org/10.1787/a78a01e6-en>. [48]
- Leonardo, G. et al. (2006), *Intergovernmental Fiscal Relations in Romania: Challenges and Options for Reform*, <https://icepp.gsu.edu/files/2015/03/ispwp0619.pdf>. [17]
- MDPWA (2024), *Anghel Saligny National Investment Program*, [42]
<https://www.mdlpa.ro/pages/anghelsaligny>.
- MDPWA (2014), *Strategia Pentru Consolidarea Administrației Publice 2014*, [54]
<https://www.mdlpa.ro/uploads/articole/attachments/5daeafc50b2a3994189262.pdf>.
- Ministry of Investment and European Projects (2021), *Northwest Regional Program*, [27]
<https://oportunitati-ue.gov.ro/en/program/programe-regionale/programul-regional-nord-vest/#beneficiar-domeniu>.
- Ministry of Labour, Family, Youth and Social Solidarity (2022), *Strategia națională privind îngrijirea de lungă durată și îmbătrânire activă pentru perioada 2023-2030*, [6]
<http://mmuncii.ro/j33/index.php/ro/comunicare/comunicate-de-presa/6802-cp-aprobare-strategie-nationala-ingrijire-lung%C4%83-durata-2023-2030-14122022>.

- MRDPA (2016), “Asociatii de dezvoltare intercomunitara”, <https://data.gov.ro/dataset/asociatii-de-dezvoltare-intercomunitara>. [50]
- Murphy, A. and F. Ghencea (2023), *The Legal Framework for Local Government Coordination in Romania*, <https://doi.org/10.17951/sil.2023.32.5.105-115>. [55]
- Myck, M. and M. Najsztub (2019), *Implications of the Polish 1999 Administrative Reform for Regional Socio-Economic Development*, <https://docs.iza.org/dp12222.pdf>. [67]
- Năsăud Municipality (2021), *Integrated Strategy for Urban Development of the City of Năsăud 2021-2027*, <http://ns.primarianasaud.ro/proiecte/SIDU%20Nasaud%202021-2027%20semnat%20final.pdf>. [33]
- Neamtu, B. (2016), “Asymmetric decentralization in Romania: Lost opportunity”, *Online Journal Modelling the New Europe* 20, pp. 47-79, <https://www.proquest.com/scholarly-journals/asymmetric-decentralization-romania-lost/docview/1828122921/se-2>. [47]
- North-West RDA (2025), *2025 May Issue North-West Region*, https://regionordvest.ro/wp-content/uploads/2025/06/May_2025_Monthly_Overview.pdf. [25]
- North-West RDA (2025), *Situația contractelor semnate pe fiecare prioritate*, <https://regionordvest.ro/date-statistice/situatia-contractelor-semnate/>. [26]
- North-West RDA (2021), *Regional Development Plan North-West 2021-2027*, <https://regionordvest.ro/programul-regional-nv/>. [24]
- North-West RDA (2021), *Tourism Sector Strategy 2021-2027 for North-West Development Region*. [32]
- OECD (2025), “Implementation report for the Recommendation on Effective Public Investment Across Levels of Government”, [https://one.oecd.org/document/C\(2025\)76/REV1/en](https://one.oecd.org/document/C(2025)76/REV1/en). [29]
- OECD (2024), *Education at a Glance 2024: OECD Indicators*, <https://doi.org/10.1787/c00cad36-en>. [23]
- OECD (2024), *Going Granular with Regional and Municipal Fiscal Data: OECD and EU Countries*, <https://doi.org/10.1787/8a17c019-en>. [16]
- OECD (2024), *OECD Economic Surveys: Romania 2024*, OECD Publishing, Paris, <https://doi.org/10.1787/106b32c4-en>. [4]
- OECD (2024), *OECD Economic Surveys: Romania 2024*, <https://doi.org/10.1787/106b32c4-en>. [9]
- OECD (2023), *Enhancing Strategic Planning and Innovation Services*, <https://doi.org/10.1787/8d80ef62-en>. [31]
- OECD (2023), *Open Government Review of Romania*, <https://doi.org/10.1787/ff20b2d4-en>. [2]
- OECD (2022), *Journal on Budgeting, Volume 2022 Issue 3*, <https://doi.org/10.1787/dedebeca-en>. [1]
- OECD (2022), *Shrinking Smartly in Estonia: Preparing Regions for Demographic Change*, OECD Rural Studies, OECD Publishing, Paris, <https://doi.org/10.1787/77cfe25e-en>. [22]

- OECD (2019), *Making Decentralisation Work: A Handbook for Policy-Makers*, OECD Publishing, <https://doi.org/10.1787/g2g9faa7-en>. [28]
- OECD (Forthcoming), *Subnational Government Structure and Finance database*. [19]
- OECD/European Commission (2020), *Cities in the World: A New Perspective on Urbanisation*, OECD Urban Studies, OECD Publishing, Paris, <https://doi.org/10.1787/d0efcbda-en>. [59]
- OECD/UCLG (2022), *Country and Territorial Profiles of the World Observatory on Subnational Government Finance and Investment*, <https://www.sng-wofi.org/country-profiles/>. [35]
- Opilowska, E. (2019), *Regionalisation in Poland: background, features and public perception. A first appraisal*, <https://doi.org/10.4000/belgeo.34254>. [66]
- Opria, A., L. Roşu and C. Laţu (2021), *LEADER Program—An Inclusive or Selective Instrument for the Development of Rural Space in Romania?*, <https://doi.org/10.3390/su132112187>. [58]
- Parliament of Romania (2023), *LEGEA nr. 421 din 28 decembrie 2023: budetului de stat pe anul 2024*, <https://legislatie.just.ro/Public/DetaliiDocument/277806>. [18]
- Poiana, O. (2020), “The reconfiguration of the administrative-territorial organisation of Romania and their impact on the evolution of regional development policy after 1989”, *AGORA International Journal of Juridical Sciences*, pp. 10-21, <https://univagora.ro/jour/index.php/aijs/article/view/4098>. [40]
- Romanian Fiscal Council (2022), *Budget Consolidation and Higher Fiscal Revenues: A Vital Need for Romania’s Stability and Economic Security*, http://www.fiscalcouncil.ro/Analiza_sistem_fiscal%20EN%2031%20mai.pdf. [15]
- Romanian Government (2010), *Emergency Ordinance 63/2010, PROCEDURE FOR ESTABLISHING the maximum number of positions that can be assigned at the level of administrative-territorial units/subdivisions, except for those within the budget chapters “Education” and “Insurance and Social A*, <https://lege5.ro/Gratuit/geztkmzwg4/procedura-de-stabilire-a-numarului-maxim-de-posturi-ce-pot-fi-incadrate-la-nivelul-unitatilor-subdiviziunilor-administrativ-teritoriale-cu-exceptia-celor-din-cadrul-capitolelor-bugetare-invatamanant-si-dp=ggztcnztgmzdc>. [41]
- Romanian Parliament (2024), “Lege privind reorganizarea administrativ-teritorială a Românie”, <https://cdn.g4media.ro/wp-content/uploads/2024/10/Proiect-USR-Reorganizarea-teritoriala.pdf>. [45]
- Sabina, L. (2019), “Instruments for metropolitan development in Romania: Between shortcomings and possibilities”, *Journal of Urban and Landscape Planning*, Vol. 4, https://www.julpreview.ro/files/JULP14_4_2019-Leopa---Metropolitan-p85-97.pdf. [62]
- Stănuş, C. (2021), *Territorial fragmentation in post-communist Romania*, <https://doi.org/10.2478/mgrsd-2020-0044>. [46]
- Stănuş, C. (2011), *Patterns of Inter-Municipal Cooperation and Local Government Characteristics in Romania*, <https://doi.org/10.1163/187633311X585379>. [52]
- Szabo, S. (2016), *The Impact of Fiscal Decentralization on Local Economic Growth. The Case of Romania*, <https://doi.org/10.2139/ssrn.3308058>. [13]

- World Bank (2022), *Romania's Way Forward in Long Term Care*, [5]
<https://thedocs.worldbank.org/en/doc/d2cb0447d0b49637a8e9f17035970349-0080062023/original/EN-LTC-brochure-2022.pdf>.
- World Bank (2019), *Romania Catching-Up Regions*, [51]
<https://documents.worldbank.org/en/publication/documents-reports/documentdetail/525151580297667817/romania-catching-up-regions-final-report>.
- Zuber, P. (2023), *Driving EU Pre-accession: Poland's Unique Model of Decentralisation and Regional Policy for EU Funds Absorption*, [68]
<https://voxukraine.org/en/driving-eu-pre-accession-polands-unique-model-of-decentralisation-and-regional-policy-for-eu-funds-absorption>.

Notes

¹ This section draws on three sources of public finance data: 1. OECD National Accounts, which is used for the subnational government sector for Romania and for international comparisons; 2. Disaggregated regional and municipal government finance databases, which is used for county and local governments in Nord-Vest and both domestic and international comparisons; and 3. A database provided by the Ministry of Development, Public Works and Administration, which is used for county and local governments in Nord Vest and for domestic comparisons only. Importantly, the three sources do not always agree due to differing data classification and coverage.

² The term 'administrative-territorial units' refers to counties and localities (cities, towns and communes).

³ Based on the un-weighted average of EU member states of the total spending as of April 2025 (CF, ERDF, ERDF+, Interreg and JTF) against total EU planned spending using data from the [Cohesion Open Data Portal](#).

5 Adapting service delivery to demographic change in Nord-Vest

Adapting education and health to demographic change can help boost Nord-Vest's productivity and partly offset a shrinking labour force. Better integrating public transport across Nord-Vest would improve access to services and enable development patterns that support lower service delivery costs. Ongoing national education reforms provide a major opportunity for Nord-Vest to strengthen its under-performing education system, close achievement gaps and increase young peoples' participation in training and education. Scaling-up childcare capacity would help attract more young families to Nord-Vest and increase women's participation in the labour force. Healthcare services need to shift to become more prevention-focused to improve Nord-Vest's long-term health outcomes and limit the fiscal burden of ageing; while closing coverage and workforce gaps, especially in rural areas.

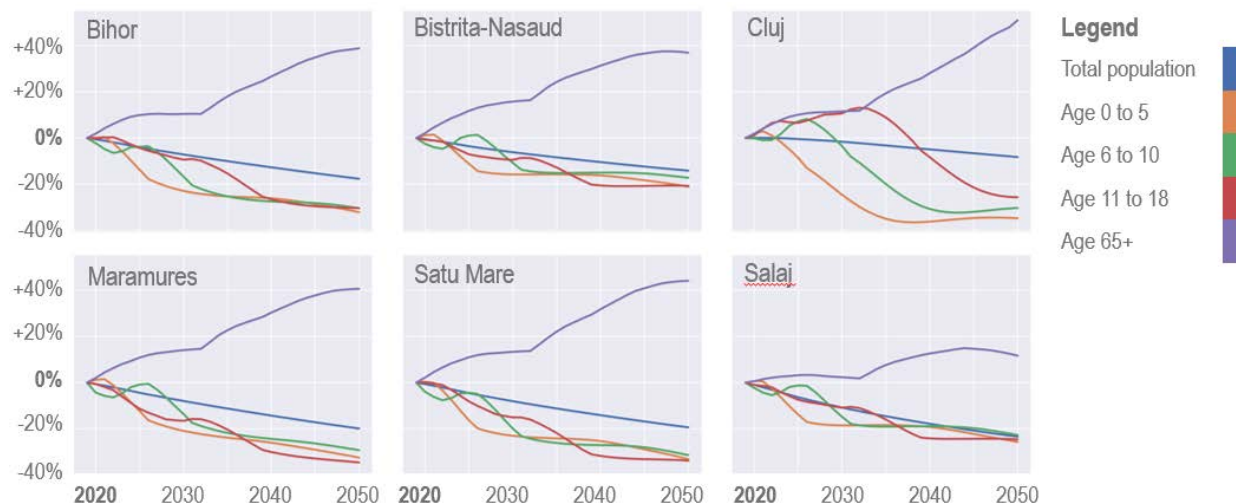
Introduction

Adapting public services to align with demographic change will be crucial to support the continued development of Nord-Vest. Across Romania, unequal health and education services have contributed to major disparities in development across regions, and especially between urban and rural areas (World Bank, 2023^[1]). Better physical and digital connectivity can support health and education services, which in turn can help boost Nord-Vest's human capital, improve its attractiveness (OECD, 2023^[2]), reduce the rate of youth out-migration, enhance labour mobility and spread agglomeration benefits in Nord-Vest's growing urban centres.

Demographic change will have a varied impact on different services and places in Nord-Vest. By 2040, Nord-Vest's population is forecast to shrink by a tenth, with the youth population (less than 18) declining by almost a fifth, while the elderly population (more than 65) grows by almost a fifth. The population is expected to shrink and age throughout Nord-Vest, but with differences across counties and localities (Figure 5.1). All else equal, as the population ages, education demand will likely decrease, while healthcare demand will likely increase. However, the speed and extent to which these trends play out will differ across places in the region. For example, even as the school-age population is forecast to decline overall, this is not true for the secondary school-aged population in Cluj County until almost 2040. Indeed, starker differences exist at the locality level, where both urban centres and rural areas are expected to shrink, while suburban and peri-urban areas are expected to grow. A place-based approach will be needed to adapt different services to future needs and constraints (Box 5.1).

Figure 5.1. Ageing will have different impacts on different services and places in Nord-Vest

Projected population change by county and age group (2019–2050), indexed to 2019 baseline



Source: Eurostat, Population projections at regional level, https://doi.org/10.2908/PROJ_19RP3

Box 5.1. Demographic change requires innovative policy solutions to maintain public service accessibility and quality while balancing costs

With demographic change, maintaining accessibility and quality of public services becomes increasingly costly. Depopulation, resulting in lower population densities, potentially increasing the per capita cost of providing public transport and healthcare, while declining student cohorts raise the per student costs of delivering education. Ageing further challenges healthcare provision by increasing demand for specialised healthcare and long-term care, as well as raising per capita treatment costs due to the greater complexity of health conditions. As a result, ageing is driving up total healthcare expenditure, a trend that is expected to continue over the short to medium term.

In a context of depopulation and ageing, policymakers need to balance cost containment with service quality and accessibility considerations. Budgetary constraints that restrict investments in infrastructure, workforce retention, professional development and technological innovation can lead to a significant decline in service standards. Conversely, preserving quality while limiting expenditure risks service reductions and facility closures, disproportionately impacting low-income households, particularly in remote areas.

As ageing and depopulation persist, service provision must evolve. Developing resilient public services will require innovative policy solutions that balance cost, accessibility and quality. This can include strategies to enhance efficiency through service integration and administrative simplification. Service networks can be restructured and optimised to maintain quality and equitable access while managing costs effectively. Alternatives to physical public provision can be explored, including public-private partnerships, community-based initiatives and the use of digital or demand-based solutions.

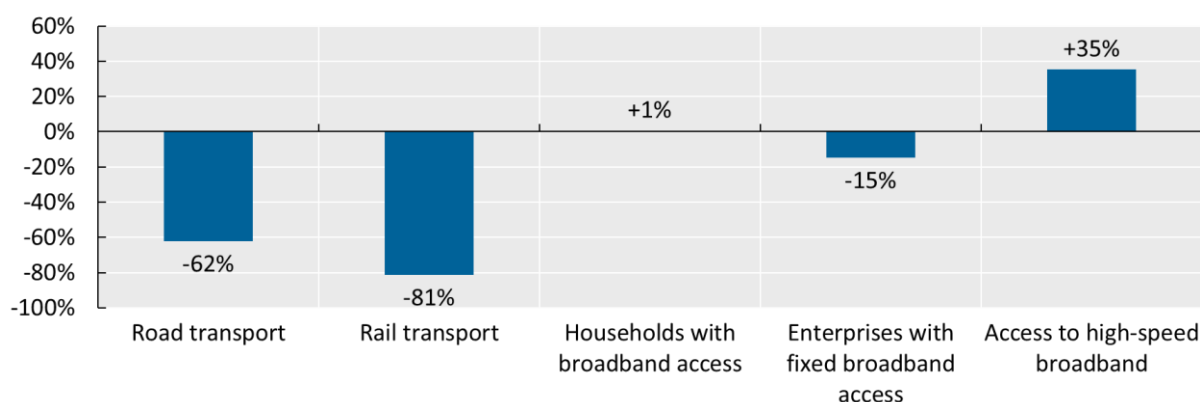
This chapter explores how Nord-Vest may seek to adapt public services to better adapt to demographic change. To do so, it first looks at the state of digital and physical connectivity infrastructure, which is essential for understanding the accessibility of public services. Then, it examines the accessibility of five key services – childcare; primary and lower secondary education, secondary education, primary healthcare, and secondary and tertiary healthcare – and assess how demographic change could impact future demand and supply for these services. Finally, this chapter concludes by providing policy recommendations for local, regional, national and EU governments to improve service delivery and tackle demographic challenges in Nord-Vest.

Connectivity

Nord-Vest already has strong digital connectivity but needs to improve physical connectivity (Figure 5.2). Improving connectivity can help people access services by lowering travel times to schools and hospitals, or in the case of digital connectivity, removing the need to travel. Compared to other EU regions, it is more difficult to travel across Nord-Vest through road and rail. For example, Nord-Vest's road transport performance is 62% worse compared to the EU average in terms of accessibility measured by the percentage of the local population accessible within 1.5 hours by train. At the same time, broadband access is reasonably high, with 50% of Nord-Vest's population having access to broadband above 100Mbps, compared to the EU NUTS-2 average of 37%.

Figure 5.2. Services could benefit from strong digital connectivity and improving physical links

Nord-Vest performance on select connectivity indicators, relative to average of EU NUTS 2 regions



Note: Road and rail transport performance measured by population accessible within 1.5 hours by road or rail within a 120km radius from a given neighbourhood (2018–2019). Household broadband measured by share of households with broadband access (2021). Enterprise with fixed broadband access measured by share of enterprises connected to internet-capable network or other fixed and mobile broadband technologies (2016–2017). Access to high-speed broadband measured by share of population with access to fixed or mobile broadband speed of at least 100Mbps (2018).

Source: European Commission (2022), European regional competitiveness index 2.0, https://ec.europa.eu/regional_policy/information-sources/maps/regional-competitiveness_en

Roads and highways

The road transport network in Nord-Vest is under-developed by EU standards, undermining access to services. In the average Nord-Vest neighbourhood, only 30% of the total population living in a 120km radius can be reached within a 1.5-hour, compared to an average of 77% across EU NUTS-2 regions (European Commission, 2022^[3]). Communities in mountainous areas face even higher transport times and costs. Road transport performance is the second worst in Romania in terms of accessibility (European Commission, 2022^[3]).

Investments are underway to improve road transport. Nord-Vest's strategic location within Romania and the EU has resulted in significant funding. Many road transport investments are supported through the EU funded Nord-Vest Regional Programme and the Connecting Europe Facility. This includes a section of the A3 Motorway between the Hungarian border and Cluj-Napoca (dark red in Figure 5.3), which is a major ongoing project and will connect across the Carpathian Mountains to Bucharest and the rest of southern Romania as part of the Trans-European Transport Network (TEN-T) Network. In addition to boosting economic performance, these investments will also allow faster travel to service centres, especially between urban and rural areas.

Figure 5.3. Nord-Vest is upgrading its road network

Major ongoing and planned road projects in Nord-Vest



Note: Dark grey lines show county boundaries and light grey lines show locality boundaries.

Source: OECD adaptation of questionnaire response by North-West RDA

Public transport and rail

Public transport services throughout Nord-Vest are of limited quality, resulting in increased congestion and worse access to services. Nord-Vest has a broad range of public transport modes, including trains, trams, buses, trolleybuses and an under-construction metro project. While urban public transport coverage is good compared to that of other Romanian cities (with 82% of people in Cluj-Napoca living within 5 minutes' walk of a public transport station, and 76% for Oradea) (World Bank, 2021^[4]), service levels and quality has room to improve, especially in the rapidly growing periphery areas. While Romania has an extensive railway network, railway infrastructure is often outdated (IFC, 2023^[5]). In Nord-Vest, the location of railway stations is not fully aligned with population centres and other transport modes, resulting in rail usage that is primarily long distance, with remaining potential to leverage excess capacity for better metropolitan services (World Bank, 2021^[4]). The lack of public transport services disproportionately impacts vulnerable groups (such as youth, elderly people and those with limited means) who face financial and mobility challenges to accessing services and other opportunities.

Better public transport can improve access to services in many ways. First, it can provide direct access to key service facilities (such as the under-construction Cluj Regional Hospital) through alternative travel modes, which can to some extent avoid congested roads if they have right of way. Second, it indirectly relieves congestion across a broader area and can speed up local trips to other service centres, such as hospitals and universities. Third, it can enable transit-oriented development that puts people closer to service facilities and allows more cost-efficient service provision. Several public transport and rail investments are already underway in the region, which are partly supported through the Nord-Vest Regional Programme and the Connecting Europe Facility. Among others these include the Cluj-Napoca metro project (Box 5.2) and a 166km railway line between Cluj-Napoca and Oradea that is being upgraded and electrified, at a total cost of EUR 1 976 million (EIB, 2023^[6]).

Box 5.2. Cluj-Napoca Metro provides major opportunity to boost urban mobility

Cluj-Napoca Metro is an underground light metro system currently under construction in Cluj-Napoca. The initial system will include 19 stations across 21km on an east-west alignment across Cluj-Napoca Municipality and Floresti County. Upon its planned completion in 2031, it would become Romania's second mass transit system (after the Bucharest Metro). The project has an estimated cost of EUR 2.8 billion, with majority state funding (EUR 2 billion) and around 10% from the EU Recovery and Resilience Facility (Railway Pro, 2024^[7]). Aligning future spatial planning and service provision to the updated transport infrastructure will be critical to make the most of this metro investment to support increased access to services. In line with this, the metro is already incorporated in the Cluj PATJ.

Source: EU Urban Mobility Observatory, https://urban-mobility-observatory.transport.ec.europa.eu/news-events/news/cluj-napoca-breaks-ground-new-metro-line-amid-major-infrastructure-unveilings-2024-06-18_en

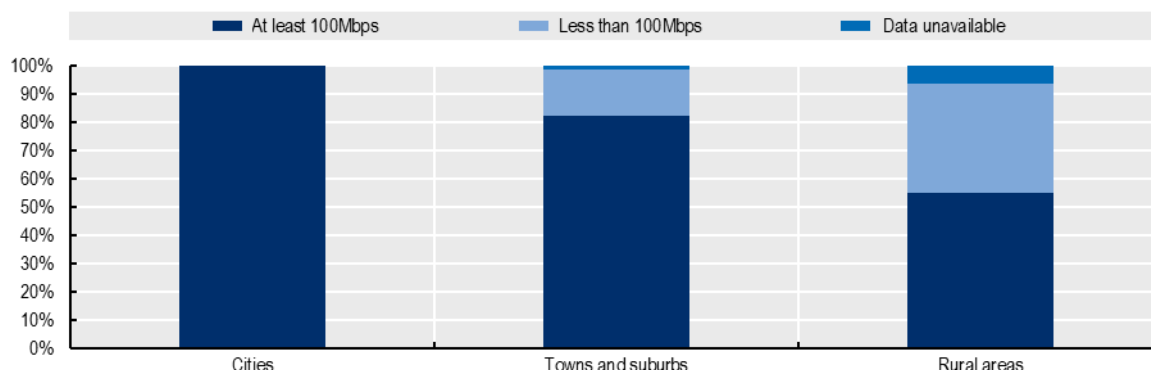
Public transport services in Nord-Vest often does not align with functional needs. Public transport routes can be limited to the urban core within an administrative boundary and fail to extend into surrounding functional zones, even as many cities in Nord-Vest continue to expand. For example, while the CTP Cluj-Napoca runs metropolitan services within the first ring of localities around Cluj Municipality (under the Cluj Metropolitan Association of Public Transport), there are no integrated services beyond the first ring, requiring transfers between different operators with different fare policies (World Bank, 2021^[4]). Further, all metropolitan-level public transport uses buses on roads with only very limited stretches of dedicated lanes, resulting in low speeds and capacity. While counties provide inter-locality transport (typically through private concessions), these tend to have limited frequencies and more commuter-oriented schedules, limiting their convenience for rural residents to access services in nearby towns and cities. Overall, the fragmented transport network may reduce people's access to public services, especially speciality services such as tertiary healthcare and universities predominantly located in city centres.

Digital connectivity

Nord-Vest has good digital connectivity, but digital skills have room to improve. Nine in ten households in Nord-Vest have broadband access, slightly above the average EU region (European Commission, 2022^[3]). Furthermore, just over half of people in Nord-Vest has access to high-speed broadband, compared to 37% in the average EU region though slightly lower than 54% in the average Romanian region (European Commission, 2022^[3]). However, there are some local gaps – as of 2023, 40% of localities in Nord-Vest only have average broadband speeds of less than the national target of 100Mbps (Figure 5.4). Of these, 93% are rural. Digital skills also pose a challenge, with Nord-Vest ranked the tenth lowest performing out of 234 EU regions in terms of individuals with above average digital skills (though five Romanian regions perform worse) (European Commission, 2022^[3]). The North-West RDA has recognised this challenge and is already helping boost digital skills, for example by funding the digitalisation of small and medium enterprises (North-West RDA, 2024^[8]).

Figure 5.4. Digital infrastructure is high quality, but some gaps remain outside cities

Number of localities with over 100Mbps fixed internet download speeds, share of total by degree of urbanisation



Note: Using the degree of urbanisation classification of localities (OECD et al., 2021^[9]) rather than Romanian national classification of cities, towns, communes and villages.

Source: OECD calculations based on Ookla speedtest of global fixed and mobile network performance, <https://registry.opendata.aws/speedtest-global-performance/>

Education and childcare

Nord-Vest's education system faces a triple challenge of insufficient quality, low participation rates and rising costs – all potentially worsened with demographic change. By 2050, Nord-Vest's youth population (under 18) could shrink by a quarter, posing risks to economic dynamism and the financial viability of schools. Furthermore, a more educated and productive workforce will be needed to partly compensate for the economic impact of population shrinkage. Yet, one in seven young people in Nord-Vest leave education and training early, a rate one and a half times that of the EU average. Rising costs per student might complicate efforts to improve quality as by 2035, three in five Nord-Vest localities could have per-student costs above the Romanian average for primary schools. Ageing and insufficient assets will further add to the pressure, with capacity shortages resulting in only 7% of eligible children in Nord-Vest attending nurseries despite the expansion of mandatory childcare.

Policy and institutional arrangements

Education is primarily a central government responsibility in Romania. The Ministry of Education (MoE) oversees the Romanian national education system (Table 5.1). The MoE manages pre-university education through County School Inspectorates (CSIs) to implement national education policies, in collaboration with locality governments. CSIs directly support, monitor and administer schools (OECD, 2024^[10]). The MoE is ultimately responsible for most elements of pre-university education, including curriculum design and human resources. Higher education institutions are autonomous and the MoE plays a more limited co-ordination role (Eurydice, 2024^[11]).

Table 5.1. Organisation of the Romanian national education system

Level of education		Ages	ISCED	Mandatory
Early childhood education and care ("childcare")	Nurseries	0–3	0(1)	Partly planned (ages 3 and above from 2030)
	Pre-school	3–6	0(2)	Partly (ages 4 and above since September 2023)
Primary education	Primary	6–11	1	Yes

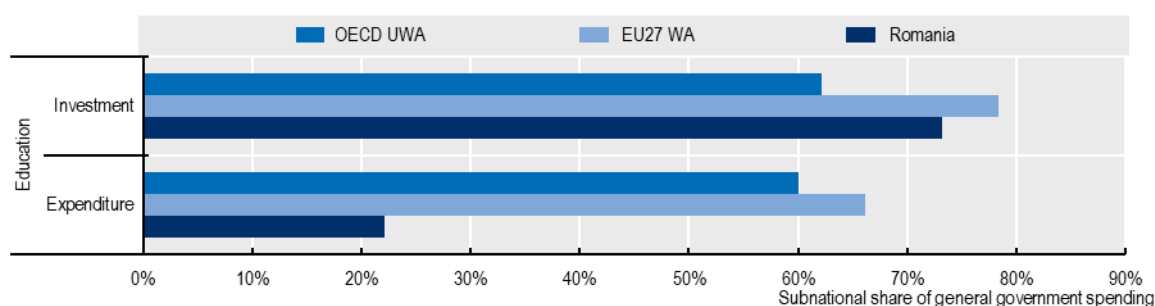
Secondary education	Lower secondary	11–15	2	Yes
	Upper secondary	15–19	3	No
Tertiary education	Non-academic tertiary	19+	4	No
	Higher education	19+	5, 6, 7, 8	No

Source: Eurydice (2025), Overview of the Romanian Education System, <https://eurydice.eacea.ec.europa.eu/eurypedia/romania/overview>

Subnational governments have a large role to support investment in education facilities. While subnational governments account for little over a fifth of government total expenditure on education, they account for almost three quarters of government investment on education (Figure 5.5). Locality governments primarily provide school infrastructure, have a representative on the administrative council of schools, and may (with CSI approval) oversee education units without legal person statute (Eurydice, 2024^[11]). Prior to reforms in the 2010s, locality governments were also responsible for teacher salaries, which has since been centralised (Parliament of Romania, 2011^[12]).

Figure 5.5. Education is primarily a central government responsibility, with subnational governments role limited to implementing investment

Subnational government spending on education (2022), share of general government spending



Note: OECD averages unweighted. EU averages weighted.

Source: OECD National Accounts, Annual government expenditure by function (DSD_NASEC10@DF_TABLE11)

Funding for public pre-university education consists of basic and complementary funding. The MoE, through CSIs, provides basic funding, which consists of most operational costs, such as teacher salaries, training allowances and goods and services. Basic funding is allocated on a per-student basis through a formula funding model, adjusted for education level, type (e.g. vocational, special needs), language of instruction and geography (e.g. urban, rural). As part of this, teachers working in remote or rural areas receive a 20% top-up to their basic salary. Locality governments provide complementary funding, which consists of most capital costs, such as investment in and maintenance of school infrastructure, within their jurisdiction. Complementary funding also includes some operational costs, such as student transport within localities (where necessary, however, the MoE funds transport across localities) and extra-curricular activities (Parliament of Romania, 2023^[13]).

Students generally enrol in schools based on their domicile. Enrolment elsewhere is possible at parents' request and with schools' approval. Public education at all levels is available free of charge, though with limited positions in higher education. National minorities, mostly Hungarians in Nord-Vest, have the right to receive education in their respective languages (with transport or boarding school fees covered if education is not available locally).

The Ministry of Education regulates education standards and monitors outcomes. Classroom sizes should be 12–25 students for primary, 12–30 students for lower secondary and 15–30 students for upper

secondary, though the MoE may approve exceptions (Eurydice, 2024^[11]). School units should generally have at least 300 students, or in the case of kindergartens at least 140, nurseries at least 120, technological high schools with dual education at least 80, special education units at least 50 and post-secondary education at least 100 – though exceptions may be authorised by the MoE and are numerous (Parliament of Romania, 2023^[13]). The Agency for Quality Assurance and Inspection on Pre-University Education (ARACIIP) accredits, inspects and evaluates schools. The MoE takes the lead on school network re-organisation, in consultation with local communities.

The education system is undergoing a reform under the *Educated Romania* project. The Romanian Parliament passed the *School Education Law 198/2023* to increase spending on schools and teachers, especially in disadvantaged areas (Parliament of Romania, 2023^[14]). For example, it introduces priority investment areas (*zone de investitii prioritare*) to provide additional funding for schools serving students from marginalised group, such as Roma communities and national minorities. It also includes education reforms to strengthen school evaluation and support, introduce new professional standards and improve education data management (OECD, 2024^[10]). On top, a variety of national and EU programmes are providing integrated support to disadvantaged groups through better social, education and health services. For example, the Social Inclusion and Dignity Programme of Romania includes EUR 3.4 billion worth of EU investment to build rural community centres, fund social housing, expand disability support and support migrant integration (European Commission, n.d.^[15]).

Current state of education and childcare services

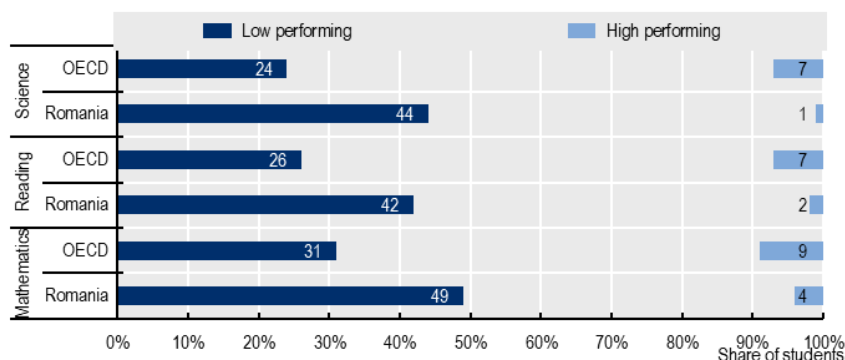
As the workforce of Nord-Vest declines due to demographic change, it will be essential to boost productivity by increasing skill levels, especially among the disadvantaged groups with worse education outcomes. Better education and childcare services can also help Nord-Vest attract young people and families, as well as boost labour force participation, especially for women.

Nord-Vest has low education quality, especially in rural areas

There is room to improve education outcomes in Romania. In 2022, almost half of Romanian students tested did not achieve baseline competency in reading, mathematics or science – considerably worse than that of their OECD peers (Figure 5.6). Further, after a decade of improvement, the performance of Romanian students has declined or flatlined since the mid-2010s (OECD, 2023^[16]). Rural students tend to experience worse education outcomes. Eight in ten rural students in Romania have inadequate mathematics skills in 2022, over twice that of urban students, at three in ten (OECD, 2023^[17]).

Figure 5.6. Romanian students underperform their OECD peers in PISA tests

Student performance in reading, mathematics and science (2022), share of total 15 year-old students

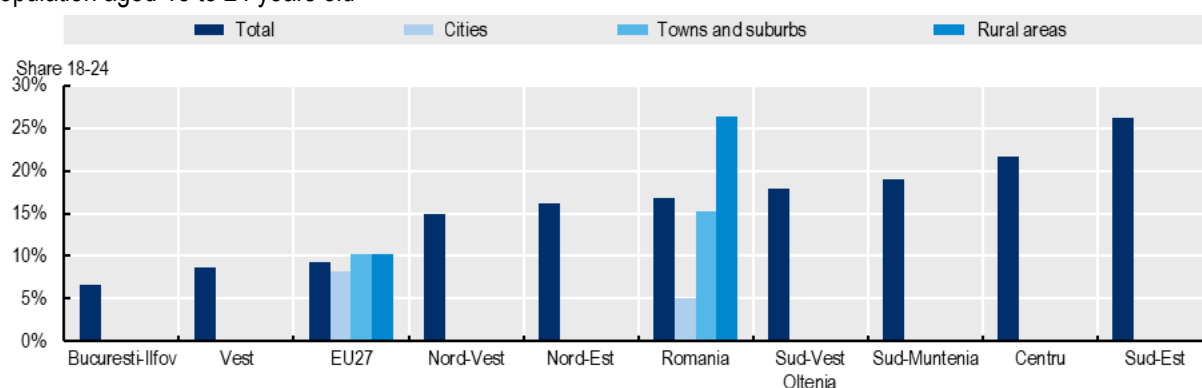


Source: OECD, PISA 2022 database, <https://www.oecd.org/en/data/datasets/pisa-2022-database.html>

Participation in education or training beyond the compulsory lower secondary level is low, especially in rural areas. Compared to their EU peers, young people in the Nord-Vest region are at high risk of leaving education or training early, especially men and those in rural areas (Figure 5.7). Indeed in 2023, one in five people in Nord-Vest aged 25–34 did not complete upper secondary education (Eurostat, 2023^[18]), compared with one in seven across OECD countries (OECD, 2024^[19]). Low rural participation in education is especially concerning since Nord-Vest remains a relatively rural region compared to the EU average. Indeed, across Romania, early drop-out from education between 2005 and 2024 is estimated to cost EUR 107 billion through lost tax revenue and greater social spending needs, equivalent to 36% of annual GDP (Iliescu et al., 2024^[20].) Despite longstanding recognition of this issue, enrolment rates in Nord-Vest have continued to decline over the past decade – in 2022, two in ten eligible pre-schoolers did not enrol in pre-school (double that of 2013), and 15% of eligible primary and lower secondary students did not enrol in primary or lower secondary schools (compared with less than 10% in 2013) (Romania National Institute of Statistics, 2023^[21]). Upper secondary enrolment is even lower, with only 54% of the eligible population in Nord-Vest enrolled in 2022 (compared with 57% across Romania, with Nord-Vest the 6th highest out of nine Romanian regions), down from 71% in 2013 (compared with 71% across Romania).

Figure 5.7. Nord-Vest has higher rate of early school leavers compared to EU average, especially in rural areas

Early leavers from education and training in Romania (2024) by degree of urbanisation where available, share of population aged 18 to 24 years old



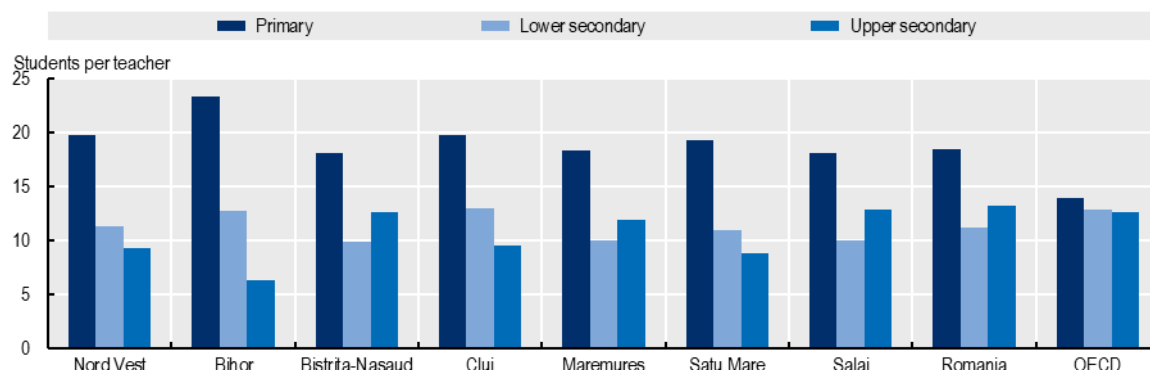
Note: *Early leavers* refers to the percentage of population aged 18 to 24 having attained at most lower secondary education and not involved in further education and training.

Source: Eurostat, Early leavers from education and training by sex and NUTS 2 region, https://doi.org/10.2908/EDAT_LFSE_16; Early leavers from education and training by sex and degree of urbanisation, https://doi.org/10.2908/EDAT_LFSE_30

Education spending remains low compared to the OECD average. In 2022, total education expenditure in Romania, at under USD-PPP 6 300 per full-time equivalent (or 2.5% of GDP), is less than half of the OECD average at USD-PPP 14 000 per full-time equivalent (or 4.9% of GDP) (OECD, 2024^[19]). As a share of GDP per capita, primary and lower secondary school teachers in Romania earned 90% compared to their EU peers, and upper secondary school teachers only 86% of their EU peers in 2022. However, pre-school teachers in Romania earn 7% more than their EU peers as a share of GDP per capita. In 2022, Nord-Vest had almost 20 primary school students for every primary school teacher, compared to 18.5 for Romania overall and 14 across OECD countries (Figure 5.8). Though the impact of class sizes on education outcomes remains an area of debate, smaller class sizes are considered more beneficial for childcare and primary education than for secondary education (OECD, 2022^[22]) – the opposite of what is observed in Nord-Vest (Figure 5.8). While spending is on track to increase as part of the *Educated Romania* programme, the planned increases in education spending will take time to roll out and deliver outcomes given lead times needed to train teachers, improve school infrastructure and deliver education programmes.

Figure 5.8. Average primary school class sizes in Nord-Vest are large by OECD standards

Student-teacher ratio in Nord-Vest by level of education (2022), number of enrolled students per teacher



Source: Romanian data from TEMPO (SCL103D Enrolled population by level of education; SCL104A Classroom teachers by level of education). OECD data from OECD education indicators (Ratio of students to teaching staff by institution, DSD_EAG_UOE_NON_FIN_PERS@DF_UOE_NF_PERS_STR)

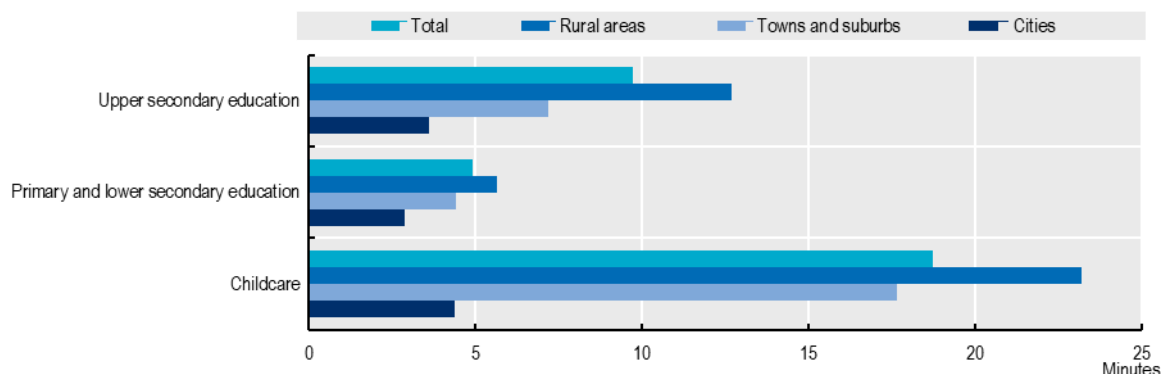
Access to secondary education and childcare is especially challenging for rural communities

Demographic change will decrease the number of students, reducing the viability of education facilities in some places. This will potentially require adjustments to the school network to maintain school viability while maintaining accessibility of education facilities to prevent a further reduction in education participation rates. Low participation in education is linked with, and could further entrench, socio-economic disadvantage. The gap in education outcomes between socio-economically advantaged and disadvantaged students in Romania is among the largest in OECD and EU countries, with a gap of 41 points on PISA mathematics tests compared to an OECD average of 9 points (OECD, 2023^[17]). Students failing to achieve their full potential become even more of an issue as the workforce declines. In this context, reducing urban-rural education inequities is essential for Nord-Vest to achieve its full development potential. Across many European countries, research suggests that reducing travel time to post-compulsory education can increase participation rates, especially for students from disadvantaged backgrounds and those on the margins of graduation (Dickerson and McIntosh, 2013^[23]; Lange, 2024^[24]; Falch, Lujala and Strom, 2013^[25]). Improving access to education can therefore help Nord-Vest boost education enrolment rates, even in the face of demographic change (Petre et al., 2025^[26]; Miron and Mistran, 2024^[27]; Ivan et al., 2012^[28]). While boosting access alone is unlikely to close this gap, it is a necessary condition.

Upper secondary schools are sometimes difficult to access in Nord-Vest, especially for rural communities. Analysis of access across the region indicates that the average driving time (without congestion) is almost 10 minutes on average, but almost 13 minutes for rural areas, compared with under 4 minutes in cities (Figure 5.9). While accessibility is better in urban areas on average, certain urban and suburban areas also face challenges due to rapid urbanisation and congestion, meaning the existing school network cannot fully serve growing areas, requiring longer commutes that can even worsen urban congestion. For example, Floresti commune (the fastest growing commune in Romania), currently has no high school (though a new one is under construction), resulting in high travel times to Cluj Municipality, worsening congestion, especially during peak hours (World Bank, 2021^[4]). Students also travel to schools in other ways, notably school buses, which provide important connections but take even more time than direct driving routes.

Figure 5.9. Rural access to childcare and upper secondary education is limited

Average driving time (assuming no congestion) to closest education facility in Nord-Vest, minutes



Note: Based on latest data available (2017 for primary and secondary education from GISCO Basic Services dataset (2020 version), 2024 for childcare from OpenStreetMap, 2024 for road transport network from OpenStreetMap, and 2021 population grid data from Eurostat).

Source: OECD calculations, with methodology detailed in Annex 5.A.

Residents of Nord-Vest have good access to primary and lower secondary education. Assuming no congestion, the average Nord-Vest resident is 5 minutes' drive away from their nearest primary school (Figure 5.9). Access is reasonably equal within Nord-Vest. In terms of average travel time, the urban-rural difference is less than 3 minutes and the difference between counties less than 1.5 minutes without congestion.

Accessing formal childcare facilities is difficult outside urban areas. Assuming no congestion, the average resident in cities can access a childcare facility in under 5 minutes' drive, while for rural residents it takes over 23 minutes. This partly explains the low rural attendance in early childcare and education, even though this is potentially partially compensated by informal forms of childcare. Private childcare is also difficult to access – enrolment rates in private childcare in Romania is 3% for nurseries and 7% for pre-school, compared to OECD averages of 50% and 32% respectively (OECD, 2024^[29]). Though children are legally entitled to a place in (free) public kindergartens from age two onwards, limited places mean that access remains low especially at the nursery level, with enrolment rates of less than 7% of the eligible age-group in Nord-Vest. Childcare shortages are a major impediment to Romanian women's participation in labour markets (OECD, 2024^[30]) and ability to have children, which risks further worsening the demographic challenge.

Access to higher education in Nord-Vest is limited outside of Cluj-Napoca and Oradea. All main higher education campuses are based in either Cluj-Napoca or Oradea. Notable institutions include Babes-Bolyai University in Cluj-Napoca (ranked first in Romania), Iuliu Hatieganu University of Medicine and Pharmacy in Cluj-Napoca (ranked fourth), Technical University of Cluj-Napoca (ranked ninth) and the University of Oradea (ranked nineteenth), among others (Ministry of Education, 2022^[31]). These universities are an important draw for the region, attracting students from across Romania and Europe. In 2023, three-quarters of tertiary students in Nord-Vest were enrolled within Cluj-Napoca Municipality, with Oradea Municipality making up another fifth. Less than 7% of total enrolment in Nord-Vest was outside these localities (Romanian National Institute of Statistics, 2024^[32]). Nonetheless, satellite campuses exist – for example, Babes-Bolyai University has 11 satellite campuses across Romania, including two in Bistrita-Nasaud County, one in Maramures County, one in Satu Mare County and one in Salaj County (Babes-Bolyai University, n.d.^[33]). The satellite campuses typically have more limited course offerings, but often reflect local needs by providing subjects such as teaching and tourism. Nonetheless, given the specialised nature of higher education and their role in agglomeration economies, limited physical access

to higher education is likely to remain a reality for many places, which is likely to worsen youth out-migration, especially outside of Cluj-Napoca and Oradea.

Demographic impact on education and childcare services

While declining youth population will decrease education demand in the long run, boosting enrolment could help sustain student numbers in Nord-Vest in the medium-term and make the education system more sustainable. Nonetheless per student costs are expected to rise in most places, requiring a focus on providing more efficient education services and supporting targeted updates to the school network in some places. Meeting childcare enrolment targets will also require significant investment in childcare facilities, especially at the nursery level.

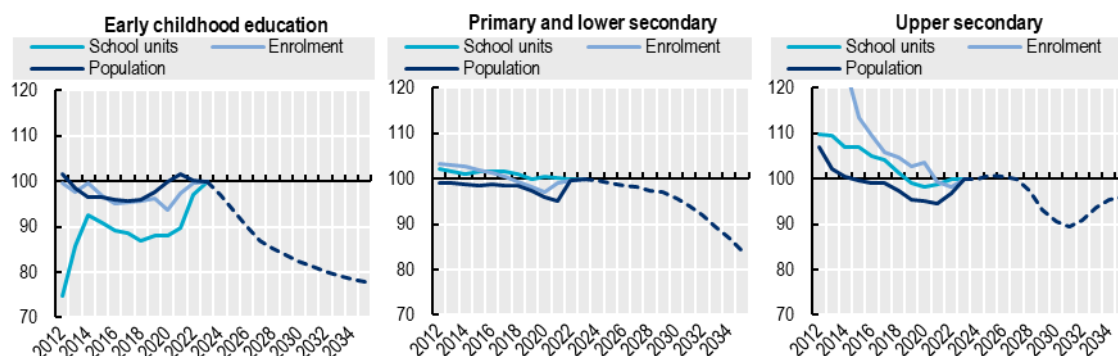
Enrolment in education is likely to shrink as the population ages, which could be partly offset by increasing enrolment in childcare and secondary education

School enrolment is expected to shrink in Nord-Vest, with the under-18 population forecast to reduce by a fifth by 2040 compared to 2024. At the county level, by 2030, the school aged population is expected to decline in all but Cluj County, and by 2040 even in Cluj County (Figure 5.1). All else equal, this will result in smaller schools and classrooms. Recent net inflows of international migration could temporarily boost enrolment, with young people aged under 30 making up 54% of total international immigration to Nord-Vest in 2023 (Romania National Institute of Statistics, 2023^[34]). However, this will benefit a few places such as Cluj-Napoca, and to a lesser extent Oradea, which have together absorbed most of the in-migration. Other than an underlying need for additional childcare facilities, the number of school units in Nord-Vest has remained relatively stable over the past decade (Figure 5.10). This is in line with relatively stable eligible population, and to a lesser extent, enrolment numbers. Going ahead, however, the eligible-age population is expected to further decline, meaning schools may see fewer students, unless enrolment rates improve.

Higher enrolment rates could potentially offset declining youth population for childcare and upper secondary schools. By 2035, the eligible population for childcare could decline by over a fifth compared to 2023. However, given low existing enrolment rates and the expansion of mandatory childcare, enrolment numbers might remain stable if enrolment rates increase (Figure 5.10). Similarly, the eligible population for upper secondary schools is expected to remain relatively stable, and indeed could potentially further increase should drop-out rates reduce. By 2030, boosting the upper secondary enrolment rate in Nord-Vest to EU levels could increase the number of upper secondary students by over 27,000. This would represent a 45% increase in upper secondary enrolment compared to a base case of maintaining Nord-Vest's 2023 upper secondary enrolment rate, more than enough to compensate for the projected 18% decline in eligible population numbers between 2023 and 2030 (Eurostat, 2021^[35]).

Figure 5.10. Falling youth population in Nord-Vest is expected to reduce overall school enrolment

School units, student enrolment and eligible population in Nord-Vest, relative to 2023 baseline (=100)



Note: Population projections in dashed lines.

Source: Past population, school units and enrolment based on TEMPO (POP105A Usually resident population; SCL101C Education units by level of education; SCL103D Enrolled population by level of education). Population projections based on Eurostat population projections at regional level, https://doi.org/10.2908/PROJ_19RP3

By contrast, declining youth population in Nord-Vest will especially impact primary and lower secondary enrolment. By 2035, the eligible age-population for primary and lower secondary education is expected to decline by 15% compared to that of 2024. Declines could be especially sharp in rural areas and secondary cities. There are more limited opportunities to boost enrolment numbers since enrolment rates among the eligible population are already high, reaching 85% in 2023, though admittedly a decline from 89% a decade earlier in 2013. This could necessitate further adjustments to the primary and lower secondary school network to align with changing demand due to demographic trends.

Smaller schools risk providing lower quality education and being more expensive per student. To some extent, reduced class sizes can have the potential to boost education quality by increasing per capita teaching resources, helping relieve existing challenges around large class sizes. However, beyond some threshold, smaller schools can also adversely impact education experiences and outcomes, especially for those in rural and remote areas (OECD, 2018^[36]). For example, schools may find it more difficult to offer specialised classes or extra-curricular opportunities due to lower total demand. Accommodating special needs students and academically gifted individuals could be especially difficult in small rural schools. Limited education opportunities also hurt professional development opportunities for teachers, which can lower teacher recruitment in rural areas (OECD, 2018^[36]). Larger class sizes also need not necessarily suffer from worse quality if other aspects improve, such as the quality of teachers, equipment and the curriculum.

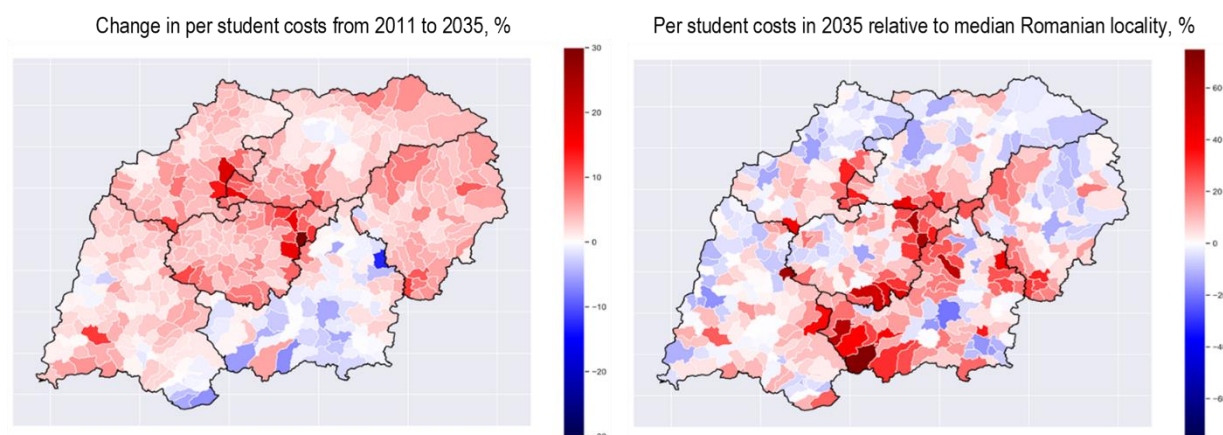
Demographic change will bring higher per-capita costs for some communities

The per-student cost of education in Nord-Vest is projected to increase overall, with an especially large impact in some localities (Figure 5.11). Overall costs could also rise despite falling demand due to reduced scale economies (OECD/EC-JRC, 2021^[37]). Commitments to improve education quality are needed but will also likely involve higher spending. The evolution of costs will differ across places depending on local demographic trends, enrolment rates and infrastructure networks (Box 5.3). Even without planned increases in education funding, modelling suggests that between 2011 and 2035, the median increase in per primary student cost (in real terms) in Nord-Vest would be around 3% (compared to 3.3% across Romania). However, some localities in Nord-Vest could experience per student cost increases of over 30% (11% at the 75th percentile), while others could see declines of almost 13%. By 2035, almost 60% of localities in Nord-Vest could be above the Romanian median for primary school costs per student. The per

student cost of secondary education is also modelled to increase, with a median increase of 1.3% across Nord-Vest localities. However, there are fewer concentrated increases for secondary education, with the worst-off locality in Nord-Vest experiencing a cost increase of 9.7% per student (OECD/EC-JRC, 2021^[37]).

Figure 5.11. Education is modelled to become more expensive in most localities

Modelled per student cost of primary education by locality, percent change between 2011 and 2035 (left) and 2035 costs relative to median Romanian locality (right)



Note: Assuming the school network remains the same as that of 2011. See Box 5.3 for more information.

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

Box 5.3. Modelling the cost of education services

The OECD and EC-JRC has modelled the per-student cost of education and health services at a granular level in EU countries. It is based on three principles – that cost stem from facilities not areas; that services are consumed locally near where people live; and, that costs increase from lack of scale economies and need for transport. To do so, the modelling first simulates likely school locations based on the distribution of school-age population; then it estimates the number of students at each school; and finally, it estimates school costs based on their size. The costs are based on observed school costs in England, assuming a normal distribution of student-teacher ratios, teacher salaries, non-teaching staff salaries and other non-staff costs (e.g. support services, materials, meals, etc.). Importantly, the modelled cost is current expenditure only, excluding capital expenditure.

Across Europe, the study found that costs are generally the highest in remote regions and lowest in metropolitan regions. By 2035, cities could need more education capacity as demand is modelled to shift from rural to urban areas. The presence of small schools is a major driver of high costs. Countries with high degrees of municipal fragmentation have a large share of municipalities with no schools or small schools.

While the study includes two scenarios – one where the school network is optimised based on 2035 population, and another where it is the same as the 2011 network – this chapter exclusively uses the latter to illustrate a “business-as-usual” scenario where the school network is static and operating off existing assets, with potential inefficiencies as the population distribution changes.

Source: OECD/EC-JRC (2021^[37]), Access and Cost of Education and Health Services, <https://doi.org/10.1787/4ab69cf3-en>

Some schools might face sharp costs increases as enrolment declines and fixed assets need to be renewed. Fixed costs, such as school building costs will likely remain steady even as enrolment declines. This especially impacts locality governments as they are responsible for maintaining school infrastructure, compared to the central government which has a greater role in operational costs, such as wages. Almost half of school units in Romania have fewer than 50 students, yet these units only serve 6% of total enrolment, meaning that many schools do not fully benefit from scale economies (Table 5.2). In many smaller and rural communities, shrinking and ageing will also reduce locality government education revenues, making it more difficult to provide the same level of school infrastructure. Opportunities to consolidate schools – while taking into account accessibility – may exist in some, but not all areas (Box 5.4).

Table 5.2. The small schools problem could worsen with demographic change

Number of satellite, rural and small schools in Romania and their enrolment numbers

	School units		Number of students	
Total in Romania	16 507	100%	2 760 158	100%
Of which are satellite schools	10 561	64%	524 391	19%
Of which are rural schools	11 378	69%	944 904	34%
Of which are schools with fewer than 50 students	7 386	45%	168 808	6%

Source: Adapted from World Bank (forthcoming), Deliverable 3: Functional Analysis of the Pre-university System (P178400)

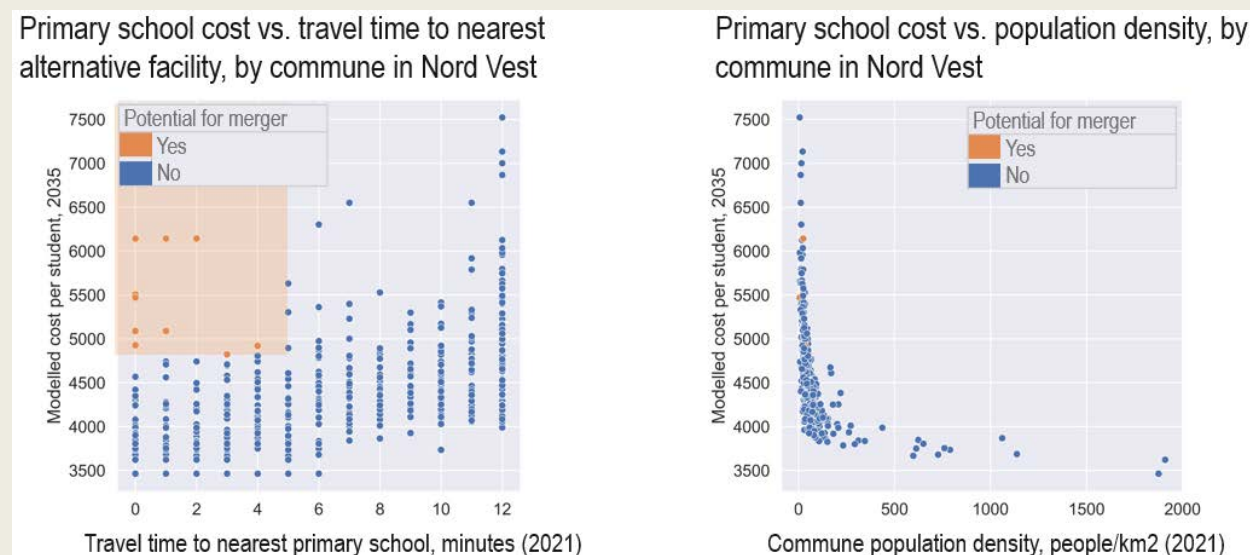
Box 5.4. Exploring opportunities to make schools more efficient and improve quality in Nord-Vest

Opportunities exist to achieve savings without compromising access to and quality of education in Nord-Vest. For example, some primary schools (mostly in rural areas) have per capita cost above the 75th percentile (Box 5.3), and are also within 5 minutes' drive from another school with lower cost (Figure 5.11). The figure shows – for each locality – the travel time between the closest pair of schools on the horizontal axis; and, the modelled per-student cost of primary education on the vertical axis. The upper-left quadrant (in orange) shows the localities that have both high costs and multiple nearby schools, suggesting opportunities for consolidation to seek efficiencies without hurting access.

Consolidating such facilities could improve the quality of education by widening the curriculum offering and increasing the range of extra-curricular opportunities. At the same time, cost savings could be achieved by expanding lower cost schools to host students enrolled from the higher cost school, which can introduce scale economies. Overall, school consolidation needs to be considered on a case-by-case basis considering community feedback, alternatives for students and funding realities.

Figure 5.12. Opportunities may exist to optimise the school network to improve quality and reduce costs

Modelled 2035 per student primary school cost by locality in Nord-Vest, compared with population density and travel time to nearest alternative facility



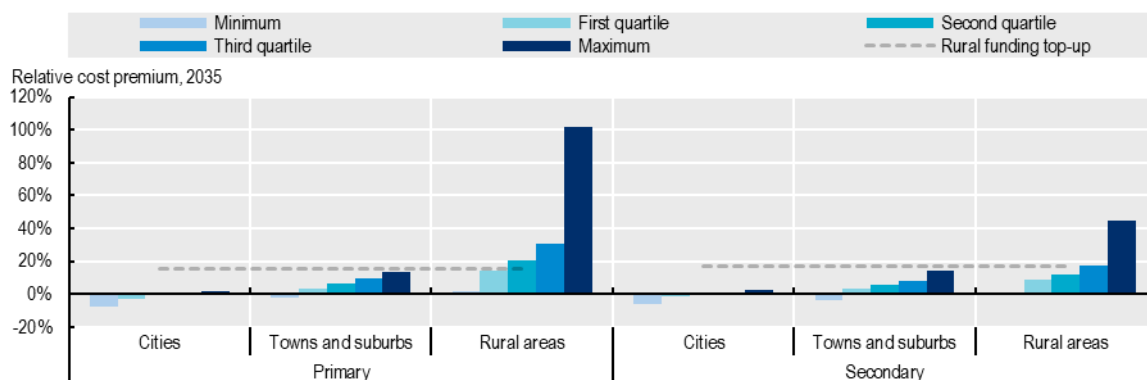
Note: Travel time assuming driving at speed limit with no congestion (See Annex 5.A for more information). Costs assuming school network remains the same as that of 2011.

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

The existing formula funding system will struggle to fully cover cost differences. The formula system includes correctional coefficients for rural students and students learning minority languages (Parliament of Romania, 2023^[14]). For primary schools, modelled per capita education costs suggest that, by 2035, the rural top-up (+15.1% based on the current funding formula) is modelled to cover only three quarters of the median cost premium (+20.7%), and less than half of the third quartile cost premium (+30.4%) between cities and rural areas (Figure 5.13). For secondary schools, the difference is less pronounced, with the rural top-up (+17.4% based on the current funding formula) largely matching the third quartile cost premium (+17.6%) (OECD/EC-JRC, 2021^[37]). Given varied cost differences across places, there could be room to improve the allocation of basic funding to become more efficient and targeted, especially for primary education. Other cost off-setting options should also be considered to close potential funding gaps, such as network updates or by providing more granular grant funding.

Figure 5.13. Rural top-up in education funding does not fully cover local cost differences

Modelled per student cost premium of education in Nord-Vest (2035), relative to median per student cost in cities and rural funding top-up (dashed line)



Note: Assuming 2011 primary school network

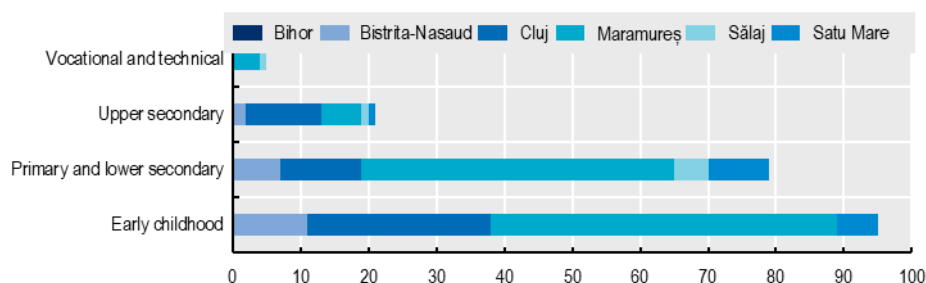
Source: OECD calculations based on OECD-EC (2021), Access and Cost of Education and Health Services, <https://doi.org/10.1787/4ab69cf3-en>

Insufficient and ageing assets will put further pressure on investment capacity, especially for childcare

Education infrastructure quality needs to improve. While many schools will need to adapt to declining enrolment, others will need to invest in capacity to match growing demand and meet existing gaps. For example, many childcare, primary and lower secondary school units are overcrowded, more so than upper secondary or vocational education (Figure 5.14). Indeed, infrastructure needs differ not only by education level but also by geography, with Maramureş alone accounting for the majority of overcrowded education units in Nord-Vest. Plans to extend mandatory early education will require greater capacity on top of an already limited system. Growing urban areas will also need to expand education capacity to cope with increased demand, especially in Cluj County where the school age population is forecast to grow for the next 15 years.

Figure 5.14. Investment needed to expand childcare, primary and lower secondary capacity

Number of overcrowded education units in Nord-Vest by county, 2020



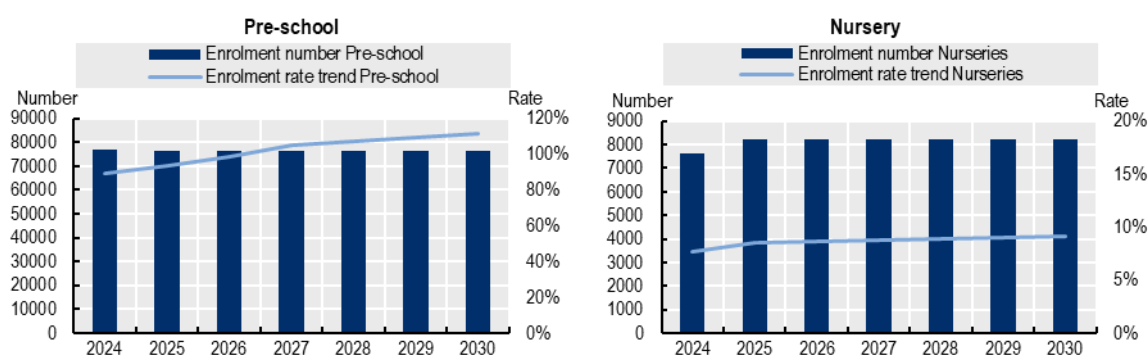
Source: North-West RDA response to OECD questionnaire

More childcare capacity in Nord-Vest will be needed to handle planned rise in enrolment, especially in nurseries. Based on current trends, childcare enrolment rates in Nord-Vest are expected to rise for both

nurseries and pre-school. However, while enrolment rates in Nord-Vest already reach 90% for pre-school, in line with the RRF goal by end-2025 (Council of the European Union, 2021^[38]), enrolment rate for nurseries lag at 6.7%, well below the 19% RRF goal by end-2025 (Figure 5.15). Indeed, by 2026, the enrolment rate for nurseries in Nord-Vest would be only 8.6% should current trends continue. A large increase in nursery capacity is needed to enable greater enrolment to the target rate. There is room to increase investment – the Nord-Vest Regional Programme currently includes only one childcare project, representing 1.7% of total funding within Priority 6 (An Educated Region) (Nord-Vest Regional Development Authority, 2024^[39]). Despite the legal guidance that childcare units have at least 120 pupils (Parliament of Romania, 2023^[13]), many smaller childcare facilities exist – out of the 491 public childcare facilities in Bihor County for the 2023/24 school year, 461 had enrolment below the 120 pupil threshold (County School Inspectorate of Bihor, 2023^[40]).

Figure 5.15. Nursery enrolment is low and could remain so based on current trends

Modelled enrolment in childcare in Nord-Vest based on continuation of 2014–2023 enrolment trends, number of enrolled pupils and enrolment rate among eligible population



Note: Projections assuming enrolment numbers based on average growth rate from 2014 to 2023, and population projections based on 2019 version of Eurostat population projections at NUTS-3 level.

Source: OECD calculations based on TEMPO (SCL103D Enrolled population by level of education; POP105A Usually resident population by age group) and Eurostat regional level population projections, https://doi.org/10.2908/PROJ_19RP3

Healthcare

Demographic change risks exacerbating health challenges already faced by the Nord-Vest region. Health outcomes in Nord-Vest are already relatively low, with Nord-Vest residents experiencing mortality rates one and a half times that of the EU average. An aging population will increase pressure on the healthcare system. By 2050, the elderly population (above 65) is expected to grow by a third in Nord-Vest, a steeper rate than the Romanian average. Nord-Vest's health system is not fully prepared for this. Under-spending in public health, community care and primary care – among the lowest of EU countries – has already resulted in high rates of preventable and treatable mortality. Furthermore, the Nord-Vest's healthcare workforce, especially in primary care, is not on track to meet the needs of ageing citizens and large geographic disparities remain – 47 rural localities in Nord-Vest did not have a family doctor in 2023.

Policy and institutional arrangements

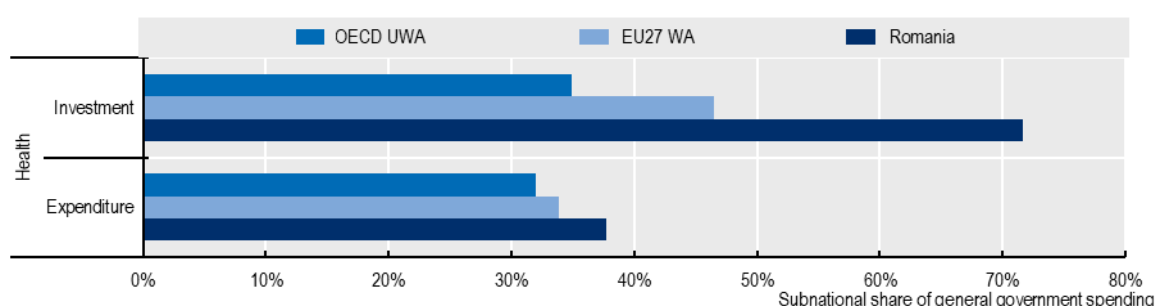
Health is largely a central government responsibility in Romania. The Ministry of Health (MoH) and the National Health Insurance House (NHIH) oversee a relatively centralised and predominantly public healthcare system (Vladescu et al., 2016^[41]). At the county geographic level, district public health

authorities (*Direcțiile de sănătate publică județene*) (sub-ordinated to the MoH) implement national public health policies, while district public insurance houses (sub-ordinated to the NHIH) maintain contract with health providers (see Chapter 2). County and locality governments have a more limited role, although some manage local public hospitals (Vladescu et al., 2016^[41]) and provide community healthcare (European Committee of Regions, n.d.^[42]). County and locality governments also set regulations in area relevant for public health, such as sanitation, waste management and transport.

Subnational governments do have a major role in investing in health infrastructure. Subnational governments account for almost three quarters of total investment in health in Romania, compared to 35% in the average OECD country (Figure 5.16). Much of subnational government investment relies on external funding (such as EU funds), while the MoH is responsible for most central government investment in health. Major health investments are underway in Romania and Nord-Vest (Box 5.5). Romania's Recovery and Resilience Plan included around EUR 1.7 billion for healthcare, primarily spent on modernising hospital infrastructure (European Parliament, 2024^[43]). Further, the Health Program (*Programul Sănătate*) includes EUR 5.88 billion of ERDF and ESF+ funding across Romania, which in Nord-Vest is implemented by the North-West RDA through its role as an Intermediate Body for Health (North-West RDA, n.d.^[44]).

Figure 5.16. Subnational governments are major investors in health

Subnational public expenditure and investment in health (2021), share of general government in same category



Source: OECD National Accounts, Annual government expenditure by function, DSD_NASEC10@DF_TABLE11

Box 5.5. Consolidation of hospital facilities in Cluj-Napoca

Cluj-Napoca is building the new Cluj Regional Hospital to replace the multiple existing facilities of the Cluj County Clinical Emergency Hospital. With a cost of EUR 455 million (including EUR 305 of EIB financing), the hospital aims to improve access to emergency and specialised services, as well as support preparedness against future pandemics. It will have 849 beds, 19 operating rooms, 60 emergency beds, 70 outpatient care rooms and 60 diagnostic rooms across 150 000 square metres.

The hospital is part of a EUR 1.6 billion project to improve regional healthcare infrastructure across Romania (with new hospitals in Craiova, Cluj-Napoca and Iasi), with support from EU funds. The project led to the establishment of the National Agency for the Development of Health Infrastructure (ANDIS) in 2022, which manages major public health infrastructure and provides technical assistance to local authorities. In Nord-Vest, the RDA is managing the project as an Intermediate Body for Health.

The Regional Hospital will help improve access to speciality services in Cluj and reduce the need to travel to Bucharest. The under-construction Cluj-Napoca metro also includes a station near the hospital to help people access healthcare.

Source: European Investment Bank (2021), Cluj Regional Hospital Project, <https://www.eib.org/en/projects/all/20200892>

Healthcare is largely funded through payroll contributions via the mandatory social health insurance system. Various exemptions mean only a third of the covered population paid into the social insurance system (OECD/European Observatory on Health Systems and Policies, 2023^[45]). Additional funding comes through alcohol and tobacco taxes.

Current state of healthcare services

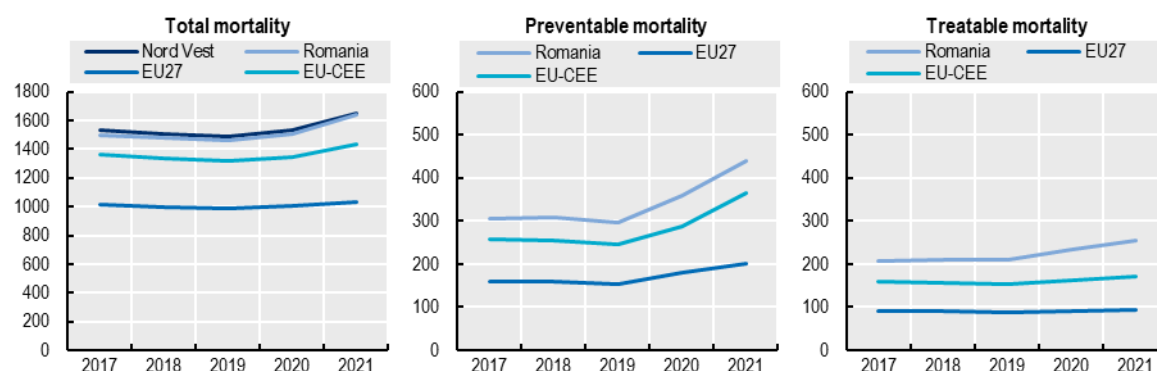
Nord-Vest's health system requires reforms and investments to boost the quality of care and put greater emphasis on preventative and public health approaches to prepare for an ageing population. Closing rural coverage gaps in health and ensuring a sufficient workforce are also priorities for Nord-Vest's health system.

Health outcomes are poor by EU standards, partly due to an under-funded and hospital-centric health system

Health outcomes are below EU averages, with high rates of preventable and treatable diseases. Nord-Vest residents experience higher mortality rates than the Romanian average and over one and a half times that of the EU average (Figure 5.17). Treatable and preventable mortality rates in Romania are both double EU averages, driven by high rates of cardiovascular diseases and alcohol-related diseases. Public health and preventative outcomes are poor, with behavioural and environmental risk factors (notably, dietary risks, tobacco and air pollution) making up around half of deaths (OECD/European Observatory on Health Systems and Policies, 2023^[45]).

Figure 5.17. Health outcomes in Nord-Vest under-perform peers

Age-standardised mortality rate by region of residence (2017–2021), per 100 000 people



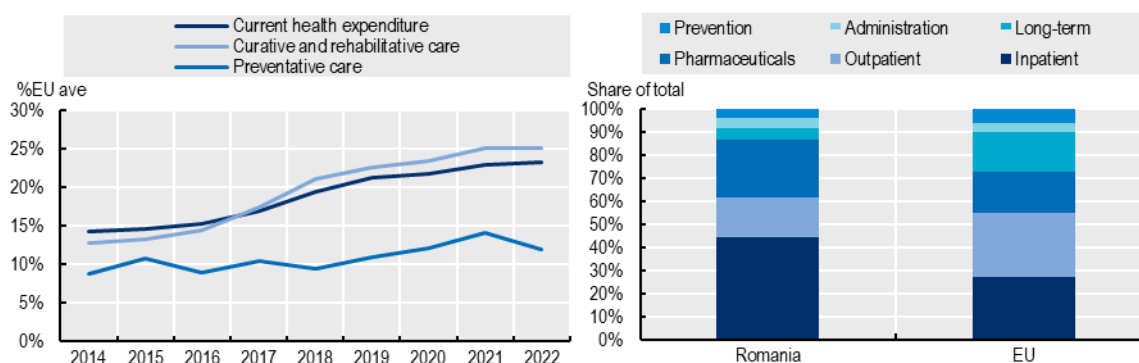
Note: Age-standardised mortality rates based on rolling three-year average weighted to the European standard reference population by age.

Source: Eurostat, Cause of death – standardised death rate by NUTS 2 region of residence, https://doi.org/10.2908/HLTH_CD_YSDR2

Health spending in Romania is low, and the health system is highly reliant on hospitals by EU standards. In 2021, per capita health spending in Romania, at EUR 1 633, is the lowest of all EU countries at less than half the EU average. The Romanian healthcare system is notable for its reliance on inpatient care, which accounts for 44% of total health expenditure, compared to 28% across the EU. While hospitals can bring scale economies, they can also be more difficult to access. Lower use and availability of family doctors (and other primary care facilities) makes it more difficult to reduce avoidable mortality, such as through behavioural change, early screening or preventative measures (OECD/European Observatory on Health Systems and Policies, 2023^[45]). Indeed per capita spending on preventative care in Romania is only 12% of the EU average (Figure 5.18).

Figure 5.18. Healthcare spending remains low and relies greatly on inpatient care

Health spending by category in Romania, share of EU average per capita (left) and share of 2021 total spending (right)



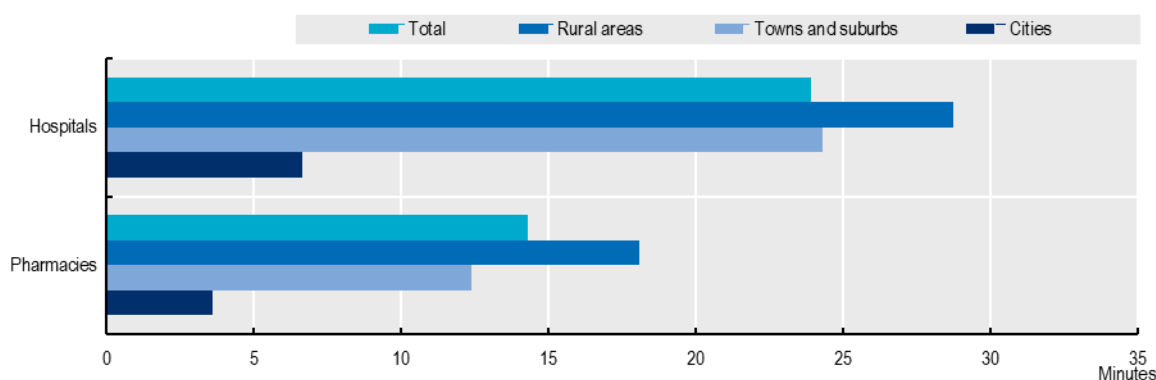
Source: Eurostat, Health care expenditure by function, https://doi.org/10.2908/HLTH_SHA11_HC; OECD/European Observatory on Health Systems and Policies (2023), Romania: Country Health Profile 2023, <https://doi.org/10.1787/f478769b-en>

Limited access to healthcare outside of cities is worsened by high reliance on hospitals

Access to hospitals is limited outside of cities. Assuming no congestion, the average travel time for city residents to the nearest hospital is under 7 minutes, but this rises to almost 25 minutes for those living in towns and suburbs, and almost 30 minutes for those in rural areas (Figure 5.19). Indeed, one in six rural residents are more than half an hours' drive away from their nearest hospital without accounting for congestion. This reflects the location of public hospitals in county seats (capitals).

Figure 5.19. Rural communities have limited access to hospital facilities

Average driving time to nearest healthcare facility in Nord-Vest by degree of urbanisation (assuming no congestion), minutes



Note: Based on latest available data (2021 for pharmacies from ESPON Database, no data provided for hospitals from GISCO Basic Services database (2020 version), 2024 for road transport network from OpenStreetMap and 2021 for population grid from Eurostat)

Source: OECD calculations, with methodology detailed in Annex 5.A.

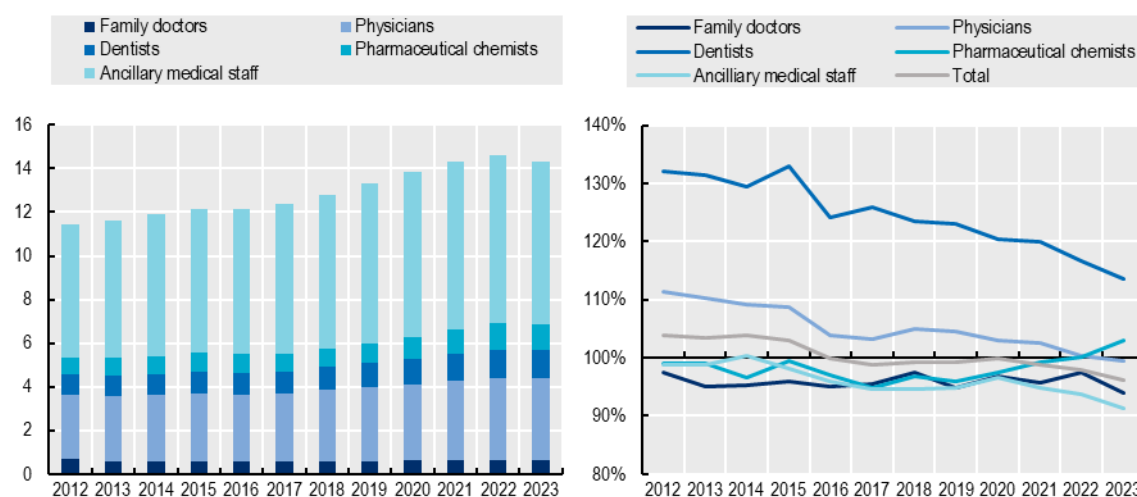
Access to family doctors is limited, especially in rural areas. It is difficult to obtain robust accurate estimates for access to primary care given limited data on their locations. Yet access is likely to be low outside county capitals where major hospitals are located, as one would expect for rural areas. Even where primary care

centres are present, limited hours of operations can increase barrier to access (European Observatory on Health Systems and Policy, 2024^[46]). Since the Romanian healthcare access tends to bypass primary care in favour of directly accessing hospitals, rural communities are especially burdened by high travel times and limited opening hours. Lack of institutional collaboration between primary and secondary care is cited as a driver behind preference for directly accessing secondary care (Coman et al., 2022^[47]).

The medical workforce is growing in Nord-Vest, but there is a primary workforce shortage. The primary care workforce has remained small and is rapidly ageing even as other categories of healthcare workforce have grown (Figure 5.20). By 2030, Romania could face a family doctor shortage equivalent to 18% of its current stock due to retirements and insufficient replacement (Coman et al., 2022^[47]). Recent salary increases have reduced the doctors' wage differential between Romania and other EU countries and could to a certain extent alleviate out-migration of medical professionals. Although primary care doctors in Romania earn a higher base salary than specialist doctors (Federatia Sanitas, 2024^[48]), there is limited information available on their overall income given high rates of informal payments and greater opportunities for private practice afforded to specialists (Petre et al., 2023^[49]). The framework contract for family doctors includes a 50% income increase to new doctors practicing in rural areas, among other locality-specific benefits, such as subsidised housing (European Observatory on Health System and Policies, 2023^[50]).

Figure 5.20. Family doctors remain scarce in Nord-Vest despite growing overall health workforce and needs

Medical staff-population ratio in Nord-Vest by type, per 1000 usually resident population (left) and relative to Romanian average (right)



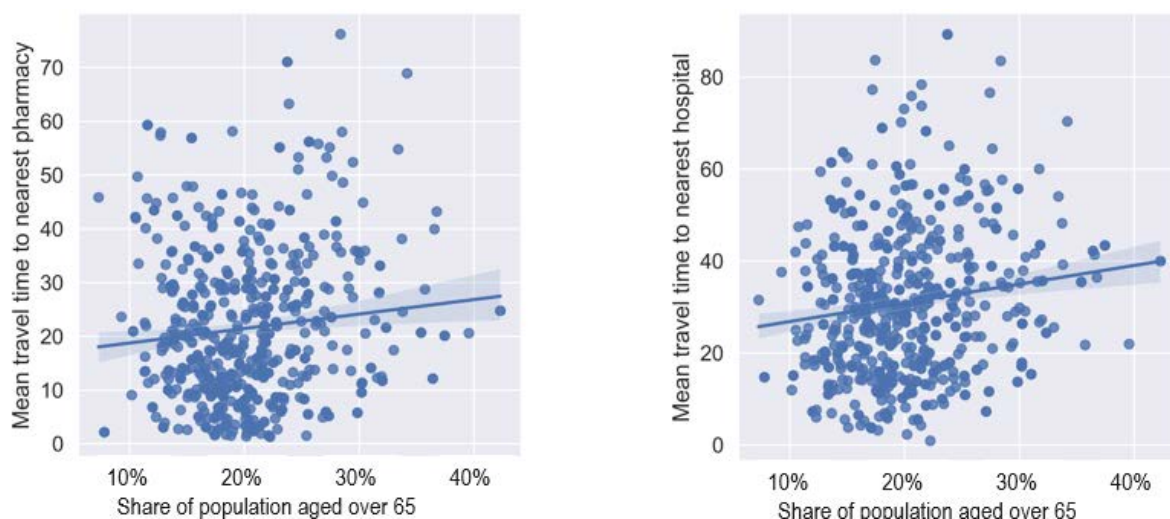
Note: Includes public and private health workers.

Source: TEMPO, SAN104A Healthcare staff by categories

Elderly people face particularly high barriers to accessing healthcare. Localities with a greater share of elderly people are on average further away from healthcare services (Figure 5.21). While this partly reflects the demographic reality that rural areas are on average older than urban areas where hospitals are typically sited, this nonetheless introduces service delivery challenges, worsened by the high dependence on tertiary healthcare. Indeed, on top of greater distance, elderly people are more likely to face cost, knowledge and mobility challenges around accessing healthcare, including lower digital skills for telemedicine.

Figure 5.21. Places with more elderly people have lower access to healthcare facilities

Average locality travel time (assuming no congestion) to nearest pharmacy (left) and hospital (right) in Nord-Vest, by locality share of elderly people

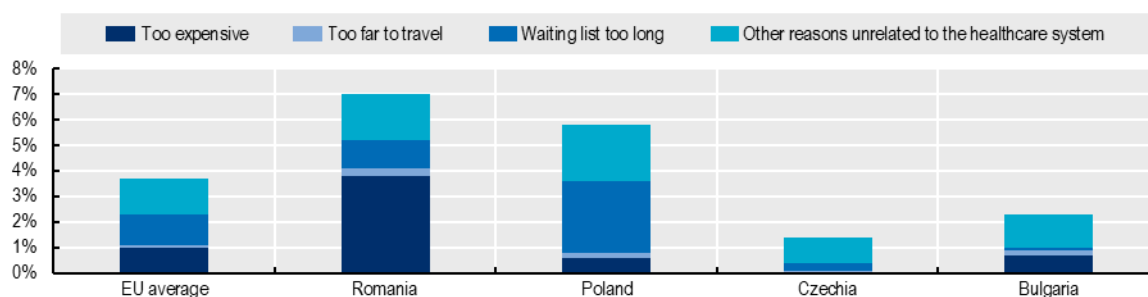


Note: Travel times based on latest available data (2021 for pharmacies from ESPON Database, no date provided for hospitals from GISCO Basic Services database (2020 version), 2024 for road transport network from OpenStreetMap and 2021 for population grid from Eurostat)
Source: OECD calculations, with methodology detailed in Annex 5.A.

Healthcare affordability remains a concern. In 2023, around 7% of Romanians reported unmet healthcare needs, of which over half reported unaffordable care as the main barrier, well above the EU average (Figure 5.22). High waiting times and travel times also represent implicit costs due to the need to take time off work and afford travel to hospitals. Dissatisfaction with waiting times also partially results from increased pressure on hospitals due to under-utilisation of primary care facilities. Despite the mandatory social health insurance system, 12% of Romanians remain un-insured. Out-of-pocket spending, at 21% of total spending, is higher than the EU average, at 15% (OECD/European Observatory on Health Systems and Policies, 2023^[45]).

Figure 5.22. High costs and low access are linked with high rates of unmet medical needs

People reporting unmet medical needs (2023), share of population aged over 16



Source: Eurostat, Self-reported unmet needs for medical examination, https://doi.org/10.2908/HLTH_SILC_08

Demographic impacts on healthcare services

Healthcare demand is set to increase. Ageing societies will have higher spending burden, all else equal, due to greater healthcare needs and a smaller labour force, among other factors. Nord-Vest has a large share of working-age population relative to Romania and the EU, but this cohort is ageing and could result in a significant rise in healthcare needs in the coming years (Chapter 2). Adapting the health system to ageing will not only support healthier people, but also limit the fiscal burden of health and free up resources for other productivity- and wellbeing-enhancing investments.

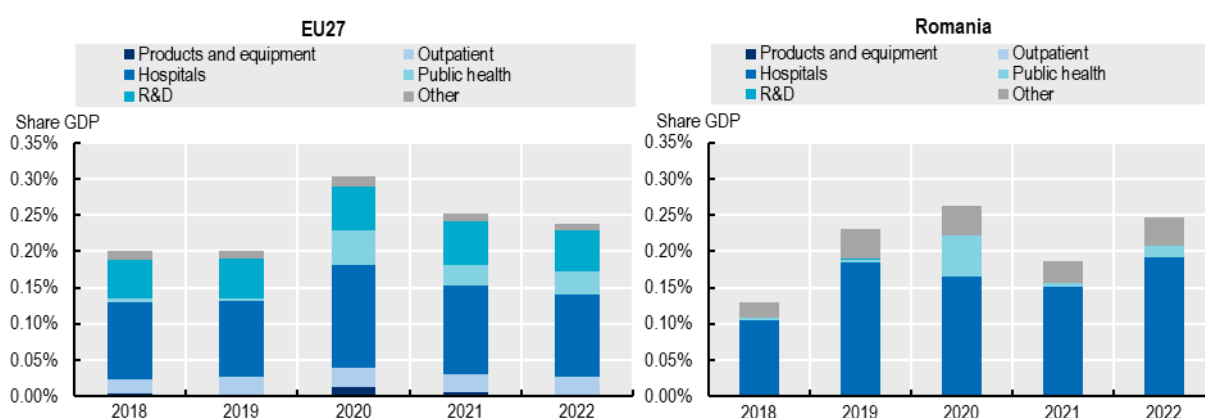
Adapting to ageing calls for scaling up healthcare capacity and taking a more preventative approach

Under-use of preventative and outpatient care threatens health system performance and outcomes as the population ages. Romania has a high rate of chronic diseases that increase the long-term burden of ageing, such as dementia, diabetes and cardiovascular diseases. Further, important public health and preventative measures are not fully adopted. Only 1% of Romanians aged 65 years or over meet WHO guidelines on physical activity, compared with 27% on average across the EU (OECD/European Commission, 2024^[51]).

Making integrated care more accessible for ageing people with chronic conditions will likely require increasing availability of primary care and community care providers. Despite the increasing importance of outpatient care and public health in an ageing society, Romania under-invests in these facilities (Figure 5.23). In 2022, public investment in outpatient care made up 0.2% of total public investment in health in Romania, compared to 10.3% on average in the EU. This is despite similar levels of public investment in health as a share of GDP. Similarly, public investment in public health accounted for 6.6% of total public investment in health in Romania, compared to 13.0% on average in the EU. Health risks differ greatly by place, meaning there is considerable room to mobilise local knowledge and opportunities to design place-based public health strategies.

Figure 5.23. Limited investment in outpatient care and public health risks under-mining long-term health outcomes and health system resilience

General government direct investment in health by category, share of GDP



Note: Based on COFOG level 2 data.

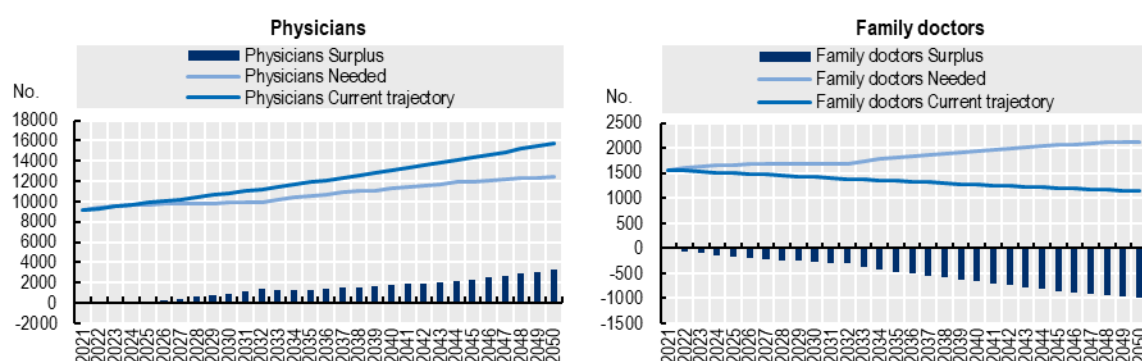
Source: OECD National Accounts, Annual government expenditure by function, DSD_NASEC10@DF_TABLE11

Larger workforce is needed to serve rising and different healthcare demand

More healthcare professionals are needed, especially in primary care. To illustrate how ageing could impact health workforce demand, this chapter considers a simple model whereby the need for health workers increases linearly with the rise in the old-age ratio, all else equal. The actual demand is likely to be even higher since rising living standards will further increase demand for healthcare services (Liu et al., 2016^[52]), while healthcare demand tends to rise exponentially (rather than linearly) with ageing (Lorenzoni et al., 2019^[53]). With these in mind, this simple model projects that, by 2050, Nord-Vest could require a net increase of almost 3 000 physicians to keep up with its rising old-age ratio, equivalent to a third of the 2023 workforce, or an average growth rate of 1% per year (Figure 5.24). So far, the physician workforce in Nord-Vest has grown faster than this rate – between 2012 and 2021, it grew at an annual rate of almost 1.9%. Despite the growth in overall healthcare professionals, primary care doctors have not increased. Between 2012 and 2021, there was a net loss of 164 primary care doctors in Nord-Vest, equivalent to a net decrease of 1.1% per year (Romania National Institute of Statistics, 2023^[54]). Yet by 2050, a net increase of 500 primary care doctors could be needed to keep up with the rising old-age ratio in Nord-Vest. Should current trends continue, there could be a shortfall of almost 1000 primary care doctors in Nord-Vest by 2050.

Figure 5.24. Health workforce increasing overall, but gaps remain in certain occupations

Modelled need for physicians and family doctors in Nord-Vest to align with rising old-age ratio



Note: Projections assuming 1. Workforce needs – the physician-population ratio scales linearly with the old-age ratio; 2. Workforce trajectory – continuation of average growth rate between 2011 and 2021; 3. Surplus – balance between needs and trajectory.

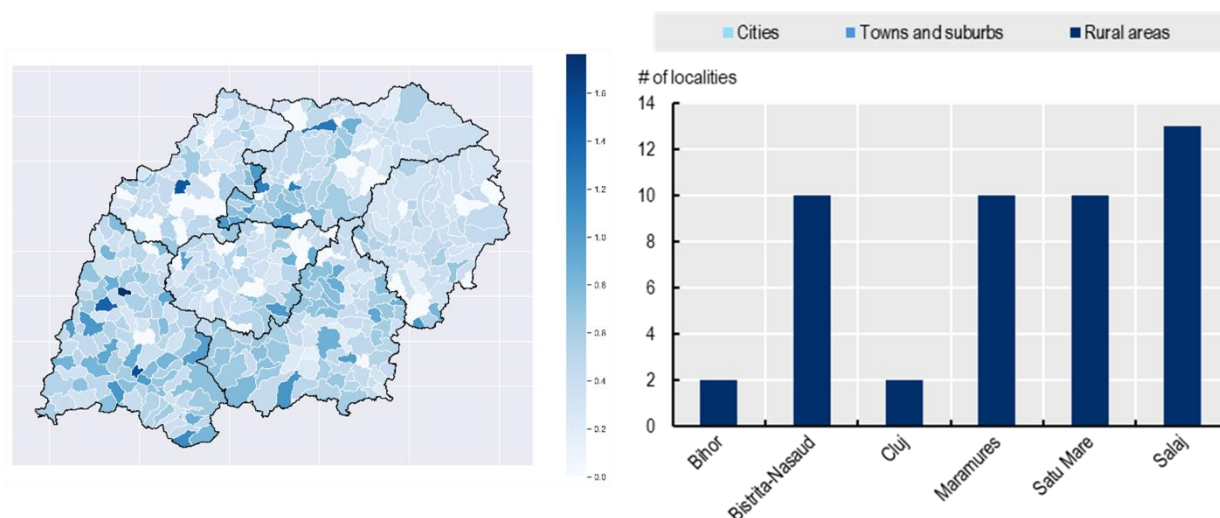
Source: OECD calculations based on TEMPO SAN104A Healthcare staff by categories; Eurostat population projections at regional level, https://doi.org/10.2908/PROJ_19RP3

Geographic gaps in primary care could persist in Nord-Vest, especially in some rural areas. As of 2023, 47 localities in Nord-Vest – all rural – did not have a family doctor (Figure 5.25). This represents a sharp rise from 16 Nord-Vest localities in 2019, suggesting that attracting and retaining medical professionals remains a challenge in many rural areas. The family doctor-population ratio also varies across counties, with the median locality in Bihor and Cluj counties (0.54 and 0.52 family doctors per 1000 people) out-performing Bistrita-Nasaud (0.38), Maramures (0.44), Satu Mare (0.37) and Salaj (39) counties. Indeed, the median urban locality in Bihor enjoys a family doctor-population ratio two-and-a-half times as high as the median rural locality in Salaj. Given an older and rapidly ageing population in Nord-Vest's rural areas, inequalities could significantly hinder health outcomes in Nord-Vest, making it harder for citizens to access community care, routine check-ups and health information.

Figure 5.25. Gaps in rural primary care coverage threaten healthy ageing

Panel A: Family doctors per 10000 people by Nord-Vest locality (2023)

Panel B: Localities without family doctors by county and degree of urbanisation (2023)



Source: OECD calculations based on TEMPO, SAN104B Healthcare staff by localities; POP107D Legally resident population by localities.

Brain drain will likely remain a risk for the health workforce despite recent salary increases. Out-migration of healthcare professionals has long contributed to workforce shortages in Nord-Vest and across Romania. Over 570 physicians from Cluj County permanently migrated to overseas between 2017 and 2022, with family doctors making up the second largest group at almost one in ten emigres (Stancu et al., 2024^[55]). Since 2018, a series of increases in healthcare worker salaries have partly stemmed out-migration, with wage differences becoming less of a problem (Deliu et al., 2022^[56]). Nonetheless, health workers continue to cite high workload, rigid training opportunities and poor workplace relations as reasons for out-migration. A 2024 survey suggested that 58% of young doctors (aged under 35) intend to migrate overseas for better working conditions (Romania Insider, 2024^[57]). Further, there is a risk that out-migration could worsen as other EU countries continue to age and increase incentives for healthcare professionals to move. Indeed in 2022, just over one in five doctors in Romania are aged 55 or over, versus one in three across the EU (OECD/European Commission, 2024^[51]). Reducing outmigration rates will require better working conditions for healthcare professionals in addition to higher wages. However, it could remain challenging for Nord-Vest to compete with wealthier EU regions and countries given widespread workforce shortages across almost every EU country.

Attracting healthcare professionals to rural areas will become more challenging. As rural areas continue to shrink and age, they are likely to become less attractive to healthcare professionals. Overall, professional development opportunities will become scarcer, the variety of local community amenities will become more limited and healthcare facilities will struggle to modernise. The *Multi-annual Strategy for Human Resources Development in Health* seeks to address regional disparities in the healthcare workforce (Romania Legislative Portal, 2022^[58]). However, since Nord-Vest enjoys a higher-than-average doctor-population ratio compared to other Romanian regions, efforts to address the unequal distribution of healthcare workers at the national level could have adverse impacts on the Nord-Vest region.

Recommendations

Access to essential public services remains challenging for many communities in Nord-Vest, which could be worsened by demographic trends. Residents in many communities, especially in rural areas, already find it difficult to access at least some essential services. Population shrinking and urbanisation are likely to make maintaining service access and quality in rural and depopulating areas more challenging. At the same time, increasing urbanisation could make services cheaper to provide and easier to access in urban and suburban areas. Balancing the different needs of urban and rural areas in the face of demographic change will be key to providing services in an equitable way to reduce urban-rural disparities in Nord-Vest – and help the region make the most of the human capital it has.

Improve public transport to better reflect and shape demographic trends

Public transport can both help people access services directly and support a built environment where services are cheaper to provide and easier to access. While significant investments are underway for road transport in Nord-Vest, there is further room to improve public transport services, both within urban areas and between urban and rural areas.

- **Create inter-municipal co-ordination structures to provide public transport at a functional level (locality level).** Public transport is currently generally planned at the locality level, resulting in fragmented public transport networks and high reliance on private vehicles outside of the urban core. The RDA should incentivise inter-municipal bodies that provide public transport at a functional level, jointly overseen by localities in the functional urban area (Box 5.6). For example, the RDA might prioritise funding investment projects proposed by inter-municipal co-operation bodies.
- **Facilitate urban-rural connections at a service basin level (locality and regional level).** Outside of private vehicles, medium- and long-distance travel between localities relied on private bus operators largely operating on market-driven schedules. While there is merit to this approach, many communities are cut off due to their limited size, and a smaller network also risks fragmentation of routes and ticketing systems, lowering patronage. Routes and hours tend to be commuting oriented, which may limit their use for accessing services. County governments should consider exploring minimum standards for inter-locality travel between settlements above a certain size and their nearest regional service centre and help co-ordinate transport schedules and payment systems to ensure the system functions as a whole. While not all such routes will be financially viable, county governments might wish to also consider routes' broader social benefits. Vulnerable groups, such as people with low incomes, could be given further discounts to help them access public services, and indeed other work and leisure opportunities.
- **Explore on-demand transport solutions (locality and county level).** On-demand transport could be an option in areas with insufficient density to offer scheduled public transport routes but have high enough demand to justify transit solutions beyond private vehicles. They can especially help those with mobility issues access essential services. The increasing roll-out of electric vehicles and autonomous driving technology could ultimately decrease the fiscal and environmental cost of on-demand transport. Locality and county governments and the North-West RDA should closely monitor the progress of autonomous driving technologies and consider trailing on-demand transport when the technology becomes more mature and affordable.

Box 5.6. Bucharest-Ilfov Intercommunity Development Association for Public Transport (TPBI) – planning and operating public transport services at a functional level

TPBI is an association of 42 administrative units (Bucharest City, Ilfov County and 40 localities in Ilfov County) mandated to plan, regulate, operate and manage surface public transport services across the Bucharest-Ilfov region. Formed in 2017, TPBI manages over 190 local public transport lines on buses, trams and trolleybuses in one of Europe's largest public transport systems. Surface services are primarily operated by four contracted operators across the region. Rail services (including Bucharest Metro) are directly managed by the Ministry of Transport through the state-owned Căile Ferate Române and Metrorrex.

TPBI implements the Bucharest-Ilfov Sustainable Urban Mobility Plan that was approved by localities in 2017. As an association, TPBI supports integrated planning and operations across the entire Bucharest functional urban area, with regional transport demand modelling and traffic management systems, integrated ticketing across operators and real-time passenger information systems.

Source: TPBI, Who we are, <https://tpbi.ro/en/homepage/>; World Bank (2020), Implementation of the Sustainable Urban Mobility Plan for Bucharest-Ilfov, <https://documents1.worldbank.org/curated/en/099310407082225773/pdf/P16957700589e00860a3710cfba4bc9e7ec.pdf>

Enhance education services to improve social and economic outcomes and offset the negative economic impact of demographic change

Better education can improve labour productivity to partly offset the impacts of demographic shrinking and ageing on economic growth in Nord-Vest. Boosting participation rates and closing urban-rural achievement gaps are two key avenues to not only boost education outcomes but also make the education system more sustainable and limit potential school closures. More childcare capacity is also needed in Nord-Vest to support the ongoing expansion of mandatory childcare and make the region more attractive to young people and families.

- **Develop and test inter-municipal co-operation for primary education in areas facing population decline.** The Ministry of Education might 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 access to appropriate reliable transport. This could allow pooling of funding to improve the quality of school facilities. While school closures and mergers should be a last resort option, this pilot could then be used by the central government to develop a fit-for-purpose governance framework for supporting intermunicipal cooperation on schools. To encourage collaboration, the North-West RDA could consider additional investment to in schools where collaboration takes place, including student transport.
- **Develop national guidelines for school network re-organisation (national level).** The MoE is responsible for maintaining and updating the school network in consultation with local authorities. However, this process is somewhat ad-hoc and local communities do not always feel they have sufficient input into decisions, despite their extensive knowledge of local situations. While existing laws around minimum school and classroom sizes could in principle form the basis of network re-organisation, in practice numerous exceptions are made with unclear justification. The MoE should work closely with locality, county and regional authorities to develop guidelines setting out the process around school network re-organisation, including indicators that inform decisions, stakeholder consultation requirements, and a menu of potential options going ahead.

Transportation times will be an important consideration as it is a major risk for community opposition (Abalde, 2014^[59]).

- **Review potential for a digital correspondence education system (national and EU level).** It is not realistic for schools to be physically accessible to every student given the high costs involved. Yet all students deserve access to quality education. A correspondence education system can offer online education to students who are not able to travel to schools within a reasonable time. It can also offer a greater variety of subject choices for students attending schools with a limited curriculum. To make use of scale economies and its quality digital infrastructure, the MoE should consider establishing a correspondence education system either at the regional level or support such a system at the national level. This aligns with the goal of creating an “Online School” of digital textbooks and resources under the Educated Romania project.
- **Develop an education disadvantage index to inform funding for dis-advantaged communities and target support to increase engagement and improve outcomes (regional and national level).** Reaching equitable education outcomes could require further funding on top of unit cost differentials. Greater funding could go towards social support (e.g. school counsellors and psychologists) and tailored education experiences (e.g. collaboration with local employers, greater extra-curricular opportunities) to reduce high rates of drop-out in rural areas. The region should develop such an index to identify potential gaps in education services, drawing upon international reform experiences such as that of New Zealand (Box 5.7), but also serve as a broader tool to inform investment across other sectors and their potential impact on disadvantaged areas. This could be built upon existing indices such as the Composite Vulnerability Index for Early School Leaving could serve as a basis to adjust school funding. These could inform the current review of school funding as part of the *Educated Romania* project and help secure sufficient funding for disadvantaged communities. The North-West RDA could use the index to identify potential gaps in education services and inform investment across other sectors. Funding for other national and EU programmes, such as the Social Inclusion and Dignity Programme of Romania, could also be informed by such as index.
- **Develop an investment pipeline for childcare facilities (national, regional and EU level).** Greater childcare supply is urgently needed given low current enrolment rates, high rates of overcrowding, and expected increase in demand from the planned expansion of mandatory childcare. The North-West RDA should work with municipalities to identify shortages and develop a pipeline of childcare facilities to seek further funding for investment in childcare capacity. Given expected falls in childcare-aged population, it will be important not to overshoot demand, which could result in over-capacity. This will require careful modelling of local childcare demand, tracking existing capacity and understanding other barriers to childcare. Multi-use facilities and multi-service centres for childcare can also help improve supply flexibility and optionality over time given inherent uncertainties in future childcare demand. Taking a place-based regulatory approach to childcare facilities will be important, for example being flexible around minimum classroom sizes in rural areas where larger classes are not possible.
- **Review the unit cost of education that can inform the ongoing update of the school funding formula to ensure costs are accurately reflected.** 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. In particular, they should consider differences in teacher and infrastructure requirements, as well as student transport costs. The results of the unit cost review could inform the current review of school funding as part of the *Educated Romania* project and help secure sufficient funding for disadvantaged communities.
- **Expand funding to develop the education workforce, especially in disadvantaged communities (regional level).** The North-West RDA could fund professional development and training for teachers as part of its investment in human capital. This could be funded through priority

six or the technical assistance component of the Regional Programme. The North-West RDA should collaborate with the re-organised County Education Directorates to identify strategic opportunities to tackle disparities and trial new approaches, such as a stronger mentorship system for teachers in rural areas or management training for leaders of newly formed school clusters.

- **Provide pilot grants for employers to support the roll-out of dual education and enhance workforce participation (regional level).** The North-West RDA could provide one-off conditional grants to support employers that are considering providing training opportunities within the dual education system. This could be funded through priorities one or six of the Regional Programme. Such grants could require employers to train a certain number of students in a community over some time. This would help offset the risks and set-up costs employers might face when first engaging with the dual education system and help foster a larger ecosystem of community-business partnerships across schools. A similar approach could also apply to tertiary students, where the North-West RDA could provide pilot funding for internships or graduate programs, especially in rural areas facing the most youth out-migration.

Box 5.7. Equity Index – identifying disadvantaged schools to inform decision-making and funding in New Zealand

The Equity Index (EQI) estimates socio-economic barriers to education achievement in New Zealand. In use since 2022, the EQI is a 266-point scale based on 37 indicators (such as parental education, household income and eligibility for social benefits) to calculate barriers faced by enrolled students. It was developed based on a statistical model between these indicators and education outcomes, drawing from anonymised administrative data. The EQI replaced an earlier “decile” system which used indicators based on neighbourhood characteristics rather than student data.

The EQI is used to allocate Equity Funding to schools. Compared to the previous system, the schools facing the greatest barriers are expected to receive 16% more funding per student overall. Equity Funding consolidates several existing funding mechanisms, such as the Targeted Funding for Education Achievement and the Targeted At-Risk Grant, to simplify funding decisions.

Source: New Zealand Ministry of Education (2024), Equity Index, <https://www.education.govt.nz/our-work/changes-in-education/equity-index>

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

Better preventative care and public health are needed to support healthy ageing in Nord-Vest and manage the impact of ageing on the health system and public finances. Major existing investments in health infrastructure are welcome, but opportunities remain for Nord-Vest to improve primary and community care, strengthen the health workforce and reduce geographic coverage gaps.

- **Collect granular health data to implement the workforce planning strategy (regional and national level).** The Multi-annual Strategy for Human Resources Development in Health identifies the lack of robust data a major challenge for workforce planning, especially providing comparable data across local authorities and independent family doctors (James et al., 2025^[60]). Better data for workforce planning is especially relevant for Nord-Vest given its status as a medical hub. Potential datapoints on top of the Multi-annual Strategy could be the geographic location and

operating hours of primary care facilities, which would provide a more granular and accurate measure of health access, which could be integrated in the planned Health Atlas (WHO, 2024^[61]). Once the data is in place, one important way to strengthen the workforce is to strengthen the service obligation program, whereby local authorities may support medical students training in return for students committing to work in local hospitals for some time. However, penalties of breach of contract are limited, and some students choose not to return after training in Cluj. Reinforcing the integrity of such programmes could make them more effective for meeting skill shortages in towns and smaller cities.

- **Invest to improve the quality and accessibility of the health care network throughout the Nord-Vest to improve health outcomes and ensure accessibility in shrinking places.** 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. The North-West RDA could continue to invest the upgrade the hospital network and explore opportunities to increase investment in the primary and secondary healthcare network by mobilising EU funds and in its role as an intermediate health body, in collaboration with the county directorates for health.
- **Further develop local public health and preventative health programmes to reduce the fiscal impact of an ageing population.** 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. The Ministry of Health could increase capacity building and technical assistance for localities and support the development of digital solutions to increase awareness of public health and simplify access to primary care providers.
- **Address barriers to medical training in county and rural health centres to help fill service gaps in small communities.** The county directorates for health in Nord-Vest could benefit from closer collaboration with local medical universities to understand and 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). The central government could support this reinforcing the integrity of the service obligations requirement to make them more effective at attracting specialised skills in towns and smaller cities.
- **Scale up investment in community health centres and long-term care facilities outside urban centres (regional level).** 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. However, delivering such infrastructure investments at scale will need to be accompanied by long-term staffing and operational resources, funding for which will likely depend on the central government.
- **Strengthen and innovate local public health and related programmes to support healthy ageing (regional, county and locality levels).** County and locality governments could trial programs that promote public health and health ageing. While public health is primarily a central government responsibility, county and locality government could support these efforts through locally tailored programmes on active recreation and mobility. Stronger public health components could also be embedded in locality-run services, such as education, social services and elderly care. Digital training programmes and targeted investments could also support elderly people's access to telemedicine. The North-West RDA could provide support to localities, counties or local community groups seeking to pilot innovative public health and healthy ageing measures.
- **Increase investment into public health and preventative health measures (regional, national and EU level).** Low levels of public health investment are partly responsible for high levels of preventable and treatable diseases. Better public health (and related measure such as early screening) can be considered an investment that yields benefits through better long-term health outcomes, lowering the healthcare spending required as the population ages. Though local and

regional-level investment in health tends to draw from EU funds, only a limited amount goes towards public health. As of 2023, healthy and active ageing accounted for only 1.6% of total health allocation (ERDF and ESF) in the 2014–2020 cohesion policy round across the EU, with none for Romania specifically (Cohesion Open Data Portal, 2023^[62]). The EU could consider placing a greater role for public health in cohesion policy investment, as high rates of preventable and treatable diseases are prevalent across many EU regions. This could be complemented with capacity building and technical assistance given currently low levels of public health resources. Digital solutions can increase awareness of public health and simplify access to primary care providers (Box 5.8).

Box 5.8. Oulu Self Care – increasing access to health appointments and knowledge through online platforms in Finland

Oulu Self Care is an online health platform focusing on guided care in the City of Oulu (Finland). It offers a range of services, including appointment bookings, online support for urgent issues, e-prescriptions, home monitoring, communication of lab results, and information on preventative health. It is integrated with KanTa and Taltioni, national platforms that provide access to personal health data and records. Together, these help improve access to primary healthcare by simplifying the process of finding and booking appointments and improves public awareness of public health and preventative health interventions.

Oulu Self Care has been available since 2010. It was developed between 2007 and 2009 at a total cost of EUR1.16 million, co-funded by the City of Oulu and the Ministry of Social Affairs and Health. As of 2018 it had 110 000 registered users (around half of the Oulu's population), with estimated operational savings of EUR4 million between 2015 and 2017. It has since been rolled out to other municipalities in Finland.

Source: OECD (2022), Guidebook on Best Practices in Public Health, <https://doi.org/10.1787/4f4913dd-en>

References

- Abalde, M. (2014), *School Size Policies: A Literature Review*, [59]
<https://doi.org/10.1787/5jxt472ddkjl-en>.
- Babes-Bolyai University (n.d.), *Babes-Bolyai University Extensions*, [33]
<https://www.ubbcluj.ro/en/structura/unitati/extensii>.
- Cohesion Open Data Portal (2023), *In profile: cohesion policy improving health services and access in the regions*, <https://cohesiondata.ec.europa.eu/stories/s/In-profile-cohesion-policy-improving-health-servic/qyuv-h9j2>. [62]
- Coman, M. et al. (2022), *Building the primary healthcare workforce in Romania to promote and child and adolescent*, <https://www.unicef.org/romania/documents/building-primary-healthcare-workforce-romania-promote-child-and-adolescent-national>. [47]
- Council of the European Union (2021), *ANNEX to the Council Implementing Decision on the approval of the assessment to the recovery and resilience plan for Romania*, <https://data.consilium.europa.eu/doc/document/ST-12319-2021-ADD-1/en/pdf>. [38]

- County School Inspectorate of Bihor (2023), *Network of Pre-University Education Units with Legal Personality Operating in the 2023-2024 School Year*, <https://www.isjbihor.ro/management-isjbihor/retea-scolara>. [40]
- Deliu, A. et al. (2022), *Country report on health worker migration and mobility: Romania*, <https://pillars-of-health.eu/resource/country-report-on-health-worker-migration-and-mobility-in-romania-romanian-copy/>. [56]
- Dickerson, A. and S. McIntosh (2013), "The Impact of Distance to Nearest Education Institution on the Post-compulsory Education Participation Decision", *Urban Studies*, <https://doi.org/10.1177/0042098012455717>. [23]
- EIB (2023), *Cluj-Napoca-Episcopia Bihor RRD Co-Financing*, <https://www.eib.org/en/projects/pipelines/all/20230135>. [6]
- European Commission (2022), *EU Regional Competitiveness Index 2.0*, https://ec.europa.eu/regional_policy/information-sources/maps/regional-competitiveness_en. [3]
- European Commission (n.d.), *Social Inclusion and Dignity*, https://ec.europa.eu/regional_policy/in-your-country/programmes/2021-2027/ro/2021ro05ffpr001_en. [15]
- European Committee of Regions (n.d.), *Division of powers in Romania: Public Health*, <https://portal.cor.europa.eu/divisionpowers/Pages/Romania-Public-health.aspx>. [42]
- European Observatory on Health System and Policies (2023), *Enhancing the role of the family doctor*, <https://eurohealthobservatory.who.int/monitors/health-systems-monitor/updates/hspm/romania-2016/enhancing-the-role-of-the-family-doctor>. [50]
- European Observatory on Health Systems and Policy (2024), *Measure to increase access to primary care services*, <https://eurohealthobservatory.who.int/monitors/health-systems-monitor/updates/hspm/romania-2016/measure-to-increase-access-to-primary-healthcare-services>. [46]
- European Parliament (2024), *Romania's National Recovery and Resilience Plan: Latest state of play*, [https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI\(2022\)733641](https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI(2022)733641). [43]
- Eurostat (2023), *Population by educational attainment level, sex and NUTS 2 region (%)*, https://doi.org/10.2908/EDAT_LFSE_04. [18]
- Eurostat (2021), *Demographic balances and indicators by type of projection and NUTS 3 region*, https://ec.europa.eu/eurostat/databrowser/view/proj_19rdbi3/default/table?lang=en (accessed on November 2024). [35]
- Eurydice (2024), *National Education System of Romania*, <https://eurydice.eacea.ec.europa.eu/national-education-systems/romania/overview>. [11]
- Falch, T., P. Lujala and B. Strom (2013), "Geographical constraints and educational attainment", *Regional Science and Urban Economics*, <https://doi.org/10.1016/j.regsciurbeco.2012.06.007>. [25]
- Federatia Sanitas (2024), *Salarii majorate pe gradatii Anex*, https://legislatie.federatiasanitas.ro/wp-content/uploads/2024/04/Salarii_majorate_pe_gradatii_Anexall_Conducere.pdf. [48]

- IFC (2023), *Raising Romania's Private Sector Potential for Greener Growth*, [5]
<https://www.ifc.org/en/insights-reports/2023/romania-country-private-sector-diagnostic>.
- Iliescu, D. et al. (2024), *The Economic Impact of School Dropout in Romania*, [20]
https://www.researchgate.net/publication/386333662_The_Economic_Impact_of_School_Dropout_in_Romania.
- Ivan, L. et al. (2012), "The risk of dropping education for romanian high school students: Structural factors and educational policies", [28]
<https://doi.org/10.1016/j.sbspro.2012.05.477>.
- James, R. et al. (2025), *Strengthening Romania's health workforce: leading by example*, [60]
<https://doi.org/10.1016/j.lanepe.2024.101191>.
- Lange, E. (2024), "The Impact of Distance to School: Causal Evidence from the Creation of New Upper Secondary Schools in Denmark", [24]
<https://doi.org/10.2139/ssrn.5012009>.
- Liu, J. et al. (2016), *Policy Research Working Paper 7790*, [52]
<https://documents.worldbank.org/en/publication/documents-reports/documentdetail/546161470834083341/global-health-workforce-labor-market-projections-for-2030>.
- Lorenzoni, L. et al. (2019), *Health Spending Projections to 2030: New results based on a revised OECD methodology*, [53]
<https://doi.org/10.1787/5667f23d-en>.
- Ministry of Education (2022), *Raport anual privind Metarankingul Național aferent anului 2021*, [31]
<https://www.edu.ro/raport-metaranking-national-2021>.
- Miron, A. and L. Mistran (2024), "A Comparative Analysis of School Dropout Causes in Rural and Urban Romania", [27]
<https://doi.org/10.56578/esm020302>.
- Nord-Vest Regional Development Authority (2024), *List of funded projects: Priority 6 An educated region*, [39]
<https://regionordvest.ro/en/date-statistice/>.
- North-West RDA (2024), *Prioritatea de finantare 1*, [8]
<https://regionordvest.ro/prioritati-de-finantare/prioritati-de-finantare-1/>.
- North-West RDA (n.d.), *Programul sanatate*, [44]
<https://www.nord-vest.ro/programul-sanatate/>.
- OECD (2024), *Education at a Glance 2024: OECD Indicators*, [29]
<https://doi.org/10.1787/c00cad36-en>.
- OECD (2024), *Education at a Glance 2024-Country notes: Romania*, [19]
https://www.oecd.org/en/publications/education-at-a-glance-2024-country-notes_fab77ef0-en/romania_50189b64-en.html.
- OECD (2024), *OECD Economic Surveys: Romania 2024*, [30]
<https://doi.org/10.1787/106b32c4-en>.
- OECD (2024), *Reforming school education in Romania*, [10]
<https://doi.org/10.1787/5333f031-en>.
- OECD (2023), *PISA 2022 Database*, [17]
<https://www.oecd.org/en/data/datasets/pisa-2022-database.html>.
- OECD (2023), *PISA 2022 Results (Volume I and II) - Country Notes: Romania*, [16]
https://www.oecd.org/en/publications/pisa-2022-results-volume-i-and-ii-country-notes_ed6fbcc5-en/romania_cfe329e8-en.html.

- OECD (2023), *Rethinking Regional Attractiveness in the New Global Environment*, [2]
<https://doi.org/10.1787/a9448db4-en>.
- OECD (2022), *Value for Money in School Education: Smart Investments, Quality Outcomes, Equal Opportunities*, [22]
<https://doi.org/10.1787/f6de8710-en>.
- OECD (2018), *Responsive School Systems: Connecting Facilities, Sectors and Programmes for Student Success*, [36]
<https://doi.org/10.1787/9789264306707-en>.
- OECD/EC-JRC (2021), *Access and Cost of Education and Health Services*, [37]
<https://doi.org/10.1787/4ab69cf3-en>.
- OECD/European Commission (2024), *Health at a Glance: Europe 2024*, [51]
<https://doi.org/10.1787/b3704e14-en>.
- OECD/European Observatory on Health Systems and Policies (2023), *Romania: Country Health Profile 2023*, [45]
<https://doi.org/10.1787/f478769b-en>.
- OECD et al. (2021), *Applying the Degree of Urbanisation: A Methodological Manual to Define Cities, Towns and Rural Areas for International Comparisons*, [9]
<https://doi.org/10.1787/4bc1c502-en>.
- Parliament of Romania (2023), *Decision no. 47 of 18 January 2023*, [14]
<https://legislatie.just.ro/Public/DetaliiDocument/271896>.
- Parliament of Romania (2023), *Law no. 198 of 4 July 2023*, [13]
<https://legislatie.just.ro/Public/DetaliiDocumentAfis/271896>.
- Parliament of Romania (2011), *National Education Law No. 1 of 5 January 2011*, [12]
<https://legislatie.just.ro/Public/DetaliiDocument/125150>.
- Petre, A. et al. (2025), “The Urban–Rural Education Divide: A GIS-Based Assessment of the Spatial Accessibility of High Schools in Romania”, [26]
<https://doi.org/10.3390/ijgi14050183>.
- Petre, I. et al. (2023), *Analysis of the Healthcare System in Romania: A Brief Review*, [49]
<https://doi.org/10.3390/healthcare11142069>.
- Railway Pro (2024), *Supervision contract for Cluj metro line awarded*, [7]
<https://www.railwaypro.com/wp/supervision-contract-for-cluj-metro-line-awarded/>.
- Romania Insider (2024), *Study: Third of doctors in Romania experiencing burnout, half of young doctors want to go abroad*, [57]
<https://www.romania-insider.com/study-doctors-romania-burnout-may-2024>.
- Romania Legislative Portal (2022), *Multi-annual Strategy for Human Resources Development in Health*, [58]
<https://legislatie.just.ro/Public/DetaliiDocumentAfis/256965>.
- Romania National Institute of Statistics (2023), *POP321C: Temporary immigrants by age group, sex, urban.rural area, macroregion, development region and counties*, [34]
- Romania National Institute of Statistics (2023), *SAN104B Healthcare staff by categories*, [54]
- Romania National Institute of Statistics (2023), *SCL103B Children and pupils enrollment in pre-university education*, [21]

- Romanian National Institute of Statistics (2024), *SCL103D - Enrolled population, by level of education, counties and localities*. [32]
- Stancu, B. et al. (2024), "Physician migration in Romania: a study on the emigration preferences within the Cluj County healthcare system", *Public Health*, <https://doi.org/10.15386/mpr-2721>. [55]
- Vladescu, C. et al. (2016), *Romania Health System Review*, <https://iris.who.int/handle/10665/330243>. [41]
- WHO (2024), *WHO Country Cooperation Strategy: Romania*, <https://www.who.int/europe/publications/i/item/WHO-EURO-2024-9705-49477-74021>. [61]
- World Bank (2023), *Romania Systematic Country Diagnosis (2023 update)*, <https://openknowledge.worldbank.org/entities/publication/4de24f88-d29f-4c0b-a26e-9cff2a36cc6f>. [1]
- World Bank (2021), *Integrated Urban Development Strategy for the Municipality of Cluj-Napoca and its Metropolitan Area - Horizon 2030 and 2050*, <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099848210282223121/p1723840e027c30360a8be0c93fd4db9e69>. [4]

Annex 5.A. Methodology for measuring physical access to services

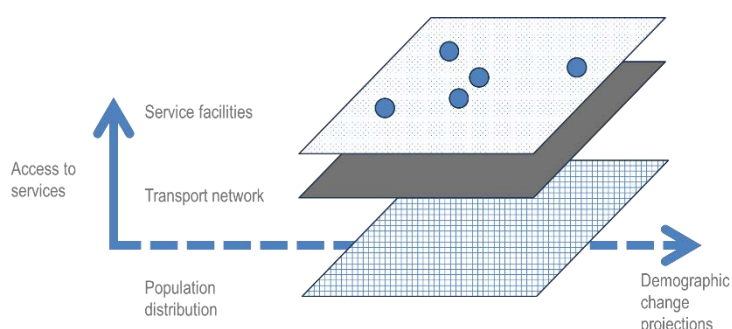
This annex provides methodological details on measuring physical access to services.

Conceptual description

Physical access to services depends on how people, transport infrastructure and service locations are distributed across space. In this report, accessibility is measured based on travel times between people and services along road networks according to a three-step process:

- Population grids are used to approximate the distribution of people.
- Routing algorithms are used to estimate travel times between each population grid and the nearest service facility (Annex Figure 5.A.1).
- For a given geographic unit (such as a municipality or region), accessibility is calculated as the population-weighted average of travel times for all population grids within its boundaries.

Annex Figure 5.A.1. Access to services depends on service facilities, transport networks and the population distribution



Source: OECD illustration

Calculating travel time to services at the grid level

The time needed to drive from the grid centroid to the nearest service facility is calculated for each 1x1km census grid. The R⁵py library is used to obtain fastest driving routes between locations, assuming travel at the legal speed limit on each road segment. Locations not on public roads are snapped to the nearest road within 1.6km (or otherwise considered to be unreachable).

Aggregating indicators

Travel times at the grid level are aggregated to the relevant areas of interest, which include local and regional administrative units and other categories such as urban and rural areas. Unless otherwise stated,

all aggregate indicators (within an area of interest) are population-weighted averages, as calculated by the formula below:

$$\overline{indicator}_{area} = \frac{\sum_{grid} (pop_{grid} \times area_{grid \cap area} \times indicator_{grid})}{\sum_{grid} (pop_{grid} \times area_{grid \cap area})}; \forall grid \in area$$

For example, the average travel time to schools in a municipality is calculated by measuring the travel time between each grid (wholly or partially within the municipality) and the nearest school, weighted by the grid's population. For grids on the municipality's boundary that might only partially fall in the municipality, their population is further weighted by how much it falls within that municipality.

Data sources

Population grids are sourced from the Eurostat Census Grid 2021, which contain population statistics for each 1x1km area across the EU aligned with 2021 census data. Public road networks (including service roads) within each region are sourced from OpenStreetMap, as of late 2024. The locations of service facilities are obtained through national statistics offices, information provided by the region and private sector sources. Annex Table 5.A.1 below contains a full list of data sources used in this region.

Annex Table 5.A.1. Data sources used to measure access to services

Category	Data	Source	Reference year	Notes
Childcare	Location of nurseries	OpenStreetMap	2024	ISCED 0-1
	Location of pre-schools	OpenStreetMap	2024	ISCED 0-2
Primary education	Location of primary schools	GISCO Basic Services	2017	ISCED 1
Secondary education	Location of lower secondary schools	GISCO Basic Services	2017	ISCED 2
	Location of upper secondary schools	GISCO Basic Services	2017	ISCED 3
Primary healthcare	Location of pharmacies	ESPON	2021	
Secondary and tertiary healthcare	Location of general hospitals	GISCO Basic Services	N/A	
	Location of specialised hospitals	GISCO Basic Services	N/A	
Transport	Road transport network	OpenStreetMap	2024	Public roads only
Population	Population grid	Eurostat	2021	1km x 1km resolution

Preparing for Demographic Change in Nord-Vest, Romania

The economy of Nord Vest, Romania is steadily converging with the European Union (EU) average, supported by unique assets including leading universities, a diverse industrial base, an emerging information technology sector, a strategic geographic position and significant natural capital. Nevertheless, the region has experienced population decline, with its population decreasing by 1.8% between 2014 and 2024 – a trend expected to continue, albeit at a slower pace than the national average. It has also faced outmigration (especially of youth), with around 4 500 more people leaving the region every year than arriving. In the face of demographic change, the region will need to implement fit-for-purpose policies and investments to retain youth and sustain long-term development. This report provides a comprehensive analysis and concrete recommendations for national, regional and local authorities. It outlines how the region can better adapt land use, housing, governance structures, public finances, investment and public service provision to a changing population. The report was developed under Pillar 2 of the European Commission's Talent Booster Mechanism, an initiative that supports regions in training, retaining and attracting people with the necessary skills and competences to mitigate the impact of demographic transition.



Funded by
the European Union



PRINT ISBN 978-92-64-99824-7
PDF ISBN 978-92-64-90686-0



9 789264 998247