Subnational Business Ready in the **European Union 2024:**

ROMANIA

WORLD BANK GROUP
Development Economics | Global Indicators

SUBNATIONAL BUSINESS READY

With funding by the European Commission

1818 H Street NW, Washington, DC 20433
Telephone: 202-473-1000; Internet: www.worldbank.org

1 2 3 4 19 18 17 16

Contents

Foreword

In a world of stifled business growth, unemployment, and multiple socioeconomic crises, the significance of understanding and enhancing the business climate cannot be overstated. The launch of the *Subnational Business Ready* (B-READY) studies occurs at a pivotal moment in the context of Europe's economic landscape—they provide a rigorous and comprehensive examination of the business environments across diverse regions within six European Union Member States: Bulgaria, Croatia, Hungary, Portugal, Romania, and the Slovak Republic. This initiative is not solely analytical—it is fundamentally transformative, aiming to catalyze policy reforms and invigorate the private sector by leveraging diverse regional strengths within the European Union.

The effective cooperation between the World Bank and the European Commission, particularly the Directorate-General for Regional and Urban Policy (DG REGIO), has been instrumental in supporting Member States in achieving cohesive policy objectives. This collaboration has also generated globally relevant analytics and knowledge spillovers. The launch of these Subnational B-READY studies builds on previous studies, funded by DG REGIO, in which 115 locations from 16 Member States were benchmarked between 2017 and 2022.

The World Bank's commitment to promoting economic development and mitigating barriers that hinder private sector growth is closely aligned with its goal of eliminating poverty on a livable planet. This is reflected in the methodical approach of the Subnational B-READY team—analyzing and comparing business environments at the local level to foster sustainable and inclusive economic growth. By incorporating aspects of environmental sustainability into its assessments, the Subnational project directly supports the World Bank Group's livable planet mandate. With the continuous support of the European Commission, the project provides an overview of countries' regulatory processes, highlighting regional variations in business regulations and their practical implementation. The Subnational studies provide pathways to developing effective regulatory frameworks and enhanced administrative processes that are pivotal for economic resilience and growth.

By focusing on a range of topics, including Business Entry, Business Location, Utility Services, Dispute Resolution, and Business Insolvency, the Subnational project ensures a comprehensive evaluation of factors that influence business climates. Facilitating business entry is key for job creation and economic growth, with simple registration processes and transparency safeguarding business integrity. Secure property rights and effective land administration promote investment and market efficiency, while a robust environmental framework for construction protects the public and ensures sustainability. Reliable utility services, especially electricity and water, are critical for operations and profitability. Efficient dispute resolution and strong judicial systems encourage investment by providing timely and cost-effective processes. Finally, robust business insolvency frameworks are essential for economic stability, resilience, and job preservation. Understanding and optimizing these areas is crucial for crafting environments conducive to sustainable and inclusive business operations.

Moreover, the collaborative nature of the Subnational B-READY studies—conducted in alignment with the priorities of the national and local governments—guarantees that insights from the studies are both relevant and action-

able. This engagement is a testament to a shared commitment from various governmental levels to refine business practices for amplified economic impact.

As these assessments unfold, the objective extends beyond identifying discrepancies; the aim is to guide policy makers and foster a dialogue between local and national governments and the private sector. The exchange of best practices and success stories is intended to spark innovative and effective reforms across regions, setting a precedent for future economic enhancements.

In essence, the Subnational B-READY studies for these six nations represent more than mere reports—they are a guide toward smarter, more efficient policies that empower businesses and foster substantive economic growth. We are confident that the insights from these assessments will catalyze significant strides in private sector development and economic policy making at both regional and national levels.

We extend our deepest gratitude to all contributors, partners, and stakeholders, whose expertise and unwavering dedication have been instrumental in sculpting these comprehensive studies. Your continued engagement and insightful feedback are crucial as we advance our mission to enhance business environments globally, paving the way for an era of renewed growth and prosperity.

Norman V. Loayza
Director, Development Economics
Global Indicators Group, World Bank

Acknowledgments

The *Subnational Business Ready* (B-READY) in Romania study was undertaken under the auspices of the Ministry of Finance and the Ministry of Development, Public Works and Administration, and funded by the European Commission's Directorate-General for Regional and Urban Policy.

This report was produced by a World Bank team led by Răzvan Antonescu and Mădălina Papahagi. The team comprised Ana-Maria Draganuță-Briard, Gina Cardenas Varon, Edgar Chavez, Ana Santillana Farakos, Lilla Fordos, Irina Georgescu, Marko Grujicic, Maksym Iavorskyi, Mihir Nikhil Madhekar, Trimor Mici, Andrei Moarcăș, Andra Panait, Alberto Pellicano, Elena Ristea, Tommaso Rooms, Ben Solis, Predrag Sutanovac, Burak Turkgulu, and Julien Vilquin. The team is grateful for valuable comments provided by peer reviewers from across the World Bank Group. Marcel Ionescu-Heroiu, Arvind Jain, Klaus Adolfo Koch-Saldarriaga, Andres Federico Martinez, Nina Pavlova Mocheva, Sergio Ariel Muro, and Pilar Salgado Otonel reviewed the full text. Norman Loayza, Marina Wes, Goran Tinjic, Anna Akhalkatsi, Lasse Melgaard, Jehan Arulpragasam, and Reena Badiani-Magnusson provided guidance and leadership. Julie Biau, Giovanni Bo, Oana Caraba, Alina Gres, Corina Grigore, Ioana Irimia, Irina Koval, Charlotte Nan Jiang, Bujana Perolli, Monique Pelloux, Mihai Preda, and Serge Randriamiharisoa provided valuable assistance and inputs at various stages of the project.

The report was edited by Matthew Robert Zoller, Deviah Machimanda Appaiah, Charles Hagner, and Susan Boulanger; the layout was produced by Luis Liceaga.

The Subnational B-READY team extends special thanks for project support to the nine Romanian municipal authorities, the Ministry of Justice, Trade Registry (ONRC), National Agency for Cadaster and Land Registry (ANCPI), National Authority for Regulation in Energy (ANRE), National Authority for Administration and Regulations in Communications (ANCOM), the National Authority for the Regulations of the Community Utility Services (ANRSC), the National Agency for Environment Protection (ANPM), Superior Council of Magistracy (CSM), Romanian Court of International Commercial Arbitration, as well as local Tribunals and utility providers.

Data collection was carried out in collaboration with the Romania Order of Architects (OAR), Fonduri-Structurale/Consolid8, Lexters and MRP Partners. The Romanian Environment Association-1998, the National Association for National Union of Bailiffs (UNEJ), National Union of Public Notaries (UNNPR) and National Union of Insolvency Practitioners (UNPIR) also contributed valuable data. More than 400 business consultants, engineers, lawyers, electricians, architects, construction experts, utility providers, public officials, judges, and enforcement agents contributed to the study. The team would like to express its special gratitude to the national and local public officials and members of the judiciary who participated in the project and provided valuable comments during the consultation and data review period.

Subnational B-READY is a product of the Development Economics Vice-Presidency (DECVP), led by Indermit Gill, Senior Vice President and Chief Economist of the World Bank Group. B-READY is housed in the Global Indicators Group, Development Economics (DECIG), and is supervised by Norman Loayza (DECIG Director). The Subnational B-READY projects are implemented by a team

led by Mădălina Papahagi (Senior Private Sector Specialist, DECSN) and Valentina Saltane (Manager, DECSN), in collaboration with other DECIG units (Business Ready, led by Valeria Perotti, and Enterprise Analysis, led by Jorge Rodriguez Meza).

The Enterprise Analysis team collected all the B-READY firm-level data through the implementation of the expanded Enterprise Surveys and provided invaluable advice on questionnaire design and indicator development. This team is led by Jorge Rodriguez Meza (Manager) and consists of Gemechu Aga, Nesma Ali, David C. Francis, Norma Janeth Gomez Caceres, Caroline Gomes Nogueira, Arvind Jain, Filip Jolevski, Nona Karalashvili, Hibret Maemir, Eugenia Aurora Rodriguez Cuniolo, Davide Salvatore Mare, William Soh, Nazim Tamkoc, Kohei Ueda, Domenico Viganola, Rose Wairimu Gachina, and Joshua Wimpey.

The team extends its apologies to any individuals or organizations inadvertently omitted from this list and conveys its appreciation to all contributors to Subnational B-READY in the European Union studies, including those whose names may not be listed here.

Executive Summary

Subnational Business-Ready (B-READY) in the European Union: A Comprehensive Assessment of Regional Business Climate

The Subnational B-READY in the European Union (EU) series is a project led by the World Bank in partnership with the European Commission's Directorate-General for Regional and Urban Policy (DG REGIO) aimed at assessing and enhancing the business environment across different regions within the EU. This year, the Subnational B-READY series cover 40 cities in six EU Member States—Bulgaria, Croatia, Hungary, Portugal, Romania, and the Slovak Republic—covering 36 European regions. This phase builds upon the World Bank's previous Subnational studies conducted in these countries between 2017 and 2022. More broadly, the former Subnational in the EU reports assessed business environments in Bulgaria, Hungary, and Romania (2017); Croatia, the Czech Republic, Portugal, and the Slovak Republic (2018); Greece, Ireland, and Italy (2020); Austria, Belgium, and the Netherlands (2021); and Denmark, Finland, and Sweden (2022), covering 115 locations across 16 EU Member States. These studies have laid the groundwork for identifying regulatory gaps and sharing best practices to strengthen the EU's regional economic cohesion. As part of an ongoing effort, the team is launching the second round of measurements, which will cover over 60 cities from the Czech Republic, Greece, Ireland, Italy, Poland, and Spain. A third round is set to begin in 2025, expanding the assessment to more EU Member States.

Objective

The primary objective of the Subnational B-READY studies is to identify and address regional disparities in regulatory environments and to promote reforms that foster private sector growth, job creation, and sustainability. The Subnational B-READY series delivers a rigorous, data-driven analysis of business climates at the local level, offering actionable insights for policy makers. By examining key areas of the life cycle of the firm—Business Entry, Business Location (including Building Permitting, Environmental Permitting, and Property Transfer), Utility Services (Electricity, Water, and Internet), Dispute Resolution, and Business Insolvency—this report offers a road map for improving administrative processes and regulatory frameworks that directly affect businesses at the local level in nine Romanian cities: Brașov, Bucharest, Cluj-Napoca, Constanța, Craiova, Iași, Oradea, Ploiești, and Timișoara.

Intended Audience

This Subnational B-READY report series targets a wide audience, from national to local government officials, and from private sector stakeholders to development agencies, policy makers, and researchers. The findings are meant to help these groups identify best practices, reduce regulatory bottlenecks, and foster a more unified and efficient business environment across regions. Additionally, the collected data serve as an effective tool for local governments, enabling them to benchmark and track performance over time vis-à-vis not only national standards but also international benchmarks. The comprehensive underlying country-specific datasets provide ample opportunities for further research in the area of private sector development and growth.

The Importance of Regional Data

An insight into regional dynamics allows an economy to be more inclusive and sustainable in its economic growth. The Subnational B-READY reports offer governments the evidence needed to design targeted reforms, allowing regions to enhance their business climates and bridge performance gaps. It is hoped that the key findings will encourage peer learning across regions by disseminating good practices observed in high-performing cities. It is expected that such a sharing of best practices would lead to cross-regional improvements and eventually spur competitiveness across the EU.

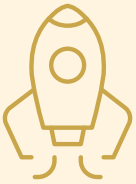
By highlighting both achievements and areas for improvement, these assessments aim to support national and regional policy makers in driving meaningful reforms. In this way, the project exemplifies the shared commitment of the World Bank and DG REGIO to enhancing economic cohesion and resilience within the EU through rigorous analysis and evidence-based policy recommendations.

Key Findings

- The measured cities' business climates show significant differences in four out of the five topics: Business Location, Utility Services, Dispute Resolution, and Business Insolvency. The only uniform area is Business Entry. This variability highlights the importance of considering local contexts when developing policies and support systems for entrepreneurs.
- No city leads across all topics, although Oradea stands out as the best performer in three areas: Business Location (80.6), Dispute Resolution (75.5), and Business Insolvency (71.8), while Craiova is the top scorer on Utility Services (72.9). Both Oradea and Craiova maintain strong overall performance, never receiving a score below 66.8 in any topic. Oradea, for example, received the score of 70 in Utility Services, while Craiova earned 66.8 in Business Insolvency.
- Timișoara is the only city to place consistently in the bottom half across the four measured areas displaying variation. Bucharest has the lowest scores across cities on Utility Services (69.1) and Business Insolvency (58.6).
- The widest performance gap between cities is recorded in Business Insolvency, followed closely by Business Location. These areas are the most problematic in Bucharest, for Business Insolvency, and in Constanța, for Business Location, indicating ample room for reform. Conversely, the gap in scores is relatively narrow in Utility Services, and no cross-city variation occurs in Business Entry.
- There is no variation between cities on the quality of regulations (Pillar I), as most regulations are applicable at the national level. Rather, the disparities in scores are driven by differences in the quality of public services (Pillar II) and, to a larger extent, in operational efficiency (Pillar III), which primarily measure the time and cost incurred by businesses when interacting with relevant public agencies.
- Delivery of public services for businesses varies across Romanian cities. For example, the time for obtaining a building permit, a process measured under the Business Location topic, ranges from 53 days in Oradea to 382 days in Iași, while getting an occupancy permit takes 30 days in Craiova compared to 66.5 days in Constanța. Wide differences in time estimates are also recorded in Dispute Resolution (between Oradea and Brașov) and Utility Services (in Electricity between Craiova with 180 days and Bucharest with 317 days or in Water between Oradea with 90 days and Timișoara with 145 days).
- Cost is an important factor driving differences in measures of Business Insolvency. Liquidating a company costs five times more in Bucharest compared to Oradea, and reorganizing a company is three times more expensive in Cluj-Napoca than in Oradea or Craiova.
- Some local good practices can be replicated across Romanian cities, especially in the areas of Business Location (Building Permitting), Utility Services (Water), Dispute Resolution, and Business Insolvency. For other topics, Romania's cities can look elsewhere in the European Union and globally for practices to help boost competitiveness. In the area Property Transfer, for example, Romanian authorities can look to the Slovak Republic for simplified processes that at minimum require interaction with only one agency.

Areas of Improvement

Business Entry



Areas of improvement for business entry in Romania include increasing the uptake of online services, enhancing digital tools, and further streamlining processes. Strategies such as lowering costs for online applications or making online registration mandatory could encourage wider digital uptake. Additionally, a user-friendly portal and better guidance for entrepreneurs can significantly improve the business entry environment.

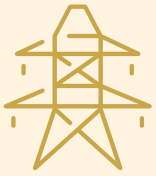
Business Location

Areas for improvement in Romania's building permitting process include harmonizing construction permitting legislation and streamlining preconstruction approvals. Introducing Urban Master Plans in GIS format, available online and updated in real-time, and further develop a single point of contact for coordinating approvals from multiple agencies and tracking approval timelines could significantly reduce delays. Furthermore, an expedited process for obtaining urban planning certificates and reducing unnecessary approvals and authorizations would enhance efficiency. Learning from best practices in other EU countries, such as the single-window solutions used in Cyprus and Malta, could provide valuable insights for Romania.

To improve the environmental permitting system, Romania could fully adopt a risk-based approach to environmental approvals, similar to practices in Belgium and Denmark where simpler projects are exempt from extensive environmental assessments. Additionally, deploying an integrated online environmental permitting platform would streamline processes, reduce paperwork, and enhance public participation and transparency. Examples from Portugal (SILiAmb) and Hungary (Magyarorszag.hu) provide successful models for such platforms. These systems offer functionalities including interactive communication channels, automated notifications, and an online portal for submitting and managing applications.

To further enhance land administration and property transfer, Romanian authorities would need to continue to develop the *eTerra* platform, including interconnecting it with platforms at other agencies. Enabling automatic data exchange between registries and updating all records simultaneously when one database is modified would spare time and effort when verifying parties' identities or obtaining tax clearance certificates. In this regard, Romania could look to examples of successfully interconnected databases in Latvia and Denmark. Importantly, Romania should take steps to ensure that all private properties are registered and mapped and continue its efforts to digitize cadastral and land registry records.

Utility Services



Romania's electricity sector has improved in implementing and enhancing online application platforms for electricity connections, although some cities lag behind others in developing e-platforms for submitting new connection applications. Comprehensive customer assistance, online guidelines, and awareness campaigns should accompany these upgraded platforms to ensure users can navigate the systems easily. Transparency and accountability could also be improved. Collecting and publishing detailed statistics on the electricity connection process, including application status, connection timelines, and costs, would help set clear and realistic expectations for both entrepreneurs and utilities. Data-driven reporting could serve as an indirect accountability measure, giving utilities and public administrations incentive to improve performance and efficiency.

Romania can enhance its water utility services by updating its regulatory framework to include financial and nonfinancial incentives for adopting demand-side management practices. Introducing "dig once" policies and regulating the qualification requirements for water installation operators can further improve efficiency and sustainability.

Additionally, enhancing digital services across all cities can significantly improve the quality of public services. Providing online application tracking and up-to-date information about utility networks will help developers plan

more efficiently. Moreover, publishing a complete list of connection requirements online, including documents needed to apply, instructions on procedures, connection costs, and stipulated time limits, can streamline the application process.

Dispute Resolution

Suggested improvements in Romania's dispute resolution process cover several key areas. First, to improve case management in its courts, Romania must make pre-trial hearings part of its regulatory framework. Pre-trial hearings provide judges with control over cases from an early stage, facilitate the judicial process by enabling preliminary examination of evidence, and increase predictability in the resolution timeframe. Pre-trial hearings can also stimulate uptake of alternative dispute resolution mechanisms. Second, setting clear and strict regulations covering the maximum number of adjournments in commercial disputes, with specific limits and exceptions, would ensure timely resolution of disputes and improve the effectiveness of judicial procedures. Finally, Romania should improve its digital public services. Useful enhancements include adding e-services such as a platform for electronic filing of initial claims in all cities and developing a platform to enable parties to exchange documents with courts electronically.

Business Insolvency

Suggested improvements in Romania's insolvency proceedings address several key areas. First, to shorten and improve the efficiency of insolvency proceedings and enhance enforcement of the existing legal framework, asset evaluation and liquidation should be streamlined. While the Civil Procedural Code does mention price decreases over subsequent auctions, this step does not seem to be applied in practice due to resistance from majority creditors; as a result, numerous auctions take place before assets are finally disposed of, prolonging the insolvency timeline significantly. Further clarification of legal consequences for noncompliance, empowering judges to oversee and enforce price reductions directly, and strengthening the role of insolvency administrators in negotiating and implementing price reductions with creditors would help expedite this process. Second, introducing specialized procedures for micro, small, and medium-sized enterprises (MSMEs), through simplified judicial and administrative procedures, will reduce time and expenses for these smaller debtors. Finally, strengthening the capacity of insolvency administrators and professionals through training and qualification programs for syndics and judges is essential to more effective management of the backlog of cases.

Table 1. Summary of Potential Opportunities for Regulatory Improvement in Romania

Topic	Areas of improvement	Relevant stakeholders
Business Entry	Stimulate the uptake of online registration services	• National Trade Registry Office
Business Location	Building Permitting	
	Harmonize construction permitting legislation	• Ministry for Development, Public Works and Administration • Municipalities • Building offices
	Streamline the process for preconstruction approvals	
	Review the cost structure for building permits	
	Expand electronic platforms throughout the building permitting process	
	Environmental Permitting	
	Fully adopt a risk-based approach to environmental approvals; streamline environmental assessments	• National Environmental Protection Agency • Local Environmental Protection Agency offices
	Further facilitate public participation in the review process for environmental impact assessments	
	Develop and deploy an integrated online environmental permitting platform	
	Property Transfer	
	Accelerate digitization of records to achieve conversion of all entries	• National Agency of Cadaster and Land Registry (NACLR)
	Integrate the *eTerra* platform with other agencies as well	
	Ensure that all private properties are registered and mapped	
	Set-up an out-of-court mechanism at the Land Registry to compensate for losses incurred to private parties due to Land Registry errors	• Ministry of Justice • Ministry of Development, Public Works and Administration • National Agency of Cadaster and Land Registry (NACLR)
Utility Services	Electricity	
	Introduce and strengthen online platforms to streamline the process for obtaining electricity connections	• National Energy Regulatory Authority (ANRE) • Distribution utilities • Municipalities
	Streamline the requirements for getting electricity	
	Replace site inspection with self-certification of compliance	• National Energy Regulatory Authority (ANRE) • Distribution utilities
	Review the cost structure of obtaining a new connection	
	Improve the reliability of the electricity supply	
	Increase transparency and accountability by collecting and publishing statistics	
	Water	
	Improve the availability of digital services across water utilities	• National Agency for the Regulation of Community Utility Services (ANRSC) • Water utilities • Municipalities
	Consider the role of private contractors in connection works	
	Enhance interoperability across utilities	
Dispute Resolution	Introduce pre-trial hearings as a case management technique	• Ministry of Justice • Superior Council of Magistracy
	Regulate the maximum number of adjournments	
	Enhance the digitalization of courts	
Business Insolvency	Optimize asset liquidation in insolvency proceedings	• Ministry of Justice
	Introduce a specialized procedure for micro, small, and medium enterprises	
	Strengthen the capacity of insolvency administrators and professionals	

Source: Subnational Business Ready

Methodology

As part of the World Bank's overarching effort to promote private sector development, the Subnational B-READY provides assessments of the business environment in select cities within measured economies with the aim of delineating the geographic variation. The assessments adopt a holistic view of the private sector as they consider all the stakeholders in private sector development—including existing firms, potential entrants, and the citizens at large—by evaluating aspects such as transparency and environmental requirements. The assessments are based on original data collected by the Subnational B-READY team and are published through reports and online.

As a new product, the Subnational B-READY is using the methodology of the Global B-READY report, adapting it to project-specific contexts based on client needs. Over time, the project will grow in geographic coverage, and its methodology will be refined. In the first phase of the Subnational European Union (EU) project, the Subnational B-READY assessments have been prepared for 40 cities in six EU economies—namely, Bulgaria, Croatia, Hungary, Portugal, Romania, and the Slovak Republic.

The selection of cities for Subnational B-READY assessments in the EU is based on geographical coverage and size in consultations with the European Commission and the national governments. In Romania, the Subnational B-READY covers nine cities in eight regions at the NUTS2[1] level: Brașov (Centre), Bucharest (Bucharest-Ilfov), Cluj-Napoca, Oradea (North-West), Constanța (South-East),

Map 1. Cities in Romania Covered by Subnational B-READY

Source: Subnational Business Ready

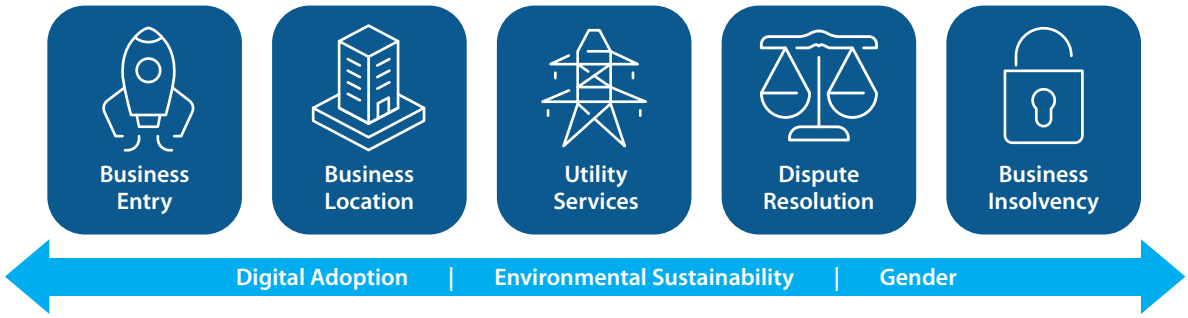
Craiova (South-West Oltenia), Iași (North-East), Ploiești (South Muntenia), and Timișoara (West) (map 1).

Subnational B-READY assessments in the EU are organized into five topics that follow the life cycle of the firm: Business Entry, Business Location, Utility Services, Dispute Resolution, and Business Insolvency (figure 1). Across the five topics, assessments include crosscutting areas of digital adoption, environmental sustainability, and gender.

Each of the five Subnational B-READY topics rests on three pillars: Regulatory Framework, Public Services,

1 Nomenclature of Territorial Units for Statistics (NUTS) is a geocode standard for referencing the administrative divisions of countries for statistical purposes developed and regulated by the European Union. There are three major categories of administrative divisions: NUTS1 (major socio-economic regions), NUTS2 (basic regions for regional policies), and NUTS3 (small regions for specific diagnoses). For more details, see https://ec.europa.eu/eurostat/web/nuts.

Figure 1. Subnational B-READY Topics



Source: Business Ready

and Operational Efficiency (figure 2). The Regulatory Framework pillar comprises the rules and regulations that firms must follow as they open, operate, and close a business. Public Services refers to both the facilities that governments provide to support compliance with regulations and the institutions and infrastructure that enable business activities. In the project, public services are limited to the business environment areas related to the life cycle of the firm. Operational Efficiency refers to both the ease of compliance with the regulatory framework and the effective use of public services directly relevant to firms.

The Subnational B-READY methodology compiles a large set of indicators for each pillar within each topic following the Global B-READY categorizations.[2] The selection of indicators is based on their relevance, value added, and complementarity. These indicators have five major characteristics: they are indicative of established good practices; they are quantifiable and actionable through policy reforms; they seek to balance *de jure* and *de facto* measures within topics; they are comparable across economies and representative within each economy; and they span the most relevant aspects of each topic.

In the Regulatory Framework pillar, the indicators address the quality of rules and regulations, distinguishing between those that lead to clarity, fairness, and sustainability of the business environment and those that impose unnecessary restrictions on entrepreneurial activity. In the Public Services pillar, the indicators emphasize digitalization, interoperability, transparency, and adequacy of services directed at easing regulatory compliance and

Figure 2. Subnational B-READY Pillars

Source: Business Ready

2 Adjustments have been made to the Global B-READY indicators to make them more suitable for Subnational B-READY assessments: two indicators in the Operational Efficiency pillar of Business Entry have been excluded due to not being relevant at the regional level, and one indicator in the Operational Efficiency pillar of Business Location has been excluded due to insufficient regional coverage.

enabling business activities. In the Operational Efficiency pillar, the indicators across topics assess a firm's experience in practice with respect to the business environment.

The Subnational B-READY combines primary data from expert questionnaires with data collected through Enterprise Surveys following the Global B-READY methodology (figure 3). In the EU context, data from the Enterprise Surveys aggregated at the NUTS2 region level were used for each city. Detailed data to help produce the Regulatory Framework and Public Services indicators were collected exclusively through expert questionnaires. Data for the Operational Efficiency indicators were collected through a combination of expert questionnaires and Enterprise Surveys for Business Location, Utility Services, and Dispute Resolution.[3] For topics related to issues that are not faced routinely by firms, such as Business Entry or Business Insolvency, the data-collection process relied solely on expert questionnaires.

Similar to the Global B-READY methodology, in the Subnational B-READY, data collected through expert surveys are validated against surveys received from the public entities. All responses that result in contradictory or inconclusive data points are followed up on with the experts. Moreover, in the case of the Subnational B-READY methodology, the reconciliation process is pursued until the data point is firmly established through hard evidence based on additional research, in-depth interviews with contributors, or data validation with public entities.

The Subnational B-READY implements a scoring methodology that aggregates individual indicators to subcategories, categories, and pillars following the Global B-READY methodology (figure 4). The methodology allows comparisons across pillars and economies by weighting each subcategory accordingly. From indicators to pillars, scores are aggregated through summation of the weighted scores. Each pillar is scored out of 100, and the topic score is obtained by averaging the pillar scores.

The Subnational B-READY is governed by the highest data-integrity standards, including sound data-gathering processes, robust data safeguards, and clear approval protocols, which are detailed in the *Subnational Business Ready (B-READY) Manual and Guide*, publicly available on the Subnational B-READY website. Additionally, the B-READY Methodology Handbook details both the B-READY indicators and the scoring approach. Any deviations from the B-READY Methodology Handbook are detailed in the Subnational B-READY Manual and Guide. The project governance documents will be updated and improved as the project progresses through the initial phases. The cornerstone of B-READY governance is transparency and replicability; as such, all data at the individual city level used to calculate scores will be made publicly available on the project's website.

Figure 3. Subnational B-READY Data Sources

Expert Questionnaires

- Collect data from experts who regularly deal with business regulations and related public services and institutions.
- Provide mainly *de jure*, but also *de facto*, information.
- Data collection through topic-specific questionnaires, administered to three to five experts per questionnaire and city.
- From experts in the private sector and public agencies.

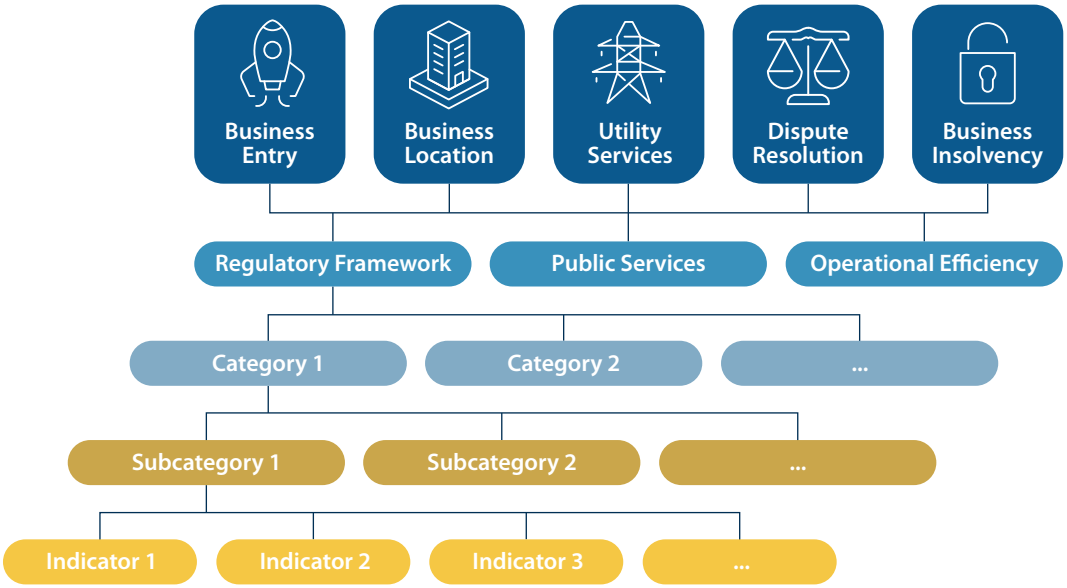
Enterprise Surveys

- Collect data from the owners or managers of a representative sample of registered firms.
- Provide *de facto* information.
- Data collection embedded in the World Bank Enterprise Surveys (expanded from 15 to 65 Enterprise Surveys a year).
- Updated every three years for each economy.

Source: Subnational Business Ready

3 For one indicator in the Operational Efficiency pillar of the Utility Services topic, data from expert surveys, rather than Enterprise Surveys, have been used, in contrast to the Global B-READY, because of limitations of the Enterprise Surveys data at the regional level.

Figure 4. Subnational B-READY Scoring Cascade



Source: Business Ready

Subnational Business Ready
in the European Union 2024:
ROMANIA

1. Overview

1.1 Overall Results

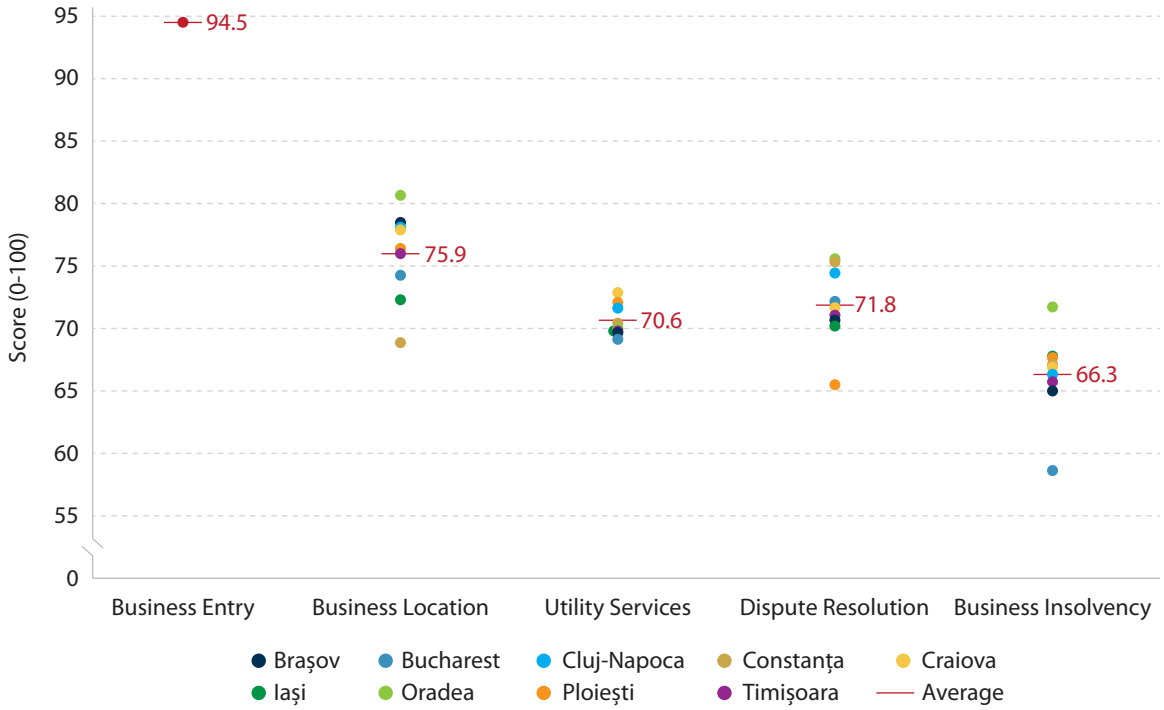
Romanian cities have achieved the highest average score for Business Entry: 94.5 out of 100 points (figure 5), with the country performing on par with global best practices in this area and no score variability across cities, indicating that company incorporation processes are implemented with equal effectiveness across the measured cities. The lowest recorded average score is in Business Insolvency, at 66.3 out of 100 points, which is also the area with the largest performance gap between cities—from a score of 58.6 points in Bucharest to 71.8 in Oradea, a difference of 13.2 points. The score disparity is mostly driven by differences in time and cost to either liquidate or reorganize a company. The cost of liquidation[4] in Bucharest is over five times more than in Oradea, which has the lowest cost estimate across the measured cities. Similarly, reorganizing a company[5] takes 45 months in Oradea compared to 60 months in Constanța and Iași.

Dispute Resolution and Business Location topics also demonstrate significant performance gaps across cities––with score gaps between the highest and the lowest performers exceeding 10 points. High variation in this area is not surprising given the significant role played by local courts in dispute resolution and that many construction-permitting requirements are under municipal control. Interestingly, in all three topics with high variation, Oradea is the best performer among the measured cities. This is because Oradea is one of only three cities in Romania (out of the 9 cities assessed) with an updated city master plan/zoning plan[6], a critical urban planning tool for defining zoning districts and land-use classifications within a particular area. Oradea is also fastest at providing both building and environmental permits due to its use of fast-track processes for the urban planning certificate and the building permit, its up-to-date GIS database covering all network developments, and the faster clearance times from the local Environmental Protection Agency. Constanța, on the other hand, is among the slowest in issuing both building and environmental permits.

Across the five measured topics, Romania's cities tend to perform well on Pillar I, which captures the strength of the regulatory framework (figure 5). The average Pillar I scores for Business Entry and Business Location are above 90 points, and for Business Insolvency the score is above 80 points. With the notable exception of Business Insolvency, average Pillar III scores are close to, if not higher than, average Pillar I scores. This indicates that operational efficiency reflects the quality of the regulatory framework in most topics. In contrast, for Business Insolvency the average Pillar III score is 49 points, which significantly lags the average performance in the topic for Pillar I, signaling an important gap between regulatory quality and efficiency of delivery. The three pillar scores are comparatively har-

4 Liquidation is the process of assembling and selling the assets of an insolvent debtor to dissolve the company and distribute the proceeds to its creditors. Liquidation may include the piecemeal sale of the debtor's assets or the sale of all or most of the debtor's assets as a going concern. The term *liquidation* refers only to formal in-court insolvency proceedings and does not include the voluntary winding up of a company.
5 Reorganization refers to the collective proceedings through which the financial well-being and viability of a debtor's business may be restored based on a reorganization plan, so that the business can continue to operate as a going concern, including debt forgiveness, debt rescheduling, debt equity conversions, and sale of the business (or parts of it). The term *reorganization* refers exclusively to formal in-court proceedings available to all commercial debtors and does not include schemes of arrangement and out-of-court agreements with creditors.
6 According to the B-READY methodology, "an updated city master plan/zoning plan" is one that has been updated in the last 10 years.

Figure 5. Overall Topic Scores, by City



Source: Subnational Business Ready

monized for the Business Entry and Utility Services topics. Across all pillars, Business Entry scores average above 90 points, while the average pillar scores for Utility Services range between 68.6 and 73.7 points—slightly over 5 points. This result implies that regulatory quality, public service quality, and efficiency in delivery are similar in the areas of Business Entry and Utility Services.

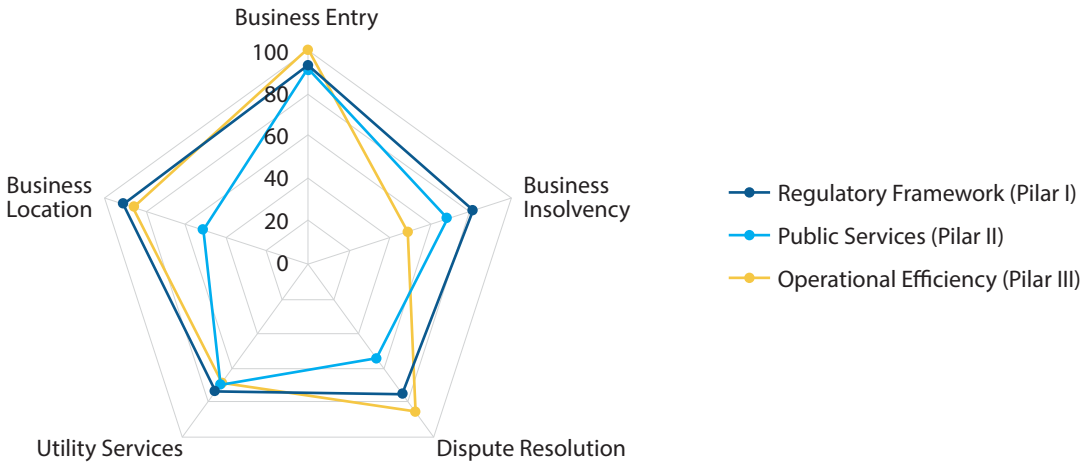
Notably, in the Business Location and Dispute Resolution topics, average Pillar II scores, which measure the quality of public services, are substantially lower than the scores in other pillars—showing a difference of more than 30 points (figure 6). This indicates that despite the quality issues in public services in these topics, efficiency of service delivery is not heavily impacted, and companies seem to navigate bureaucracy with relative efficiency. For example, transferring a property in Romania occurs relatively fast and is not expensive, even though the Land Registry is not interoperable with the Trade Registry and Municipalities' Fiscal Directorates.

The city score breakdown by pillar shows that, except for Business Entry, cross-city variation is driven by differences in the delivery of public services (Pillar II) and in operational efficiency (Pillar III) (figure 7). Since many of the aspects of business regulation analyzed by this report are nationally legislated, no city-level variation exists on Pillar I. The best performing topic on Pillar I is Business Entry (92.5 points out of 100), followed by Business Location (90.7 points). Most opportunities for improvement on Pillar I to close the gap with the best practices are in Utility Services (73.7 points); examples include implementing "dig once" policies, and in Dispute Resolution (75.2 points), introducing time standards for specific procedures or ceilings for numbers of adjournments.

On the Provision of Public Services, the Business Insolvency topic stands out as the area with the widest gap between the highest and the lowest performing cities (figure 7). Cluj-Napoca, Iași, and Timișoara lead all other cities in Pillar II (Delivery of Public Services), with scores of 83.3 points out of 100, 23.3 points ahead of the five lowest-performing cities, mainly due to the interconnection of electronic systems for filing cases with the case-management systems set up by the three Tribunals. The difference in Pillar II scores is less pronounced for other topics: the highest and lowest score in the Business Location, Utility Services, and Dispute Resolution topics differ by only between 5.6 and 6.9 points.

The distribution of Pillar III scores accounts for most of the variation in topic scores (figure 7). For example, the Pillar III

Figure 6. Average Pillar Scores, by Topic

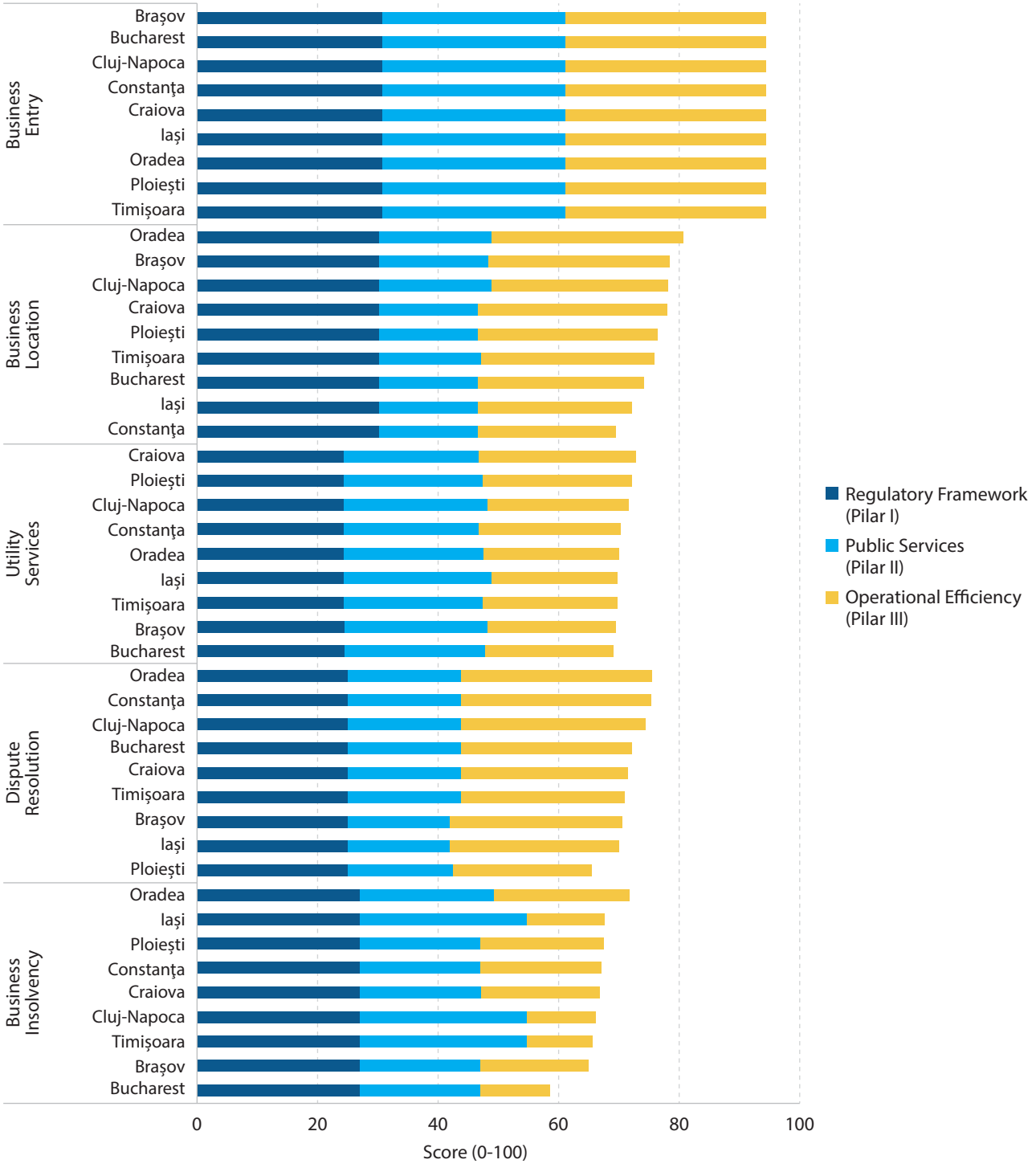


Source: Subnational Business Ready

score of the best performer in the Business Location topic, Oradea, is separated from the last-placed, Constanța, by 26.2 points of 100 points. Several factors contribute to this gap, including Oradea's updated city master plan/zoning plan, integration of the Municipality's GIS platform with other agencies' GIS platforms, and relative speed in issuing permits. A similar pattern is observed in Dispute Resolution between Oradea and Ploiești, with a difference of 26.1 points.

The Business Insolvency topic shows an even higher spread in Pillar III (operational efficiency) scores, with Oradea, the best performer in Pillar III, scoring 34.8 points higher than the lowest scoring city, Timișoara. Business Insolvency scores also present an interesting interaction between Pillar II and Pillar III scores: Cluj-Napoca, Iași, and Timișoara score high in Pillar II while, along with Bucharest, also scoring lowest in Pillar III.

Figure 7. Topic Scores, by City and Pillar



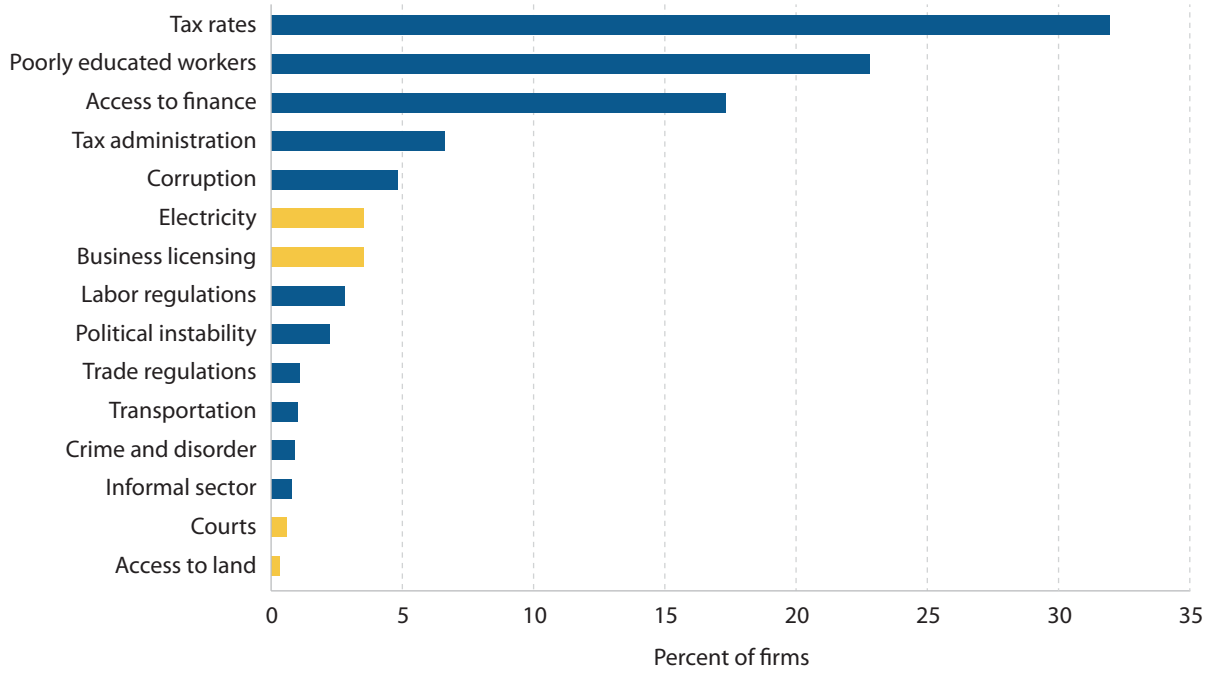
Source: Subnational Business Ready

1.2 Findings from the Enterprise Surveys Data

Results from the Enterprise Surveys[7] implemented in Romania in 2023 show that the country's top three business environment obstacles are tax rates, lack of skilled workers, and access to finance (figure 8). Among the responses directly related to the areas measured by *Subnational Business Ready*, electricity and business licensing rank highest, at sixth and seventh, with around 3 percent of firms picking each as their biggest obstacle. Courts and access to land are ranked at the bottom of the list.

Senior managers of the companies surveyed reported that they spend on average 15.1 percent of their time dealing

Figure 8. Biggest Business-Environment Obstacles Reported by Firms



Source: World Bank Enterprise Surveys 2023
Note: Respondents were asked to choose the biggest obstacle from a list of 15 obstacles. Yellow bars show responses directly related to areas studied by *Subnational Business Ready*.

7 For more information, visit the Enterprise Surveys website at https://www.enterprisesurveys.org/

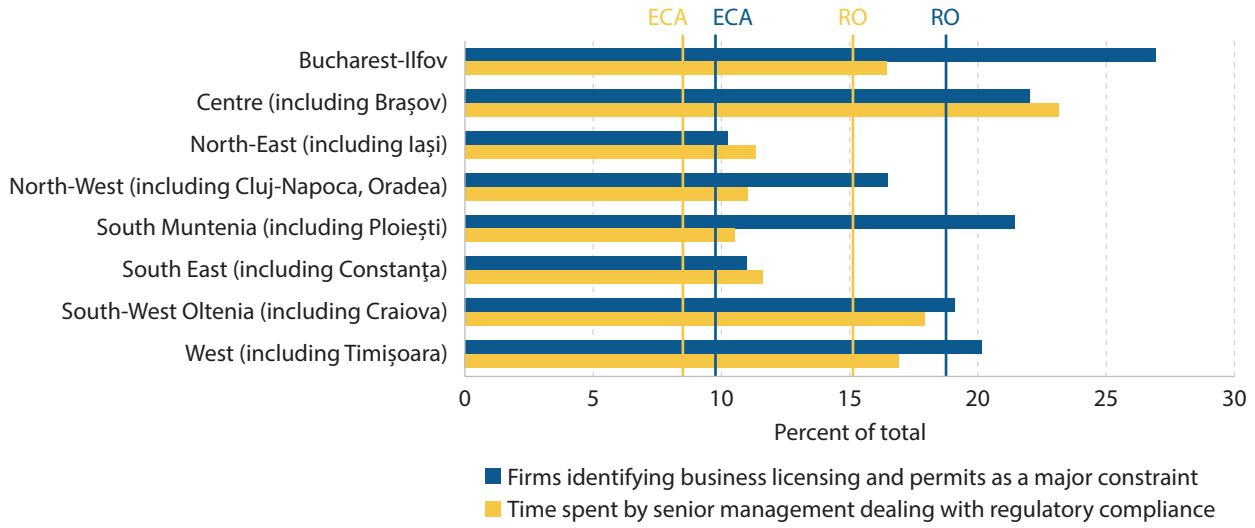
with regulatory requirements, signaling room exists for improvement: this estimate is almost double the regional average for Europe and Central Asia. Across geographic locations, in the South Muntenia region, senior management spends the least time on government regulatory compliance, a topic on which senior management in the Centre region report spending the most time (figure 9). Regulatory compliance is more taxing on the time of senior management in large firms (17.5 percent) rather than in medium (12.9 percent) or small firms (15.5 percent).

About 19 percent of firms in Romania identify business licenses as a major constraint to their business operations, again almost twice as much as the average for Europe and Central Asia. Obtaining business licenses and permits is most problematic in the Bucharest-Ilfov region and least problematic in the North-East region. With the exceptions of South Muntenia and Bucharest-Ilfov, data based on firm interviews show that senior management tends to spend more time on regulatory compliance in regions where business licensing and permitting processes are seen as major constraints (figure 9).

Based on the firm-level data, about 30 percent of firms countrywide experience electrical outages each year, which is comparable to the Europe and Central Asia average of about 28 percent. Across regions, firms in South-East are more likely to suffer service interruptions (52 percent) (figure 10). Outages reported by surveyed firms are most frequent in South-East (0.8 per month), while the longest outages occur in the Centre region (1.2 hours). The average losses due to electrical outages are minimal, ranging from 0.1 percent of annual sales for both medium and small firms to 0.4 percent of annual sales for large firms.

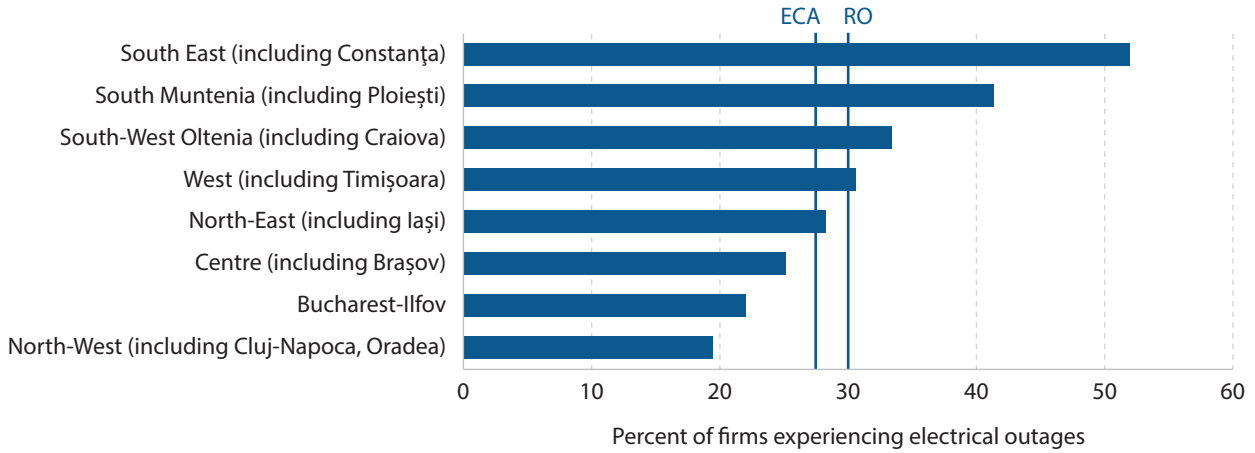
About 29 percent of large, 11.5 percent of medium, and 11.3 percent of small firms own or share a generator. When used, generators on average produce 26 percent of needed electricity. Overall, about 37 percent of large firms identify electricity as a major constraint to their business operations, followed closely by medium firms, at just above 35 percent; about 27 percent of small firms reported electricity as a major constraint. By region, the proportion of firms identifying access to electricity as a major constraint was highest in the North-West (41.5 percent), followed by Bucharest-Ilfov (35.7 percent); considerably fewer companies in the Centre (15.5 percent) identified electricity as a major constraint.

Figure 9. Percentage of Firms that Identify Licensing and Permits as a Constraint and Percentage of Time Spent on Regulatory Compliance, by Region



Source: World Bank Enterprise Surveys 2023
Note: Vertical lines indicate the countrywide and regionwide averages in the measures. RO = Romania. ECA = Europe and Central Asia.

Figure 10. Percentage of Firms that Experience Electricity Outages, by Region



Source: World Bank Enterprise Surveys 2023
Note: Vertical lines indicate the countrywide and regionwide averages in the measures. RO = Romania. ECA = Europe and Central Asia.

1.3 Business Entry[8]

The process of business entry is harmonized across the nine cities assessed in Romania. The country aligns closely with international standards regarding regulatory requirements and procedural norms for business entry. The regulatory framework in Romania provides simplified registration options and risk-based business licensing. Current regulations provide simplified registration forms, which can be completed online without intermediaries such as lawyers or notaries. Changes to company information can also be made without intermediaries. Additionally, the country employs a risk-based assessment for business and environmental licensing, ensuring that businesses comply with necessary regulations proportionate to their risk level. Romania adheres to international standards on the availability of digital tools and electronic services for business registration. Interconnecting digital services among agencies, such as the company registry and the tax administration, facilitates seamless information flow and efficiency. Company and beneficial ownership[9] information is stored digitally in centralized, fully electronic databases covering all types of companies and establishments, ensuring national coverage. Online access to comprehensive information about the business start-up process and registered businesses is available. Official websites offer details on the documents required to establish a new business, associated fees, service standards, and public programs supporting small firms and women-led enterprises. Challenges persist in the uptake of online services, however. Many registrations still take place in person due to lack of trust in the online portal, insufficient guidance, and absence of mandatory electronic signatures.

Company registration in Romania can be completed in an average of 6.5 days due to effective practices such as electronic registration and interconnected service units. The registration process, whether done in person or online, takes an average of three days. Entrepreneurs must present criminal history records or affidavits to register a new company. Although no nominal minimum capital requirement is specified by law, in practice, a minimum of RON 1 is required to open a new limited liability company (LLC).

Table 2 provides a detailed overview—by pillar, category, and subcategory—of the Romanian cities' performance on the Business Entry topic. The column with re-scaled points indicates the total maximum points a city can receive for each measured area; for example, none of the cities receive all points (out of possible 25) under Pillar I (Quality of Regulations for Business Entry), category 1.2 (Restrictions on Registering a Business), and subcategory 1.2.2 (Foreign Firms). This is because in practice entrepreneurs are required to pay a minimum of RON 1 to open a LLC. Conversely, all cities receive the maximum number of points on category 1.1 (Information and Procedural Standards) in all subcategories: Company Information Filing Requirements (15 out of 15), Beneficial Ownership Filing Requirements (15 out of 15), Availability of Simplified Registration (10 out of 10) and Risk-based Assessment for Operating Business and Environmental Licenses (10 out of 10).[10]

8 See Section 2 "Business Entry in Detail" for more information on the topic, the country-specific context, and a detailed assessment of the data.
9 A beneficial owner is considered as the natural person that ultimately owns or controls a company, even if the title to the property is under another name (i.e., the ownership or control is exercised through a chain of ownership or by means of control other than direct shareholding).
10 A risk-based approach for business and environmental licensing prioritizes resources and oversight based on the level of risk associated with specific business activities or sectors.

Table 2. Business Entry Scores

		No. of indicators	Re-scaled points	Brașov	Bucharest	Cluj-Napoca	Constanța	Craiova	Iași	Oradea	Ploiești	Timișoara
Pillar I – Quality of Regulations for Business Entry												
1.1	**Information and Procedural Standards**	**18**	**50**	**50.0**	**50.0**	**50.0**	**50.0**	**50.0**	**50.0**	**50.0**	**50.0**	**50.0**
1.1.1	Company Information Filing Requirements	7	15	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
1.1.2	Beneficial Ownership Filing Requirements	6	15	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
1.1.3	Availability of Simplified Registration	3	10	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
1.1.4	Risk-based Assessment for Operating Business and Environmental Licenses	2	10	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
1.2	**Restrictions on Registering a Business**	**19**	**50**	**42.5**	**42.5**	**42.5**	**42.5**	**42.5**	**42.5**	**42.5**	**42.5**	**42.5**
1.2.1	Domestic Firms	9	25	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
1.2.2	Foreign Firms	10	25	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5
	Total	**37**	**100**	**92.5**	**92.5**	**92.5**	**92.5**	**92.5**	**92.5**	**92.5**	**92.5**	**92.5**
Pillar II – Digital Public Services and Transparency of Information for Business Entry												
2.1	**Digital Services**	**11**	**40**	**35.0**	**35.0**	**35.0**	**35.0**	**35.0**	**35.0**	**35.0**	**35.0**	**35.0**
2.1.1	Business Start-Up Process	6	20	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
2.1.2	Storage of Company and Beneficial Ownership Information	3	10	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
2.1.3	Identity Verification	2	10	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
2.2	**Interoperability of Services**	**4**	**20**	**20.0**	**20.0**	**20.0**	**20.0**	**20.0**	**20.0**	**20.0**	**20.0**	**20.0**
2.2.1	Exchange of Company Information	2	10	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
2.2.2	Unique Business Identification	2	10	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
2.3	**Transparency of Online Information**	**9**	**40**	**36.0**	**36.0**	**36.0**	**36.0**	**36.0**	**36.0**	**36.0**	**36.0**	**36.0**
2.3.1	Business Start-Up (includes sex and environment)	5	20	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0
2.3.2	Availability of General Company Information	2	10	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
2.3.3	General and Sex-Disaggregated Statistics on Newly Registered Firms	2	10	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
	Total	**24**	**100**	**91.0**	**91.0**	**91.0**	**91.0**	**91.0**	**91.0**	**91.0**	**91.0**	**91.0**
Pillar III – Operational Efficiency of Business Entry												
3.1	**Domestic Firms**	**2**	**100**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
3.1.1	Total Time to Register a New Domestic Firm	1	50	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
3.1.2	Total Cost to Register a New Domestic Firm	1	50	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
	Total	**2**	**100**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Subnational Business Ready
Note: The reported individual scores were rounded off; therefore, the sum of individual scores may not add up to the totals.

1.4 Business Location

Building Permitting[11]

The quality of regulations for urban planning is consistent across Romania. Efforts are underway to develop a unified Urbanism Code that will integrate various urban planning regulations into a single legislative act, currently pending parliamentary approval. Despite the uniformity in regulations, however, significant room remains for improvement in digital public services availability and transparency of information related to building permitting.

Building regulations in Romania are set at the national level, ensuring uniform application across all regions. These regulations cover a wide range of issues, including safety standards and use of construction materials, and provide a clear legal framework that outlines which materials pose health risks. Certified engineers or architects, whether from public agencies or private external firms, are legally responsible for ensuring that building plans comply with these regulations. Mandatory risk-based or phased structural safety inspections are required during construction, along with final inspections mandated by law. Liability for structural flaws is clearly defined, and qualifications required for professionals conducting technical supervision are specified. Additionally, decisions on building permits can be disputed with the issuing authority.

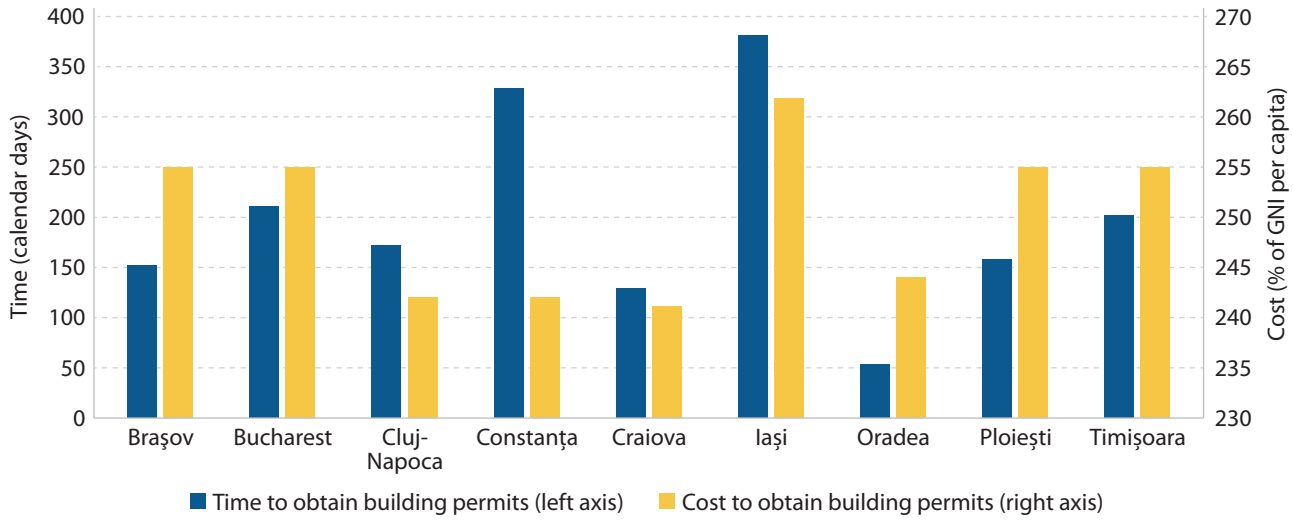
Romania's energy code standards meet international best practices, with minimum energy efficiency performance standards mandated by law. Proof of compliance with these standards is required when applying for building permits. In addition, incentives promote green building standards. Land use and zoning regulations in Romania are comprehensive and include requirements for trunk infrastructure services such as water, electricity, and sanitation. Maps are available that identify areas allocated for residential, commercial, agricultural, public/institutional, and other purposes. Hazard maps outline zones in which building is prohibited due to natural hazards or for resource considerations.

Currently, none of the nine cities assessed has an online system for building permitting or for filing building permit disputes. This leads to inefficiencies and a low overall score on digital public services and transparency of information. Construction permitting is more burdensome in Romania than in other EU Member States. This is mostly due to the large number of separate clearances and approvals that builders are required to obtain before applying for a building permit. The efficiency of the building permitting process varies significantly across Romanian cities. Oradea has the fastest process, taking an average of 53 days, while in Iași, obtaining a building permit can take slightly over one year, at 382 days. The cost of obtaining a building permit also varies, with developers in Iași spending approximately RON 12,500 more than those in Craiova (figure 11).

These cost differences are primarily due to additional clearances required by specialized agencies, such as the Civil Aeronautical Authority and the City Hall Slope Committee, which are only necessary in certain cities like Iași.

11 See Section 3.1 "Building Location in Detail - Building Permitting" for more information on the topic, the country-specific context, and a detailed assessment of the data.

Figure 11. Time and Cost to Obtain Building Permits, by City



Source: Subnational Business Ready
Note: Romania's 2021 Gross National Income (GNI) per capita is RON 58,911.

Environmental Permitting[12]

Regulatory standards, availability of digital public services, and transparency of information for environmental permitting are consistent throughout Romania, and national standards are enforced throughout construction activities. These regulations, while uniform, have room for improvement to fully align with international best practices, however. The current framework has been updated to reflect recent environmental and technological advancements, and environmental risks are clearly defined within the legal framework. Penalties or fines are imposed for noncompliance.

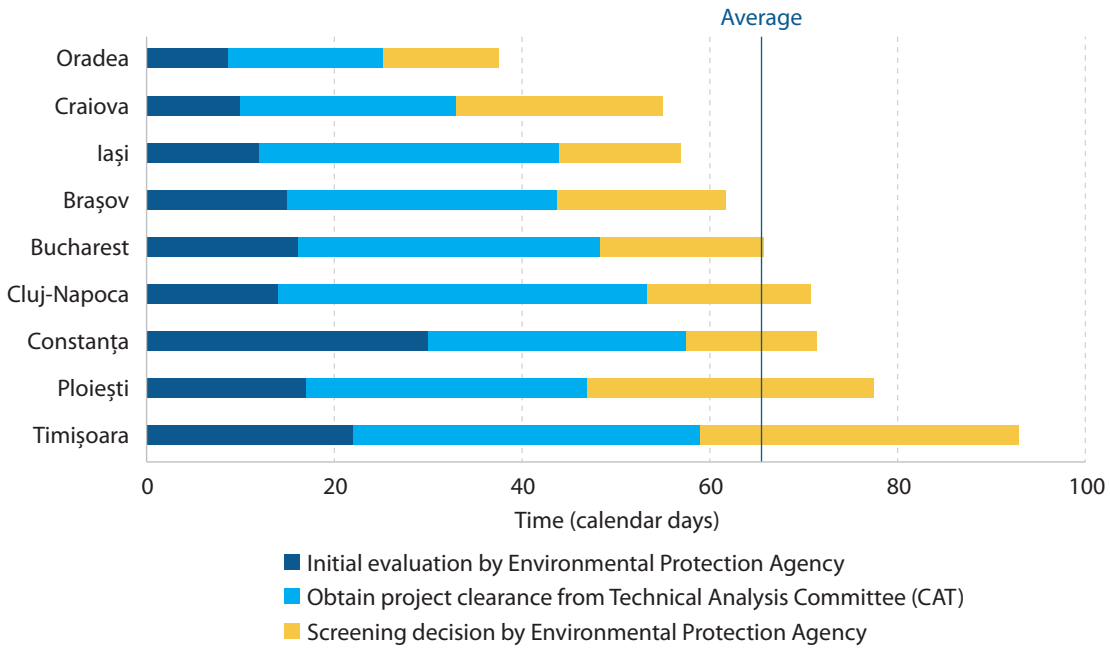
Romanian law requires the use of qualified professionals or agencies to conduct environmental impact assessments (EIAs). Specific criteria for triggering an EIA are stipulated, ensuring that all necessary environmental factors are considered during project planning. The legal framework lacks provisions for independent external reviews of EIA compliance, however, and it does not include comprehensive mechanisms to facilitate public consultation or involve interested parties in the decision-making process. While allowance is made for disputing environmental permits with the issuing authority, out-of-court resolution mechanisms for such disputes are lacking.

Currently, no comprehensive online system for environmental permitting exists in any of the measured cities, leading to inefficiencies and a comparatively low overall score on digital public services. Essential functionalities, such as online payment, communication, notifications, and document submission, are absent. Information regarding environmental permitting is transparent, with requirements for obtaining environmental clearances for construction projects with moderate environmental risks, along with up-to-date fee schedules, all available online.

Efficiency in the environmental clearance process varies significantly across Romania's cities. For instance, the clearance process in Oradea takes approximately 38 days, while in Timișoara, it can take up to 93 days (figure 12). This variation highlights differences in local administrative practices and efficiency in executing procedural steps. Typically, the process has several phases: (i) an initial evaluation by the local environmental protection agency, including (ii) a project clearance decision during a Technical Analysis Committee (CAT) review meeting, and (iii) a final screening decision. The cost of obtaining environmental clearanc-

12 See Section 3.2 "Building Location in Detail - Environmental Permitting" for more information on the topic, the country-specific context, and a detailed assessment of the data.

Figure 12. Time and Cost to Obtain Environmental Clearances for Construction, by City



Source: Subnational Business Ready

es is consistent across the country, set at RON 820, which equates to 1.4 percent of income per capita.[13] Despite the uniformity in cost, the process's complexity and duration can be a significant burden for applicants.

Property Transfer[14]

The regulatory framework[15] for property transfer and land administration is harmonized across Romania and aligns well with international good practices in property transfer standards, free access to information on property rights and cadastral maps, and presence of a cadastral agency. The relevant laws and regulations stipulate that the legality of property transaction documents must be authenticated, including confirming the identities of involved parties, and that property registration must be completed at the Land Registry.[16] Electronic and paper documents, in most cases, hold equal legal standing in transactions. Similarly, legal provisions enable private parties to pursue alternative dispute resolution mechanisms, such as arbitration, mediation, and conciliation. The security of rights is also ensured as registered property rights are subject to a guarantee. Romania places no restrictions on firms, foreign or domestic, leasing or owning property. No out-of-court compensation mechanism exists for land registry errors, however.

Romania's quality of public services aligns with several international good practices, including availability and reliability of digital services (such as the electronic platforms for property transfer), due diligence, and encumbrance checks. The Land Registry and Cadaster share a single database that uses a unique identifier for properties and a geographic information system (GIS). Recent reforms and ongoing digitalization have enhanced access to *eTerra*, the integrated multi-functional electronic platform of Land Registry and Cadaster, which extended both its menu of functionalities and its accessibility to more categories of experts, including notaries, bailiffs, registered court experts, authorized surveyors, cadastral and geodetic experts, lawyers, and employees of relevant public agencies.

13 Romania's 2021 GNI per capita is RON 58,911.
14 See Section 3.3 "Building Location in Detail - Property Transfer" for more information on the topic, the country-specific context, and a detailed assessment of the data.
15 Civil Code, https://www.codulcivil.ro/, Law 7 of 196 of Cadaster and Real Estate Publicity amended, Law of Public Notaries 36 of 1995 amended.
16 The Land Registry is an official public inventory that documents and maintains information on land ownership through recording titles (rights on land) or deeds (documents concerning changes in the legal situation of land).

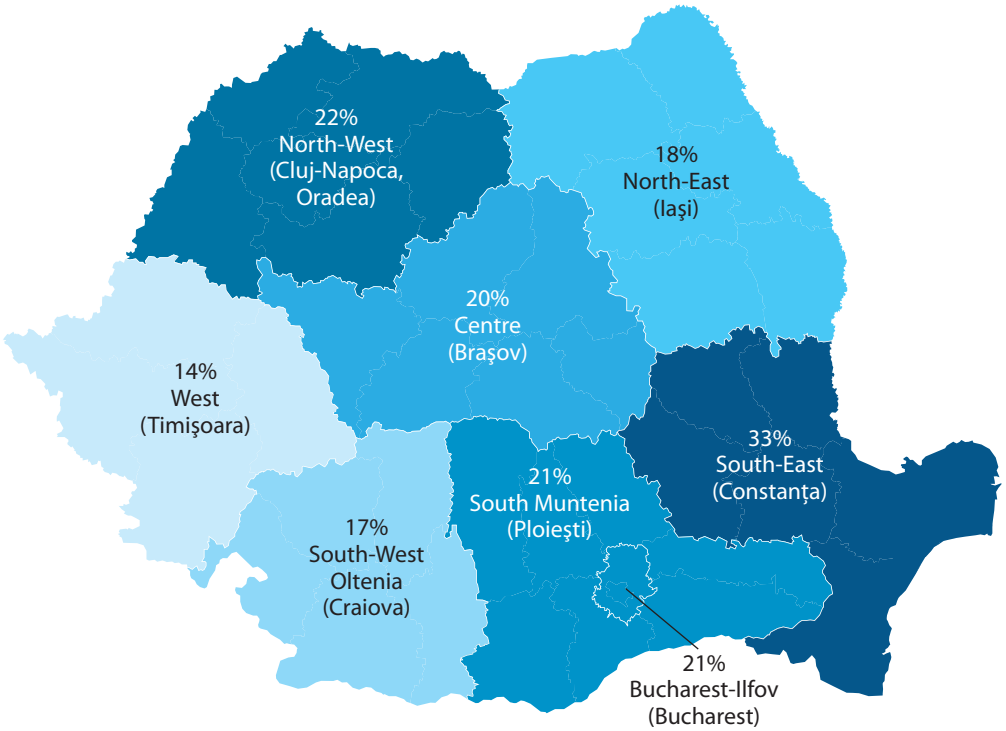
Nevertheless, some room for improvement remains, as the Land Registry and Cadaster's electronic system is not interoperable with other key agencies, such as Trade Registry and Municipal Fiscal Directorates, and many properties are not yet registered or surveyed. Transparency of information in the country fares better: the list of requirements for property transfers, service standards, and fee schedules are all available online, along with statistics on the number and types of property-related transactions. Published statistics on land disputes and time needed to solve them is lacking, however, as is gender-disaggregated data on property ownership and a transparent and easily accessible online complaint mechanism.

According to Enterprise Survey data, 21 percent of Romanian firms reported access to land as an obstacle, a percentage significantly higher than in some peer countries, such as Bulgaria, Croatia, and Hungary, but on par with Portugal. Romanian regions show wide variation in how firms experience access to land. In the South-East region (including Constanța), 33 percent of firms reported access to land as an obstacle, more than double the number from the West region (including Timișoara), where only 14 percent of firms reported this issue (map 2).

Only small variations exist between the cities measured in time required to register a transfer of property rights, and differences in the cost of transferring a property title are minimal. The process is fastest in Ploiești, where it takes 16 days to transfer property, and slowest in Iași, where it takes 21 days (figure 13). Although a recent reform reduced the legal time limit for deed registration at the Land Registry to seven business days for a standard procedure and two business days for a fast-track procedure, it remains the longest step in the entire process. In practice, most notaries favor the standard procedure even though land registry offices usually fail to meet the legal deadline of seven days.

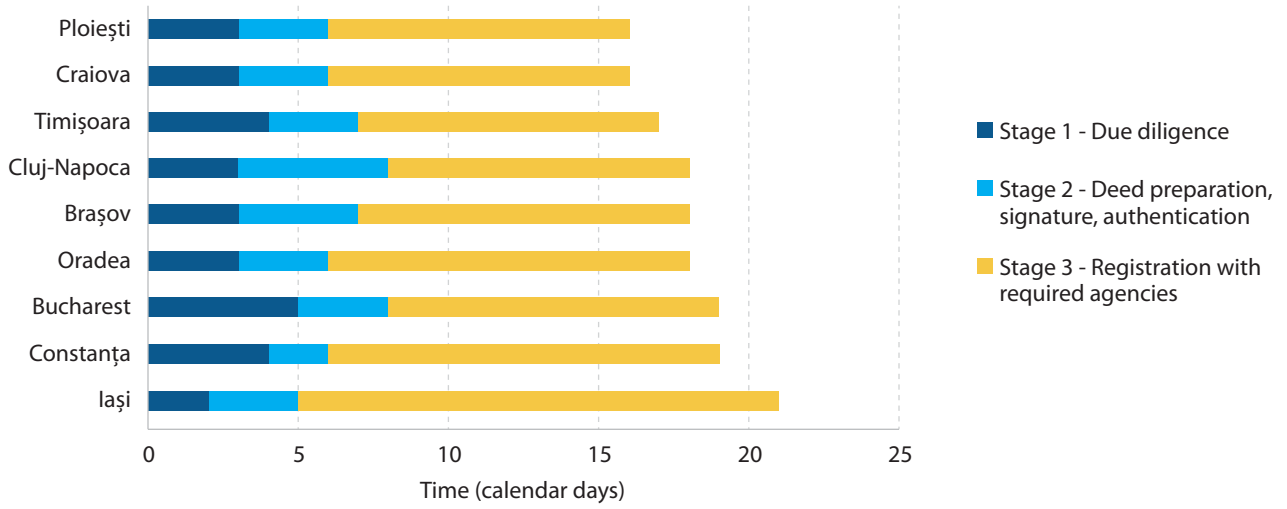
The cost to transfer property is 1 percent of the property value in all nine cities (RON 57,947 in Iași, RON 57,942 in Bucharest, and RON 57,917 in the other seven cities). The overall cost is equally split between the notary fee, regulated at the national level based on a sliding fee schedule, and the registration fee, set by the National Agency for Cadaster and Land Registry. Minor variations in Bucharest and Iași are due to the widespread practice in Bucharest of making an additional, optional verification of the historical property records for RON 25 and the practice by experts in

Map 2. Share of Firms Reporting Access to Land as an Obstacle, by Region



Source: World Bank Enterprise Surveys 2023

Figure 13. Time to Register a Property Transfer, by Process Stage and City



Source: Subnational Business Ready

Iași of obtaining tax clearance certificates using the fast-track option in exchange for a RON 30 fee.[17]

Table 3 provides a detailed overview—by pillar, category, and subcategory—of the Romanian cities' performance on the Business Location topic. The three subtopics detailed below are Property Transfer, Building Permitting, and Environmental Permitting. The column with the re-scaled points shows the total maximum points a city can get for each of the measured areas. For example, under Pillar I (Quality of Regulations for Business Location), category 1.1 (Property Transfer and Land Administration), subcategories 1.1.1 (Property Transfer Standards), and 1.1.2 (Land Dispute Mechanism), none of the cities receive the possible maximum of 15 points. Conversely, on subcategory 1.1.3, Land Administration System, all cities receive the maximum points: 10 out of 10. Most cross-city variability is observed under Pillar III.

17 A new regulation updating notary fees entered into force in January 2024. Based on the new calculations, for a property value of RON 5,891,126 (equal to 100 times the 2021 GNI per capita), the notary fee is RON 38,152 (instead of RON 28,361), and the total cost would be RON 67,667 (rather than RON 57,917). This change is not reflected in the above data, however, which is based on fees as of December 31, 2023.

Table 3. Business Location Scores

		No. of indicators	Re-scaled points	Brașov	Bucharest	Cluj-Napoca	Constanța	Craiova	Iași	Oradea	Ploiești	Timișoara
Pillar I – Quality of Regulations for Business Location												
1.1	**Property Transfer and Land Administration**	**11**	**40**	**35.5**	**35.5**	**35.5**	**35.5**	**35.5**	**35.5**	**35.5**	**35.5**	**35.5**
1.1.1	Property Transfer Standards	4	15	14.3	14.3	14.3	14.3	14.3	14.3	14.3	14.3	14.3
1.1.2	Land Dispute Mechanism	4	15	11.3	11.3	11.3	11.3	11.3	11.3	11.3	11.3	11.3
1.1.3	Land Administration System	3	10	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
1.2	**Building, Zoning and Land Use**	**20**	**40**	**38.2**	**38.2**	**38.2**	**38.2**	**38.2**	**38.2**	**38.2**	**38.2**	**38.2**
1.2.1	Building Standards	11	15	13.2	13.2	13.2	13.2	13.2	13.2	13.2	13.2	13.2
1.2.2	Building Energy Standards	4	15	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
1.2.3	Zoning and Land Use Regulations	5	10	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
1.3	**Restrictions on Owning and Leasing Property**	**19**	**10**	**10.0**	**10.0**	**10.0**	**10.0**	**10.0**	**10.0**	**10.0**	**10.0**	**10.0**
1.3.1	Domestic firms—Ownership	4	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
1.3.2	Domestic firms—Leasehold	5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
1.3.3	Foreign firms—Ownership	5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
1.3.4	Foreign firms—Leasehold	5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
1.4	**Environmental Permits**	**12**	**10**	**7.0**	**7.0**	**7.0**	**7.0**	**7.0**	**7.0**	**7.0**	**7.0**	**7.0**
1.4.1	Environmental Permits for Construction	10	5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
1.4.2	Dispute Mechanisms for Construction-Related Environmental Permits	2	5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
	Total	**62**	**100**	**90.7**	**90.7**	**90.7**	**90.7**	**90.7**	**90.7**	**90.7**	**90.7**	**90.7**
Pillar II – Quality of Public Services and Transparency of Information for Business Location												
2.1	**Availability and Reliability of Digital Services**	**21**	**40**	**12.7**	**12.7**	**12.7**	**12.7**	**12.7**	**12.7**	**12.7**	**12.7**	**12.7**
2.1.1	Property Transfer—Digital Public Services	6	8	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7
2.1.2	Property Transfer—Digital Land Management and Identification System	5	8	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
2.1.3	Property Transfer—Coverage of the Land Registry and Mapping Agency	4	8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1.4	Building Permits—Digital Public Services	4	8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.1.5	Environmental Permits—Digital Public Services	2	8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2	**Interoperability of Services**	**6**	**20**	**12.5**	**7.5**	**12.5**	**7.5**	**7.5**	**7.5**	**12.5**	**7.5**	**7.5**
2.2.1	Interoperability of Services for Property Transfer	4	10	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5
2.2.2	Interoperability of Services for Building Permits	2	10	5.0	0.0	5.0	0.0	0.0	0.0	5.0	0.0	0.0
2.3	**Transparency of Information**	**19**	**40**	**29.0**	**29.0**	**30.8**	**29.0**	**29.0**	**29.0**	**30.8**	**29.0**	**30.8**
2.3.1	Immovable Property (includes sex)	9	20	13.3	13.3	13.3	13.3	13.3	13.3	13.3	13.3	13.3
2.3.2	Building, Zoning and Land Use	8	15	10.6	10.6	12.5	10.6	10.6	10.6	12.5	10.6	12.5
2.3.3	Environmental Permits	2	5	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
	Total	**46**	**100**	**54.1**	**49.1**	**56.0**	**49.1**	**49.1**	**49.1**	**56.0**	**49.1**	**51.0**

Table 3. Business Location Scores

		No. of indicators	Re-scaled points	Brașov	Bucharest	Cluj-Napoca	Constanța	Craiova	Iași	Oradea	Ploiești	Timișoara
Pillar III – Operational Efficiency of Establishing a Business Location												
3.1	**Property Transfer and Land Administration**	**3**	**40**	**36.7**	**36.3**	**36.1**	**29.6**	**38.0**	**37.7**	**36.1**	**36.3**	**38.7**
3.1.1	Major Constraints on Access to Land	1	13.3	10.5	10.1	10.0	3.5	11.9	11.6	10.0	10.1	12.5
3.1.2	Time to Obtain a Property Transfer	1	13.3	13.1	13.1	13.1	13.1	13.1	13.1	13.1	13.1	13.1
3.1.3	Cost to Obtain a Property Transfer	1	13.3	13.1	13.1	13.1	13.1	13.1	13.1	13.1	13.1	13.1
3.2	**Construction Permits**	**2**	**40**	**33.8**	**26.6**	**31.4**	**19.4**	**36.0**	**19.2**	**39.0**	**33.2**	**27.6**
3.2.1	Time to Obtain a Building Permit	1	20	14.6	7.4	12.2	0.2	16.6	0.0	19.8	14.0	8.4
3.2.2	Cost to Obtain a Building Permit	1	20	19.2	19.2	19.2	19.2	19.4	19.2	19.2	19.2	19.2
3.3	**Environmental Permits**	**2**	**20**	**19.9**	**19.9**	**19.9**	**19.9**	**20.0**	**20.0**	**20.0**	**19.9**	**19.9**
3.3.1	Time to Obtain an Environmental Permit	1	10	9.9	9.9	9.9	9.9	10.0	10.0	10.0	9.9	9.9
3.3.2	Cost to Obtain an Environmental Permit	1	10	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
	Total	**7**	**100**	**90.4**	**82.8**	**87.4**	**68.9**	**94.0**	**76.9**	**95.1**	**89.4**	**86.2**

Source: Subnational Business Ready
Note: The reported individual scores were rounded off; therefore, the sum of individual scores may not add up to the totals.

1.5 Utility Services

Electricity[18]

Romania's electricity regulatory framework applies uniformly across all regions, though significant differences exist in the quality of public services. The National Energy Regulatory Authority (ANRE) oversees the monitoring and approval of electricity tariffs, and the quality of electricity services based on performance standards. Joint planning and construction among utility providers, however, including provisions for common excavation permits and "dig once" policies, are not yet fully implemented. Nonetheless, Romania adheres to internationally recognized good practices regarding the safety and environmental sustainability of electricity connections.

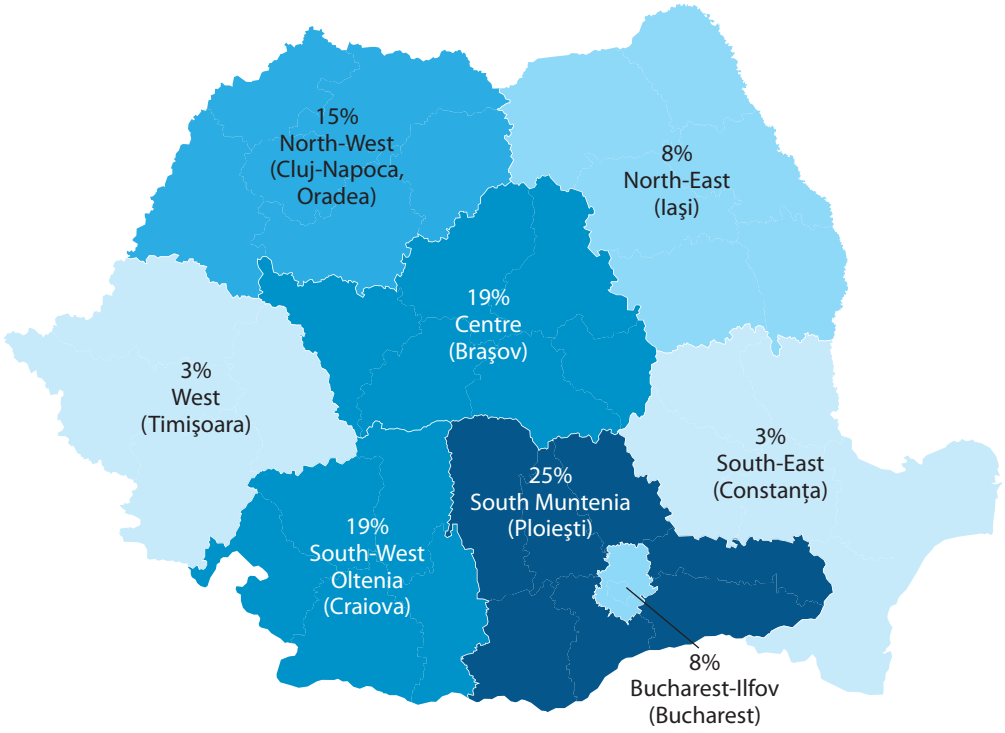
ANRE employs key performance indicators (KPIs) to monitor the quality, reliability, and sustainability of electricity supply. While financial deterrence mechanisms limit supply interruptions, improved joint planning and construction policies could further enhance infrastructure development efficiency. The regulatory framework mandates that persons conducting electricity installations meet professional certification requirements and establishes comprehensive inspection and clear liability regimes for internal and external installations for electricity connections. These measures ensure high-level safety standards and accountability. Romania's regulations emphasize environmental sustainability, requiring adherence to environmental standards for electricity generation, transmission, and distribution. Businesses are also encouraged to adopt energy-efficient practices through both legal mandates and financial incentives. No nonfinancial incentives promote energy efficiency.

Efficiency in establishing new electricity connections varies significantly among cities in Romania. The process is fastest in Craiova, at approximately 180 days, and slowest in Bucharest, at up to 317 days. These discrepancies are largely due to waiting periods for clearances and permits from municipal authorities and utility providers and to the need to ensure that new connections meet demand without overloading the existing grid. The process involves several steps, including applying for a connection, undergoing a technical assessment, obtaining necessary permits, and completing construction and installation work. Costs associated with obtaining a new electricity connection vary; in Craiova the cost ranges from RON 148,300 up to RON 450,000. The higher cost is attributed to the interplay of factors relating to the city's rapid expansion and an electrical network structure not yet adapted to accommodate that new level of growth. Additionally, the distance in Craiova between the main distribution line and the consumer is the longest among the cities measured.

In 2022, entrepreneurs in Romania experienced 1.4 electricity interruptions on average, each lasting nearly 68 minutes. Customers in Brașov, Iași, and Ploiești experienced the highest frequencies of outages, with an average of 1.8 interruptions, each lasting nearly two hours. Due to regional disparities in supply reliability, some businesses in Romania opt to own or share electricity generators. World

18 See Section 4.1 "Utility Services in Detail - Electricity" for more information on the topic, the country-specific context, and a detailed assessment of the data.

Map 3. Share of Firms Owning or Sharing a Generator, by Region



Source: World Bank Enterprise Surveys 2023

Bank Enterprise Surveys data shows that the percentage of firms owning or sharing generators varies significantly by region, from as low as 3 percent in some areas to as high as 25 percent in others (map 3), reflecting the differing levels of reliability and frequency of electricity outages across regions.

Water[19]

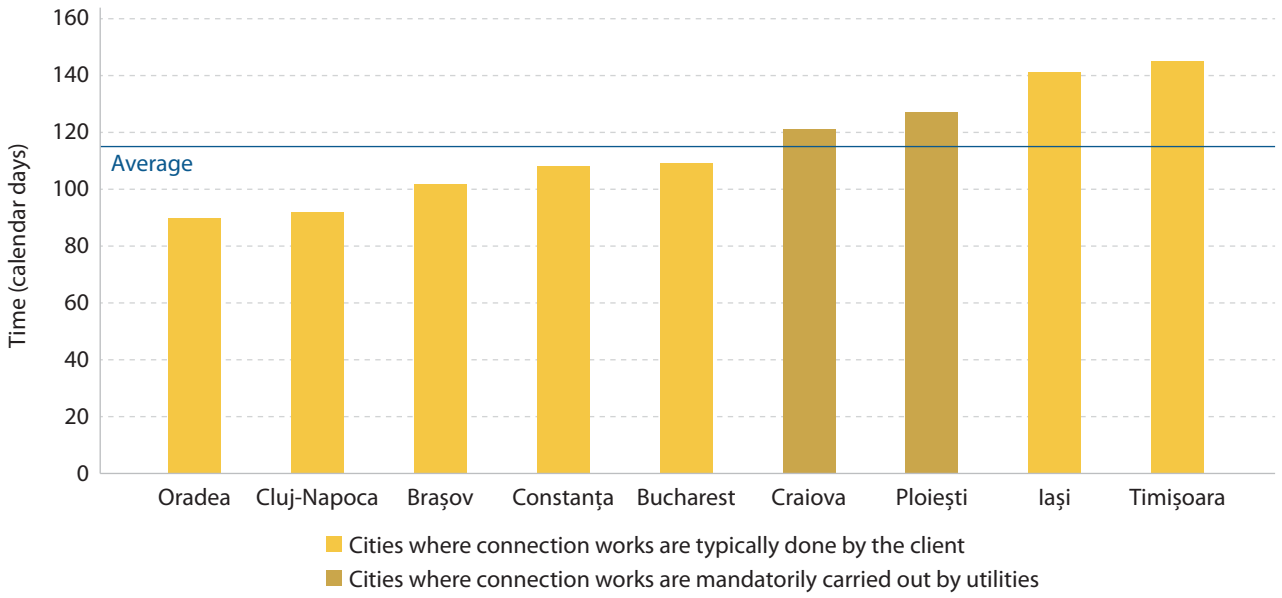
Romania has a national regulatory framework for water utility services, but implementation and the quality of governance vary from city to city. The framework encompasses several critical aspects aimed at ensuring the efficient deployment, safety, and sustainability of water connections. It mandates financial deterrence mechanisms to minimize water supply interruptions and establishes regulated inspection regimes for external installations, along with liability requirements for water connections. The framework lacks regulated inspection regimes for internal installations and qualification requirements for professionals operating water systems, however.

Environmental sustainability is addressed through requirements for sustainable wastewater practices, but regulations on wastewater reuse and incentives for adopting water-saving practices are notably absent. The framework also emphasizes tariff monitoring and water service quality, but it falls short in promoting coordinated infrastructure development through joint planning policies like "dig once."

The quality of governance and transparency in water utility services varies significantly among Romanian cities. Bucharest and Iași stand out as the only cities where KPIs for supply reliability are made available online. Additionally, Brașov and Cluj-Napoca are alone in allowing entrepreneurs to track the status of their new connection applications online. No city publishes KPIs to monitor the environmental sustainability of its water supply online. Interoperability mechanisms across utilities responsible for electricity, water, and internet networks are also lacking.
The time needed to obtain a water connection in Romania varies widely by location, but on average it takes about 115 days and costs RON 10,000 to obtain one (figure 14). The

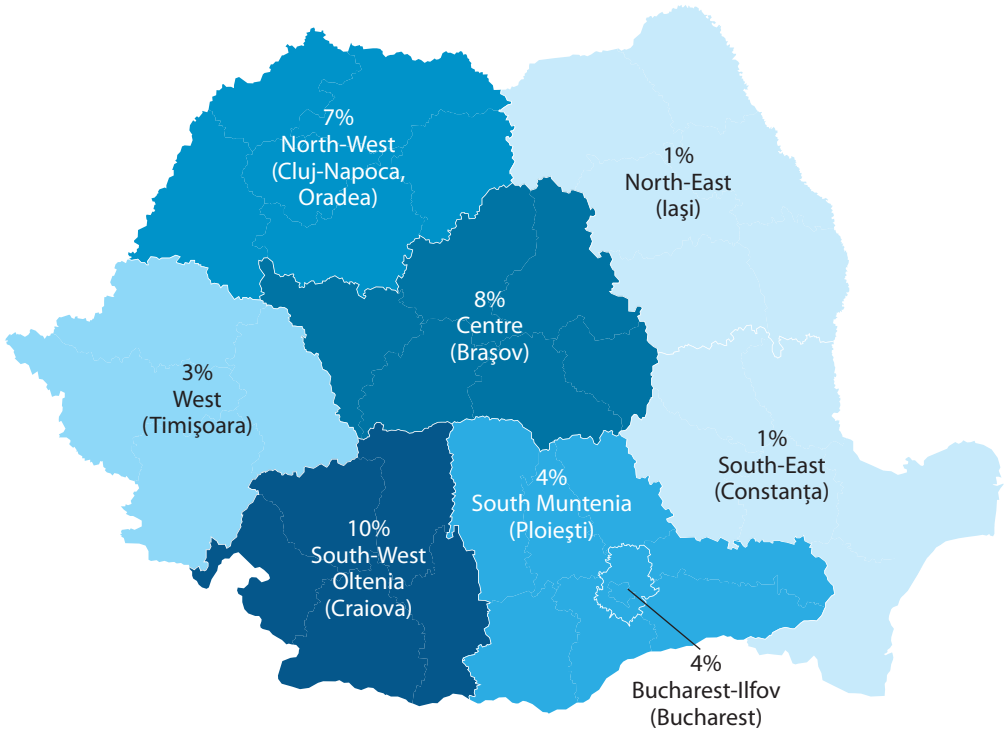
19 See Section 4.2 "Utility Services in Detail - Water" for more information on the topic, the country-specific context, and a detailed assessment of the data.

Figure 14. Average Time to Obtain a Water Connection, by City



Source: Subnational Business Ready

Map 4. Share of Firms Reporting an Insufficiency in Their Water Supply, by Region



Source: World Bank Enterprise Surveys 2023

cost to get a water connection is relatively homogeneous and mainly depends on charges by the private contractors that perform the installation and the type of meter installed.

Most firms in Romania enjoy a reliable water supply system, according to the World Bank Enterprise Surveys data: about 95 percent of businesses report no water insufficiencies. Service continuity varies by region, however; for instance, 10 percent of businesses in the South-West Oltenia region (Craiova) experience water insufficiencies, compared to only 1 percent in the North-East (Iași) and South-East regions (Constanța) (map 4).

Internet[20]

Romania maintains consistent standards for internet regulations throughout the country. Aligned with international best practices, the National Authority for Management and Regulation in Communications (ANCOM) oversees wholesale connectivity tariffs, and another authority is empowered to investigate anticompetitive behavior. While ANCOM monitors and publishes KPIs for reliability and quality of internet services, however, no set of performance standards ensures consistent service quality and reliability.

Romania's regulatory framework includes provisions aimed at ensuring the efficient deployment and quality supply of internet connections. Joint planning and construction policies, commonly known as "dig once" strategies, minimize disruptions and costs associated with infrastructure deployment. Legal mandates require operators to share access to passive and active infrastructure, particularly for the last mile. Additionally, digital infrastructure service providers are granted rights of way, facilitating smoother deployment of necessary services. Financial deterrence and incentive mechanisms penalize service outages and incentivize internet service providers (ISPs) to maintain consistent service quality.

The regulatory framework could more closely align with international good practices by introducing performance standards for internet service quality and reliability. The absence of set performance standards for internet service quality and reliability remains an issue, however, as without clear benchmarks, it becomes challenging to hold ISPs accountable for service lapses or to ensure a consistent user experience across different regions. ANCOM oversees wholesale connectivity tariffs and investigates anticompetitive practices, but it does not enforce specific time limits for agencies involved in delivering new digital infrastructure.

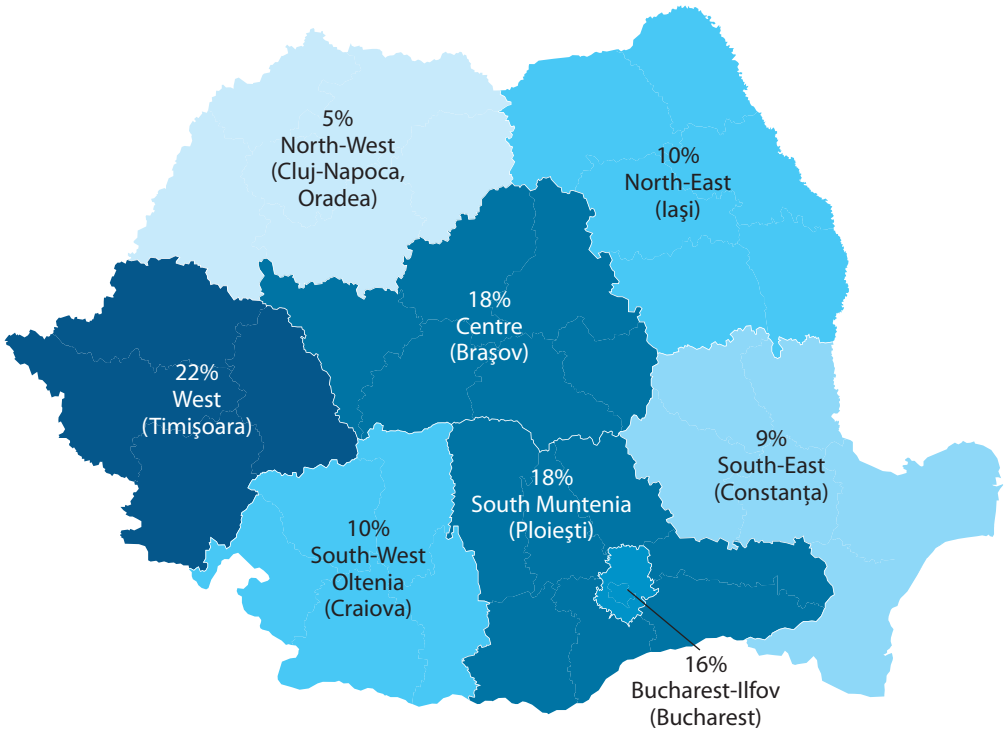
All Romania's measured cities offer electronic application services for new commercial internet connections, and it is possible to pay fees electronically. The infrastructure database lacks an online platform with comprehensive information about planned works on utility networks, however, and no online system manages excavation permits. Coordination mechanisms for obtaining excavation permits are also insufficient, as no dedicated agency handles these permits. Transparency measures include the online availability of service quality indicators and KPIs on internet reliability and quality. Additionally, information about planned internet outages is publicly accessible, and an independent complaint mechanism addresses issues relating to internet service provision. While internet monthly fees are posted online, changes in tariffs are not communicated to customers at least one billing cycle in advance, and formulas explaining how tariff levels are determined are not published.

The efficiency of internet provision varies among Romanian cities, from two days in Craiova and Timișoara, to seven days in Oradea and Brașov. Overall, World Bank Enterprise Surveys data shows that 13 percent of Romanian firms have reported experiencing internet disruptions. The West region (Timișoara) reports the highest number of disruptions, with 22 percent of firms affected, while the North-East (Iași) and South-East (Constanța) regions report the lowest number, with figures below 10 percent (map 5).

Table 4 provides a detailed overview—by pillar, category, and subcategory—of the assessed Romanian cities' performance on the Utility Services topic. The three subtopics detailed are Electricity, Water, and Internet. The column with the re-scaled points indicates the maximum points a city can get for each measured area. Under Pillar I (Quality of Regulations on Utility Services), category 1.1 (Electricity), for example, none of the nine cities receive the total possible maximum of 8.3 points in subcategories 1.1.1 (Regulatory Monitoring of Tariffs and Service Quality), and 1.1.2 (Utility Infrastructure Sharing and Quality Assurance Mechanisms). Conversely, all cities receive the

20 See Section 4.3 "Utility Services in Detail - Internet" for more information on the topic, the country-specific context, and a detailed assessment of the data.

Map 5. Share of Firms Experiencing Internet Disruptions, by Region



Source: World Bank Enterprise Surveys 2023

maximum number of points (8.3) on the other two sub-categories: 1.1.3 (Safety of Utility Connections), and 1.1.4 (Environmental Sustainability). Most cross-city variability is observed under Pillar III.

Table 4. Utility Services Scores

		No. of indicators	Re-scaled points	Brașov	Bucharest	Cluj-Napoca	Constanța	Craiova	Iași	Oradea	Ploiești	Timișoara
Pillar I – Quality of Regulations on Utility Services												
1.1	**Electricity**	**10**	**33.3**	**29.2**	**29.2**	**29.2**	**29.2**	**29.2**	**29.2**	**29.2**	**29.2**	**29.2**
1.1.1	Regulatory Monitoring of Tariffs and Service Quality	2	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3
1.1.2	Utility Infrastructure Sharing and Quality Assurance Mechanisms	2	8.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3
1.1.3	Safety of Utility Connections	3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3
1.1.4	Environmental Sustainability	3	8.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3
1.2	**Water**	**12**	**33.3**	**21.2**	**21.2**	**21.2**	**21.2**	**21.2**	**21.2**	**21.2**	**21.2**	**21.2**
1.2.1	Regulatory Monitoring of Tariffs and Service Quality	2	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3
1.2.2	Utility Infrastructure Sharing and Quality Assurance Mechanisms	2	8.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3
1.2.3	Safety of Utility Connections	3	8.3	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2
1.2.4	Environmental Sustainability	5	8.3	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4
1.3	**Internet**	**11**	**33.3**	**23.3**	**23.3**	**23.3**	**23.3**	**23.3**	**23.3**	**23.3**	**23.3**	**23.3**
1.3.1	Regulatory Monitoring of Tariffs and Service Quality	2	8.3	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2
1.3.2	Utility Infrastructure Sharing and Quality Assurance Mechanisms	4	13.3	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8
1.3.3	Safety of Utility Connections	3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3
1.3.4	Environmental Sustainability	2	3.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Total	**33**	**100**	**73.7**	**73.7**	**73.7**	**73.7**	**73.7**	**73.7**	**73.7**	**73.7**	**73.7**
Pillar II – Quality of the Governance and Transparency of Utility Services												
2.1	**Electricity**	**15**	**33.33**	**26.5**	**26.5**	**26.5**	**26.5**	**25.5**	**26.5**	**26.5**	**26.5**	**26.5**
2.1.1	Digital Services and Interoperability	4	8.3	5.2	5.2	5.2	5.2	4.2	5.2	5.2	5.2	5.2
2.1.2	Availability of Information and Transparency	6	8.3	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
2.1.3	Monitoring of Service Supply (includes gender and environment)	3	8.3	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
2.1.4	Enforcement of Safety Regulations and Consumer Protection Mechanisms	2	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3
2.2	**Water**	**15**	**33.3**	**23.2**	**21.9**	**22.7**	**18.7**	**20.0**	**24.8**	**20.8**	**20.4**	**20.4**
2.2.1	Digital Services and Interoperability	4	8.3	6.3	4.2	5.2	4.2	4.2	4.2	4.2	4.2	4.2
2.2.2	Availability of Information and Transparency	6	8.3	5.3	6.1	4.5	4.9	4.2	5.7	4.9	4.5	4.5
2.2.3	Monitoring of Service Supply (includes gender and environment)	3	8.3	3.3	3.3	6.7	3.3	3.3	6.7	3.3	3.3	3.3
2.2.4	Enforcement of Safety Regulations and Consumer Protection Mechanisms	2	8.3	8.3	8.3	6.3	6.3	8.3	8.3	8.3	8.3	8.3
2.3	**Internet**	**13**	**33.3**	**21.7**	**21.7**	**21.7**	**21.7**	**21.7**	**21.7**	**21.7**	**21.7**	**21.7**
2.3.1	Digital Services and Interoperability	4	8.3	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2
2.3.2	Availability of Information and Transparency	5	8.3	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0

Table 4. Utility Services Scores

		No. of indicators	Re-scaled points	Brașov	Bucharest	Cluj-Napoca	Constanța	Craiova	Iași	Oradea	Ploiești	Timișoara
2.3.3	Monitoring of Service Supply (includes gender and environment)	2	8.3	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2
2.3.4	Enforcement of Safety Regulations and Consumer Protection Mechanisms	2	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3
	Total	**43**	**100**	**71.4**	**70.1**	**70.8**	**66.8**	**67.1**	**73.0**	**68.9**	**68.5**	**68.5**
Pillar III – Operational Efficiency of Utility Service Provision												
3.1	**Electricity**	**5**	**33.3**	**25.1**	**18.4**	**22.2**	**21.6**	**28.7**	**22.8**	**25.7**	**27.4**	**18.9**
3.1.1	Time to obtain a connection	1	16.7	9.0	1.8	5.8	5.0	12.7	6.3	9.3	11.8	2.3
3.1.2	Reliability of supply	4	16.7	16.1	16.5	16.4	16.6	16.1	16.5	16.4	15.5	16.6
3.2	**Water**	**2**	**33.3**	**19.3**	**19.0**	**21.2**	**19.2**	**16.2**	**17.0**	**21.7**	**17.3**	**16.7**
3.2.1	Time to obtain a connection	1	16.7	3.5	2.5	5.2	2.5	1.2	0.3	5.7	0.8	0.2
3.2.2	Reliability of supply	1	16.7	15.8	16.5	16.0	16.7	15.0	16.7	16.0	16.5	16.5
3.3	**Internet**	**2**	**33.3**	**19.3**	**26.3**	**26.8**	**29.8**	**32.8**	**23.0**	**20.0**	**29.3**	**31.7**
3.3.1	Time to obtain a connection	1	16.7	3.3	10.2	10.2	13.3	16.3	6.5	3.3	13.3	16.3
3.3.2	Reliability of supply	1	16.7	16.0	16.2	16.7	16.5	16.5	16.5	16.7	16.0	15.3
	Total	**9**	**100**	**63.8**	**63.7**	**70.2**	**70.6**	**77.7**	**62.8**	**67.4**	**74.0**	**67.2**

Source: Subnational Business Ready
Note: The reported individual scores were rounded off; therefore, the sum of individual scores may not add up to the totals.

1.6 Dispute Resolution[21]

In Romania, the regulatory framework for dispute resolution[22] is uniform across the country and follows good international practices for judicial integrity. Codes of ethics for judges and enforcement agents are in place, for example, and judges are required to publicly disclose assets. The relevant laws and regulations stipulate time standards for filing a statement of defense, suggesting new evidence, and issuing a judgment. Pre-trial hearings are not available, however, and no time standard has been set for issuing an expert opinion or for serving complaints on defendants. Similarly, while Romania's regulatory framework offers legal protections in arbitration and mediation, it lacks explicit provisions for conditions-free arbitration with state-owned enterprises and public bodies as well as specific rules regarding recognition and enforcement of international mediation settlement agreements that lack court approval.

In general, the provision of public services is mostly uniform across the measured cities, with some exceptions among the courts. In 2004, specialized commercial tribunals were established in three cities, including Cluj-Napoca, a city benchmarked in this study. Nevertheless, Bucharest, Constanța, Craiova, Oradea, and Timișoara have specialized commercial divisions within their courts, allowing judges to deal exclusively with commercial cases. In contrast, judges in Brașov and Ploiești tribunals preside over a mix of commercial, administrative, and fiscal cases, and judges in Iași handle commercial cases in the civil division of the court.

Digitalized public services in dispute resolution are not widely available in Romanian courts. E-payment of court fees, online tracking of cases, and online access to court schedules are available, but judgments in electronic format, digital evidence exchanges, and electronic service of initial complaints are not. Since November 2021, judicial transparency increased significantly following the online publication of judgments at all court levels, including any interim decisions.

The time to resolve commercial disputes varies across cities. A key variation is in the time needed to issue judgments after hearings are complete, with judges in Ploiești and Oradea taking 48 and 50 days, respectively, while Timișoara judges require 100 days and Bucharest and Cluj-Napoca judges take 90 days. At first instance, trials last 19 months in Brașov, but only 12 months in Oradea, where judges accept initial complaint filings via email, which speeds up this process, whereas judges in Brașov only accept hard copies. The time required to enforce a judgment also differs—23 days in Craiova compared to 48 days in Constanța—due to differences in how quickly commercial banks transfer assets to enforcement agents.

Litigation costs range from 5.8 percent of the claim value in Oradea to 12 percent in Craiova,[23] mainly due to differences in attorney fees, which depend on law firm size, the financial standing of clients, and attorney availability. Attorney fees

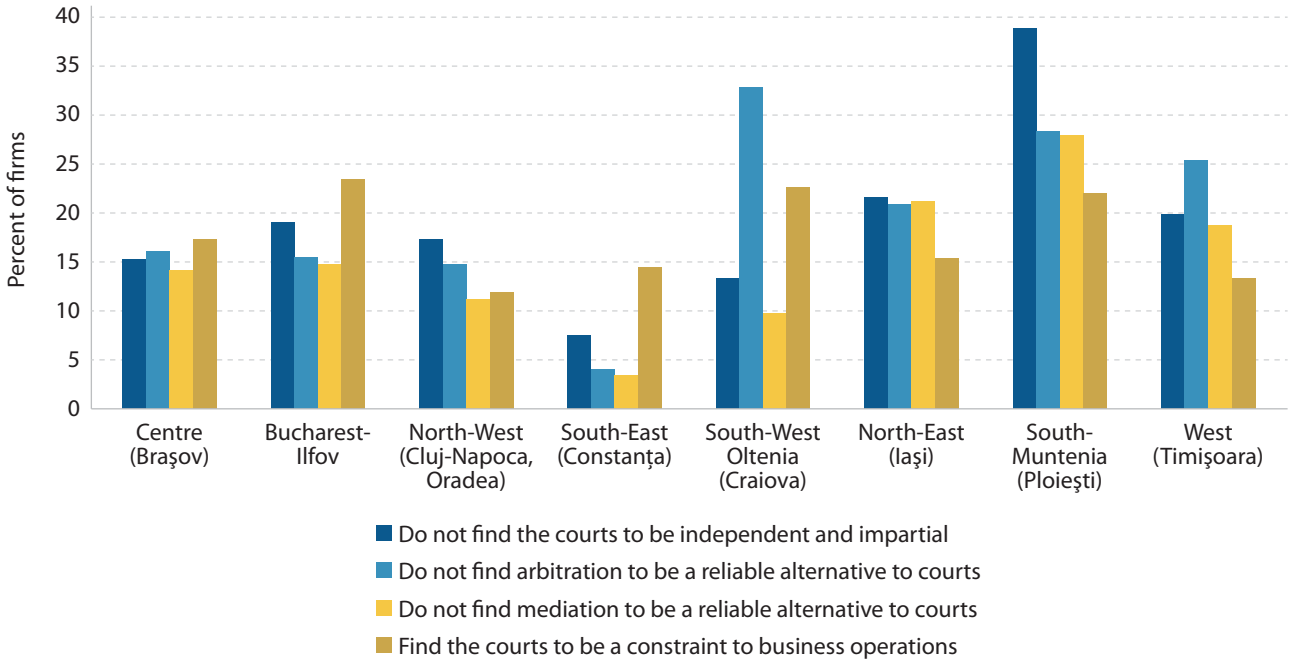
21 See Section 5 "Dispute Resolution in Detail" for more information on the topic, the country-specific context, and a detailed assessment of the data.
22 The main legal instruments regulating dispute resolution in Romania are Law No. 134/2010 on the Code of Civil Procedure; Regulation on the Organization and Operation of the Court of International Commercial Arbitration attached to the Chamber of Commerce and Industry of Romania; Law No. 188/2000 on Enforcement Agents; and Law No. 304/2022 on the Judicial Organization.
23 For a claim value of RON 1,178,225, equal to 20 times the 2021 GNI per capita. Romania's 2021 GNI per capita is RON 58,911.

are 2.65 percent of the claim value in highly attorney-saturated and competitive Bucharest, for example, but 5 percent in Craiova, a city with fewer lawyers. Similarly, enforcement costs also vary due to differences in attorneys' fees, which range from 0.46 percent in Cluj-Napoca to 1.4 percent in Constanța, for example. Where creditors need to pay an advance fee to enforcement agents, the difference is much greater, at 0.06 percent in Cluj-Napoca and up to 3.53 percent in Constanța. Advanced fees are paid out of the debtor's seized funds, however, and therefore are not considered enforcement costs in this study.

Results from the World Bank Enterprise Surveys show that in Romania, on average, 19 percent of firms do not find the courts to be independent and impartial. In the North-West region, 12 percent of firms find courts to be a constraint to business operations, while 23 percent do so in South-West Oltenia. Almost all firms in the South-East region regard arbitration and mediation as reliable alternatives to dispute resolution through the courts, but in South Muntenia, only 72 percent of firms do so (figure 15).

Table 5 provides a detailed overview—by pillar, category, and subcategory—of the Romanian cities' performance on the Dispute Resolution topic. The column with the re-scaled points indicates the maximum points a city can get for each measured area. For example, none of the measured cities receives the total possible maximum score of 40 points under Pillar I (Quality of Regulations for Dispute Resolution), category 1.1 (Court Litigation), subcategory 1.1.1 (Procedural Certainty), which includes environmental disputes. In fact, none of the cities receives a maximum score on any of the subcategories of the Dispute Resolution topic, although some cities score very close to the upper ceiling.

Figure 15. Firms' Perception of Courts and Alternative Dispute Resolution Mechanisms, by Category and Region



Source: World Bank Enterprise Surveys 2023

Table 5. Dispute Resolution Scores

		No. of indicators	Re-scaled points	Brașov	Bucharest	Cluj-Napoca	Constanța	Craiova	Iași	Oradea	Ploiești	Timișoara
Pillar I – Quality of Regulations for Dispute Resolution												
1.1	**Court Litigation**	**14**	**66.7**	**47.5**	**47.5**	**47.5**	**47.5**	**47.5**	**47.5**	**47.5**	**47.5**	**47.5**
1.1.1	Procedural Certainty (includes environment)	9	40	20.8	20.8	20.8	20.8	20.8	20.8	20.8	20.8	20.8
1.1.2	Judicial Integrity (includes gender)	5	26.7	26.7	26.7	26.7	26.7	26.7	26.7	26.7	26.7	26.7
1.2	**Alternative Dispute Resolution (ADR)**	**10**	**33.3**	**27.8**	**27.8**	**27.8**	**27.8**	**27.8**	**27.8**	**27.8**	**27.8**	**27.8**
1.2.1	Legal Safeguards in Arbitration	6	16.7	13.2	13.2	13.2	13.2	13.2	13.2	13.2	13.2	13.2
1.2.2	Legal Safeguards in Mediation	4	16.7	14.6	14.6	14.6	14.6	14.6	14.6	14.6	14.6	14.6
	Total	**24**	**100**	**75.2**	**75.2**	**75.2**	**75.2**	**75.2**	**75.2**	**75.2**	**75.2**	**75.2**
Pillar II – Public Services for Dispute Resolution												
2.1	**Court Litigation**	**19**	**66.7**	**28.8**	**34.4**	**34.4**	**34.4**	**34.4**	**28.8**	**34.4**	**30.2**	**34.4**
2.1.1	Organizational Structure of Courts	4	22.2	14.8	20.4	20.4	20.4	20.4	14.8	20.4	14.8	20.4
2.1.2	Digitalization of Court Processes	8	22.2	5.6	5.6	5.6	5.6	5.6	5.6	5.6	6.9	5.6
2.1.3	Transparency of Courts (includes gender)	7	22.2	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5
2.2	**Alternative Dispute Resolution (ADR)**	**9**	**33.3**	**21.9**	**21.9**	**21.9**	**21.9**	**21.9**	**21.9**	**21.9**	**21.9**	**21.9**
2.2.1	Public Services for Arbitration (includes gender)	4	16.7	9.7	9.7	9.7	9.7	9.7	9.7	9.7	9.7	9.7
2.2.2	Public Services for Mediation (includes gender)	5	16.7	12.2	12.2	12.2	12.2	12.2	12.2	12.2	12.2	12.2
	Total	**28**	**100**	**50.8**	**56.3**	**56.3**	**56.3**	**56.3**	**50.8**	**56.3**	**52.2**	**56.3**
Pillar III – Ease of Resolving a Commercial Dispute												
3.1	**Court Litigation**	**8**	**66.7**	**58.7**	**54.8**	**61.2**	**62.5**	**58.0**	**59.9**	**63.8**	**49.7**	**59.8**
3.1.1	Reliability of Courts	2	26.7	23.5	19.2	24.9	25.1	20.5	23.1	24.9	11.9	24.1
3.1.2	Operational Efficiency of Court Processes	6	40	35.3	35.6	36.3	37.5	37.5	36.9	38.8	37.9	35.6
3.2	**Alternative Dispute Resolution (ADR)**	**6**	**33.3**	**27.1**	**29.8**	**30.4**	**32.0**	**25.3**	**24.6**	**31.3**	**19.3**	**21.8**
3.2.1	Reliability of ADR	2	13.3	10.7	10.7	11.9	13.3	6.5	5.1	11.9	0.7	4.4
3.2.2	Operational Efficiency of Arbitration Processes	4	20	16.4	19.1	18.5	18.6	18.9	19.5	19.4	18.6	17.4
	Total	**14**	**100**	**85.8**	**84.7**	**91.6**	**94.5**	**83.3**	**84.5**	**95.1**	**69.0**	**81.6**

Source: Subnational Business Ready
Note: The reported individual scores were rounded off; therefore, the sum of individual scores may not add up to the totals.

1.7 Business Insolvency[24]

Romania has a uniform regulatory framework for business insolvency, with no subnational variations. The country's insolvency legislation includes several good practices, including provisions to automatically suspend actions against a debtor upon commencement of insolvency proceedings and allowing continuation of existing essential contracts. The legislative framework supports debtor financing during insolvency, contributing to potential recovery. However, the Insolvency Law does not include a fully-fledged procedure for small firms.

Digitalization in insolvency proceedings in Romania has improved, with dedicated applications for electronic submissions and communications. On one hand, adoption of digital tools is not fully uniform across the measured cities, with enhanced case management systems adopted in a limited number of courts—Iași, Cluj-Napoca, and Timișoara—where case filing systems automatically connect with the court's case management platform. On the other hand, use of electronic applications by insolvency administrators is uniform at the national level to manage files and documents, streamline procedures, provide statistical analyses, and facilitate case handling. Additionally, the National Union of Insolvency Practitioners has established electronic platforms for auctions and announcements, increasing transparency and accessibility in the process. To digitize judicial procedures, the Ministry of Justice has complemented these efforts with the ECRIS electronic system.

Transparency in these public services has been enhanced through extensive e-court implementation, including insolvency case tracking, court e-payments, online access to orders and decisions, e-auctions, and virtual hearings (though such hearings are rarely used). Interoperability between courts and external systems remains lacking, however, with information transmission occurring haphazardly between the courts. Besides the Specialized Tribunal for commercial cases in Cluj-Napoca and the specialized commercial divisions in the larger cities' courts that handle commercial and insolvency cases exclusively, all judges serve as syndic judges, specialized in insolvency and bankruptcy cases. Most prominently, in Bucharest, the Seventh Division of the Tribunal is exclusively dedicated to insolvency cases and staffed entirely by syndic judges.

The duration of insolvency proceedings varies across the country. Iași, where liquidation lasts 36 months, has only four syndic judges, and the court received 1,601 insolvency files in 2023 alone, more than doubling the 715 insolvency files in Craiova, for example.[25] Bucharest's special division staffed entirely by syndic judges takes 31.5 months for a liquidation. With 13 syndic judges, Cluj-Napoca closely follows with 30 months for a liquidation. Cities like Ploieşti, where the liquidation procedure lasts 25.5 months, has gradually overcome staffing gaps and boosted judicial expertise and reduced its backlog of judicial cases from 1,548 in 2019 to 1,119 in 2023.[26] Oradea's court, despite its district's almost 600 insolvencies in

24 See Section 6 "Business Insolvency in Detail" for more information on the topic, the country-specific context, and a detailed assessment of the data.
25 Data from Craiova Court (2024). Courtesy of Craiova's court.
26 Data from Ploieşti Court (2023). Courtesy of Ploieşti's court.

2023,[27] streamlined its liquidation proceedings, reportedly thanks to investments in the training of judges; its liquidation process now takes 22.5 months. Braşov, which has a time for liquidation of 27 months due to its efficient "first in, first out" method, experiences a good clearance rate (583 new insolvency cases and 582 closed cases in 2023).[28] Overall, across Romania, delays in liquidation are often due to difficulties in asset sales, while reorganization proceedings face challenges such as the failure to restructure debtors and unrealistic reorganization plans.

Larger cities, such as Bucharest, incur the highest liquidation costs, at 19 percent of the insolvent's company market value, in contrast to Oradea, at a cost of 3.5 percent.[29] Reorganization costs in Romania surpass liquidation costs. In Cluj-Napoca, reorganization fees reach 23 percent.

Table 6 provides a detailed overview—by pillar, category, and subcategory—of the Romanian cities' performance on the Business Insolvency topic. The column with the re-scaled points indicates the maximum points a city can get on each measured area. For example, none of the cities receive the total possible maximum score of 15 points on Pillar I (Quality of Regulations for Judicial Insolvency Proceedings), category 1.1 (Legal and Procedural Standards in Insolvency Proceedings), for subcategory 1.1.1 (Pre-commencement and Commencement Standards in Liquidation and Reorganization). Conversely, all cities receive the maximum points, 20 and 10, respectively, under category 1.2 (Debtor's Assets and Creditor's Participation in Insolvency Proceedings), subcategories 1.2.2 (Creditor's Rights in Liquidation and Reorganization (includes environment)), and 1.2.3 (Selection and Dismissal of the Insolvency Administrator). Most cross-city variability is observed under Pillar III.

27 Ministry of Justice, National Office of the Trade Register, https://www.onrc.ro/index.php/ro/statistici?id=252
28 Data from Braşov Court (2023). Courtesy of Braşov's court.
29 For an insolvent's company market value of RON 8,836,650, equal to 150 times the 2021 GNI per capita. Romania's 2021 GNI per capita is RON 58,911.

Table 6. Business Insolvency Scores

		No. of indicators	Re-scaled points	Brașov	Bucharest	Cluj-Napoca	Constanța	Craiova	Iași	Oradea	Ploiești	Timișoara
Pillar I – Quality of Regulations for Judicial Insolvency Proceedings												
1.1	**Legal and Procedural Standards in Insolvency Proceedings**	**10**	**30**	**30.0**	**30.0**	**30.0**	**30.0**	**30.0**	**30.0**	**30.0**	**30.0**	**30.0**
1.1.1	Pre-Commencement and Commencement Standards in Liquidation and Reorganization	5	15	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
1.1.2	Post-Commencement Standards in Liquidation and Reorganization	5	15	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
1.2	**Debtor's Assets and Creditor's Participation in Insolvency Proceedings**	**14**	**50**	**41.3**	**41.3**	**41.3**	**41.3**	**40.3**	**41.3**	**41.3**	**41.3**	**41.3**
1.2.1	Treatment and Protection of Debtor's Assets during Liquidation and Reorganization (includes environment)	6	20	18.0	18.0	18.0	18.0	17.0	18.0	18.0	18.0	18.0
1.2.2	Creditor's Rights in Liquidation and Reorganization (includes environment)	5	20	13.3	13.3	13.3	13.3	13.3	13.3	13.3	13.3	13.3
1.2.3	Selection and Dismissal of the Insolvency Administrator	3	10	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
1.3	**Specialized Insolvency Proceedings and International Insolvency**	**5**	**20**	**10.0**	**10.0**	**10.0**	**10.0**	**10.0**	**10.0**	**10.0**	**10.0**	**10.0**
1.3.1	Specialized Insolvency Proceedings for Micro and Small Enterprises (MSEs)	3	10	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.3.2	Cross-Border Insolvency	2	10	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
	Total	**29**	**100**	**81.3**	**81.3**	**81.3**	**81.3**	**80.3**	**81.3**	**81.3**	**81.3**	**81.3**
Pillar II – Quality of Institutional and Operational Infrastructure for Judicial Insolvency Proceedings												
2.1	**Digital Services (e-Courts) in Insolvency Proceedings**	**7**	**40**	**26.7**	**26.7**	**40.0**	**26.7**	**26.7**	**40.0**	**26.7**	**26.7**	**40.0**
2.1.1	Electronic Services in Liquidation and Reorganization	4	20	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
2.1.2	Electronic Case Management Systems in Liquidation and Reorganization	3	20	6.7	6.7	20.0	6.7	6.7	20.0	6.7	6.7	20.0
2.2	**Interoperability in Insolvency Proceedings**	**2**	**20**	**0.0**	**0.0**	**10.0**	**0.0**	**0.0**	**10.0**	**0.0**	**0.0**	**10.0**
2.2.1	Digital Services Connectivity with External Systems in Liquidation and Reorganization	1	10	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.2.2	Interconnection between e-Case Management System and e-Filing Systems in Liquidation and Reorganization	1	10	0.0	0.0	10.0	0.0	0.0	10.0	0.0	0.0	10.0
2.3	**Public Information on Insolvency Proceedings and Registry of Insolvency Practitioners**	**5**	**20**	**13.3**	**13.3**	**13.3**	**13.3**	**13.3**	**13.3**	**20.0**	**13.3**	**13.3**
2.3.1	Public Information on the Number and Length of Liquidation and Reorganization, and Insolvency Judgments	3	10	3.3	3.3	3.3	3.3	3.3	3.3	10.0	3.3	3.3
2.3.2	Availability of a Public Registry of Insolvency Practitioners	2	10	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0

Table 6. Business Insolvency Scores

		No. of indicators	Re-scaled points	Brașov	Bucharest	Cluj-Napoca	Constanța	Craiova	Iași	Oradea	Ploiești	Timișoara
2.4	**Public Officials and Insolvency Administrators**	**3**	**20**	**20.0**	**20.0**	**20.0**	**20.0**	**20.0**	**20.0**	**20.0**	**20.0**	**20.0**
2.4.1	Specialization of Courts with Jurisdiction on Reorganization and Liquidation Proceedings	2	10	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
2.4.2	Insolvency Administrator's Expertise in Practice	1	10	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
	Total	**17**	**100**	**60.0**	**60.0**	**83.3**	**60.0**	**60.0**	**83.3**	**66.7**	**60.0**	**83.3**
Pillar III – Operational Efficiency of Resolving Judicial Insolvency Proceedings												
3.1	**Liquidation Proceedings**	**2**	**50**	**38.5**	**17.8**	**34.3**	**44.8**	**39.0**	**26.0**	**46.3**	**43.0**	**32.3**
3.1.1	Time to Resolve a Liquidation Proceeding	1	25	16.8	10.5	12.5	21.0	14.5	5.0	21.5	18.5	14.5
3.1.2	Cost to Resolve a Liquidation Proceeding	1	25	21.8	7.3	21.8	23.8	24.5	21.0	24.8	24.5	17.8
3.2	**Reorganization Proceedings**	**2**	**50**	**15.3**	**16.8**	**0.0**	**15.3**	**20.0**	**12.5**	**21.0**	**18.5**	**0.3**
3.2.1	Time to Resolve a Reorganization Proceeding	1	25	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3.2.2	Cost to Resolve a Reorganization Proceeding	1	25	15.3	16.8	0.0	15.3	20.0	12.5	21.0	18.5	0.3
	Total	**4**	**100**	**53.8**	**34.5**	**34.3**	**60.0**	**59.0**	**38.5**	**67.3**	**61.5**	**32.5**

Source: Subnational Business Ready
Note: The reported individual scores were rounded off; therefore, the sum of individual scores may not add up to the totals.

2. Business Entry in Detail

Business Entry in Romania

Pillar I:
Regulatory Framework

Score (all cities): **92.5**/100

Pillar II:
Public Services

Score (all cities): **91**/100

Pillar III:
Operational Efficiency

Time (days): **6.5**

Cost (% of income per capita*): **0.3%**

Score (all cities): **100**/100

*Romania's 2021 GNI per capita is RON 58,911

Main findings

- The process to open a new business in Romania is harmonized in the 9 cities assessed.
- Entrepreneurs in Romania benefit from business regulation (Pillar I) that follows international good practices regarding registration requirements, simplified registration processes, and regulatory restrictions for business entry.
- Public services for business entry (Pillar II) facilitate the incorporation and start of operation processes through online tools and exchange of data between relevant agencies. Entrepreneurs in Romania can register their company using standard registration forms submitted via online platforms.
- Despite the availability of online registration services, many entrepreneurs still prefer to use the paper-based registration process due to lack of familiarity and comfort using the online system. Nevertheless, the time to register a new business (Pillar III) does not vary between in-person services or online, as the registration office completes the process in three days for applications submitted using either channel.
- First introduced in 2020, the option to apply for voluntary VAT registration with the tax authorities while simultaneously filing for incorporation allows businesses to save time and streamline the start of operations.

Business Entry in Romania

Why is business entry important?

- A business environment that facilitates the formalization of businesses is key to the creation of jobs and stronger economic growth.[30] Regulatory entry restrictions can create obstacles to developing a business and hinder the potential of new firms.
- Regulations that encourage transparency of information on businesses and beneficial owners help safeguard the integrity and reputation of the business sector by making it unattractive for firms with illicit purposes.[31]
- Simple registration processes, together with the use of online tools and low incorporation costs, encourage entrepreneurs to enter the economy.[32]

30 Rand and Torm, 2012; Medvedev and Oviedo Silva, 2015; La Porta and Shleifer, 2014.
31 UNCITRAL , 2019; OECD and IDB, 2021; World Bank, 2020.
32 Klapper, Lewin, and Quesada Delgado, 2011.

What does the Business Entry topic measure?

Pillar I: Regulatory Framework

Quality of regulations for business entry

- Information and procedural standards regarding the filing of information on companies and beneficial owners
- Availability of simplified registration for new firms
- A risk-based approach for business licensing
- Regulatory restrictions for the entry of new firms

Pillar II: Public Services

Digital public services and transparency of information for business entry

- Availability of digital services for business registration, storage of company information, and identity verification
- Interoperability of services between agencies involved in business registration
- Transparency of online information regarding business registration

Pillar III: Operational Efficiency

Operational efficiency of business entry

- Time to complete the registration of a new firm
- Cost to complete the registration of a new firm

For more information, please refer to the *Business Ready Methodology Handbook:* https://www.worldbank.org/en/businessready

Business Entry in Romania

Recent reforms and changes in business entry

- **Operationalization of the beneficial ownership registry.** The Register of Real Beneficiaries became operational in November 2019 with the goal of improving transparency and accountability in business operations and preventing illicit financial activities. It is managed by the National Trade Registry Office (ONRC). Companies are required to provide information on the individuals who ultimately own or control them. Access to the registry is provided to natural and legal persons on the basis of registration and payment of the applicable fees.
- **Introduction of voluntary VAT registration when opening a company.** Voluntary VAT registration became available in 2020. Companies can choose to register for VAT at the same time as filing for incorporation with the Trade Registry before reaching the threshold for mandatory registration. The tax authority, National Agency for Fiscal Administration (ANAF), conducts a risk analysis of the application post-registration and, in cases where issues are identified, the registration can be revoked.

Relevant laws and regulations in Romania

- **Law no. 31/1990 on Companies:** regulates the association of individuals and legal entities including the formation and registration of new companies.
- **Law no. 265/2022 on the Trade Registry:** regulates the operation of the ONRC and conditions regarding the establishment and dissolution of companies.
- **Law no. 129/2019 for the prevention and combating of money laundering and terrorist financing:** covers preventive measures and reporting obligations regarding money laundering, operation of beneficial ownership registries and the National Office for Prevention and Control of Money Laundering.

Public institutions and services for business entry

- The **ONRC** manages the trade register and establishes the procedures for new company registration. In addition, ONRC exchanges information with the ANAF on registered businesses.
- **InfoCert** is an electronic database of the ONRC that contains information on all companies registered in Romania and enables the issuing of online company certificates.
- The **Register of Real Beneficiaries** has been operational since 2019. The register contains information on the names, year of birth, nationality, and country of residence of beneficial owners and the nature and extent of the beneficial interest held.

Business Entry in Romania

Pillar I: **Quality of Regulations for Business Entry (1/2)**

Romania score (all cities): **92.5** out of 100 points

Romania performs on par with good international practices in the regulatory requirements for registration of information on new businesses and their beneficial owners. Regulation also provides for simplified registration options and risk-based business licensing.

Information and procedural standards for business entry

Company information filing requirements — 15/15

Regulation has requirements related to:

- ✓ Approval of company name
- ✓ Verification of identity of entrepreneurs
- ✓ Registration of shareholder information
- ✓ Obligation to file annual returns/financial statements
- ✓ Registration of changes in company name, shareholder details, and articles of association

Beneficial ownership filing requirements — 15/15

Regulation has requirements related to:

- ✓ Registration of beneficial owners and the type of information collected on them
- ✓ Specific time limits to register beneficial owners at the time of company registration
- ✓ Verification of beneficial owners' identity
- ✓ Restrictions for nominee shareholders and directors
- ✓ Registration of changes in beneficial ownership information

Availability of simplified registration — 10/10

- ✓ Simple registration forms are available for all entrepreneurs without the use of intermediaries (lawyers or notaries)
- ✓ Possibility to make changes to company information without intermediaries for all companies

Risk-based assessment for operating business and environmental licenses — 10/10

- ✓ Risk-based assessment for business licensing
- ✓ Risk-based assessment for environmental licensing of business activities

✓ Aspects regulated in line with internationally recognized good practices ✗ Aspects not regulated in line with internationally recognized good practices

Business Entry in Romania

Pillar I: **Quality of Regulations for Business Entry (2/2)**

Romania score (all cities): **92.5** out of 100 points

Romania follows good international practices regarding restrictions for business entry. However, requirements on criminal history or affidavits for the registration of new companies are still in place. In addition, regulation sets a paid-in minimum capital requirement for new entrepreneurs.

Restrictions on registering a business

Restrictions for domestic firms

20/25

Regulation does not establish general restrictions to set up a business for domestic entrepreneurs, including:

- ✓ Minimum education or training of business founders
- ✓ Approval of business plan
- ✓ Obtaining a general operating license
- ✓ Restrictions for specific socio-demographic groups
- ✓ General ownership restrictions in economic sectors

Restrictions in place:

- ✗ Entrepreneurs are required to present criminal history records or affidavits to register
- ✗ While nominally the law does not specify a minimum capital requirement amount, in practice, a minimum of RON 1 is required to open a new LLC

Restrictions for foreign firms

22.5/25

Regulation does not establish general restrictions to set up a business for foreign entrepreneurs, including:

- ✓ Limitations on ownership of firms and participation in joint ventures
- ✓ Screening and approval of investment by a government entity
- ✓ Restrictions on the nationality of key personnel
- ✓ Restrictions on the employment of foreign and local personnel
- ✓ Obligation to have a local partner or local suppliers
- ✓ Limitations on dividend distribution or setting up a bank account
- ✓ General ownership restrictions in certain economic sectors

Restrictions related to:

- ✗ In practice, a minimum of RON 1 is required to open a new LLC (same requirement as domestic firms)

✓ Aspects regulated in line with internationally recognized good practices ✗ Aspects not regulated in line with internationally recognized good practices

Business Entry in Romania

Pillar II: Digital Public Services and Transparency of Information for Business Entry (1/2)

Romania score (all cities): **91** out of 100 points

Public infrastructure for business entry in Romania provides electronic services to access company records and facilitate the registration process. The registry is also linked to other public agencies to facilitate the start of operations of new businesses.

Availability of digital services

Business start-up process

20/20

Electronic services available for:

- ✓ Company name verification
- ✓ Completion of the entire company registration process
- ✓ Updating company and beneficial ownership information
- ✓ Payment of incorporation fees
- ✓ Issuance of company incorporation certificate

Storage of company and beneficial ownership information

10/10

- ✓ Company information records digitally stored
- Database on company information and database on beneficial ownership are:
  - ✓ Fully electronic
  - ✓ Centralized with national coverage
  - ✓ Covering all types of companies and establishments

Identity verification

5/10

- ✓ Electronic signature and authentication available
- ✗ No fully automated identity document verification process available

Interoperability of services

Exchange of company information

10/10

- ✓ The trade registry (ONRC) and tax authority (ANAF) exchange information on new businesses including information on changes to company name

Unique business identification

10/10

- ✓ At the time of registration, companies are assigned a unique registration number (Codul Unic de Inregistrare, CUI) which is used by other relevant agencies, including ANAF, to identify the company. The CUI also serves as the basis for the VAT number issued by ANAF.

✓ Aspects in line with internationally recognized good practices ✗ Aspects in line with internationally recognized good practices

Business Entry in Romania

Pillar II: **Digital Public Services and Transparency of Information for Business Entry (2/2)**

Romania score (all cities): **91** out of 100 points

Romania provides online access to information on the process to set up a business as well as information on registered businesses. Statistics on newly registered companies are also available, including data on companies created by female entrepreneurs.

Transparency of online information

Business start-up (includes gender and environment)

16/20

Official website provides information on:

- ✓ List of documents required to establish a new business
- ✓ List of applicable fees
- ✓ Service standards
- ✗ Information on requirements for environmental permits for low-risk business activities is not publicly available

✓ Information is available on public programs to support small and medium enterprises (SMEs) and programs to support women-led SMEs

Availability of general company information

10/10

- ✓ Electronic search is available for all company records
- ✓ The company database provides information on the name of the company, company ID number, names of directors, shareholders, and beneficial owners, date of incorporation, annual financial accounts, legal address, physical/ secondary address, and type of activity

General and sex-disaggregated statistics on newly registered firms

10/10

- ✓ ONRC provides statistics on newly registered companies on its website
- ✓ Statistics on the number of companies created by female entrepreneurs are also publicly available

✓ Aspects in line with internationally recognized good practices ✗ Aspects not in line with internationally recognized good practices

Business Entry in Romania

Pillar III: **Operational Efficiency of Business Entry**

Romania score (all cities):

100 out of 100 points

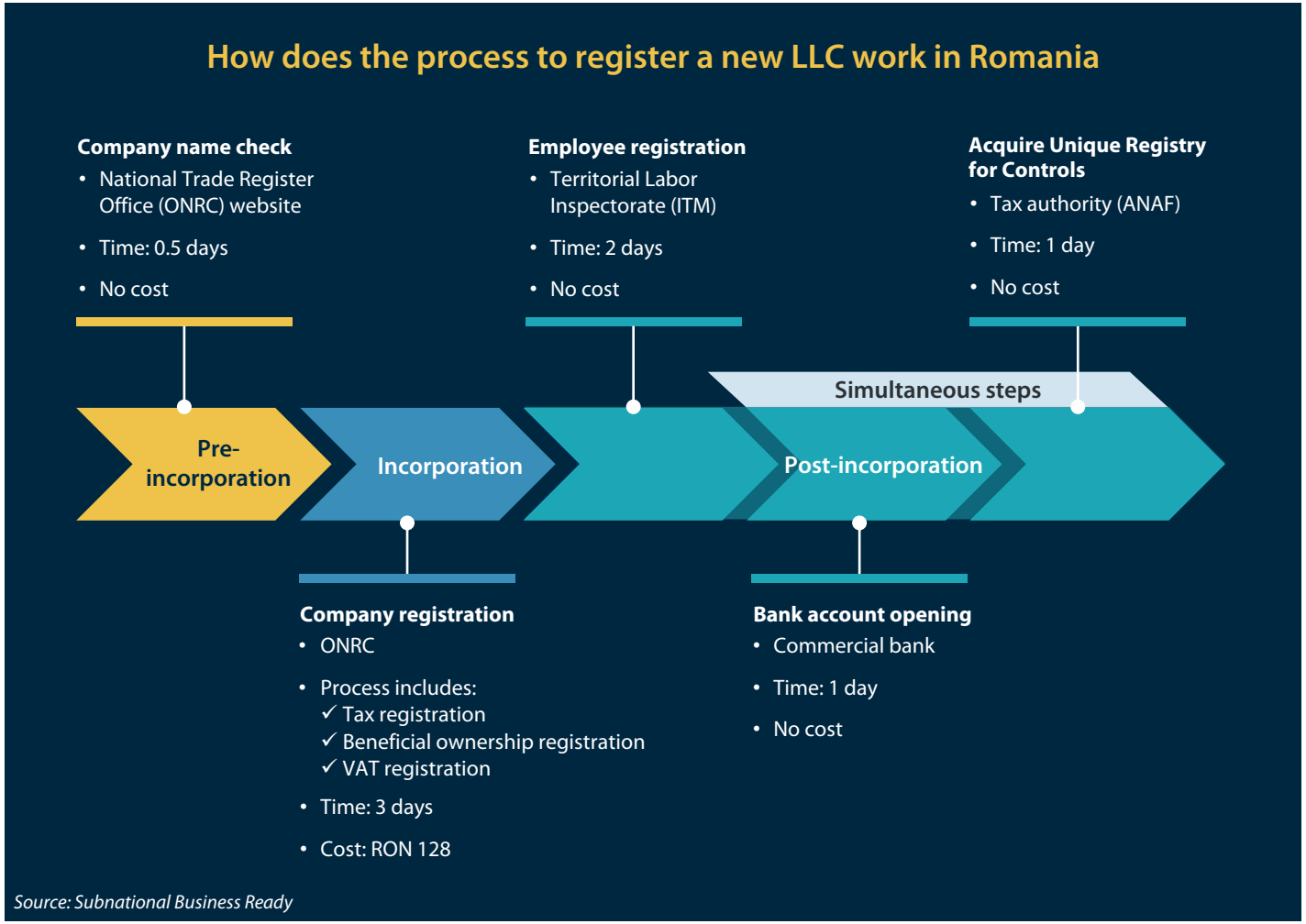
Time: **6.5** days Cost: **0.3%** of income per capita

Entrepreneurs can register a new LLC in the 9 Romanian cities in as fast as 6.5 days with a cost of 0.3% of income per capita.

Romania follows **good practices** that facilitate the process of company registration and start of operations:

- The Trade Registry Office provides online access to company information to facilitate name check at https://portal.onrc.ro/.
- The Trade Registry Office has a one-stop shop for setting up a company where, in addition to registering their business, entrepreneurs can also register for taxes and their beneficial owners.
- The involvement of third-parties (notaries and lawyers) during company registration is optional.
- Law no. 265/2022 on the Trade Registry sets statutory time limits to complete registration requests.

How does the process to register a new LLC work in Romania



Source: Subnational Business Ready

Business Entry in Romania

Areas of improvement for Business Entry

Stimulate the uptake of online registration services

Online registration has been available in Romania since 2012. However, its uptake has been low especially in 6 out of the 9 cities assessed, where more than 50% of registration requests are still done in person. In-person registrations reached 88% and 90% in Ploiești and Craiova, respectively, as of June 2023.

The adoption of online registration has increased steadily since 2015 when in 6 cities it reached less than 1% of total applications. Only Constanța had a significant percentage of online applications (24.1%). While all cities made significant progress, the upward trend has been unequal with Bucharest leading the pace in 2023 with 62.7% of registration applications completed electronically.

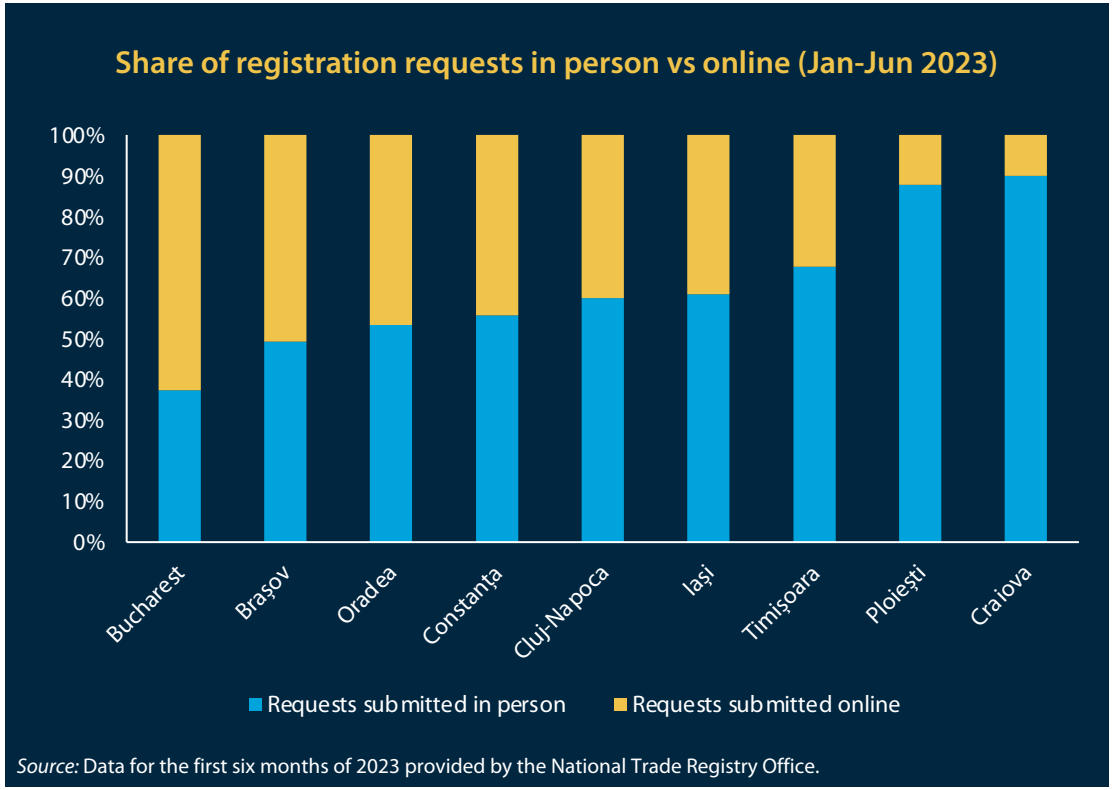
Similarly, a large percentage of name verification requests are still completed in person with large differences between the 9 cities. In Brașov, for example, only 9.74% of such requests are done in person compared to 52.76% in Oradea and 60.32% in Ploiești.

Among the reasons for the slow uptake of online services, experts note the lack of qualified electronic signature among entrepreneurs, a lack of trust by users in the portal, as well as perceived insufficient guidance. The differences between cities are also explained by the level of openness to digital tools on the part of entrepreneurs and third-party professionals (lawyers, accountants) which vary city by city.

While many professionals involved in the company formation process as well as younger entrepreneurs tend to use the online system, older entrepreneurs prefer using the paper-based services. In addition, the fact that the time to complete registration is not affected by using either option does not help to encourage further uptake of the online system.

ONRC is developing a new portal expected to be implemented in the spring of 2024. In addition, Romania could consider other strategies to increase the uptake of online services, such as setting lower costs for online applications compared to those in person, as is the case in Bulgaria. Alternatively, the authorities could make online applications mandatory, as is the case in Hungary and New Zealand.

Relevant stakeholder: National Trade Registry Office



Source: Data for the first six months of 2023 provided by the National Trade Registry Office.

3. Business Location in Detail

3.1 Building Permitting in Romania

Pillar I: Regulatory Framework

Score (all cities):
95.6/100

Pillar II: Public Services

Score:
28.3 (5 cities) to **43.3**/100 (Cluj-Napoca, Oradea)

Pillar III: Operational Efficiency

Obtain building permits:
Time (days): **53** (Oradea) to **382** (Iași)
Cost (% of income per capita*): **241%** (Craiova) to **262%** (Iași)

Obtain occupancy permits:
Time (days): **30** (Craiova) to **65** (Constanța)
Cost (% of income per capita*): **8%** (all cities)

Score: **48** (Iași) to **97.5** (Oradea) /100

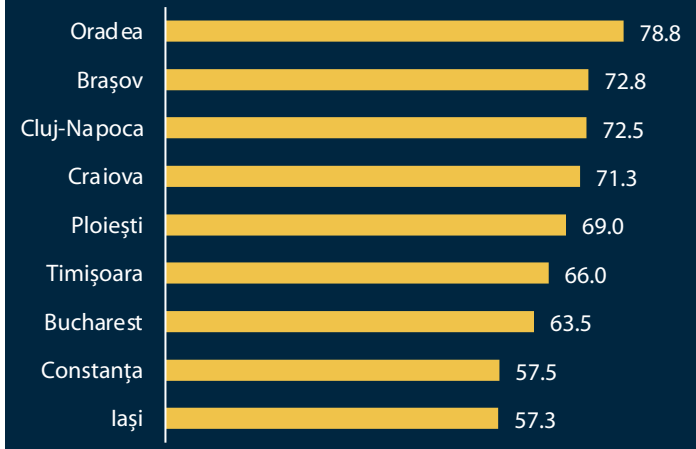
*Romania's 2021 GNI per capita is RON 58,911

Main findings

- The quality of regulations for urban planning (Pillar I) is uniform across the country. Ongoing efforts—such as the development of a code for unifying urban planning regulations—will bring Romania closer in line with international best practices.
- There is room for improvement on the availability of digital public services and transparency of information for building permitting (Pillar II). Out of the 9 cities assessed, updated city master/zoning plans* are only available in a Cluj-Napoca, Oradea, and Timișoara. Despite the online availability of zoning plans in cities such as Brașov, Cluj-Napoca, Craiova, Oradea, and Timișoara, the information is not always complete, interactive/searchable, or easy to navigate. As of April 2024, developers in Timișoara can apply for and obtain a building permit online. Oradea's similar initiative is in the testing phase. Other cities could follow suit.
- Among the Romanian cities benchmarked, there are notable differences in the efficiency of the building permitting process (Pillar III). At 53 days, the process is fastest in Oradea. In Iași, the same process takes more than a year (382 days).
- Developers in Iași spend around RON 12,000 more to obtain a building permit than their counterparts in Craiova. Differences in cost stem primarily from specialized agencies' clearances. For example, clearances from the Civil Aeronautical Authority and the City Hall Slope Committee are only required in Iași.

* According to the B-READY methodology, "an updated city master plan/zoning plan" is one that has been updated in the last 10 years.

Overall Building Permitting score per city*



Source: Subnational Business Ready *Scale from 0 to 100 (higher = better)

Building Permitting in Romania

Why is building permitting important?

- A sound and robust environmental framework for construction projects plays a vital role in protecting the public from faulty building practices and incorporating sustainability in construction by identifying and addressing potential environmental impacts beforehand.[33]
- Adopting good regulatory practices for building standards enhances safety mechanisms and green building practices while reducing opportunities for corruption.
- Transparency of information for building permits minimizes information gaps between public service providers and users, fostering accountability through easy access to regulations, fees, and payment tracking.

33 World Bank, 2024.

What does the Building Permitting topic measure?

Pillar I: Regulatory Framework

Quality of regulations for building permitting

- Building regulations standards
- Building energy codes standards
- Land use and zoning regulations

Pillar II: Public Services

Quality of public services and transparency of information for building permitting

- Availability and reliability of online services
- Interoperability of services between the agencies involved in building permitting
- Transparency and accessibility of the building permitting agencies

Pillar III: Operational Efficiency

Operational efficiency of building permitting

- Time to obtain a building permit
- Cost to obtain a building permit
- Time to obtain an occupancy permit
- Cost to obtain an occupancy permit

For more information, please refer to the *Business Ready Methodology Handbook:* https://www.worldbank.org/en/businessready

Building Permitting in Romania

Relevant legislation and main stakeholders

In Romania the construction permitting process is regulated at the national level and implemented at the municipal level.

Relevant laws and regulations in Romania

- **Law No. 10/1995:** establishes quality standards in constructions.
- **Law No. 50/1991:** regulates the procedures and conditions for obtaining permits for building and demolishing, required in any civil, industrial, agricultural, or other types of construction.
- **Law No. 7/2020:** introduces amendments and completions of the aforementioned laws (Law No.10/1995, Law No. 50/1991).
- **Law No. 372/2005:** defines the framework for calculating building energy performance, sets minimum energy requirements for new and modernized buildings, and covers building energy certifications.
- **Emergency ordinance No. 18/2009:** defines construction work to improve the energy performance of apartment buildings constructed based on projects developed after December 31, 2005. The law also regulates construction phases, funding methods, and the responsibilities of local municipalities and owners' associations.
- **Law No. 350/2001:** regulates land use and urban planning to promote balanced development, protect natural and built heritage, improve living conditions, and ensure territorial cohesion.

Public institutions and services for building permitting

- **Local public authorities (municipalities)** approve construction projects, through Urban Planning Departments and Chief Architect Offices.
- The **State Inspectorate for Constructions** verifies and ensures observance of the urbanism regulations regarding the quality of constructions. The Inspectorate delivers on its mission through its county branches.
- The **Ministry for Development, Public Works and Administration** formulates government policies regarding, among others, urban planning, architecture and construction.
- The **Environmental Protection Agency**, through its county branches, issues clearances that establish the conditions and measures for environmental protection required for a construction project.

Building Permitting in Romania

Pillar I: **Quality of Regulations for Building Permitting**

Romania score (all cities): **95.6** out of 100 points

Building regulations are set at national level and uniform across Romania. However, a unified and comprehensive set of building rules in the form of building codes and laws for all aspects of the construction process does not yet exist. A "Urbanism Code" aimed at bringing several normative acts together into a single legislative act is currently pending Parliament approval.

Regulatory standards related to building permitting

Building standards — 33.1/37.5

- ✗ No unified building code applicable for all construction
- ✓ Clear provisions or guidelines regarding safety standards in the legal framework
- ✓ Regulation of construction materials that pose health risks
- ✓ List of regulated materials available in the legal framework
- ✓ Certified/licensed engineer or architect (public agency or private and external) designated by law responsible for compliance of building plans with existing building regulations
- ✓ Risk-based or phased structural safety inspections required by law to be carried out during construction
- ✓ Requirement of final inspection by law
- ✓ Materials (e.g., asbestos) required to be inspected/tested by law
- ✓ Liability for structural flaws/problems defined by law
- ✓ Qualifications required to conduct technical supervision/inspections specified in the legislation
- ✓ Ability to dispute building permit decisions with the permit-issuing authority

Building energy standards — 37.5/37.5

Legally required:

- ✓ Minimum energy efficiency performance standards
- ✓ Proof of compliance with energy efficiency performance standards required for building permit
- ✓ Verification of energy efficiency performance standards
- ✓ Incentives to promote green building standards

Zoning and land use regulations — 25/25

Legally required planning tools for land development:

- ✓ Requirements for trunk infrastructure service access (water, electricity, sanitation)
- ✓ Maps identifying areas allocated to residential, commercial, agricultural, recreational, public/institutional, and mixed use
- ✓ Hazard maps identifying areas in which building is not permitted due to natural hazards
- ✓ Hazard maps identifying minimum separation between residential and hazardous occupancies
- ✓ Maps identifying areas in which building is not permitted owing to preservation of natural resources

✓ Aspects regulated in line with internationally recognized good practices
✗ Aspects not regulated in line with internationally recognized good practices

Additional research on urban planning regulations in Romania was conducted by the World Bank under the Romania Urban Policy project.

Building Permitting in Romania

Pillar II: **Quality of Public Services and Transparency of Information for Building Permitting (1/2)**

Romania score: **28.3** (5 cities) to **43.3** (Cluj-Napoca, Oradea) out of 100 points

0/40

Availability and reliability of digital services

- ✗ No online platform for issuing building authorizations
- ✗ No online permitting systems with several functionalities
  - ✗ No online payment
  - ✗ No online communication
  - ✗ No online notification
  - ✗ No online submission
  - ✗ No auto-generated checklist
- ✗ No online permitting systems to submit building and occupancy permits
- ✗ No online filing of disputes on building permits

33.3/40

- Cluj-Napoca
- Oradea
- Timișoara

28.3/40

- Brașov
- Bucharest
- Constanța
- Craiova
- Iași
- Ploiești

Transparency of information

- ✓ Public accessibility of planning and building control regulations
- ✓ Public online availability of requirements to obtain all types of building related permits
  - ✗ No list of preapprovals required from specialized agencies
  - ✓ List of documents to obtain a building permit
  - ✓ List of documents to obtain an occupancy permit
- ✓ Up-to-date fee schedules for obtaining all types of construction permits available online
- ✓ Public availability of official, updated online statistics tracking the number of issued building permits
- ✓ Clear, defined steps to modify zoning/land use plan
- ✗ No online verification of adherence to zoning regulations by developer

Cluj-Napoca, Oradea, and Timișoara:

- ✓ Availability of updated city master plan/zoning plan

Brașov, Bucharest, Constanța, Craiova, Iași, and Ploiești:

- ✗ No availability of updated city master plan/zoning plan

*Subnational B-READY uses data as of December 31, 2023

✓ Aspects in line with internationally recognized good practices ✗ Aspects not in line with internationally recognized good practices

Building Permitting in Romania

Pillar II: **Quality of Public Services and Transparency of Information for Building Permitting (2/2)**

Romania score: **28.3** (5 cities) to **43.3** (Cluj-Napoca, Oradea) out of 100 points

10/20

- Brașov
- Cluj-Napoca
- Oradea

0/20

- Bucharest
- Constanța
- Craiova
- Iași
- Ploiești
- Timișoara

Interoperability of services

All cities:

✗ No availability of spatial plans and zoning requirements in the form of a Geographic Information System (GIS) or other spatial data platforms to all stakeholders that is valid for official procedures

Brașov, Cluj-Napoca, and Oradea:

✓ Integration of GIS or national spatial platforms between the permit-issuing agency and other stakeholder agencies

Bucharest, Constanța, Craiova, Iași, Ploiești, and Timișoara:

✗ No integration of GIS or national spatial platforms between the permit-issuing agency and other stakeholder agencies

- Despite the online availability of zoning plans in cities such as Brașov, Cluj-Napoca, Craiova, Oradea, and Timișoara, the information is not always complete, interactive/searchable, or easy to navigate. Thus, there is room for improvement through the adoption and/or optimization of GIS or other spatial data platforms.
- Developers do not have access to a comprehensive list of preapprovals required for permit application. Public online availability of such requirements would make the process more transparent and predictable.
- Developers in Romania still have to obtain an urban planning certificate. In other European Union Member States, builders do not have to obtain an urban planning certificate before applying for a building permit. They can verify online that the intended location of their project complies with the applicable zoning regulations and authorities review adherence to zoning regulations after submission of the application.

✓ Aspects in line with internationally recognized good practices ✗ Aspects not in line with internationally recognized good practices

Building Permitting in Romania

Pillar III: **Operational Efficiency of Building Permitting (1/4)**

Pillar III: Operational Efficiency

Score:

48 to **97.5**/100

Iași — Oradea

Construction permitting is considerably more burdensome in Romania than in most European Union Member States. This is mostly due to the large number of separate clearances and approvals builders are required to obtain before applying for a building permit.

How does building permitting work in Romania

BEFORE CONSTRUCTION – Obtaining a building permit

- Obtain land registry excerpt and the cadastral sketch from cadaster
- Obtain urban planning certificate from City Hall
- Clearances from water and electricity utility providers
- Clearances from specialized authorities (such as Environment Protection Agency)
- Obtain study on compliance with minimum energy performance requirements
- Feasibility study of the use of high-efficiency alternative systems
- Obtain a geotechnical investigation
- Obtain topographical documentation
- Obtain updated land registry excerpt from cadaster
- Register project with Order of Architects
- Pay architecture stamp duty and obtain building permit

AFTER CONSTRUCTION – Obtaining an occupancy permit

- Update topographic measurements
- Obtain energy performance certificate
- Notify City Hall of completion of construction
- Notify Construction Inspectorate of completion of construction
- Notify the Emergency Situations Inspectorate of completion of construction
- Obtain final assessment of construction from acceptance commission
- Obtain signed report after reception

Local authority — National authority — Private party — Utility

Source: Subnational Business Ready

Note: The procedures shown are common to all cities benchmarked. Additional requirements apply in specific cities. Procedures administered by national agencies are in some cases completed (or performed) at regional branches of these national agencies. Some of the procedures can be done simultaneously.

Building Permitting in Romania

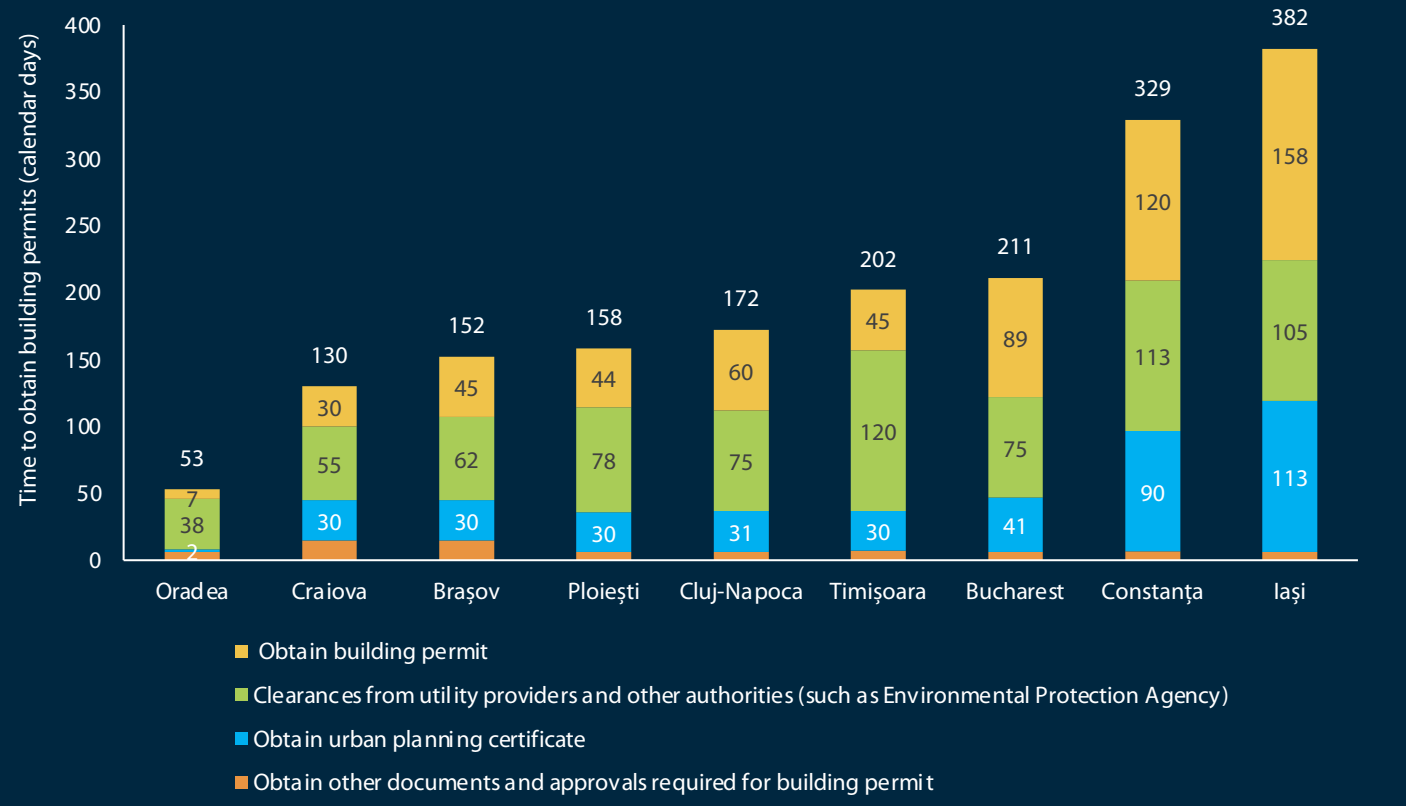
Pillar III: **Operational Efficiency of Building Permitting (2/4)**

Pillar III: Operational Efficiency

Obtain building permits:
Time (days):
53 (Oradea) to **382** (Iași)

- Among the nine cities benchmarked in Romania, the permitting process is fastest in Oradea (53 days) and slowest in Iași (382 days). In Oradea, the City Hall can issue the building permit within a week, while other Romanian cities take between 30 and 158 days.
- For an additional fee (of RON 1,687), developers in Oradea can obtain the urban planning certificate in 2 days rather than the usual 21 days and the building permit in 7 days rather than the usual 30 days. Other cities such as Craiova, Ploiești, and Timișoara also offer these services, but they are not commonly used.
- Oradea also achieves faster times for obtaining pre-construction clearances. The city has an updated city master plan and maintains an up-to-date GIS database on all network developments through protocols signed with utility providers. Moreover, several agencies and companies involved in providing pre-construction clearances have offices inside the premises of the City Hall in order to facilitate the process for applicants. Clearances from the Environmental Protection Agency and the Inspectorate of Emergency Situations—which are usually lengthy processes elsewhere in the country—are also obtained faster in Oradea.

Navigating the permitting process takes almost 11 months longer in Iași than in Oradea



Source: Subnational Business Ready

Note: Obtaining clearances from water and electricity and other authorities can be done simultaneously

Building Permitting in Romania

Pillar III: **Operational Efficiency of Building Permitting (3/4)**

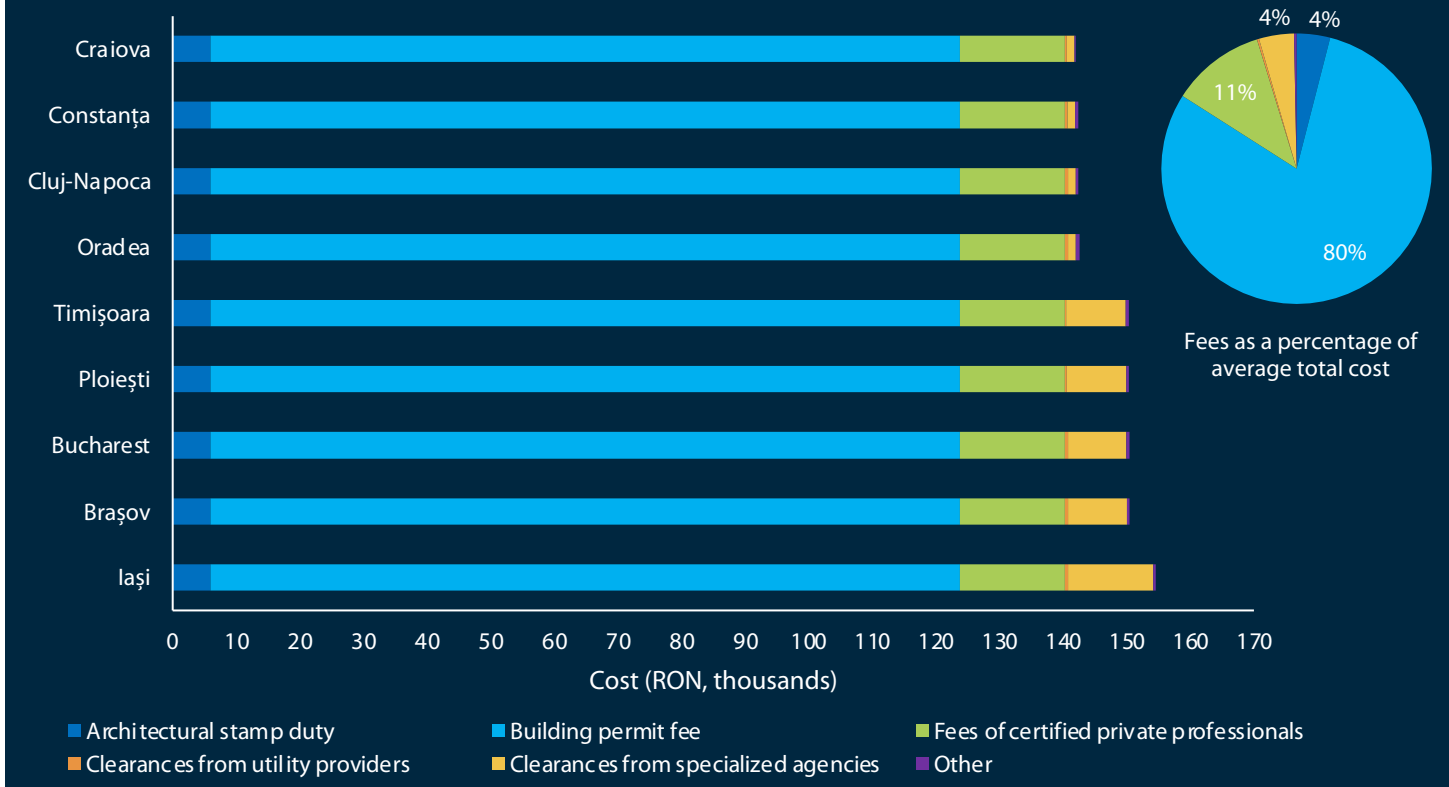
Pillar III: Operational Efficiency

Obtain building permits:
Cost: **RON 141,958** (Craiova) to **154,524** (Iași) or **241%** to **262%** of income per capita

- The average cost of obtaining building permits in Romania* is the equivalent of 250% of income per capita, ranging from RON 141,958 in Craiova (or 241% of income per capita) to RON 154,524 in Iași (or 262% of income per capita).
- The differences in cost primarily stem from fees charged by specialized agencies for clearances. For example, Iași is the only city that requires a clearance from the Romanian Civil Aeronautical Authority (because of the location of the airport within the city) and from the Slope Committee of City Hall (because of the city's hilly topography). A study made by a road engineer is commonly required by the Traffic Commission at City Halls in Brașov, Bucharest, Iași, Ploiești and Timișoara.
- In Romania, developers have to pay 0.05% and 1% of investment value for the architectural stamp duty and building permit fee, respectively. In Oradea, developers that choose the fast-track service for the building permit must pay an additional RON 1,500, while the fast-track urban planning certificate adds an additional RON 187 to the cost of RON 13 for the regular track.

*For a non-residential building, such as an office building of 1800 m²

The architectural stamp duty and the building permit fee account for 84% of the average cost to obtain a building permit



Source: Subnational Business Ready
Note: RON = Romanian leu

Building Permitting in Romania

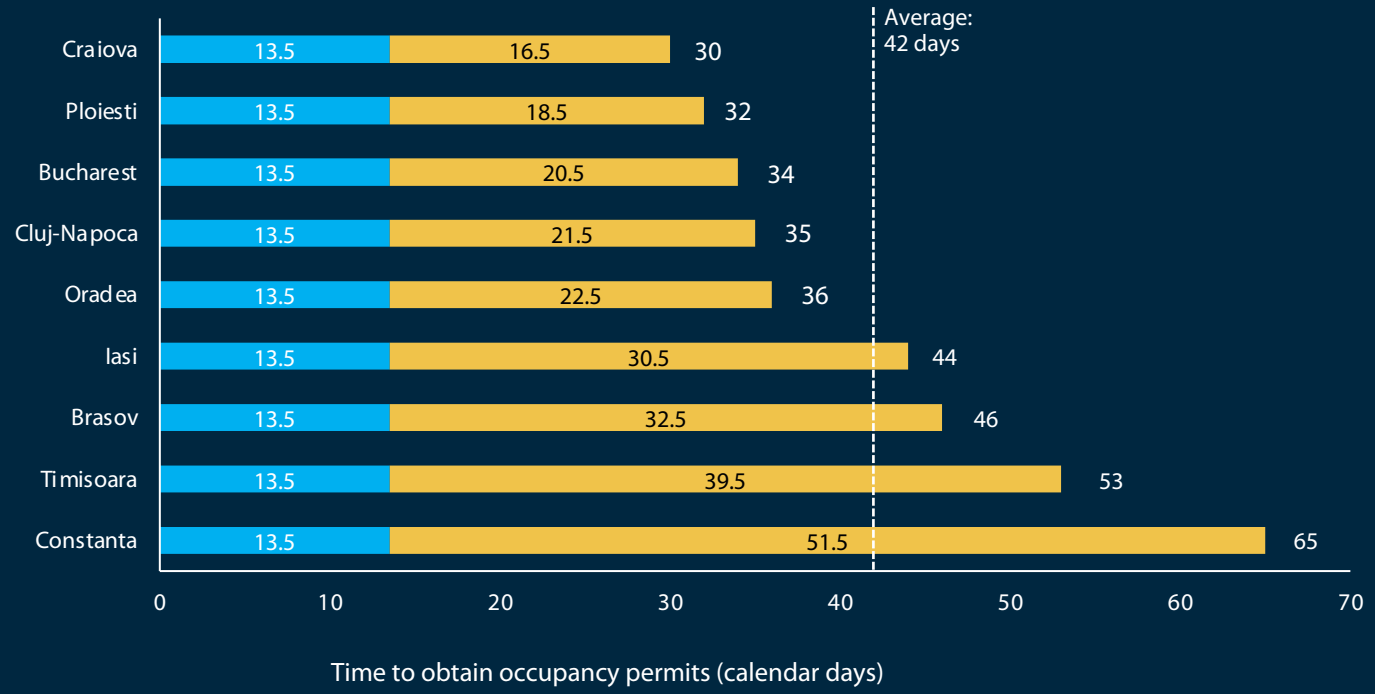
Pillar III: **Operational Efficiency of Building Permitting (4/4)**

Pillar III: Operational Efficiency

Obtain occupancy permits:
Time (days): **30** (Craiova) to **65** (Constanța)
Cost (all cities): **RON 4,750** or **8%** of income per capita

- Entrepreneurs in Constanța and Timișoara take the longest to receive final inspection and obtain the signed assessment (reception) of the Acceptance Committee.
- The assessment (reception) at the end of the construction works must be organized by the investor after the notification of completion of construction works. The Acceptance Commission is a body made up of the construction beneficiary (construction company or developers), officials from the local public administration, and technical experts. This Commission is legally required to meet to determine that the construction fulfills all applicable legal requirements.
- The cost to obtain an occupancy permit is uniform across the nine benchmarked cities in Romania (RON 4,750). The cost stems from private fees (updating topographic measurements and obtaining an energy performance certificate).
- Entrepreneurs do not have to pay any municipal fees to receive the signed assessment (reception) of the Acceptance Committee.

Undergoing final approvals before occupying the building can take anywhere from one month to two months longer in Constanța than in Craiova



Source: Subnational Business Ready

Building Permitting in Romania

Areas of improvement for Building Permitting (1/4)

Harmonize construction permitting legislation

Building codes provide a set of uniform regulations and standards in the construction industry. In the absence of standard references, building professionals, developers, and investors experience regulatory uncertainty, complicating the permitting process. Efforts are underway to address the current lack of a national building regulation that harmonizes construction permit requirements in Romania. The "Urbanism Code," aimed at bringing several normative acts together into a single legislative act, is currently pending Parliament approval.

In addition to the text of the regulations, exhaustive but easy-to-follow guidelines should be provided to cover key steps, the agencies involved, documentation requirements, and the certificates, permits, and approvals required along with corresponding time frames and fees. Some countries centralize the relevant documents for getting a construction permit onto a single website, providing users with targeted and comprehensive information. In Finland, for example, the "Lupapiste" platform (https://www.lupapiste.fi) provides detailed information on requirements and the process surrounding permit applications. The Hungarian "e-epites" platform (https://www.e-epites.hu/) has a similar function, allowing developers to review the requirements and legislation governing different aspects of construction permitting.

Relevant stakeholder: Ministry for Development, Public Works and Administration

Building Permitting in Romania

Areas of improvement for Building Permitting (2/4)

Streamline the process for preconstruction approvals

Before applying for a building permit, entrepreneurs in Romania have to seek separate clearances and verifications of their project documentation, spending over four months on average in the process. In many cities, preconstruction clearances are the source of the largest delays in the construction permitting process.

One way of streamlining the process is by introducing a single point of contact both to take responsibility for coordinating the approval process with all the relevant agencies and to keep track of the timeline for the approvals. This kind of single-window solution to similar problems is being adopted widely by other European Union Member States. In Cyprus, for example, an applicant needs only to obtain a copy of the site plan and a town-planning permit prior to applying for a building permit. For the rest of the required clearances, such as those relating to telecom, sewerage, public works, the archaeological department, and the fire brigade, the municipality is responsible for forwarding the application and getting relevant drawings to these agencies for their clearance and approval. In Malta, once the applicant submits the building permit application online, the Planning Authority automatically consults with 11 government agencies whose input might be relevant to the application. The applicant does not need to interact with these agencies.

Implementing this kind of single-window solution requires additional staffing resources and possibly higher fees to cover the additional costs. In Romania, there is legislation to setup a Commission for the issuance of a single agreement, on the basis of which the building permit can be issued. However, City Halls have faced challenges when trying to implement this in practice. This was the case for Craiova and Timișoara, where City Halls have tried to obtain a single agreement on behalf of applicants by distributing the application to network utilities and informing the applicant when the process is complete. Others have tried to facilitate the process by looking for alternative solutions. For example, Oradea has offices within the City Hall premises of agencies and companies involved in providing pre-construction clearances.

Romania could also make substantial improvements by expediting the process of obtaining the urban planning certificate. A first step could be to provide online a detailed guidance document and checklist of the urban planning requirements to be met, as well as a list of approvals and authorizations to be submitted. These approvals and authorizations are not always tailored to the specific type of construction to be executed and could be reduced further, thereby expediting the process. In Denmark, there are no required preconstruction clearances, and the building permit application is managed and completed online.

Relevant stakeholders: Ministry for Development, Public Works and Administration; Municipalities

Building Permitting in Romania

Areas of improvement for Building Permitting (3/4)

Review the cost structure for building permits

Dealing with construction permits that are relatively costly, as is the case in Romania (an average of 250% of income per capita or RON 147,505)*, can raise concerns about informality—overly high costs of compliance with building regulations may discourage businesses from following formal procedures. In Romania, the building permit fee is set at 1% of the investment value.

Fees for providing services should be based on the cost of providing such services. A common good practice is to charge small fixed fees for simple projects that present a negligible risk to public health and safety.[34] However, these fees should not be so low that they fail to cover costs, nor should they be so high as to impose an undue burden on small projects.

In many reforming economies, building permit fees are based on recovering the costs of the service provided rather than as a means to collect additional revenue. In New Zealand, fees are set at a level to cover the costs associated with the review of plans and any inspections, along with overhead costs. Hungary no longer charges a fee for the building permit, and only charges a fixed fee for each review required. For example, for the type of office considered for this study, Hungarian cities would require the National Directorate General for Disaster Management to review the documentation for water management and water protection (at a cost of HUF 14,000 or EUR 36) and for fire protection (no cost). For construction that might have an environmental impact—which is not a case factor in this study—the Department of Environment, Nature Protection and Waste Management of the Government Office charges an environmental fee for construction (HUF 14,000 or EUR 36).

Relevant stakeholder: Ministry for Development, Public Works and Administration

*For a non-residential building, such as an office building of 1800 m^2. Calculated based on a GNI per capita of RON 58,911.26.

34 Moullier and Krimgold, 2015.

Building Permitting in Romania

Areas of improvement for Building Permitting (4/4)

Expand electronic platforms throughout the building permitting process

Electronic permitting systems are becoming increasingly common in Europe, and the European Commission has defined electronic application for building permission as a primary e-government service. Romania could look at the example of cities and countries that have already put in place fully computerized building permitting systems. Developers in Estonia, for example, can complete their building permit applications online at: http://www.ehr.ee/. Croatia has set-up an electronic system (e-Permit) for entrepreneurs to submit applications for building and use permits (https://dozvola.mgipu.hr/naslovna). In Portugal, the city of Porto has a fully functional electronic application system (Portal do Munícipe do Porto, https://portaldomunicipe.cm-porto.pt/home) equipped with tracking and status report tools. Applicants in Padua (Italy) use the Padovanet platform (https://www.padovanet.it/servizi-online) to submit all documentation at once and track the status of their applications. All relevant departments, both within and outside the municipality, are connected to the same platform. In Hungary, applications are submitted through the ÉTDR platform (https://www.e-epites.hu/etdr), along with all technical and architectural plans. The building department then asks other authorities to review and approve the plans through the system. The platform can also be used to request an occupancy permit. Hungary also introduced an e-construction log system. Every construction project must be registered through this system by the construction company, which is required to update the log daily with the type of work completed at the site, the number of people who worked, and the latest certificates on waste removal. Once construction is completed, the company closes the log and uploads the relevant documents. This serves as a notification to the building department of the completion of construction.

In past years, the use of ICT solutions in the building permitting process has increased in Romania. For example, excerpts from the land registry can be obtained online from a centralized platform. Similarly, urban planning certificates can be obtained electronically in cities such as Brașov, Bucharest, Craiova, Cluj-Napoca, Oradea, and Timișoara. However, even when electronic certificates are available, other agencies involved in the process might request a paper copy signed in wet ink and stamped. Applications for other approvals and clearances can sometimes be submitted online or via email, but paper copies are often needed as well. For example, applicants must submit the documentation for an environmental clearance both by email and in person.

As of April 2024, developers in Timișoara can apply for and obtain a building permit online through the municipal portal (https://servicii.primariatm.ro/autorizatie-construire-desfiintare). Similarly, in Oradea, an online platform was developed and is currently being tested. In Constanța, applicants can track the status of their applications, including which offices have already reviewed the file and whether additional information is needed.

Relevant stakeholders: Ministry for Development, Public Works and Administration; Municipalities

3.2 Environmental Permitting in Romania

Pillar I:
Regulatory Framework

Score (all cities):
70/100

Pillar II:
Public Services

Score (all cities):
50/100

Pillar III:
Operational Efficiency

Time (days):
38 (Oradea) to
93 (Timișoara)

Cost (% of income per capita*):
1.4% (all cities)

Score:
99.5 (5 cities) to **100**/100 (3 cities)

*Romania's 2021 GNI per capita is RON 58,911

Main findings

- Regulatory standards (Pillar I) and the availability of digital public services and transparency of information (Pillar II) related to environmental clearances in construction are uniform across Romania.
- The cost to obtain environmental clearances (Pillar III) is also uniform across the country.
- The score differentiator is the efficiency of the environmental clearance process in practice (Pillar III). Among the nine cities benchmarked in Romania, Oradea stands out for offering the fastest environmental clearance process (38 days). The same process takes 93 days in Timișoara.
- Entrepreneurs in Romania could benefit from enhanced regulatory standards related to environmental impact assessment (EIA), digitalization of the environmental permitting process, and enhanced mechanisms to facilitate the contribution of interested parties to the decision-making process.

Environmental Permitting in Romania

Why is environmental permitting important?

- Choosing the right location is pivotal in determining the success of businesses even in the digital age. In addition to access to customers, labor, and transportation, the physical space of a business also determines the tax, regulatory, and environmental obligations firms face.[35]
- Clear and accessible environmental regulations can address concerns without burdening firms with unnecessary compliance.
- A sound and robust environmental framework for construction projects plays a vital role in sustainable construction by identifying and addressing potential environmental impacts beforehand.
- Good regulatory practices and transparency of information for environmental permits enhance safety mechanisms and the green building industry, minimize information gaps, and foster accountability.

35 Carlson, 2000.

What does the Environmental Permitting topic measure?

Pillar I: Regulatory Framework

Quality of regulations for environmental permitting

- Environmental clearances for construction
- Dispute mechanisms for environmental clearances for construction

Pillar II: Public Services

Quality of public services and transparency of information for environmental permitting

- Availability of online services for environmental permitting
- Transparency of online information regarding environmental licenses

Pillar III: Operational Efficiency

Operational efficiency of environmental permitting

- Time to obtain environmental clearances for construction
- Cost to complete environmental clearances for construction

For more information, please refer to the *Business Ready Methodology Handbook*: https://www.worldbank.org/en/businessready

Environmental Permitting in Romania

Pillar I: **Quality of Regulations for Environmental Permitting**

Romania score (all cities): **70** out of 100 points

45/50 Environmental permits for construction

- ✓ Existence of national environmental regulations during construction
- ✓ Updates or revisions of national regulations to reflect recent environmental and technological innovations in construction
- ✓ Penalties or fines in place for non-compliance with the regulations
- ✓ Clearly defined environmental risks in the legal framework
- ✓ Legal requirement to use qualified professionals/agencies to conduct environmental impact assessments (EIA)
- ✓ Specific criteria to trigger an EIA stipulated in the legal framework
- ✓ Mandatory requirements for an EIA process included in the legal framework
- ✓ Public consultations with concerned stakeholders for EIA mandated by law
- ✗ No independent external review for EIA compliance provided in the legislation
- ✗ No mechanisms to facilitate public consultations of EIA decisions provided in the legislation

25/50 Dispute mechanisms for construction-related environmental permits

- ✓ Ability to dispute environmental clearances and permits with the permit-issuing authority
- ✗ No out-of-court resolution mechanisms for environmental disputes

✓ Aspects regulated in line with internationally recognized good practices ✗ Aspects not regulated in line with internationally recognized good practices

Environmental Permitting in Romania

Pillar II: **Quality of Public Services and Transparency of Information for Environmental Permitting**

Romania score (all cities): **50** out of 100 points

0/50 Availability and reliability of digital services

- ✗ No online environmental permitting systems with several functionalities:
  - ✗ No online payment
  - ✗ No online communication
  - ✗ No online notification
  - ✗ No online submission
  - ✗ No auto-generated checklist to assist applicants in ensuring complete and accurate submissions
- ✗ No online filing of disputes on environmental licensing

50/50 Transparency of information

- ✓ Requirements to obtain environmental licensing for constructing a building with a moderate environmental risk are available online
- ✓ Up-to-date fee schedule for obtaining environmental clearances is available online

✓ Aspects in line with internationally recognized good practices ✗ Aspects not in line with internationally recognized good practices

Environmental Permitting in Romania

Pillar III: **Operational Efficiency of Environmental Permitting (1/2)**

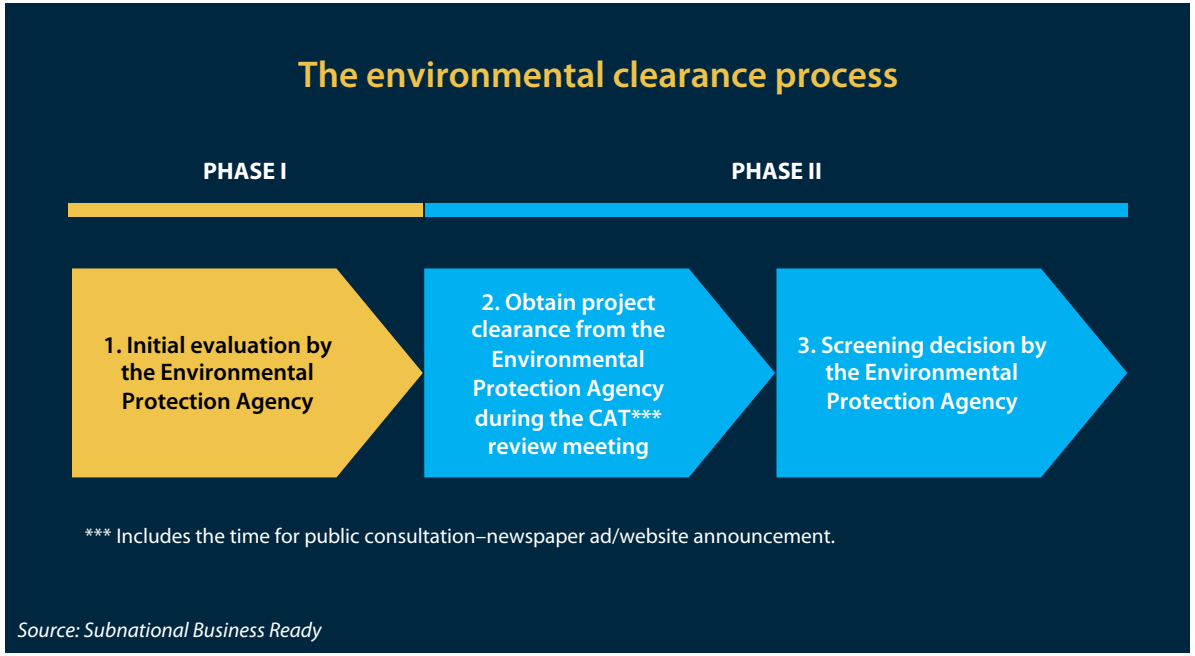
Romania score: **99.5** (5 cities) to **100** (3 cities) out of 100 points

How does the environmental clearance process work in Romania

The environmental clearance process can involve up to three phases. Every project completes the **first phase**, which is carried out by the local Environmental Protection Agency. Some projects are cleared at this stage, while the rest are mandated to move on to the second phase. This **second phase** requires submission of a memorandum to obtain a draft screening decision from the Technical Analysis Committee (CAT)* and a final screening decision from the local Environmental Protection Agency. During a CAT review meeting, members decide whether the project is cleared or if it must undergo a full environmental impact assessment (conducted during the **third phase**). In all nine benchmarked cities in Romania, a project to construct a residential building, as described by the Subnational Business Ready methodology,** would need to complete the first two phases. Typically, a full EIA would not be mandated.

*The Technical Analysis Committee is an advisory body, without legal personality, which operates together with the Central Public Authority for the Protection of the Environment and Forests. It is composed of representatives of both central and/or local Public Authorities for the Protection of the Environment and Forests as well as representatives of several other central and/or local authorities, such as those for regional development and tourism, health, economy, business, and civil protection.

**The project falls under Annex 2, point 10b of Law No. 292/2018 of December 3, 2018, on the assessment of the impact of certain public and private projects on the environment. Thus, the Environmental Protection Agency must decide if the urban development project requires a full EIA.



Source: Subnational Business Ready

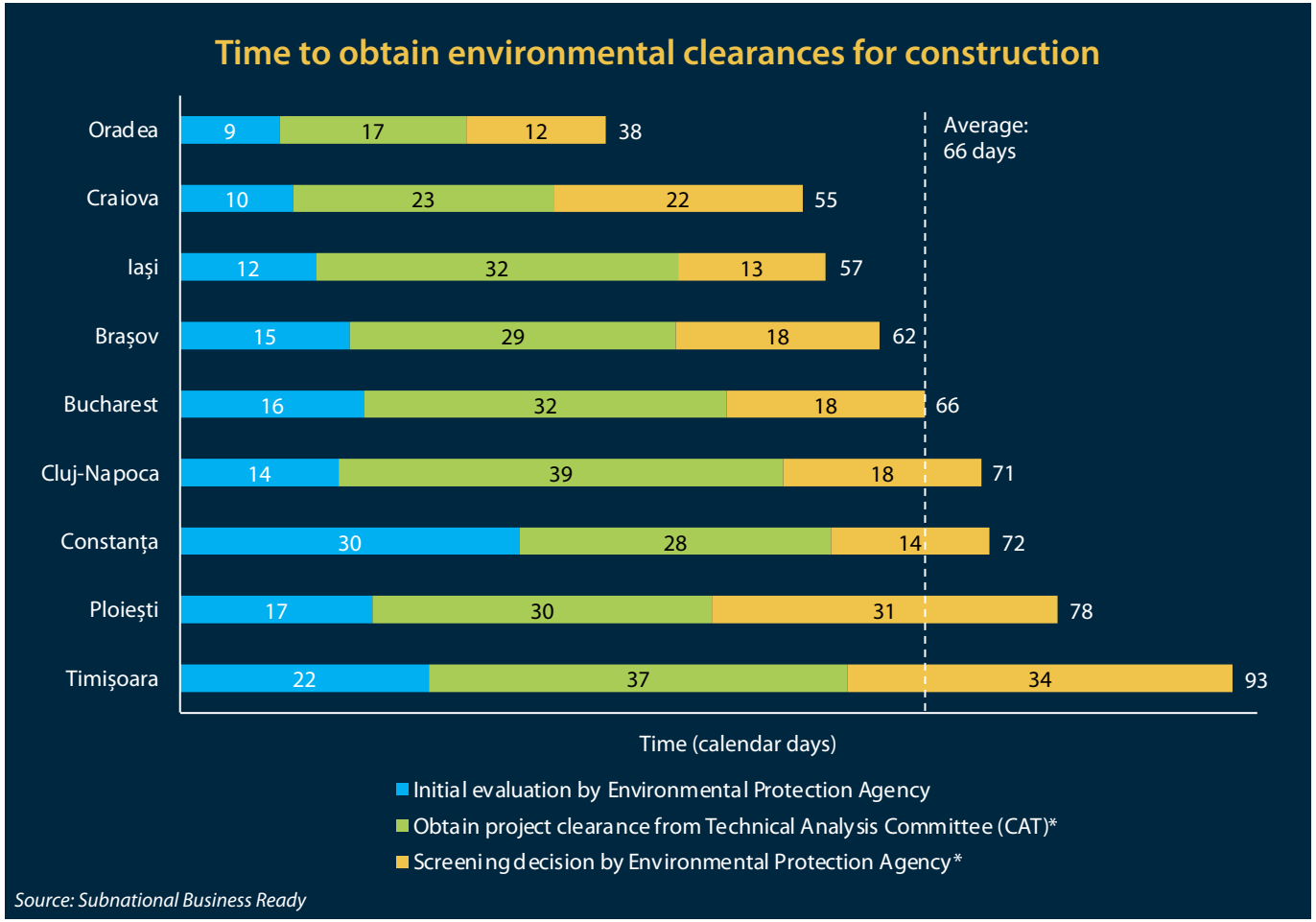
Environmental Permitting in Romania

Pillar III: **Operational Efficiency of Environmental Permitting (2/2)**

Pillar III: Operational efficiency

Time (days): **38** (Oradea) to **93** (Timișoara)

- Oradea has the fastest environmental clearance process, taking just over a month. The same process takes over 3 months in Timișoara, a city which saw the second largest increase in applications—the capital seeing the most—in the first trimester of 2023 (as per press release of the National Environmental Protection Agency, May 2023).
- The cost to obtain environmental clearances is uniform across the nine benchmarked cities in Romania: RON 820 or the equivalent of 1.4% of income per capita.



*Includes the time for public consultation–newspaper ad/website announcement

Environmental Permitting in Romania

Areas of improvement for Environmental Permitting (1/3)

Fully adopt a risk-based approach to environmental approvals and streamline environmental assessments

In Romania, the environmental clearance process is more complicated than in other European Union Member States. The law does not provide enough clarity and includes relatively broad descriptions of projects that require an initial evaluation (first phase). Law No. 292/2018 of December 3, 2018, on the assessment of the impact of certain public and private projects on the environment lists the types of projects subject to a full environmental impact assessment (EIA) and those for which the Environmental Protection Agency needs more information to decide if a full EIA is required. Even simple projects, such as an office building of 1800 m^2, would most likely move on to the second phase of the project clearance process, with a committee deciding whether it should undergo a full impact assessment. This imposes a burden on the applicant, as the clearance process requires submitting full technical documentation (by email and in person)—including plans, details on size and location, and the urban planning certificate—as well as paying another fee.

Simpler projects should not need to undergo an environmental approval process. Defining risk-based categories becomes ineffective and redundant if all projects must obtain an environmental decision.

Many European Union Member States have adopted a risk-based environmental approval process. In Belgium, for example, no environmental impact report is required for simple buildings. In Denmark, applicants submit an assessment of the project's overall impact on the environment (including a situational plan and sectional drawings) as part of the documentation for the building permit. But no separate environmental approval is required.

Streamlining environmental assessments can reduce duplication and accelerate decision-making, as long as it does not compromise the quality of the EIA review process.

Relevant stakeholders: Environmental Protection Agency (central and local offices)

Environmental Permitting in Romania

Areas of improvement for Environmental Permitting (2/3)

Further facilitate public participation in the review process of EIAs

Local offices of the Environmental Protection Agency are obliged by law to publish announcements and relevant information on EIA processes on the agency's website and in newspaper ads.

However, the website (anpm.ro) is not organized in ways that facilitate searching and identifying cases for potentially impacted members of the public. There is lack of clarity on where to find the information and a narrow legal window for submitting comments (around 20 days between the announcement and the screening stage, plus another 10 days after the CAT review meeting and until the final decision is issued). There is also no possibility to sign up to receive updates whenever a new project is added to the website. Consequently, affected parties often remain uninformed until construction commences. No information is published in Romania on the number of EIAs or on the level of public participation, either individually or in aggregate.

Romania could also consider eliminating the physical publication requirement of announcements in newspaper ads. This requirement—a relic of the days when newspaper announcements were the only way to ensure that the public had notice of EIA processes—is no longer observed in other European Union Member States benchmarked by this study.

Relevant stakeholders: Environmental Protection Agency (central and local offices)

Environmental Permitting in Romania

Areas of improvement for Environmental Permitting (3/3)

Develop and deploy an integrated online environmental permitting platform

Romania could develop and deploy a comprehensive online platform. This digital system should be designed to replace the current paper-based application method and introduce efficiencies in permit processing. Key functionalities of the proposed online platform should include:

- Secure online gateways for payments of related fees
- Interactive communication between applicants and the permitting authority
- Automated notifications of application status changes and requirements
- Online portal for application and upload of supporting documents
- An auto-generated checklist to assist applicants in ensuring complete and accurate submissions
- An online filing system to efficiently manage appeals of administrative decisions on environmental clearances for construction

A successful model for Romania to draw on is the fully integrated online platform, SILiAmb, used in Portugal: https://siliamb.apambiente.pt/pages/public/login.xhtml. Managed by the Portuguese Environment Agency, SILiAmb provides a comprehensive suite of functionalities that streamline the permitting process. These include online payment, communication, notification, and submission capabilities, alongside an auto-generated checklist to ensure thorough and accurate applications. The platform also features an environmental simulator to assist developers in determining the necessary environmental assessments for their projects, ranging from EIA procedures to case-by-case analyses. Despite its extensive capabilities, SILiAmb faces challenges such as occasional functionality issues and a 50MB file size limit, which sometimes forces users to seek alternative submission methods for larger documents.

Another example comes from Hungary. Magyarorszag.hu is a broader platform that enables the interaction between citizens or companies and various government agencies. While it offers a wide range of services, it currently lacks integrated online payment options and does not include an auto-generated checklist—both critical components for comprehensive environmental permitting systems as recommended by the B-READY methodology.

Implementing such solutions would not only elevate Romania's score regarding digital public services and transparency but would also align the country with international best practices in sustainable and proactive environmental governance.

Relevant stakeholders: Environmental Protection Agency (central and local offices)

3.3 Property Transfer in Romania

Pillar I: Regulatory Framework

Score (all cities): **91**/100

Pillar II: Public Services

Score (all cities): **62.8**/100

Pillar III: Operational Efficiency

Time (days): **16** (Craiova, Ploiești) to **21** (Iași)

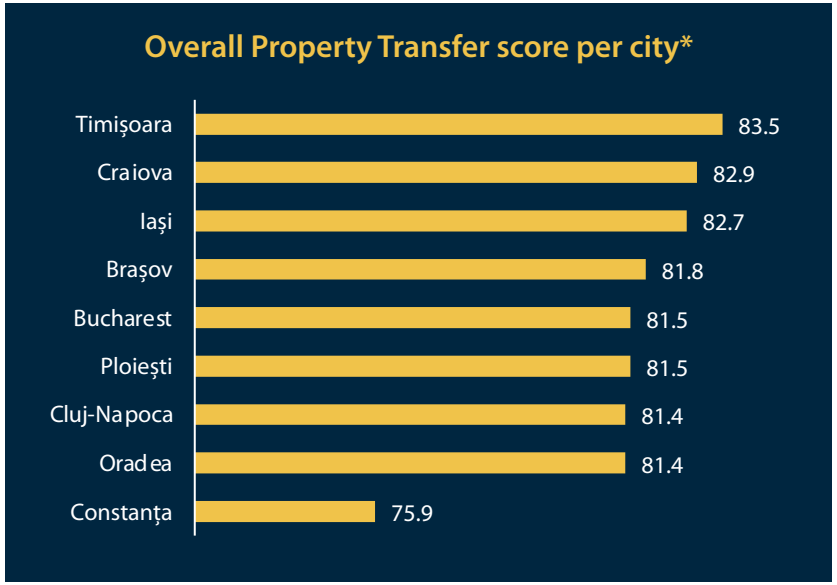
Cost (% of the property value*): **1%** (RON 57,917 to RON 57,947)

Score: **74** (Constanța) to **96.7** (Timișoara) /100

*For a property value of RON 5,891,126, equal to 100 times the 2021 GNI per capita. Romania's 2021 GNI per capita is RON 58,911

Main findings

- Romania features many regulatory and public services good practices in land administration and has made progress on this front since 2017.
- The main steps for registering a property transfer are the same throughout the country. Nevertheless, legal practitioners in Bucharest prefer to conduct an additional due diligence check.
- There are small variations in time between the cities measured and minimal differences regarding the cost of transferring a property title. The process is fastest in Ploiești, where it takes 16 days, and slowest in Iași, where it takes 21 days.
- Reforms of the national land administration system have enhanced the efficiency of registering a property transfer in each of the nine cities measured, but there is still room for improvement.



Source: Subnational Business Ready *Scale from 0 to 100 (higher = better)

Property Transfer in Romania

Why is property transfer important?

- Secure property rights encourage investment, promoting a safe commitment to immovable property.[36]
- Looking at how well property rights are managed provides a good indication of how the economy is likely to grow.[37]
- Effective land administration reduces information asymmetry, enhances market efficiency, and ensures transparency of property ownership.
- Promoting good governance in the land administration system encourages publicly accessible laws on ownership and leasing, secure land tenure, and safeguards and service standards to avoid the risk of land disputes and corruption.
- Integration of land registry with the cadastral system facilitates reliable and up-to-date land use records and is of vital importance for land management.

36 De Soto, 2000. Johnson, McMillan, and Woodruff, 2002.
37 Field, 2007; Green and Moser, 2013.

What does the Property Transfer topic measure?

Pillar I: Regulatory Framework

Quality of regulations for property transfer and land administration

- Property transactions and land administration
  - Property transaction standards
  - Land disputes resolution mechanisms
  - Land administration systems
- Restrictions on owning and leasing property for domestic and foreign firms

Pillar II: Public Services

Quality of public services and transparency of information for property transfer

- Availability and reliability of online services for property transactions
- Interoperability of services for property transactions
- Transparency of information for immovable property

Pillar III: Operational Efficiency

Operational efficiency of property transfer

- Time to complete the registration of a transfer of rights on a property between two firms
- Cost to complete the registration of a transfer of rights over property between two firms
- Major constraints on access to land

For more information, please refer to the *Business Ready Methodology Handbook:* https://www.worldbank.org/en/businessready

Property Transfer in Romania

Recent reforms and changes in the property registration process

Increased access to *eTerra*, the integrated multi-functional electronic platform of the Land Registry and the Cadaster

In operation since 2013. Access to key professionals was expanded gradually, as follows:

- ✓ In 2014 to notaries
- ✓ In 2019 to bailiffs, registered court experts, authorized surveyors, cadastral and geodetic experts
- ✓ In 2022 to lawyers and public institutions

Improved functionalities in *eTerra* system for internal and external users

Since 2022, documents issued by the Land Registry are no longer signed with a digital signature but stamped with a digital seal.

Before 2022, registrars had to generate the electronic document, download it as pdf, sign it digitally, save it, and re-upload it. Since the introduction of the digital seal, the system automatically and instantly stamps. This eliminates steps in handling electronic documents, making the internal processes faster and more efficient.

Online payment for most products, including all needed for due diligence, was introduced in 2020.

Key Land Registry documents obtained instantly online

- ✓ Information Extract from Land Registry: from 8 days (on paper) to almost instantly online
- ✓ Authentication Extract from Land Registry obtained by notaries to request registration: from 2 days (on paper) to instantly online

Shorter legal time limits for Land Registry and Cadaster services

Standard registration: reduced from 8 to 7 days

Fast-track registration: reduced from 3 to 2 days

Changed fees

Notary fees, which are regulated, were substantially increased.

The Land Registry authentication extracts are now obtained instantly online, making redundant the need to pay RON 200 for the emergency track.

Deeds of sale digitally signed

Since 2022, the deeds of sale submitted by notaries as attachments to the registration request are digitally signed.

More Land Registry records converted into digital format

The digitization of records has been an ongoing process.

In Cluj-Napoca, for example, most titles were still on paper in 2017. All cities now have most titles in digital format.

Property Transfer in Romania

Relevant legislation and main stakeholders

Relevant laws and regulations in Romania

- **Civil Code:** provides the overall framework for civil law, defining among many other aspects: contracts, property rights, and the Land Record.
- **Law of Cadaster and Real Estate Publicity:** regulates land administration and property registry management in Romania.
- **Regulation of reception and registration in the Cadaster and Land Registry** (Order no. 600/2023): establishes how documents must be submitted and recorded.
- **Order no. 1764/2019** for terms and **Order no. 16/2019** for fees at the National Agency for Cadaster and Land Registry (NACLR): set the deadlines and fees for services delivered by the NACLR.
- **Law of Public Notaries:** defines the roles, organization, and services provided by public notaries, and describes the procedures of notarial acts.
- **Order no. 46/C/2011*** of the Ministry of Justice: establishes the schedule of notary fees.
- **Fiscal Code** and **Fiscal Procedure Code:** govern the taxation regime and associated procedures.

Public institutions and services for property transfer

- **The National Agency for Cadaster and Land Registration (NACLR)** is the central agency for the management and professional supervision in the field of real estate publicity, geodesy, cartography, and cadaster. It maintains the public registers of property rights and cadastral information. The agency has 42 county branches and 176 local branches tasked with implementing the daily operations and delivering the public services, including registration.
- **Public notaries** are the official certifiers of sale deeds.
- **The Trade Registry** is responsible for maintaining the key business registries. Notaries obtain information about firms (profile, financial situation, etc.) from these registries.
- **Municipal Tax Authorities** provide local tax clearance certificates for sellers and property tax due estimations for buyers.

*Order 177/C/2024 after January 2024

Property Transfer in Romania

Pillar I: **Quality of Regulations for Property Transfer and Land Administration**

Romania score (all cities): **91** out of 100 points

Romania is well aligned with international good practices on the quality of regulations.

Property transfer standards

28.5/30

Requirements related to:

- ✓ Legal obligation to check legality of registration documents
- ✓ Legal obligation to verify identity of both parties
- ✓ Registration at Land Registry mandatory to make the title opposable to third parties
- ✓ Electronic and paper documents have equal legal standing*

*However, this is not applicable to Property Title Certificates

Land dispute mechanisms

22.5/30

Legal provisions enabling alternative dispute resolution mechanisms between private parties through:

- ✓ Arbitration for property transactions
- ✓ Mediation and conciliation for property transactions

Legal provisions for the security of rights:

- ✓ Having registered property rights subject to a guarantee
- ✗ Lack of an out-of-court compensation mechanism for losses incurred due to Land Registry errors

Land administration system

20/20

- ✓ The legal framework clearly stipulates who has accesses to the information on property rights
- ✓ The legal framework clearly stipulates who has access to information on cadastral maps
- ✓ Existence of a cadastral agency

Restrictions on owning and leasing property

20/20

- ✓ No restrictions to lease or own property for domestic firms
- ✓ No restrictions to lease or own property for foreign firms

✓ Aspects regulated in line with internationally recognized good practices ✗ Aspects not regulated in line with internationally recognized good practices

Property Transfer in Romania

Pillar II: Quality of Public Services and Transparency of Information for Property Transfer

Romania score (all cities): **62.8** out of 100 points

Romania is aligned with several international good practices on the provision of public services in land administration, but there is still significant room for improvement.

Availability and reliability of digital services

Digital public services

7.8/13.3

- ✓ Electronic platform for *due diligence**
- ✓ Electronic platform for *transferring property***
- ✗ No online complaint mechanism at either the Land Registry or the Cadaster

Digital land management and identification system

13.3/13.3

- ✓ Comprehensive encumbrance checking platform
- ✓ Majority of land title certificates and cadastral plans digitalized
- ✓ Direct method to conduct cadastral surveying
- ✓ National database for checking the identities of parties

Coverage of the land registry and mapping agency

0/13.3

- ✗ Not all private properties are registered and mapped at city or national level

Interoperability of services

Interoperability of services for property transfer

15/20

- ✓ A single database between Land Registry and Cadaster, with a unique identifier for properties
- ✓ Geographic Information System in use
- ✗ No interoperability between Land Registry and other services (Trade Registry, Fiscal Directorate)

Transparency of information

Transparency of information on immovable property

26.7/40

- ✓ List of requirements for transferring property published online
- ✓ Service standards and fee schedules published online at Land Registry and Cadaster
- ✓ Statistics on number and type of transactions available online
- ✗ No published statistics on land disputes and time to solve them
- ✗ No gender-disaggregated data about property ownership

*However, the platform does not include information on outstanding taxes
**However, the platform lacks some features such as sending notifications and allowing payment processing

✓ Aspects in line with internationally recognized good practices ✗ Aspects not in line with internationally recognized good practices

Property Transfer in Romania

Pillar III: **Operational Efficiency of Property Transfer (1/4)**

Romania score: **74** Constanța to **96.7** Timișoara out of 100 points

How does the property transfer process work in Romania

Due diligence

Due diligence is performed, in part, on electronic platforms that generate the necessary documents instantly. Obtaining the tax clearance still requires manual processing.

Anyone with an established account can obtain the property information extract online from the Land Registry and Cadaster's platform, with credentials-based access, in exchange for a small fee. This is not mandatory but is a widely performed practice.

Moreover, exclusively in Bucharest, legal professionals mentioned that they also check the historical records alongside the current status in the Land Records.

The identity of the parties, their representation, and their status is checked on the Trade Registry's platform.

The request for the Tax Clearance Certificate from the municipal fiscal departments can be submitted in person, by email, or online through a dedicated portal. Back-office work is still required before the certificate is released.

Deed

The notary or lawyer drafts the deed. Next, the notary logs in to *eTerra*, the Land Registry's electronic multifunctional platform, to obtain the authentication extract which locks the Land Record for 10 days. Within this timeframe, no other entry can be made on that property record except for the submission of the respective authenticated sale deed. If the notary fails to submit the deed before the expiration of this term, the Land Record is automatically unlocked.

The parties meet at the notary for deed signature authentication. The notary then pays the registration fee and submits the deed to the Land Registry via the *eTerra* platform. The registration must be completed within 24 hours. In person submission is still possible but happens seldomly.

Notary fees are regulated and calculated based on a sliding schedule.

Registration

Once the notarized deed is submitted together with the authentication extract, the Land Registry will update the property record within seven business days when using the standard option or two business days when paying for the fast-track option. The fee for fast-tracking is considerably higher than the one for the normal procedure,* so it is rarely the chosen option. For requests due within seven business days, the ruling will be communicated to the notary and interested parties only upon the legal deadline, even if such ruling is made earlier; by contrast, rulings under the fast-track option are delivered as soon as they are made.

Finally, a tax declaration must be submitted to the Municipal Tax Authority within 30 calendar days from the date of acquisition, thus confirming the purchase of the property by the new owner so that the tax records can be updated accordingly.

*For the property value assumed, the standard registration fee is RON 29,456, while the express option is RON 34,456.

Source: Subnational Business Ready

Property Transfer in Romania

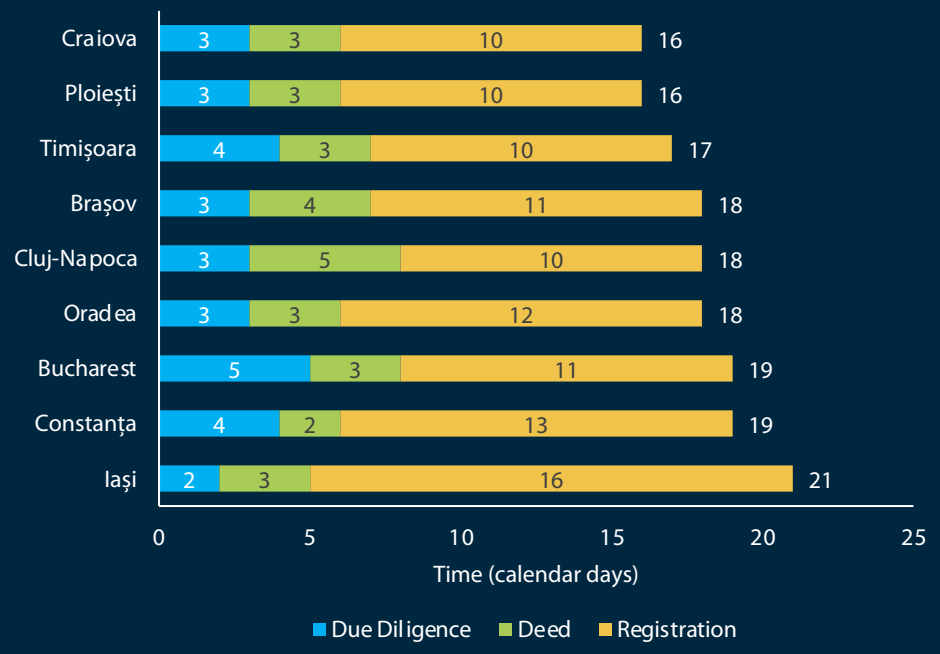
Pillar III: **Operational Efficiency of Property Transfer (2/4)**

Pillar III: Operational Efficiency

Time (days): **16** (Craiova, Ploiești) to **21** (Iași)

- Registering the transfer of property rights between two firms takes between 16 days in Ploiești and 21 days in Iași.
- The step with the longest duration is the registration of the deed at the Land Registry, which must be delivered within seven business days (standard procedure) or two business days (fast-track procedure). In practice, the standard procedure is the option most favored by notaries. Offices in Constanța, Iași, and Oradea fail to meet the legal deadline.
- Additional factors that contribute to the differences in time include:
  - ✓ **Unequal workload.** In Land Registry offices in Constanța, Iași, and Oradea, the staff's workload regarding registration requests is higher. For example, in 2023, staff from Iași's Land Registry office made, on average, 1,581 entries into the Land Register as opposed to Timișoara, where the average was 1,086. In Oradea, the average was 1,494, while in Constanța, 1,392.*
  - ✓ **Slower digitalization pace.** Iași and Constanța are the laggards on the path to fully digitalizing property records. Just above half of the titles in these cities have been converted into electronic records, while the majority of records have been converted in Timișoara.**
  - ✓ During the due diligence process, it is common in Bucharest to **verify the property's historical situation in more detail** by requesting the previous title deeds or a copy of the Land Registry. Historical records are more likely to be on paper or only scanned, so their delivery takes longer.
  - ✓ Different institutional performances were reported in the **provision of tax clearance certificates** by the municipalities.

There are differences between cities at each stage, but mostly with respect to registration at the Land Registry



Source: Subnational Business Ready

*Based on data provided by the National Agency of Cadaster and Land Registry in February 2024
**Based on data provided by the National Agency of Cadaster and Land Registry in February 2024

Property Transfer in Romania

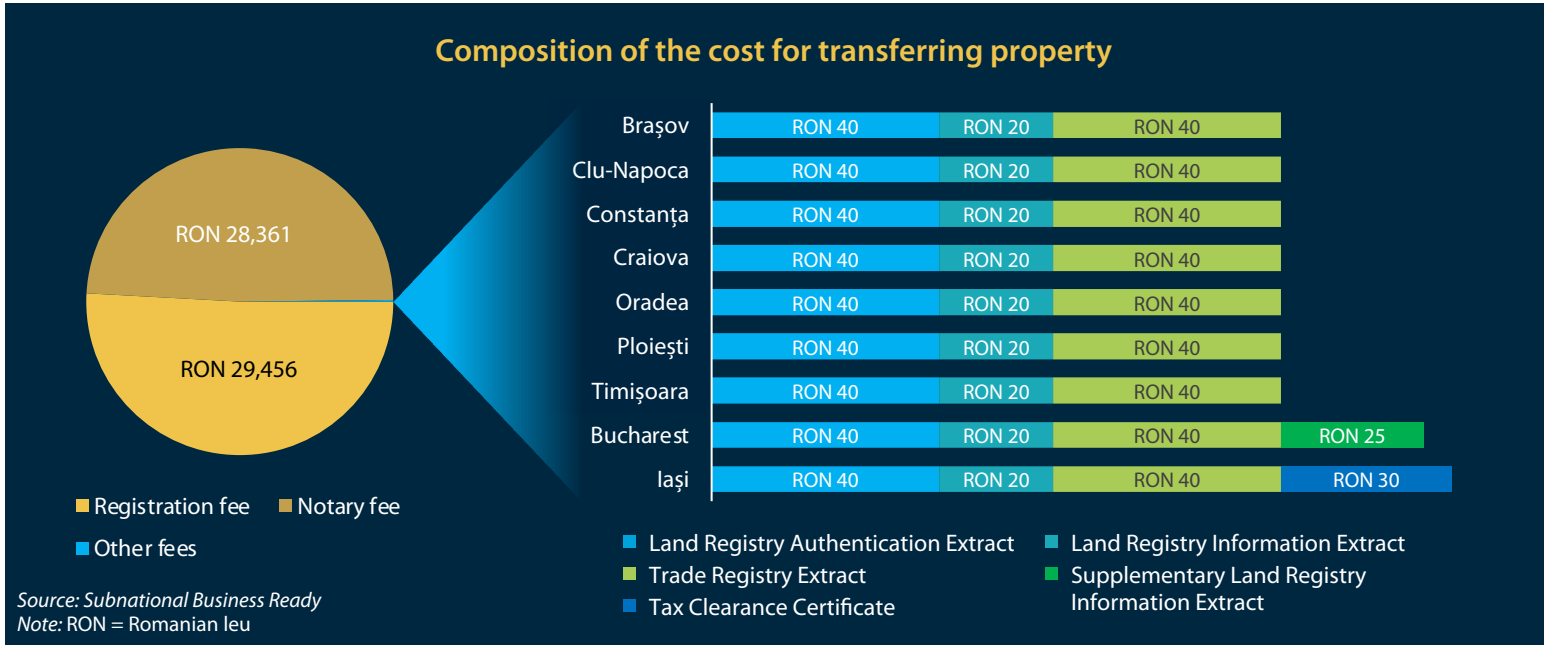
Pillar III: **Operational Efficiency of Property Transfer (3/4)**

Pillar III: Operational Efficiency

Cost: **1%** of the property value

(RON 57,947 in Iași, RON 57,942 in Bucharest, RON 57,917 in the other 7 cities)

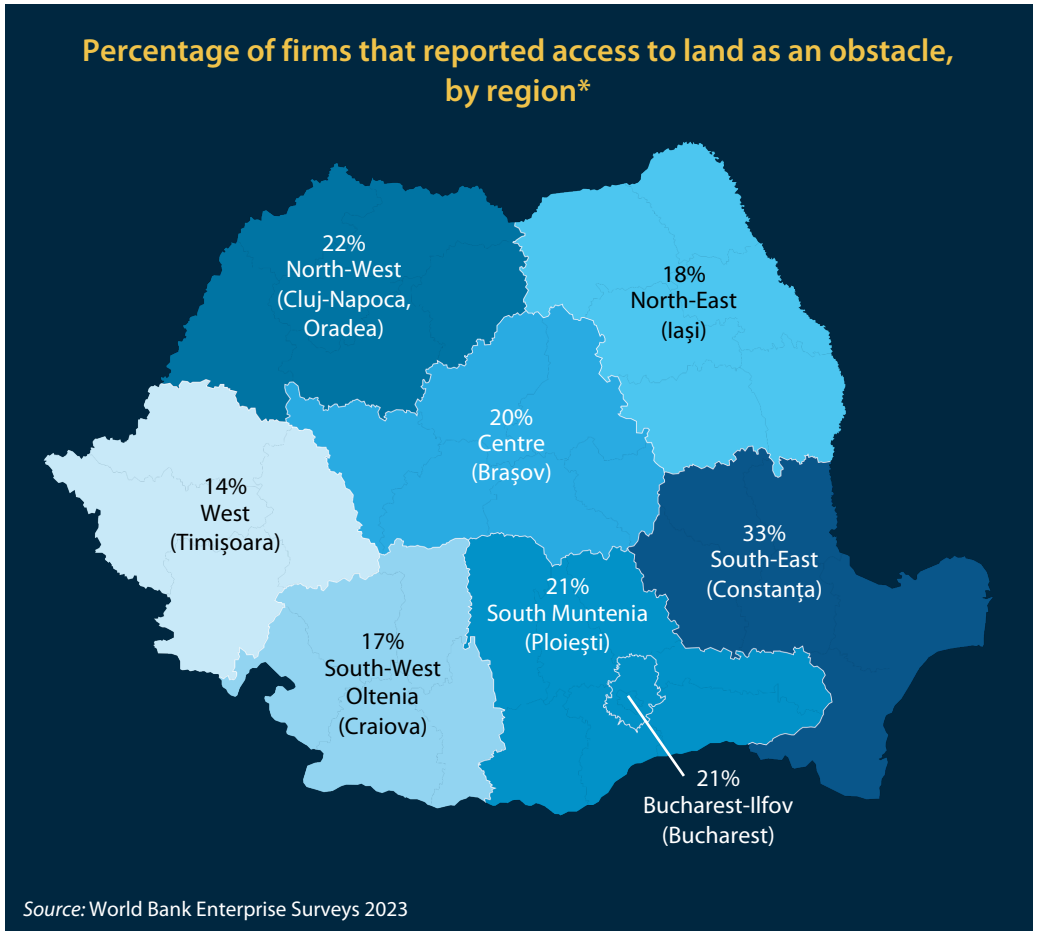
- The **cost of transferring property is almost the same across the entire country** and equally split between the notary fee—which is regulated at a national level based on a sliding fee schedule—and the registration fee—set by the National Agency for Cadaster and Land Registry (NACLR) and applicable in all its branches. The cost of the other certificates issued by the NACLR are also set at the national level; they include the Land Registry information extract (RON 20), the authentication extract (RON 40), and Trade Registry's certificates (RON 40).
- The tax clearance certificate is either free of charge or can be obtained faster through an expedited request for a very small fee that varies from one municipality to another. In general, parties do not resort to the fast-track option because they get the certificate in one to three days under the standard procedure. Only the experts consulted in Iași indicated that their practice is to use the fast-track option in exchange for a RON 30 fee.
- Another minor variation is due to the widespread practice in Bucharest of making an additional, optional verification of the historical records of the property for which the NACLR charges RON 25.
- A new regulation updating the notary fees entered into force in January 2024. Based on the new calculations, for the property value used for this study, the notary fee would be RON 38,152 (instead of RON 28,361), and the total cost would be RON 67,667 (rather than RON 57,917). Subnational B-READY uses data as of December 31, 2023.



Source: Subnational Business Ready
Note: RON = Romanian leu

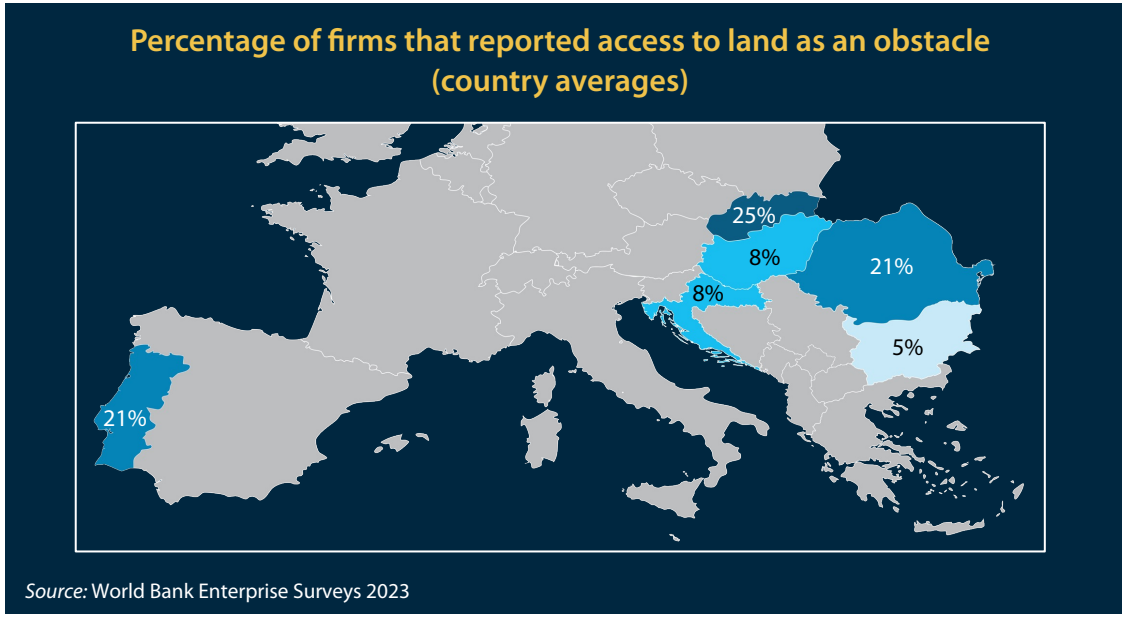
Property Transfer in Romania

Pillar III: **Operational Efficiency of Property Transfer (4/4)**



*NUTS (Nomenclature of territorial units for statistics), https://ec.europa.eu/eurostat/web/nuts/overview

- At the national level, 21% of Romanian firms reported access to land as an obstacle, a percentage significantly higher than in some peer countries such as Bulgaria, Croatia and Hungary, but on par with Portugal.
- There is a wide variation between Romanian regions on how firms experience access to land. In the South-East region (Constanța), 33% of firms reported access to land as an obstacle, more than double compared to 14% of firms from the West region (Timișoara).



Property Transfer in Romania

Areas of improvement for Property Transfer (1/2)

Accelerate the digitalization of records to achieve conversion of all entries

This will speed-up the process even more and will increase security of titles. Documents kept on paper format are at risk of being destroyed or lost, creating greater burden for both public Land Registry's staff and the beneficiaries of its services. The National Agency for Cadaster and Land Registry should accelerate the conversion process of both titles and maps in a coordinated manner, while aiming to achieve full interoperability between all legal and cadastral records. Several countries in the EU (e.g., Denmark, Netherlands, Sweden), have fully digitalized their records.

Relevant stakeholder: National Agency of Cadaster and Land Registry

Further integrate the *eTerra* platform with other agencies

While some progress has been achieved in terms of digitalization and integration between various platforms, more advances can be made. The fragmentation of the Land Registry, Trade Registry and Tax Departments databases within municipalities still make it necessary for entrepreneurs, or the experts providing them with legal assistance, to look up for information in multiple sources. Enabling automatic data exchange between various registries and the update of all records when one of the databases is modified would spare users the time and effort needed to verify the identity of the parties or obtain the tax clearance certificate from the municipality. Moreover, interoperability with the municipalities' records would eliminate the need for a separate notification after the transfer of property has occurred. Romania could look at Latvia's and Denmark's examples on developing platforms interconnecting databases. Linkages with the National Register of Streets (RENS) and the National Agricultural Register would also bring benefits.

Relevant stakeholder: National Agency of Cadaster and Land Registry

Property Transfer in Romania

Areas of improvement for Property Transfer (2/2)

Ensure that all private properties are registered and mapped

When coverage does not extend to 100% of the territory, companies and individuals cannot have legal assurance or certainty regarding the physical or legal rights data related to the property. Other countries in the region, like Hungary and the Slovak Republic, have already achieved full coverage.

Relevant stakeholder: National Agency of Cadaster and Land Registry

Set-up an out-of-court mechanism at the Land Registry to compensate for losses incurred to private parties due to Land Registry errors

Such a measure would increase the efficiency of dispute settlement and would enable entrepreneurs to avoid the need for court proceedings which are lengthy and complex. Romania could look at the United Kingdom's example where such mechanism exists. The most advanced forms of guarantee indemnify individuals for losses suffered because of deficiencies in information provided by the registry. The United Kingdom has a statutory compensation scheme under which indemnity claims are made directly to the Land Registry. Claims can be submitted for mistakes in the register for different reasons, such as loss or destruction of records. Similarly, in Ireland indemnity claims can be filed directly with the Property Registration Authority.

Relevant stakeholders: Ministry of Justice; Ministry of Development, Public Works and Administration; National Agency of Cadaster and Land Registry

4. Utility Services in Detail

4.1 Electricity Utility Service in Romania

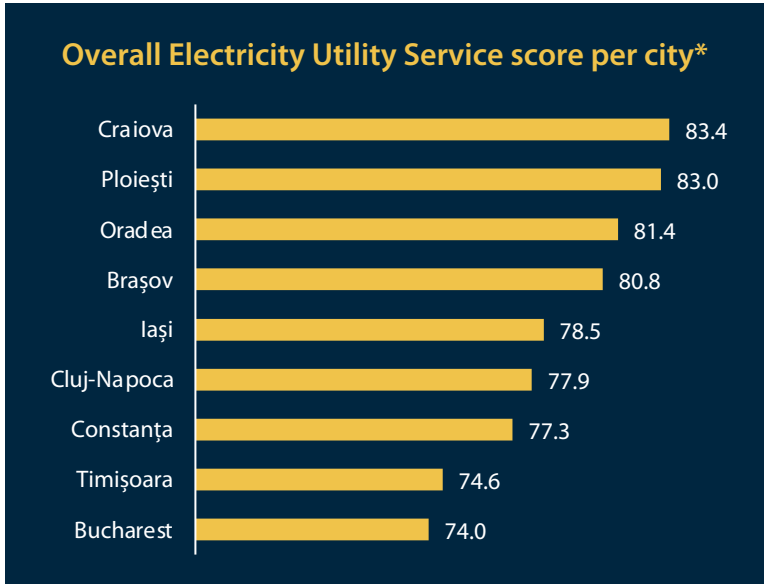
Pillar I: **Regulatory Framework**	Score (all cities): **87.5**/100
Pillar II: **Public Services**	Score: **76.4** (Craiova) to **79.5**/100 (8 cities)

Pillar III: **Operational Efficiency**	Score: **55.1** (Bucharest) to **86.3**/100 (Craiova)
Time (days):	**180** (Craiova) to **317** (Bucharest)
Cost (% of income per capita*):	**260.8%** (Craiova) to **772.3%** (Iași)
SAIFI Index:	**1** (Timișoara and Craiova) to **2.3** (Ploiești)
SAIDI Index:	**0.6 hrs** (Timișoara) to **2 hrs** (Iași)
% of annual sales losses due to electrical outages:	None
% of firms owning or sharing generators:	**3%** (Constanța, Timișoara) to **25%** (Ploiesti)

*Romania's 2021 GNI per capita is RON 58,911

Main findings

- The electricity regulatory framework in Romania is uniform across the country (Pillar I).
- Minor variations exist in terms of the quality of public services. Each utility has implemented an online platform to streamline connection requests; however, in Craiova there is still no online platform in place and entrepreneurs are unable to track the application process online (Pillar II).
- In the nine measured cities, entrepreneurs benefit from a standardized process for obtaining electricity connections, although the time and cost differ depending on the location (Pillar III).
- Obtaining a new connection is fastest in Craiova (180 days) and slowest in Bucharest (317 days). The variation primarily stems from the waiting period for receiving clearances and permits from the municipalities and utility providers, as well as the completion of external works.
- Iași has the most expensive process for obtaining a new electricity connection, amounting to RON 454,940, while in Craiova, the cost is the lowest at RON 153,655.
- Electricity outages are more frequent in Brașov, Iași, and Ploiești, while in Timișoara, customers benefit from a more stable supply.



Source: Subnational Business Ready *Scale from 0 to 100 (higher = better)

Electricity Utility Service in Romania

Why is the electricity utility service important?

- Reliable electricity sustains business operations and serves as a critical factor of production utilized by firms.[38]
- Unreliable electricity supply negatively impacts businesses and constrains their operations, growth, and profitability.
- Guidelines for sustainable transmission and distribution, such as initiatives for deploying smart meters and implementing smart grid technologies, can enhance the effective functioning of network systems, reducing expenses and the ecological footprint.[39]
- Performance standards, accountability mechanisms, and inspections and professional standards can ensure that utility companies provide sufficient and stable electricity.

37 World Bank, 2016.
38 OECD, 2015.

What does the Electricity Utility Service topic measure?

Pillar I: Regulatory Framework

Quality of regulations for electricity

- Regulations for the efficient delivery of electricity connections and quality of supply
- Regulations on the safety of electricity connections (e.g., qualifications of personnel performing electrical installations and inspections)
- Environmental sustainability of electricity generation, transmission, and distribution

Pillar II: Public Services

Quality of governance and transparency of electricity service provision

- Monitoring reliability and quality of electrical service supply through key performance indicators
- Transparency of outages, tariffs, connection requirements and complaint mechanisms, and customer surveys
- Interoperability with other utilities
- Implementation of inspections for electricity connections in practice
- Electronic applications and payments

Pillar III: Operational Efficiency

Operational efficiency of electricity service provision

- Time required to obtain a new electricity connection
- Cost of electricity connection and supply
- Reliability of electricity supply
- Losses due to electrical outages (% of annual sales)
- Firms owning or sharing generators

For more information, please refer to the *Business Ready Methodology Handbook*: https://www.worldbank.org/en/businessready

Electricity Utility Service in Romania

Recent reforms and changes in the provision of electricity services

- **The process of obtaining a construction permit for an electricity connection was simplified through Law 7/2020**. The law stipulates that obtaining a construction permit for electricity connection is no longer necessary, except for cases where the installation of a transformer is required.
- **The process of obtaining an electricity connection was simplified in 2021.** Customers can now hire their own contractor to perform the connection works instead of the utility choosing the contractor for the client. The customer now signs an assignment agreement and pays the contractor directly, rather than having the utility act as an intermediary. This is stipulated in Article 12(4) of the ANRE procedure from March 10, 2021.
- **The electricity market was fully liberalized** by January 2021 to promote competition. This has enabled entrepreneurs to choose from multiple electricity suppliers.
- The introduction of Law 248/2022 requires the distribution operator to **finance low-voltage connection works for residential customers**. As an option, these costs can also be borne by the customer, but they will be reimbursed by the utility later.

Relevant laws and regulations in Romania

- **Law no. 160/2012 regarding the organization and functioning of the National Energy Regulatory Authority:** presents the regulator's role and obligations.
- **Order no. 59 of August 2, 2013, for the approval of the regulation regarding the connection of users to public interest electricity networks:** lays down the necessary steps for obtaining a new electricity connection.
- **Law no. 50 of July 29, 1991, regarding the authorization of construction works:** indicates the necessary documents for carrying out construction works, including an electricity connection, and the duration for issuing them.
- **Law no. 123/2012 regarding electricity and natural gas:** regulates aspects related to the production, distribution, transportation, and supply of electricity, as well as access to electric grids and the functioning of the electricity market.
- **Law no. 220/2008 regarding the establishment of the promotion system for the production of energy from renewable sources:** institutes the framework for promoting energy from renewable sources through the issuance of green certificates and other support mechanisms for green energy producers.

Public institutions and services for getting electricity

- **The National Energy Regulatory Authority, ANRE,** is the regulatory body for the energy sector in Romania. Its purpose is to develop, approve, and oversee the enforcement of mandatory regulations for the efficient, competitive, transparent, and consumer-protected operation of the electricity, heat, and natural gas sectors.
- There are **four distribution system operators** active in the nine measured cities: i) Rețele Electrice (Bucharest, Constanța, Timișoara); ii) Distribuție Energie Electrică România (Brașov, Cluj-Napoca, Oradea, Ploiești); iii) Distribuție Energie Oltenia (Craiova); and iv) Delgaz Grid (Iași).
- **Municipal authorities** are in charge of issuing the town planning certificate as well as the construction and excavation permits.
- **Notaries** legalize the easement contract between the investor and its private contractor.
- Other **utility providers** play a role in coordinating and approving the process of infrastructure deployment for new electrical connections.
- **Geographic Information Systems (GIS)** are available to identify existing electricity infrastructure networks, including underground lines.

Electricity Utility Service in Romania

Pillar I: **Quality of Regulations for Electricity**

Romania score (all cities): **87.5** out of 100 points

Regulatory monitoring of tariffs and service quality

25/25

- ✓ Regulatory monitoring and approving of electricity tariffs
- ✓ Regulatory monitoring of quality of electricity service based on performance standards

Utility infrastructure sharing and quality assurance mechanisms

18.8/25

- ✗ No joint planning and construction among various utility providers including provisions on common excavation permits, joint excavation, or 'dig once' policies
- ✓ Mechanisms on service quality assurance such as financial deterrence mechanisms aimed at limiting supply interruptions

Safety of utility connections

25/25

Requirements related to:

- ✓ Professional certifications qualification requirements for professionals conducting electricity installations
- ✓ Inspection regimes mandated by law for internal and external electricity installations
- ✓ Liability regimes mandated by law for electricity connections

Environmental sustainability

18.8/25

- ✓ Legally mandated environmental standards for electricity generation, transmission, and distribution

Environmental sustainability of electricity use:

- ✓ Legal requirements on environmental standards of electricity use for businesses to switch to energy efficiency practices; and deterrence or enforcement mechanism to ensure businesses' compliance with energy-saving targets

Incentives for businesses to adopt energy-saving practices:

- ✓ Financial incentives to adopt energy-saving practices
- ✗ Lack of non-financial incentives to adopt energy efficient practices

✓ Aspects in line with internationally recognized good practices ✗ Aspects not in line with internationally recognized good practices

Electricity Utility Service in Romania

Pillar II: Quality of Governance and Transparency of Electricity Service Provision

Romania score: **76.4** Craiova to **79.5** 8 cities out of 100 points

Monitoring of services supply (includes gender and environment)

15/25

Requirements related to:

- ✓ Existence of key performance indicators (KPIs) to monitor the quality and reliability of electricity supply
- ✓ Existence of KPIs to monitor sustainability of electricity service supply
- ✗ No sex-disaggregated data on customer satisfaction surveys and customer complaints

Enforcement of safety regulations and consumer protection mechanisms

25/25

- ✓ Existence of an independent complaint mechanism
- ✓ Implementation of a full inspection regime in practice for electricity connections

Availability of information and transparency

23.9/25

Requirements related to:

Online availability of connection requirements:

- ✓ Required documents
- ✓ Required procedures
- ✗ Lack of connection cost
- ✓ Stipulated time standards

- ✓ Transparency of tariffs and tariff settings
- ✓ Complaint mechanisms and transparency of complaint processes
- ✓ Publication and announcement of planned outages
- ✓ Availability online of KPIs to monitor the environmental sustainability of electricity supply

Digital services and interoperability

Eight cities: 15.6/25 Craiova: 12.5/25

Electronic features for electricity connection:

- ✓ Electronic application
- ✓ Electronic payments

Eight cities:
- ✓ Tracking application

Craiova:
- ✗ No tracking application

Interoperability at the utility level:

- ✓ Database for electricity distribution networks
- ✗ No shared database for the network lines of multiple utilities, including electricity, water, and internet
- ✗ No platform with the Information on the planned works on utility networks
- ✗ No online system or coordination mechanism for excavation permit approvals

✓ Aspects in line with internationally recognized good practices ✗ Aspects not in line with internationally recognized good practices

Electricity Utility Service in Romania

Pillar III: Operational Efficiency of Electricity Service Provision (1/6)

Romania score: **55.1** Bucharest to **86.3** Craiova out of 100 points

In all measured cities, a 180 kVA connection is typically hooked to a medium-voltage network requiring the installation of a transformer. All necessary steps are undertaken by a contractor hired by the entrepreneur (rather than the utility itself).

Connection request

- The process begins with the customer submitting a request for technical connection approval on the utility's website. The utility analyzes the submitted documents and conducts a site inspection.

Connection works

- The client signs an easement contract in front of a notary. This step is necessary as it allows the utility to access the transformer in private land.
- The customer then signs an assignment agreement with an electrical contractor certified by the regulator, ANRE, and concludes an execution contract to proceed with the connection works.
- The assignment agreement, along with other required documents, is submitted to the utility. The utility then prepares the connection contract.
- Once all these requirements are concluded, the contractor applies to the municipality and other agencies for clearances and permits. After obtaining these approvals, the contractor applies for a construction permit from the municipality. Once the permit is granted, the contractor then obtains an excavation permit from the municipality, and then external connection works can begin.

Post connection works

- When the construction works are completed, the electrical contractor notifies the utility, and a technical team is conducting a site visit to verify the works. The client submits the internal wiring certificate. Subsequently, the utility issues the connection certificate. The consumer then signs a supply contract with a chosen supplier. After the supply contract is signed, the utility visits the site to install the meter, and electricity starts flowing.

Good practices: Required documents, steps for a new connection, and stipulated time standards are available on the utilities' websites. However, utilities could further enhance transparency and predictability for investors by publishing fee schedules for different types of connections.

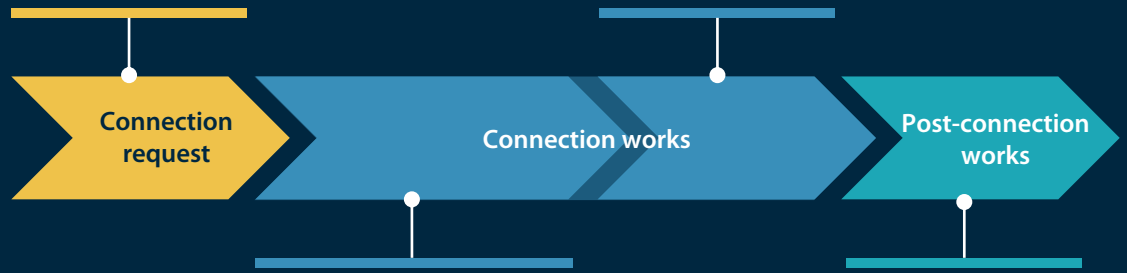
How does the process for obtaining a 180 kVA connection work in Romania

Application and receiving site inspection

- Utility website
- Average time: 30 days
- Average cost: RON 194

External connection works

- External contractor
- Average time: 45 days
- Average cost: RON 274,575



Obtaining all necessary permits and requirements
(This step includes: i) easement contract; ii) assignment agreement and execution contract; iii) submit documents for connection contract; and iv) clearances from other utilities, construction and excavation permits)

- Utility, notary, municipality, external contractor
- Average time: 145 days
- Average cost: RON 5,590

Post-connection works
(This step includes: i) final inspection; ii) signing the supply contract; and installing the meter)

- Distribution utility + supplier
- Average time: 26 days
- No cost

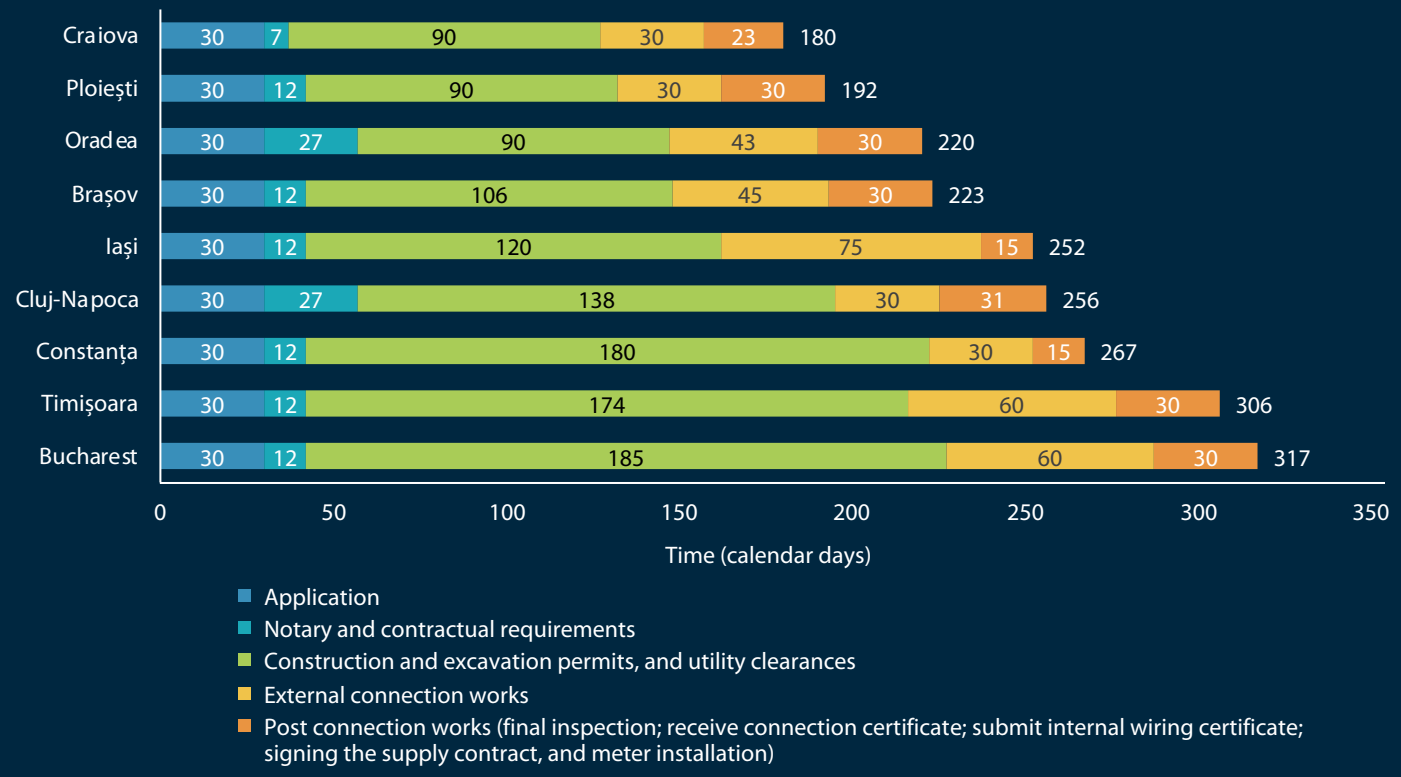
Source: Subnational Business Ready

Electricity Utility Service in Romania

Pillar III: **Operational Efficiency of Electricity Service Provision (2/6)**

- Obtaining clearances and permits from the municipality and utility providers is one important driver of time variation. Completing the external connection is another cause of the differences. This step ranges from 120 days in Craiova and Ploiești to 245 days in Bucharest.
- In densely populated cities like Bucharest (317 days for connection), extra planning and coordination are needed to ensure that new connections meet the demand without overloading the existing grid. This results in longer processing times for new connections.

The time to receive a new 180 kVA electricity connection is nearly five months faster in Craiova compared to Bucharest



Source: Subnational Business Ready

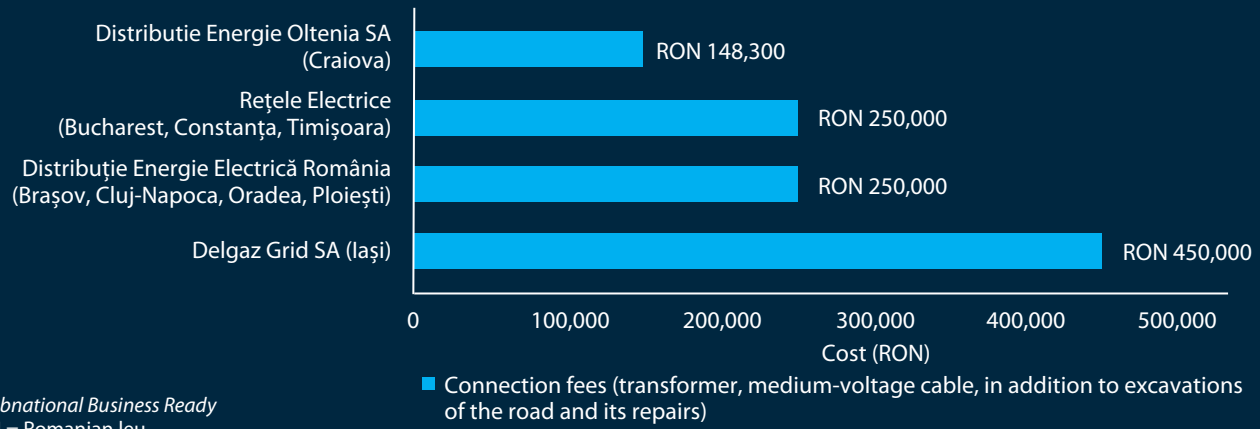
Electricity Utility Service in Romania

Pillar III: **Operational Efficiency of Electricity Service Provision (3/6)**

- Iași records higher costs (RON 450,000) due to several factors, such as the city's rapid expansion and the structure of its electrical network which faces challenges to accommodate this new level of growth. Additionally, the distance between the main distribution line and the consumer is the longest among the cities measured. Even low power developments of 180 kVA add a significant load to the network due to the high concentration in a relatively small area. Finding available land for installing transformers, as well as the city's hilly topography, further adds to this challenge.
- In Craiova, the cost of receiving a new connection is the lowest (RON 148,300) compared to other cities. Typically, new connections in Craiova are built in industrial areas where there is sufficient power capacity available.

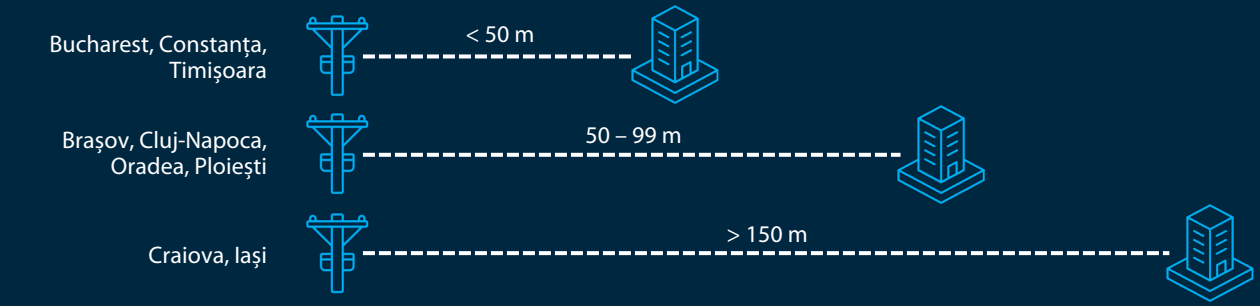
Good practice: In all measured cities, electronic payment options are available for both electricity connection fees and monthly electricity bills.

Connection fees are RON 233,900 more expensive in Iași compared to the other measured cities



Source: Subnational Business Ready
Note: RON = Romanian leu

The distance from the main distribution line varies in each location depending on local infrastructure



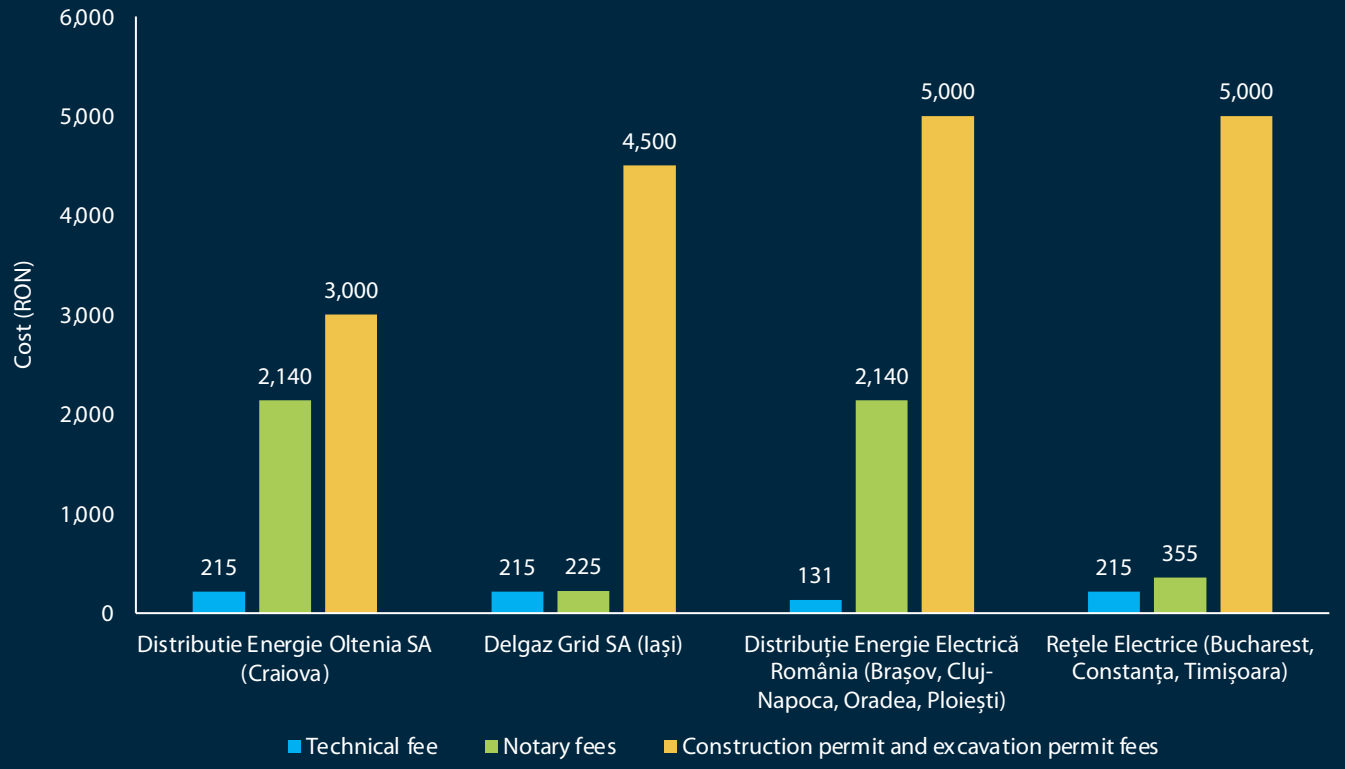
Source: Subnational Business Ready

Electricity Utility Service in Romania

Pillar III: Operational Efficiency of Electricity Service Provision (4/6)

- In addition to connection fees, there are other charges associated with obtaining a new connection in Romania. These include: i) a technical connection approval fee; ii) notary fees; and iii) construction and excavation permit fees.
- Technical fees charged by the utility are consistent in the majority of the cities (RON 215) in Romania. Slightly lower fees are observed in Brașov, Cluj-Napoca, Oradea, and Ploiești (RON 131).
- Legal fees paid to the notary vary across locations, with the lowest fees recorded in Iași at RON 225. The cost is nearly ten times higher (RON 2,140) in Craiova, Brașov, Cluj-Napoca, Oradea, and Ploiești where an easement contract or surface lease agreement is necessary. In contrast, in cities where a declaration of easement is sufficient, the cost is lower (such as in Iași, Bucharest, Constanța, and Timișoara). The requirement for which legal document is needed depends on each utility.
- The fees for construction and excavation permits paid to the local municipalities, range between RON 3,000 (in Craiova) and RON 5,000 (in Brașov, Bucharest, Cluj-Napoca, Constanța, Timișoara, Oradea, and Ploiești).

Permit fees are among the highest expenses that entrepreneurs pay compared to other expenses, such as technical approval and legal fees



Source: Subnational Business Ready
Note: RON = Romanian leu

Electricity Utility Service in Romania

Pillar III: **Operational Efficiency of Electricity Service Provision (5/6)**

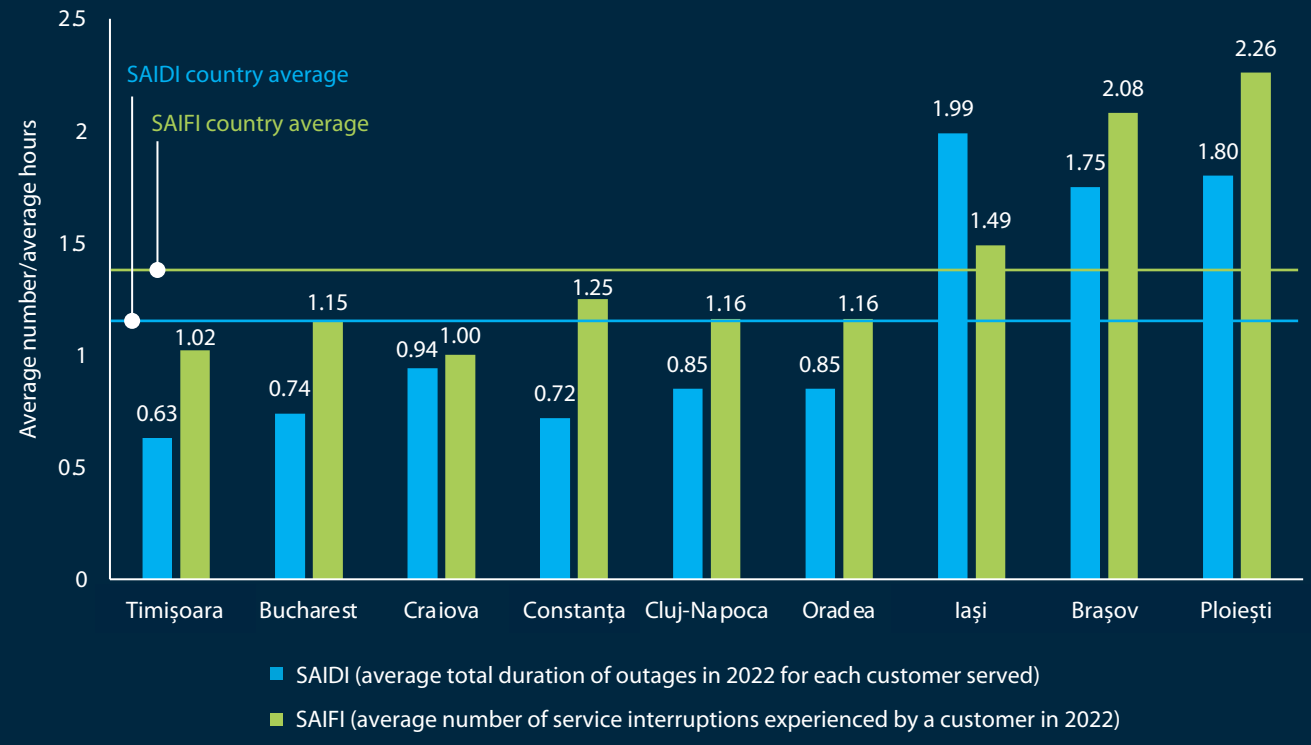
- In 2022, entrepreneurs in Romania experienced 1.4 interruptions on average, each lasting nearly 68 minutes.
- There are notable differences among cities. Timișoara, Constanța, Bucharest, Cluj-Napoca, Craiova and Oradea had the least frequent interruptions (1.1), lasting 47 minutes, on average.
- Customers in Brașov, Iași, and Ploiești experienced the highest frequencies of outages, with an average of 1.5 interruptions, each lasting nearly 2 hours.

Good practices in electricity provisioning:

- ANRE collects data on outages yearly from the utilities and publishes it in a report available at https://anre.ro/despre/rapoarte/

Reliability of electricity supply (SAIDI and SAIFI) in 2022

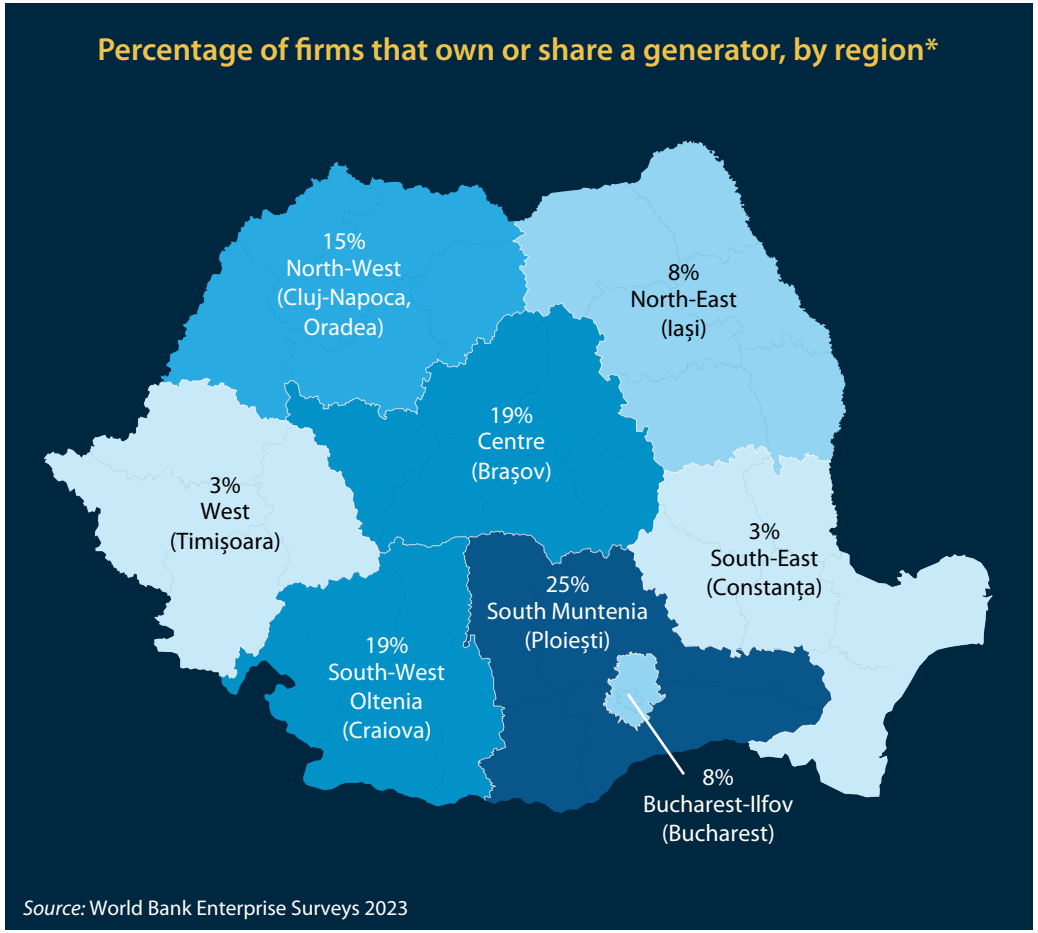
Electricity outages are more frequent in Craiova, while in Timișoara, customers benefit from a more stable supply



Source: Subnational Business Ready

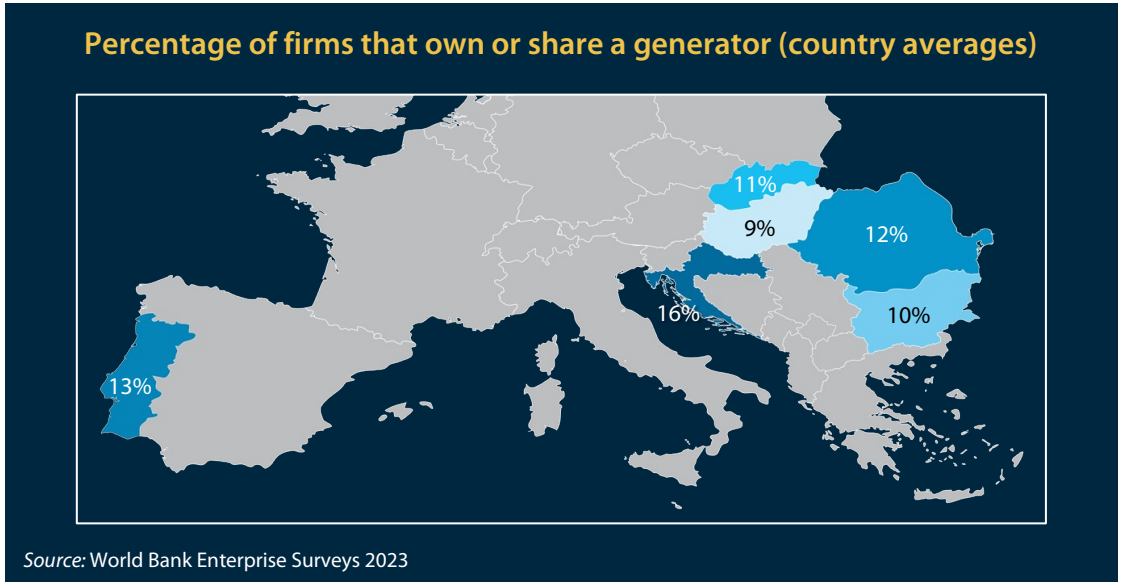
Electricity Utility Service in Romania

Pillar III: **Operational Efficiency of Electricity Service Provision (6/6)**



*NUTS (Nomenclature of territorial units for statistics), https://ec.europa.eu/eurostat/web/nuts/overview

- In South Muntenia (Ploiești), 25% of firms own a generator, while in the South-East (Constanța) and West (Timișoara), the rate is only 3% (see map).
- The national average of Romanian firms owning a generator is at 12%, positioning them at a mid-range level compared to their EU peers.
- Romanian firms have not reported losses in their annual sales due to electrical outages.
- On average, 29.4% of firms identify electricity supply as a major constraint in Romania.



Electricity Utility Service in Romania

Areas of improvement for Electricity Service Provision (1/3)

Introduce and strengthen online platforms to streamline the process for obtaining electricity connections

Romanian cities benefit from an online application portal for new connections with application tracking available, except in Craiova, where neither option is available. Utilities have noted the emergence of new prosumers and of new companies with limited expertise. These enterprises often fail to provide adequate assistance to their clients regarding procedural matters related to obtaining electricity connections. Consequently, customers may need to make frequent visits to the utilities and designated authorities to seek clarifications, leading to delays in the process due to inadequate documentation. In the short term, utilities could increase efficiency by designating a single point of contact to assist customers throughout the connection process to reduce confusion and ensure efficient communication. Utilities could introduce a regular process review to identify areas for optimization and efficiency gains. Soliciting feedback from customers, stakeholders, and staff involved could help to identify bottlenecks and implement targeted improvements. Craiova could learn from other cities and introduce an online platform with a tracking option available to better streamline the connection process.

On the other hand, there are no online platforms in Romania that facilitate the application and collaboration between agencies for excavation works. In the short term, Romania cities can follow the example of Iași. The utility in Iași has developed a good coordination mechanism with the local municipality and other utility providers regarding excavation works. The utility shares information with the municipality about planned works a year in advance. The municipality also shares the lists of works with service providers from other projects to avoid duplicated excavations on roads. Regular meetings are also held to facilitate this coordination between the municipality and the utility providers. Romania could also consider introducing a legislative framework for joint planning or a 'dig once' policy to coordinate infrastructure development projects.

Currently, in Romania, a Geographic Information System (GIS) is available at the utility level to identify existing electricity infrastructure networks, including underground lines. However, in the long term, Romania could improve the works of utility providers by i) establishing a shared database for network lines among multiple utility providers, ii) developing a platform with information on planned works for utility networks, and iii) introducing an online system for excavation permit approvals. These changes would streamline infrastructure management, facilitate information sharing, enhance coordination efficiency, and improve public safety and service quality for new projects. Romania could further integrate these platforms into a single window. This would allow providers and developers to request and track their projects in one place.

Relevant stakeholders: distribution utilities; ANRE; municipalities

Electricity Utility Service in Romania

Areas of improvement for Electricity Service Provision (2/3)

Streamline the requirements for getting electricity

Reducing the number of steps required to obtain an electricity connection is crucial for simplifying the process. Currently, investors in Romania must navigate through multiple steps before connection works can commence. For example, distribution utilities require customers to provide a notarized easement contract to access the transformer on private land due to unclear regulations. In other countries, such as Portugal and Belgium, where transformers are also installed on private land, such a step is not required. Additionally, customers must obtain a preapproval from the distribution utility before finalizing the connection contract. Romania could benefit from adopting a simpler process similar to EU peers like Croatia, Denmark, and Hungary. In these countries, customers submit only one application to obtain a connection contract. Furthermore, obtaining a construction permit before an excavation permit adds another layer to the process. Such a permit is not required to construct the connection, for example, in Austria, Croatia, Hungary, and the Netherlands.

For an electrical connection, one of the most common permits to obtain is the excavation permit from the local municipalities. To reduce the time required to obtain excavation permits and to promote a more standardized process, Romania could look at the examples from cities in the Netherlands. In Utrecht, the municipality must issue a permit decision within three business days of receiving a permit request for noninvasive works. The municipality in Enschede went a step further, eliminating the need for an excavation permit for public road crossings under 25 meters in length altogether. Although the municipality in Arnhem does not make a distinction based on the length of the crossing, it does provide a local good practice in terms of lowering the legal time limit, which Romania could also consider as a first step.

Relevant stakeholders: distribution utilities; ANRE; municipalities

Replace site inspection with self-certification of compliance

In Romania, the utility conducts a site visit once the connection works have been completed. Ensuring the safety and the quality of the connection works is crucial. But there are ways to do so without imposing additional requirements. In several other European Union Member States, including Denmark and Germany, the regulations allow the contractor to submit a self-certificate ensuring the quality and the safety of the installations without requiring an inspection.

Romania has qualification requirements in place for electricity installations, however, it could improve its regime by requiring professionals to be registered members of the national association of electricians or electrical engineers.

Relevant stakeholders: distribution utilities; ANRE

Electricity Utility Service in Romania

Areas of improvement for Electricity Service Provision (3/3)

Review the cost structure of obtaining a new connection

A new electricity connection in Romania can be expensive. Medium voltage connections are particularly costly because customers must purchase and install a transformer. The cost represents a financial burden for most SMEs. Entrepreneurs also pay various fees such as permitting, technical, and legal fees. The distribution utility could contribute to the initial capital investment, as is done in Thailand. This initial investment could be recovered through transparent consumption tariffs charged to all customers that connect to the new transformer. Ensuring that entrepreneurs can obtain a new connection at an affordable price is important.

Relevant stakeholders: distribution utilities; ANRE

Improve the reliability of electricity supply

Minimizing the number and duration of power outages is critical for the economy and society. Understanding why the outage duration and frequency is higher in Brașov, Iași, and Ploiești is a critical enabler for improving the reliability of electricity supply. A distribution utility is a final link in the supply chain for electricity; many actors play key roles in generation, transmission, and distribution. Multiple interdependent factors directly affect reliability. Evidence suggests that investment levels in electricity generation, tariff levels and bill collection rates, the operational efficiency of the utilities, and the overarching regulatory framework all play a role in determining the reliability of supply.

Relevant stakeholders: distribution utilities; ANRE

Increase transparency and accountability by collecting and publishing statistics

It is critical that agencies involved in the process of obtaining an electricity connection (municipalities, distribution utilities, electricity suppliers, etc.) publish data on processing times. Doing so allows entrepreneurs to estimate wait times accurately. In Austria, the regulator publishes a standardized electricity quality report, the *Kommerzielle Qualität Storm*, which includes cross-cutting data on the electricity connection process and is collected annually from utilities through a questionnaire. The report contains data on application processing times and the time to complete a connection at different voltage levels, enabling comparability across cities and utilities. A similar data-driven report could help streamline Romania's electricity sector—and help entrepreneurs and utilities set clear and realistic expectations. In addition, utilities could enhance transparency and predictability for investors by publishing fee schedules for different types of connections. Data reporting could also serve as an indirect accountability measure to incentivize utilities to boost their performance.*

Relevant stakeholders: distribution utilities; ANRE

*For more information on Austria's electricity quality report, see the website of the Austrian regulator at https://www.e-control.at/marktteilnehmer/erhebungen/erhebungen-zur-qualitaet-der-netzdienstleistung.

4.2 Water Utility Service in Romania

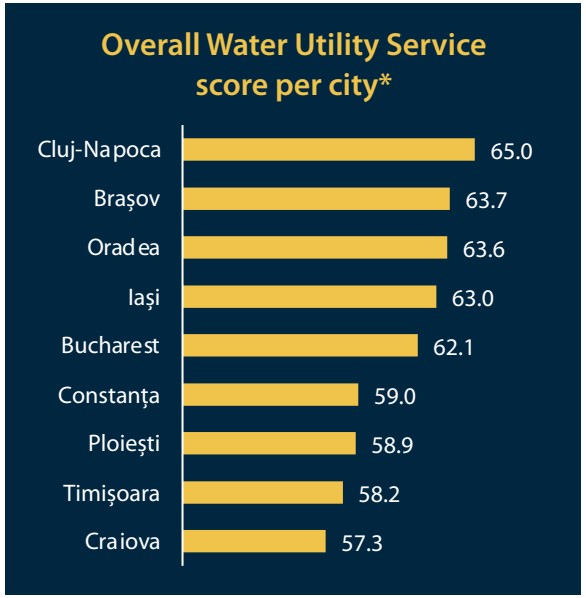
Pillar I: **Regulatory Framework**	Score (all cities): **63.5**/100
Pillar II: **Public Services**	Score: **56** (Constanța) to **74.5**/100 (Iași)
Pillar III: **Operational Efficiency**	Score: **48.5** (Craiova) to **65**/100 (Oradea)

Time (days):	**90** (Oradea) to **145** (Timișoara)
Cost (income per capita*):	**17%** (Craiova) to **19.3%** (Bucharest)
% of firms experiencing water insufficiencies:	**1%** (Iași, Constanța) to **10%** (Craiova)

*Romania's 2021 GNI per capita is RON 58,911

Main findings

- Obtaining water connections across Romania takes an average of 115 days and costs RON 10,581.54 (Pillar III). However, entrepreneurs deal with different turnaround times depending on where they are based.
- Among the nine cities benchmarked, Oradea and Cluj-Napoca stand out for offering the fastest water connection processes. The waiting time for firms in these two cities is approximately three months. The same process takes almost two additional months in Timișoara. While time varies across cities, the cost for getting a water connection is rather homogeneous and depends on the charges of private contractors performing the works, as well as the type of meter installed. However, fees to obtain approvals from utilities slightly vary across cities.
- Most firms in Romania profit from a reliable water supply system. About 95% of businesses have reported not experiencing any water insufficiencies. However, not all regions benefit from the same level of service continuity: 10% of businesses in the South-West Oltenia region (Craiova) do experience water insufficiencies, vis-à-vis only 1% in the North-East (Iași) and South-East regions (Constanța).
- Romania could update the regulatory framework that governs water utility services (Pillar I) by introducing financial and non-financial incentives to adopt water demand-side management practices (e.g., requirements for businesses to install water-efficient appliances, or to adhere to water-saving targets). Additionally, it could introduce 'dig once' policies and regulate qualification requirements for professionals operating water installations.
- While the regulatory framework is set at the national level, the quality of governance and the transparency of water services (Pillar II) differ from city to city. For example, Bucharest and Iași are the only two cities where key performance indicators (KPIs) on supply reliability are available online, while Brașov and Cluj-Napoca are the only ones where entrepreneurs can track the status of their applications for a new connection online.



Source: Subnational Business Ready
*Scale from 0 to 100 (higher = better)

Water Utility Service in Romania

Why is the water utility service important?

- Inadequate water supply—due to aging infrastructure, poor water quality, and changes in water pressure—can lead to decreased firm productivity, deterioration of machinery, and reduced profits.[40]
- Good regulatory frameworks are key for the provision of an affordable and high-quality water supply.[41]
- Performance standards coupled with a system of incentives ensure efficient deployment of utility connections and an adequate water supply.[42]

39 World Bank, 2017.
40 OECD, 2021.
41 Foster and Rana, 2020.

What does the Water Utility Service topic measure?

Pillar I: Regulatory Framework

Quality of regulations for water

- Regulations for the efficient deployment of a water connection (e.g., infrastructure sharing) and quality of supply
- Environmental sustainability of water service provision and use, including sustainable wastewater practices

Pillar II: Public Services

Quality of governance and transparency of water service provision

- Monitoring the reliability and sustainability of service supply and safety of water connections
- Transparency on service outages, tariffs, connection requirements, and complaint mechanisms
- Interoperability with other utilities (e.g., electricity) and existence of electronic applications and payments

Pillar III: Operational Efficiency

Operational efficiency of water service provision

- Time associated with obtaining a water connection
- Cost of water connection and service
- Reliability of water supply

For more information, please refer to the *Business Ready Methodology Handbook*: https://www.worldbank.org/en/businessready

Water Utility Service in Romania

Pillar I: **Quality of Regulations for Water**

Romania score (all cities): **63.5** out of 100 points

Utility infrastructure sharing and quality assurance mechanisms

18.8/25

- ✓ Financial deterrence mechanisms aimed at limiting water supply interruptions
- ✗ No requirements for joint planning and construction (e.g., 'dig once' policies)

Regulatory monitoring of tariffs and service quality

25/25

- ✓ Monitoring of tariffs
- ✓ Monitoring of quality of water service

Safety of utility connections

12.5/25

- ✓ Existence of regulated inspection regimes in relation to external water installations
- ✓ Existence of regulated liability regimes in relation to water connections
- ✗ No existence of regulated inspection regimes in relation to internal water installations
- ✗ No qualification requirements for professionals operating water installations

Environmental sustainability

7.3/25

- ✓ Existence of requirements for sustainable wastewater practices
- ✗ No existence of a regulation establishing rules on wastewater reuse
- ✗ No environmental sustainability of water use
- ✗ No incentives to adopt water-saving practices

✓ Aspects regulated in line with internationally recognized good practices ✗ Aspects not regulated in line with internationally recognized good practices

Water Utility Service in Romania

Pillar II: **Quality of Governance and Transparency of Water Service Provision (1/2)**

Romania score: **56** Constanța to **74.5** Iași out of 100 points

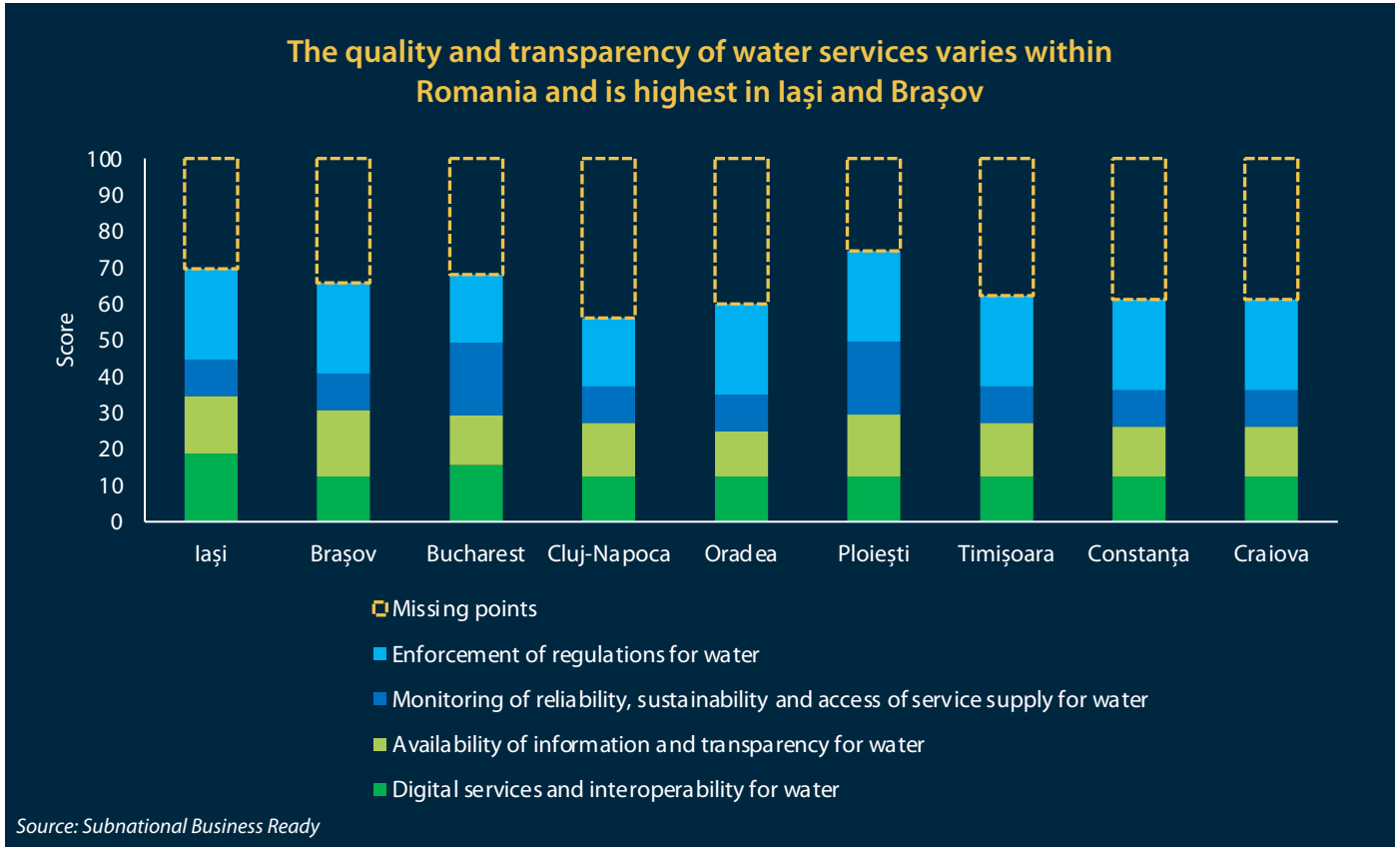
✓ Aspects regulated in line with internationally recognized good practices		Brașov	Bucharest	Cluj-Napoca	Constanța	Craiova	Iași	Oradea	Ploiești	Timișoara
Score by city (out of 100)		69.7	65.7	68.0	56.0	60.0	74.5	62.3	61.1	61.1
Monitoring of service supply (includes gender and environment)	KPIs to monitor quality and reliability of water supply	✓	✓	✓	✓	✓	✓	✓	✓	✓
	KPIs to monitor the environmental sustainability of water supply									
	Gender-disaggregated customer surveys			✓			✓			
Availability of information and transparency	Online availability of the list of the documents required to apply for a connection	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Online availability of the list of the procedures required to obtain a connection	✓	✓		✓		✓	✓	✓	✓
	Online availability of the connection costs	✓	✓	✓	✓			✓		
	Online availability of the stipulated time standards	✓	✓				✓			
	Online availability of tariffs and tariffs settings									
	Public announcement of planned outages	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Complaint mechanisms and transparency of complaint processes	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Online availability of KPIs on supply reliability		✓				✓			
	Online availability of KPIs on the quality of supplied water	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Online availability of KPIs to monitor the environmental sustainability of water supply									
Enforcement of safety regulations and consumer protection mechanisms	Independent complaint mechanism	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Implementation of inspections for external connection	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Implementation of inspections for internal connections	✓	✓			✓	✓	✓	✓	✓
Digital services and interoperability	Electronic applications for new connections	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Electronic payments for connection fees	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Availability of tracking of applications	✓		✓						
	Online information about planned works on utility networks	✓								
	Coordination mechanism across utilities to apply for excavation permits									

Water Utility Service in Romania

Pillar II: **Quality of Governance and Transparency of Water Service Provision (2/2)**

Romania score: **56** Constanța to **74.5** Iași out of 100 points

- Iași and Brașov lead the group in terms of availability of public services for water.
- Iași and Bucharest are the only cities where KPIs on supply reliability are available online, while Iași and Cluj-Napoca are the only cities to perform sex-disaggregated customer surveys.
- Brașov is the only city providing online information about planned works on utility networks.
- Brașov and Cluj-Napoca are the only cities where entrepreneurs can track the status of their applications for a new connection online.
- Together with Bucharest, Brașov also makes the full spectrum of information on connection requirements available online (i.e., documents required to apply, instruction on procedures, connection costs, and stipulated time-limits).
- However, even the best performers fail to implement some internationally recognized good practices. For example, KPIs to monitor the environmental sustainability of the water supply are not available online in any of the cities. Similarly, all cities lack interoperability mechanisms across utilities responsible for electricity, water, and internet networks.



Source: Subnational Business Ready

Water Utility Service in Romania

Pillar III: **Operational Efficiency of Water Service Provision (1/4)**

Romania score: **48.5** Craiova to **65** Oradea out of 100 points

To obtain a water connection, entrepreneurs first submit an application to the local water utility and receive a connection contract. A different utility operates in each location (see map). Once the connection contract is signed, applicants need to obtain all required clearances and permits to start digging. These include a building permit and an excavation permit from the local municipality, as well as clearances from other utility providers (electricity, gas, telecom, etc.) that need to verify if the upcoming connection would conflict with their existing networks. When all permits are obtained, excavation and connection works can be performed. When completed, a meter is installed. The client then signs a supply contract and water can start flowing.

While in most cities the connection works are typically performed by a private contractor hired by the client, in Craiova and Ploiești, this is normally done by the local water utility. In the latter case, the utilities also obtain the related permits and clearances on behalf of the client.

How does the water connection process work in Romania

Step 1	Step 2	Step 3	Step 4
Entrepreneur applies for a water connection and receives a contract from the water utility	Entrepreneur (or water utilities on his/her behalf, depending on location) obtains permits and clearances to excavate	Entrepreneur (or water utilities on his/her behalf, depending on location) performs the external connection works	Entrepreneur signs a supply contract

Source: Subnational Business Ready

Water service suppliers, by region

Source: Subnational Business Ready

Water Utility Service in Romania

Pillar III: **Operational Efficiency of Water Service Provision (2/4)**

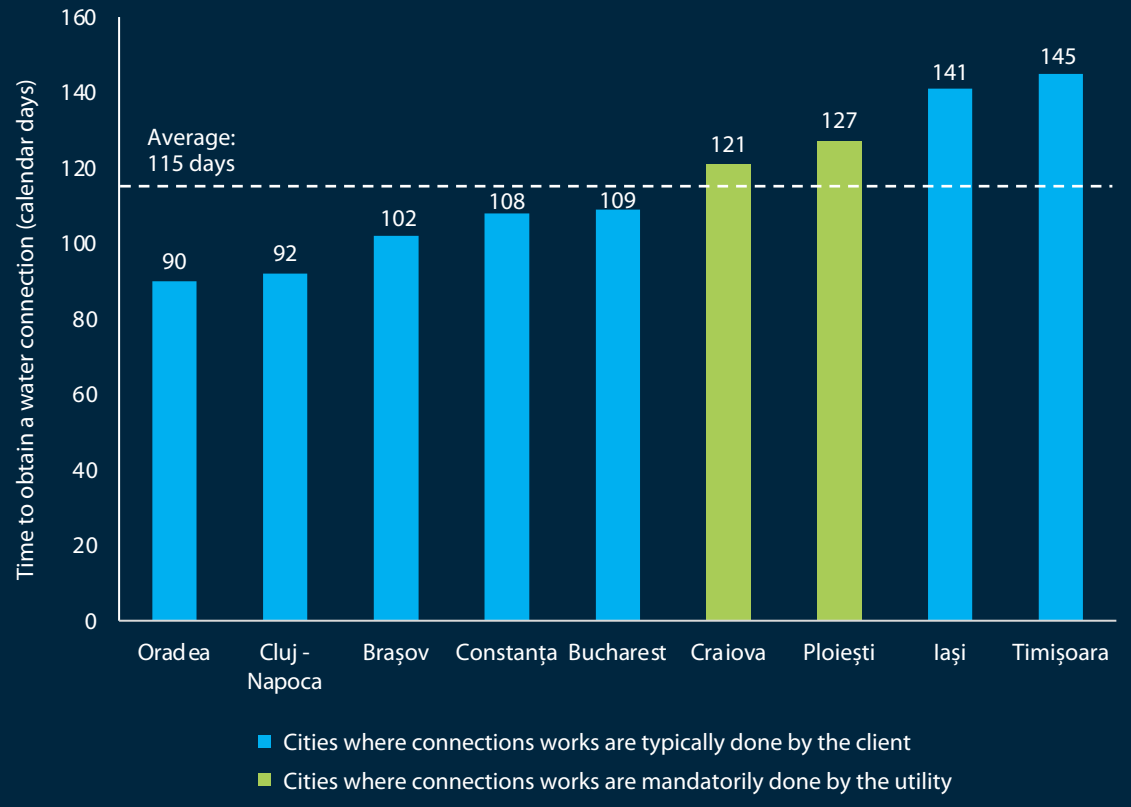
The length of the process of getting a water connection varies substantially within Romania. The main stakeholders involved in the process are: (i) the water utility that is in charge of verifying the feasibility of a new connection and approving the related request; (ii) other utility operators (for electricity, gas, internet, etc.) that need to clear the new connection; (iii) the municipality that approves the excavation permit and the building permit required to install the connection.

Obtaining a water connection takes from three to five months, depending on the location

Oradea, Cluj-Napoca, and Brașov are the Romanian cities where clients can obtain a water connection the fastest. All three cities profit from relatively efficient administrative processes with the local water utility and the municipality. Cluj-Napoca and Brașov are also the most advanced cities in terms of digital services—while all cities allow for online application, Cluj-Napoca and Brașov are the only two that make application tracking possible.

Most cities let the clients decide whether to wait for the utility to perform the connection works or to hire a private contractor. In most cases, clients opt for the latter option, as it is typically faster. Brașov, Constanța, Iași, and Oradea also publish lists of pre-approved private contractors that clients can hire to perform connection works in the city. This helps to speed up the process, as these contractors are already familiar with the technical conditions they need to follow. Craiova and Ploiești are an exception—the utilities in these cities, in practice, carry out the connection works. As a consequence, in both cities, obtaining a water connection takes longer than the national average of 115 days. Iași and Timișoara are even slower. A possible explanation is that both of these cities are rapidly growing and attracting real estate investments; however, utility infrastructures are old and continuous investment is required to keep up with such growth.

Clients tend to obtain faster water connections in cities where they can opt for connection works through a contractor



Source: Subnational Business Ready

Water Utility Service in Romania

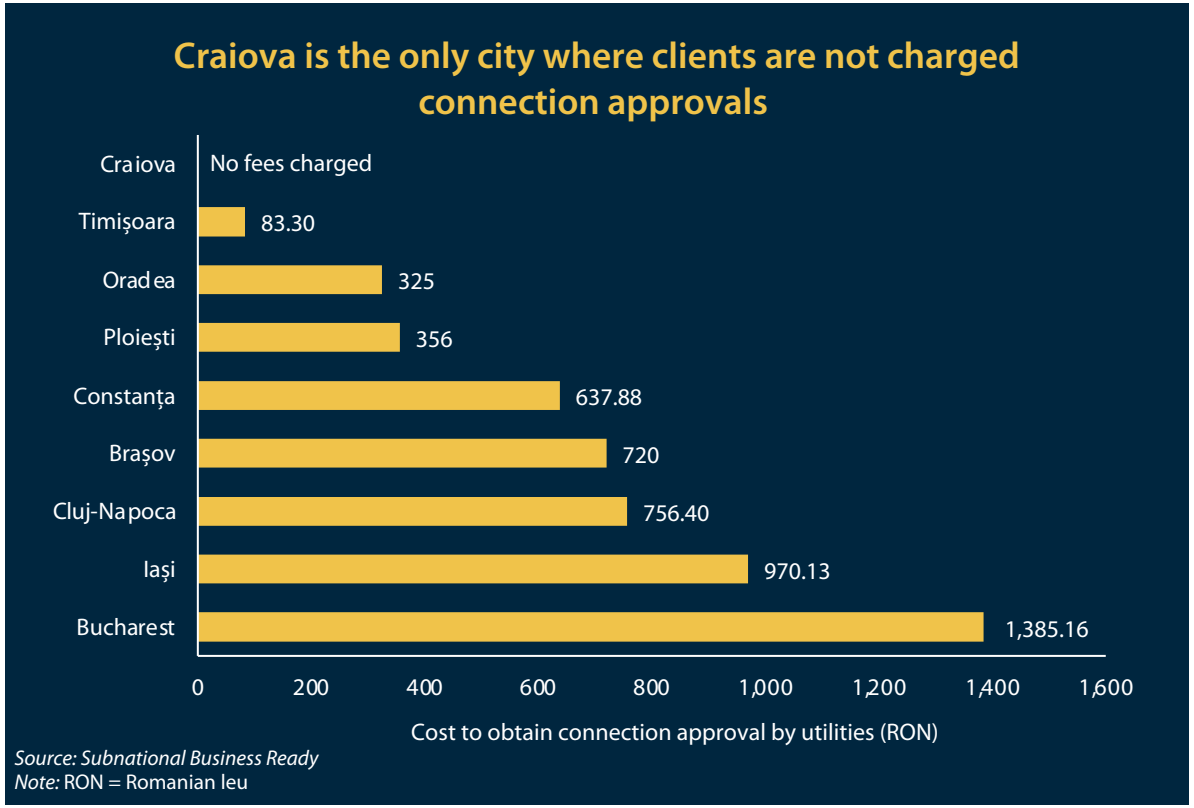
Pillar III: Operational Efficiency of Water Service Provision (3/4)

Clients across Romania pay approximately RON 10,000 to get connected to water, but the approving process is cheaper in some cities than in others

The cost for getting a water connection is rather homogeneous across the country and mostly depends on the charges of private contractors or utilities performing the connection works, as well as the type of meter installed. This cost is of approximately RON 10,000, independently from where the connection is built.

Still, when it comes to fees charged by utilities to issue connection approvals, differences across cities do emerge. Craiova, for example, is the only city where the utility does not charge any fee to clients requesting a connection. All other cities charge some fees, from RON 325 (as in Oradea) to RON 1,385.2 (as in Bucharest).

Overall, charges made by utilities for issuing connection approvals in the nine cities average RON 581.5.



Source: Subnational Business Ready
Note: RON = Romanian leu

Water Utility Service in Romania

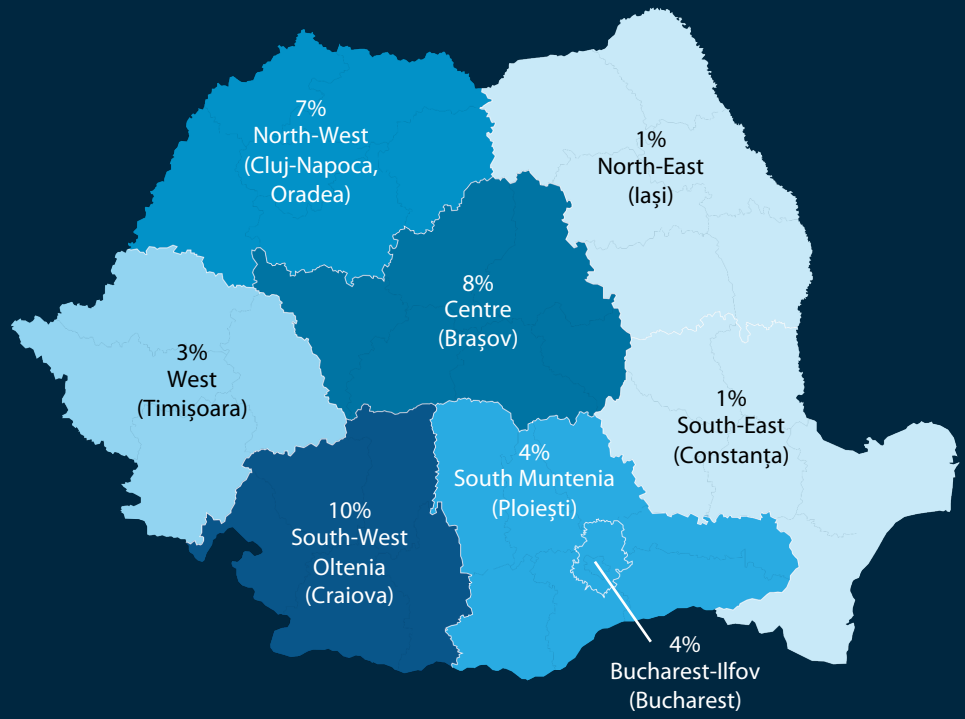
Pillar III: **Operational Efficiency of Water Service Provision (4/4)**

Reliability of water supply: 1% to 10% of firms experience water insufficiencies

Almost none of the firms based in the Eastern regions of the country reported having experienced water insufficiencies.

The share of firms having issues with water supply is more significant in the North-West region (Cluj-Napoca and Oradea) and in the Centre region (Brașov), with 7% to 8% of firms reporting insufficiencies, and in the South-West Oltenia region (Craiova), where 1 firm out of 10 is affected.

Percentage of firms experiencing water insufficiencies, by region*



Source: World Bank Enterprise Survey 2023

* NUTS 2 (Nomenclature of territorial units for statistics), https://ec.europa.eu/eurostat/web/nuts/overview

Water Utility Service in Romania

Areas of improvement for Water Service Provision

Improve the availability of digital services across water utilities

Across Romania, not all cities provide the same amount and standard of digital services. The quality of public services throughout the country would improve if all locations would allow for tracking of applications, as is currently the case in Brașov and Cluj-Napoca. Additionally, up-to-date information about works on utility networks should be published online to allow developers to plan accordingly. Most importantly, all cities except Bucharest and Brașov, neglect to publish online a complete list of connection requirements. All cities make available a list of the documents required to apply, but then some fail to provide instructions on the administrative procedures to follow (Cluj-Napoca and Craiova), the cost associated with the new connection (Craiova, Iași, Ploiești, and Timișoara), and step-by-step legal time limits (Cluj-Napoca, Constanța, Craiova, Oradea, Ploiești, and Timișoara). Such information could easily be uploaded online, making it easier for clients to prepare their timelines and budget. Differences across cities also exist in relation to the quality of the service made available online. For example, while a new connection can be requested online in all cities, this can be done only within working hours in Constanța—which defeats the purpose of offering digital services.

Relevant stakeholders: water utilities

Consider the role of private contractors in connection works

Investors in Craiova and Ploiești would incur less delays if they could choose to have the connection works performed by a private contractor, which is currently the practice in all other cities. However, the most efficient way to do so is for utilities to have a series of preventive agreements with private contractors, and then publish the list of available contractors. This way, clients could only hire companies that already know how to operate on the water networks. Brașov, Constanța, Iași, and Oradea provide good examples for other cities to follow.

Relevant stakeholders: water utilities

Enhance interoperability across utilities

For each utility connection, investors in Romania need to follow a separate process, managed by the respective service provider. To obtain permission to excavate for a water connection, applicants must get clearances from each single owner of underground networks (for example, the electricity company). And to connect that same building to the electrical grid, the investor will need to again get clearances from all network owners, including the water utility. The introduction of coordination meetings among utilities and other relevant agencies, as well as the elimination of redundant clearances, would save time to both developers and the officials in charge of providing such clearances.

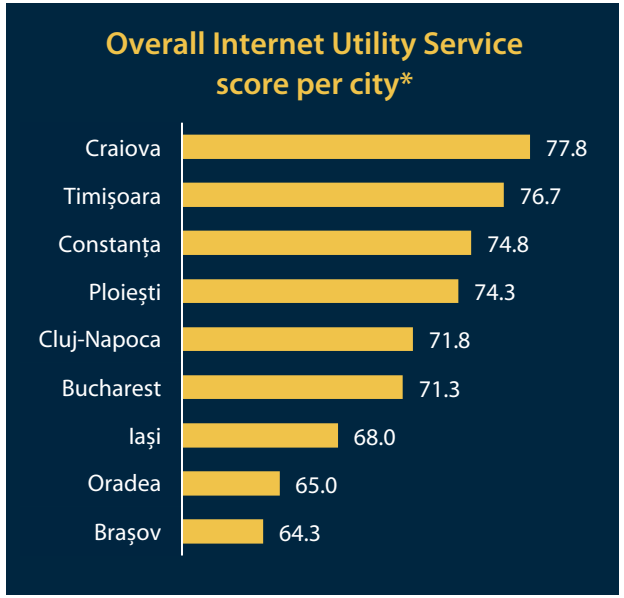
Relevant stakeholders: water utilities; municipalities, the national water regulator

4.3 Internet Utility Service in Romania

Pillar I: **Regulatory Framework**	Score (all cities): **70**/100
Pillar II: **Public Services**	Score (all cities): **65**/100
Pillar III: **Operational Efficiency**	Score: **58** (Brașov) to **98.5**/100 (Craiova)
Time (days):	**2** (Craiova, Timișoara) to **7** (Brașov, Oradea)
% of firms experiencing internet disruptions:	**5%** (Cluj-Napoca, Oradea) to **22%** (Timișoara)

Main findings

- The quality of internet regulations (Pillar I) and of the governance and transparency of internet services (Pillar II) are uniform across Romania. The score differentiator is the efficiency of internet provision in practice (Pillar III), where different waiting times for internet connections and variations in internet disruptions were reported.
- In line with good international practices, Romania's National Authority for Management and Regulation in Communications (ANCOM) oversees wholesale connectivity tariffs. Competent authorities can also initiate investigations for anticompetitive practices.
- Romania's regulatory framework establishes provisions on joint planning and construction ('dig once' policies) and for infrastructure sharing. Nevertheless, it does not set performance standards to ensure service quality and the reliability of internet, nor does it establish time limits for agencies involved in delivering new digital infrastructure or guarantee local loop unbundling and line access.
- Regarding sustainable provision and use of internet, there is an absence of national targets for emissions or energy efficiency of electronic communication networks and data infrastructure.
- ANCOM monitors and publishes online key performance indicators (KPIs) for reliability and quality of internet. However, although internet service providers (ISPs) publish internet monthly fees, changes in internet tariffs are not communicated to the public at least one billing cycle in advance and there is also a lack of formulas (published online or in the customer bill) showing how end-user internet tariff levels are prescribed.
- The time it takes to obtain an internet connection across the covered cities ranges from 2 to 7 days. One challenge identified by the private sector is that aerial or overhead lines are more frequent than undergrown connections.



Source: Subnational Business Ready
*Scale from 0 to 100 (higher = better)

Internet Utility Service in Romania

Why is the internet utility service important?

- The internet supports business operations and is used as a factor of production by firms.[43]
- Unreliable networks and high costs of establishing a broadband connection may prevent firms from adopting and upgrading digital technology in their business operations.
- Good regulatory frameworks are key for the provision of affordable and high-quality internet services. Likewise, facilitating timely access to such services at a reasonable cost and in an environmentally sustainable manner is instrumental for economic growth.[44]
- Performance standards coupled with a system of incentives compel internet service providers (ISPs) to ensure adequate supply of high-speed broadband internet service.[45]

43 World Bank, 2016 .
44 World Bank, 2017.
45 Foster and Rana, 2020.

What does the Internet Utility Service topic measure?

Pillar I: Regulatory Framework

Quality of regulations for internet

- Regulations for efficient deployment of internet connection (e.g., infrastructure sharing) and quality of supply
- Regulations on safety of internet service (e.g., cybersecurity)
- Environmental sustainability of internet service provision and use

Pillar II: Public Services

Quality of governance and transparency of internet service provision

- Monitoring reliability and sustainability of service supply and safety of internet connection in practice
- Transparency on service outages, tariffs, connection requirements, complaint mechanisms, and customer service
- Interoperability with other utilities (e.g., electricity)
- Existence of electronic applications and payments

Pillar III: Operational Efficiency

Operational efficiency of internet service provision

- Time associated with obtaining an internet connection
- Cost of internet connection and service*
- Reliability of internet supply (e.g., disruption of internet service)

*Installation cost is not applicable to internet connection in the EU since it is included as part of loyalty plans that are the common practice in the region. It was not possible to collect reliable data on monthly service fees.

For more information, please refer to the *Business Ready Methodology Handbook:* https://www.worldbank.org/en/businessready

Internet Utility Service in Romania

Pillar I: **Quality of Regulations for Internet (1/2)**

Romania score (all cities): **70** out of 100 points

Regulatory monitoring of tariffs & service quality and Utilities infrastructure sharing & quality assurance mechanisms

Regulatory monitoring of tariffs and service quality

- ✓ Monitoring of internet tariffs: the regulatory agency, ANCOM, oversees wholesale connectivity tariffs. Competent authorities can also initiate investigations and set fines for anticompetitive practices.
- ✗ Monitoring of quality of internet service: the regulator does not set (nor monitor adherence to) performance standards to ensure service quality and the reliability of internet

Utilities infrastructure sharing and quality assurance mechanisms

- ✓ Provisions in the regulatory framework requiring joint planning and construction (i.e., joint excavation, or 'dig once' policies)
- ✓ Legal provisions requiring operators owning passive or active infrastructure to share access for the last mile
- ✓ Legal provisions guaranteeing equal access to government-owned infrastructure
- ✓ Legal provisions establishing rights of way for digital infrastructure service providers
- ✓ Regulatory framework allowing partnerships for infrastructure sharing
- ✗ No legal provisions establishing time limits for agencies involved in delivering new digital infrastructure, nor guarantee for local loop unbundling and line access
- ✓ Regulatory framework stipulates financial deterrence (e.g., penalties paid by the ISP or compensations paid to customers) and incentive mechanisms aimed at limiting internet service outages or slowdowns

✓ Aspects regulated in line with internationally recognized good practices ✗ Aspects not regulated in line with internationally recognized good practices

Internet Utility Service in Romania

Pillar I: **Quality of Regulations for Internet (2/2)**

Romania score (all cities): **70** out of 100 points

Safety of utility connections and **Environmental sustainability**

25/25

Safety of utility connections

- ✓ Regulatory framework establishes liability and a legal right to pursue compensation for personal data protection breaches, as well as clear provisions for reporting data breach incidents
- ✓ The Office of the National Cyber Security Directorate (DNSC) is responsible for cybersecurity coordination at the national level, carrying out risk-assessment strategies, cybersecurity audits, drills, exercises or training, and enforcing cybersecurity laws and regulations
- ✓ Regulatory framework establishes minimum cybersecurity protections or mandates minimum cybersecurity standards and cybersecurity safeguards, as well as defines a modus operandi for incident response in case of a major cyber-attack or a compromise of service availability

0/10

Environmental sustainability

- ✗ Environmental sustainability requirements: absence of national targets for emissions or energy efficiency of electronic communication networks and data infrastructure, such as power usage effectiveness, renewable energy usage, or coefficient of performance (COP)
- ✗ No regulatory provisions establishing environmental reporting or disclosure and mandatory standards for digital connectivity and data infrastructures

✓ Aspects regulated in line with internationally recognized good practices ✗ Aspects not regulated in line with internationally recognized good practices

Internet Utility Service in Romania

Pillar II: **Governance and Transparency of Internet Service Provision (1/3)**

Romania score (all cities): **65** out of 100 points

Digital services and **Interoperability**

3.1/6.3

Electronic applications for internet connections

- ✓ It is possible to apply electronically for new commercial internet connections
- ✗ It is not possible to track the application online

3.1/6.3

Infrastructure database and platform with planned works

- ✓ Infrastructure database in place for identification of internet service providers' networks and shared database for the network lines of multiple utilities, including electricity, water, and internet
- ✗ No online platform or website with information about the planned works on utility networks

6.3/6.3

Electronic payments

- ✓ Electronic payment for internet connection and service: It is possible to pay the fee for a new fixed broadband connection and to pay for the internet monthly tariffs electronically

0/6.3

Coordination mechanisms for excavation permits

- ✗ No online system to manage excavation permits
- ✗ Lack of an agency in charge of coordinating excavation permits

✓ Aspects in line with internationally recognized good practices ✗ Aspects not in line with internationally recognized good practices

Internet Utility Service in Romania

Pillar II: **Governance and Transparency of Internet Service Provision (2/3)**

Romania score (all cities): **65** out of 100 points

Availability of information and **Transparency**

Transparency of connection requirements

0/5

- ✗ No publication of connection requirements for high-speed broadband internet connection, such as required documents, procedures, connection cost, and stipulated connection time standards

Transparency of planned outages

5/5

- ✓ Publication and announcement of planned internet outages are publicly available and communicated to customers

Transparency of service quality indicators

5/5

- ✓ KPIs to monitor reliability and quality of internet supply available online

Transparency of tariffs and tariffs settings

0/5

- ✗ Although Internet monthly fees are available online and changes in tariffs are communicated to the public, no formulas on how tariff levels are determined are published online or in customer bills

Transparency of complaint processes

5/5

- ✓ Complaint mechanism available to report issues in the provision of internet service. This mechanism exists within the ISPs and is also independent from the ISPs to escalate the complaints.
- ✓ Information available online to guide customers to file a complaint includes: entity in charge of managing the complaints, documents necessary to make a complaint, criteria of complaint mechanism, and steps necessary to make a complaint

✓ Aspects in line with internationally recognized good practices ✗ Aspects not in line with internationally recognized good practices

Internet Utility Service in Romania

Pillar II: **Governance and Transparency of Internet Service Provision (3/3)**

Romania score (all cities): **65** out of 100 points

Monitoring of service supply (includes gender and environment) and Enforcement of safety regulations & consumer protection mechanisms

Monitoring reliability and quality of internet supply

12.5/12.5

✓ Key performance indicators (KPIs) in place for reliability and quality of internet supply
- Download/upload speed
- Latency
- Throughput
- Jitter
- Recovery time

Monitoring of access to utility services for women entrepreneurs

0/12.5

✗ Gender-disaggregated customer surveys: ISPs in Romania do not carry out gender-disaggregated customer surveys to measure quality of services provided by the utility from the perspective of women-owned businesses:
- Sex of a person answering consumer satisfaction survey
- Sex of a person lodging a complaint related to quality, reliability, and utility's supply services

Cybersecurity protocols in practice

12.5/12.5

✓ Cybersecurity protocols implemented in practice, such as:
- Cybersecurity breaches reported by cybersecurity agency to private sector
- Computer incident response teams or computer emergency readiness teams respond to reported cyberattacks or cybersecurity breaches
- Cybersecurity incident response drills, trainings or exercises are carried out in practice to test capabilities to prevent, detect, respond and/or recover from cyberattacks or cybersecurity breaches
- Cybersecurity audits of critical infrastructure operators are carried out to detect vulnerabilities and recommend or enforce remedial actions to prevent cyberattacks or cybersecurity breaches

Independent complaint mechanism

12.5/12.5

✓ Independent complaint mechanism: the compliance mechanism is independent from the ISPs to escalate complaints

✓ Aspects in line with internationally recognized good practices ✗ Aspects not in line with internationally recognized good practices

Internet Utility Service in Romania

Pillar III: **Operational Efficiency of Internet Service Provision (1/3)**

Romania score: **58** Brașov to **98.5** Craiova out of 100 points

How does the process of connecting to internet work in Romania

Step 1

For the largest ISPs in Romania, installation is usually done through fiber optics technology

For an internet connection in Romania, businesses need to request the package of available offers from the ISP. This request can be made either at the physical locations of the providers or through their websites. Information is received instantly in the case of physical visits, while for inquiries online, the response is transmitted via email.

Step 2

Installation can be done for free, but it depends on the terms of the contract.

The contract can be signed for an initial minimum duration of 12/24/36 months. The necessary documents for drafting the contract are the copy of the Unique Registration Code (CUI) and the name of the company's administrator.

Source: Subnational Business Ready

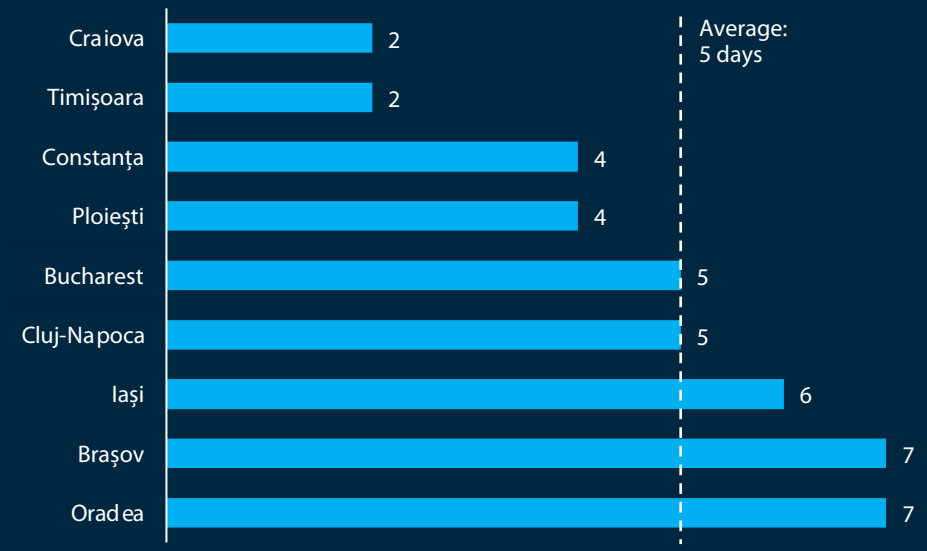
Internet Utility Service in Romania

Pillar III: **Operational Efficiency of Internet Service Provision (2/3)**

Time: **2** to **7** days

- In Craiova and Timișoara, a new internet connection takes two days, while in Oradea and Brașov, the same process takes around a week.
- In Romania, one challenge identified by the private sector is that overhead aerial lines are more frequent than underground connections.
- The average time across the nine Romanian cities to get an internet connection is 5 days, similar to Portugal but slower than Bulgaria.

Time (days) to get an internet connection across Romania



Source: Subnational Business Ready

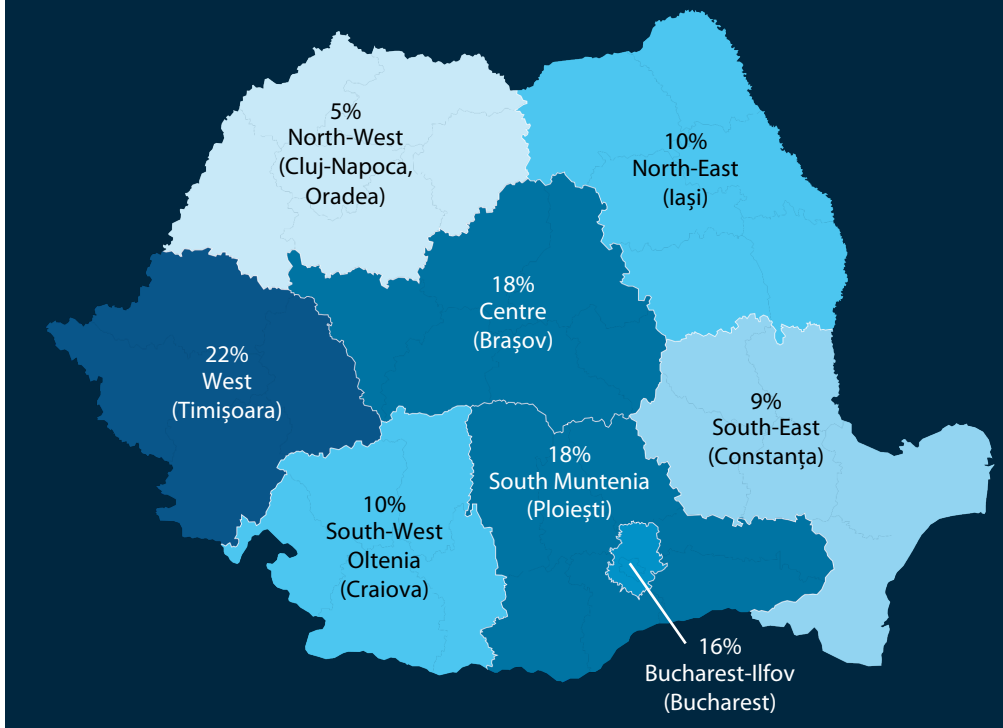
Average time (days) to get an internet connection (country averages)

Source: Subnational Business Ready

Internet Utility Service in Romania

Pillar III: **Operational Efficiency of Internet Service Provision (3/3)**

Percentage of firms experiencing internet disruptions, by region*

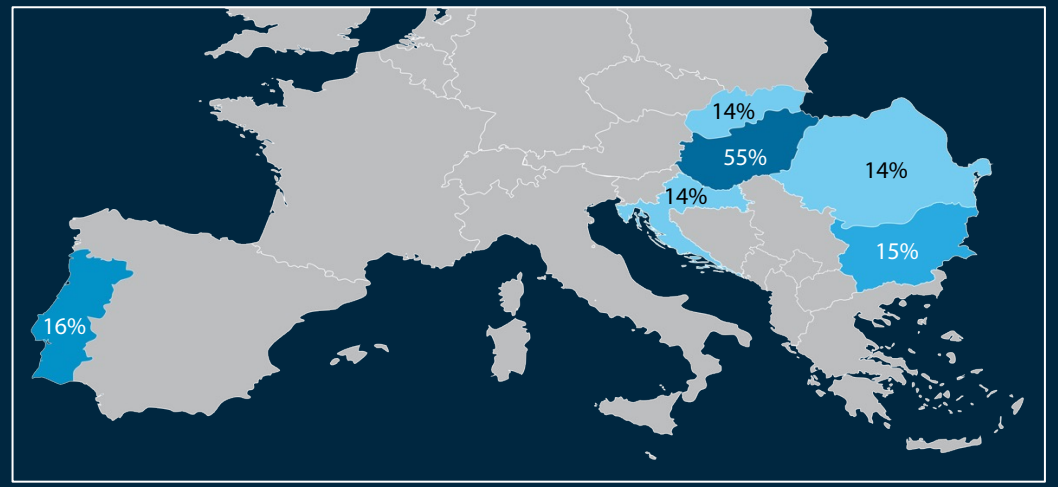


Source: World Bank Enterprise Surveys 2023

*NUTS (Nomenclature of territorial units for statistics), https://ec.europa.eu/eurostat/web/nuts/overview

- On average, 13% of Romanian firms reported experiencing internet disruptions. In the North-West region, this figure is only 5%.
- Among firms surveyed in the West region, 22% reported experiencing internet disruptions.
- Most Romanian regions are in line with percentages from other observed economies, except for Hungary, where 55% of firms experienced disruptions in internet service.

Percentage of firms experiencing internet disruptions (country averages)



Source: World Bank Enterprise Surveys 2023

5. Dispute Resolution in Detail

Dispute Resolution in Romania

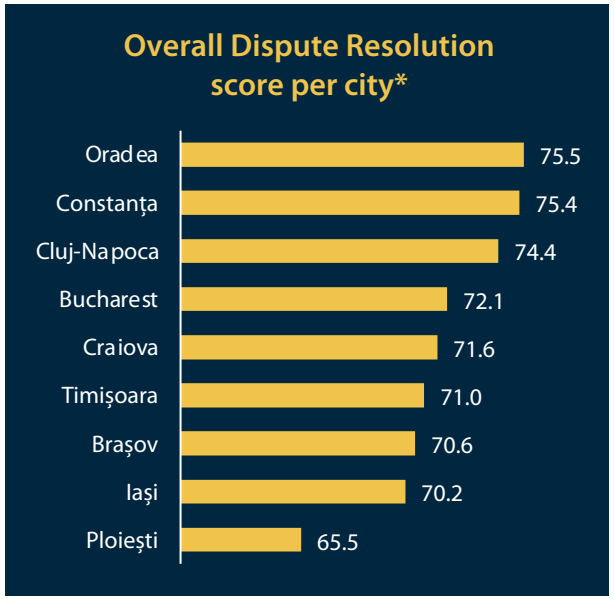
Pillar I: **Regulatory Framework**	Score (all cities): **75.2**/100
Pillar II: **Public Services**	Score: **50.8** (Brașov, Iași) to **56.3**/100 (6 cities)
Pillar III: **Ease of Resolving a Commercial Dispute**	Score: **69** (Ploiești) to **95**/100 (Oradea)

Time (days):	Court litigation: **545** (Oradea) to **845** (Brașov)
	Enforce a judgment: **23** (Craiova) to **48** (Constanța)
Cost (% of claim value*):	Court litigation: **5.8%** (Oradea) to **12%** (Craiova)
	Enforce a judgment: **0.46%** (Cluj-Napoca) to **1.4%** (Constanța)

*For a claim value of RON 1,178,225, equal to 20 times the gross national income per capita in 2021. Romania's 2021 GNI per capita is RON 58,911

Main findings

- Laws and regulations for dispute resolution apply uniformly across Romania (Pillar I). Although the country obtains only half of the points on the Procedural Certainty indicator, it scores the maximum number of points on Judicial Integrity indicator.
- Six of the nine cities measured, namely Bucharest, Cluj-Napoca, Constanța, Craiova, Oradea, and Timișoara have specialized commercial courts or separate commercial divisions within existing tribunals (Pillar II). For the remaining three cities (Brașov, Ploiești, Iași), the claim is heard in a court division that adjudicates either all types of civil cases or a mix of commercial, fiscal, and administrative cases.
- Electronic filing of the initial complaint through a specialized platform is possible only in one out of the nine measured locations (Pillar II). The Ploiești Tribunal has implemented the platform Registratura.rejust that allows the submission of requests, applications, and documents to courts in Romania.
- The time for court litigation varies from 545 days in Oradea to 845 days in Brașov. One reason behind this variation is the time judges need to prepare and issue the judgment after the closing of hearings. Delays in the process once the initial claim is filed are another reason behind the variation in performance.
- Court costs are nationally regulated and are uniform across the country (Pillar III). Attorney fees differ mainly depending on the size and type of the law firm, the financial capabilities of clients, as well as the number of lawyers available relative to the city size—in less competitive cities, attorneys generally charge higher fees.



Source: Subnational Business Ready
*Scale from 0 to 100 (higher = better)

Dispute Resolution in Romania

Why is dispute resolution important?

- Strong judiciaries and effective dispute resolution processes are needed for the development of the private sector.
- When courts complete dispute resolution processes in a timely and cost-effective manner, businesses borrow and invest more.[46]
- Reliability of the judiciary is equally important: strong court systems attract more investors and expansion of business.[47]

What does the Dispute Resolution topic measure?

Pillar I: Regulatory Framework

Quality of regulations for dispute resolution

- Time standards for major procedural steps in commercial litigation
- Availability of pre-trial conference, default judgment and standards in environmental disputes
- Recusal of judges and code of ethics for judges and enforcement agents
- Access to arbitration, independence and impartiality of arbitrators and mediators

Pillar II: Public Services

Public services for dispute resolution

- Organizational structure of courts and review mechanisms to support judicial integrity
- Digitalization of case management and communication with courts
- Publication of judgments and information on composition and performance of courts
- Public services for arbitration and mediation

Pillar III: Ease of Resolving a Commercial Dispute

Operational efficiency and reliability of court and arbitration processes

- Time and cost for court litigation (first instance, mediation, and appeal procedures)
- Time and cost to enforce a final domestic judgment
- Time and cost for an arbitration procedure
- Time and cost for recognition and enforcement of foreign judgments and foreign arbitral awards

For more information, please refer to the *Business Ready Methodology Handbook:* https://www.worldbank.org/en/businessready

46 Moro, Maresch, and Ferrando. 2018; Koutroumpis and Ravasan, 2020.

47 World Bank, 2004; Staats and Biglaiser, 2011; World Bank, 2019.

Dispute Resolution in Romania

Recent reforms and changes in dispute resolution

- **The ReJust portal** (www.rejust.ro) was launched in November 2021. The portal was developed jointly by the Arges Tribunal and the Superior Council of Magistracy of Romania. The main purpose of the portal is to allow public access to court decisions in order to enhance transparency and legal culture in the country. Courts' decisions published in the portal are anonymized and available free of charge upon simple registration. Access is possible to all decisions of the first instance courts as well as the courts of appeal.
- **The National Electronic System for Online Payment of Taxes (SNEP)** operates a website (www.ghiseul.ro) that allows electronic payment of taxes and fees. The platform, launched in 2011, has been gradually expanding to courts at all levels. All Romanian courts measured in this study are now allowing electronic payment of court fees.
- **The Registratura.rejust portal** (https://registratura.rejust.ro/) is an electronic platform developed by the Galati Court of Appeals and expanded nationally by the Supreme Council of Magistracy in July 2023. The portal is a point of entry to send requests and claims as well as obtain certain documents (such as a certificate of filing and a certified copy of the court decision) from all courts in Romania. The portal allows, *inter alia*, the electronic filing of initial complaints and is connected with the SNEP to allow the payment of court fees. Among the cities measured in this study, only the Ploiești Tribunal has implemented electronic filing of the initial complaint through the portal.

Upcoming reforms

- **Order of the Ministry of Justice no. 536/2023** created a working group for the development of the National Electronic File (den.just.ro/) platform. This pilot platform aims to facilitate electronic access, for parties and their legal representatives, to documents in the court files. Another goal of the platform is to enhance storage capacity of data at the court level, centralize applications from the judicial system, and implement a single version of electronic files at the national level.
- **Law no. 139/2024 of May 14, 2024,** introduced changes regarding the appointments of experts. The Law stipulates that if parties do not agree on the appointment, experts will be appointed by the court through a computerized system from the registry of experts duly authorized in accordance with the law. The adopted changes shall enter into force on May 15, 2025.

Dispute Resolution in Romania

Relevant legislation and main stakeholders

Relevant laws and regulations in Romania

- **Law no. 134/2010 on the Code of Civil Procedure:** regulates the rules of civil procedure in Romania.
- **Regulation on the Organization and Operation of the Court of International Commercial Arbitration attached to the Chamber of Commerce and Industry of Romania:** regulates international and domestic arbitration procedures before the arbitration court in Bucharest.
- **Law no. 188/2000 on Enforcement Agents:** regulates the profession of enforcement agents and their rights and obligations in the enforcement procedure.
- **Law no. 304/2022 on the Judicial Organization:** regulates the organization and jurisdiction of all judicial bodies, including courts at all levels.
- **Law no. 192/2006 on Mediation and the Organization of the Mediators Profession:** regulates mediation procedures in Romania as an alternative way to resolve legal disputes.

Public institutions and services for dispute resolution

- **Judecatoria** acts as a court of first instance authorized to hear commercial cases with a claim value of up to RON 200,000.
- **Tribunals** act as a court of first instance authorized to hear commercial cases with claim value above RON 200,000, and as an appellate court to hear appeals against judgments of judecatoria.
- **Specialized tribunal (commercial court)** in Cluj-Napoca.
- **Commercial divisions in tribunals** in Bucharest, Constanța, Craiova, Oradea, and Timișoara.
- **Arbitration institution:** Court of International Commercial Arbitration attached to the Chamber of Commerce and Industry of Romania.
- **Enforcement agents (bailiffs):** private enforcement agents with the right to enforce judicial decisions and execute public acts as provided by the law.
- **Mediation:** alternative dispute resolution procedure carried out by mediators in private capacity.

Dispute Resolution in Romania

Pillar I: **Quality of Regulations for Dispute Resolution (1/2)**

Romania score (all cities): **75.2** out of 100 points

Romanian cities score the maximum number of points on the regulatory framework for judicial integrity. However, stricter rules on adjournments and stricter time standards could be implemented on the regulatory framework for procedural certainty.

Court litigation

Procedural certainty

- ✓ Time standard for filing a statement of defense
- ✓ Time standard for issuing a judgment
- ✓ Time frame for suggesting new evidence
- ✓ Default judgment available
- ✗ No time standard for serving the defendant
- ✗ No time standard for issuing an expert opinion
- ✗ No maximum number of adjournments
- ✗ No pre-trial hearings available

Judicial integrity

- ✓ Judges required to recuse themselves in case of conflict of interest
- ✓ Parties allowed to challenge judges' impartiality or independence
- ✓ Judges required to disclose assets publicly
- ✓ Code of ethics for judges and enforcement agents
- ✓ No restrictions for women to become judges
- ✓ Women have same rights as men in commercial litigation

✓ Aspects regulated in line with internationally recognized good practices ✗ Aspects not regulated in line with internationally recognized good practices

Dispute Resolution in Romania

Pillar I: **Quality of Regulations for Dispute Resolution (2/2)**

Romania score (all cities): **75.2** out of 100 points

Romania implements internationally recognized good practices in arbitration and mediation proceedings. However, the country can strengthen its regulatory framework for arbitration and mediation by regulating, *inter alia*, international mediation settlement agreements and selection of legal counsel in arbitration proceedings.

Alternative dispute resolution

Legal safeguards in arbitration

- ✓ Arbitrability of immovable property and intellectual property disputes
- ✓ Selection of arbitrators regardless of professional qualification, gender, and nationality
- ✓ Parties have the right to question arbitrators' independence and impartiality
- ✓ Court can order production of documents or the appearance of witnesses in support of arbitration
- ✗ No arbitration of commercial disputes with state-owned enterprises and public bodies without fulfilling additional conditions
- ✗ No selection of legal counsel regardless of professional qualification, nationality, or admission to courts or professional organization

Legal safeguards in mediation

- ✓ Commercial mediation is not mandatory
- ✓ Mediators have the duty to disclose conflicts of interest
- ✓ Mediator shall not serve as an arbitrator in respect to a dispute that was or is the subject of the mediation proceedings, unless otherwise agreed upon by the parties
- ✓ Evidence disclosed in mediation cannot be used in other legal proceedings
- ✓ Special enforcement regime for mediation settlement agreements
- ✗ No specific rules on recognition and enforcement of international mediation settlement agreements that do not have a court approval

✓ Aspects regulated in line with internationally recognized good practices ✗ Aspects not regulated in line with internationally recognized good practices

Dispute Resolution in Romania

Pillar II: Public Services for Dispute Resolution (1/3)

Romania score: **50.8** (Brașov, Iași) to **53.3** (6 cities) out of 100 points

- Brașov
- Iași
- Ploiești

- Bucharest
- Cluj-Napoca
- Constanța
- Craiova
- Oradea
- Timișoara

Organizational structure of courts

All cities:

- ✓ Automated assignment of cases
- ✓ Review mechanisms for complaints against the misconduct of judges and enforcement agents
- ✓ Existence of a small claims court or fast-track procedure
- ✗ No review mechanism for complaints against decision on appointment and promotion of judges

Cluj-Napoca:

- ✓ Existence of a specialized commercial court

Bucharest, Constanța, Craiova, Oradea, and Timișoara:

- ✓ Existence of a specialized commercial division within a first instance court

Court specialization

- The Ministry of Justice, through Order 2624/C/ of September 2004, initiated a pilot project with the aim to establish specialized commercial courts in Romania. Currently, there are three specialized tribunals for commercial cases in the country (Mures, Arges, and Cluj-Napoca). Among the cities measured for this study, Cluj-Napoca is the only city with a **specialized tribunal** that exclusively adjudicates commercial cases.
- Bucharest, Constanța, Craiova, Oradea, and Timișoara have **specialized divisions** that exclusively hear commercial cases. The following divisions have judges specialized in commercial law:
  - 6th Civil Division of the Bucharest Tribunal,
  - 2nd Civil Division of the Constanța Tribunal,
  - 2nd Civil Division of the Dolj Tribunal in Craiova,
  - 2nd Civil Division of the Bihor Tribunal in Oradea, and
  - 2nd Civil Division of the Timis Tribunal in Timișoara.
- Judges in Brașov (2nd Civil, Administrative, and Fiscal Division), and Ploiești (2nd Civil, Administrative, and Fiscal Division) preside over a mix of commercial, administrative, and fiscal cases, while judges in Iași (1st Civil Division) adjudicate all types of civil cases, including commercial cases.

✓ Aspects regulated in line with internationally recognized good practices ✗ Aspects not regulated in line with internationally recognized good practices

Dispute Resolution in Romania

Pillar II: Public Services for Dispute Resolution (2/3)

Romania score: **50.8** (Brașov, Iași) to **53.3** (6 cities) out of 100 points

Ploiești: **6.9/22.2** 8 cities: **5.6/22.2**

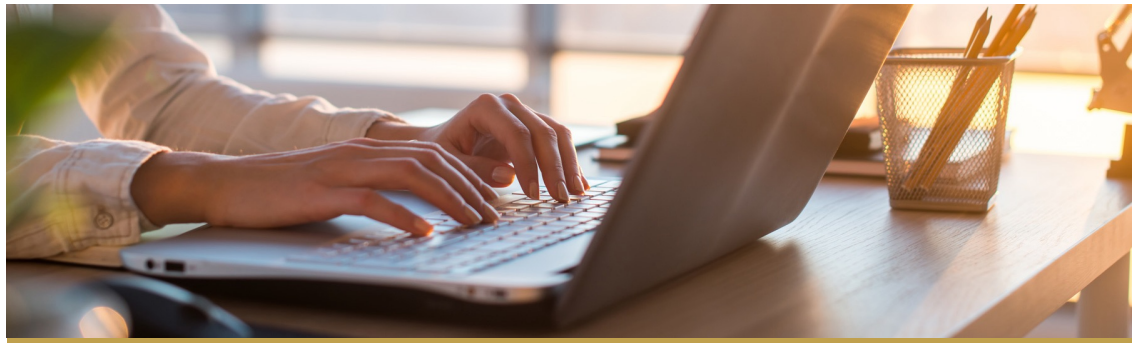
Digitalization of court processes

All cities:

- ✓ Electronic communication with courts and enforcement agents
- ✓ E-payment of court fees, e-tracking of cases, online access to court schedule
- ✗ Digital evidence, in practice, not admissible by the court
- ✗ Virtual hearings are not conducted
- ✗ Courts do not issue judgments in electronic format
- ✗ No possibility to hold online auctions
- ✗ No electronic service of the initial complaint
- ✗ No exchange of documents through electronic platform

Ploiești:

- ✓ Electronic filing of the initial complaint



Electronic platform for filing of the initial complaint

- The platform Registratura.rejust started its operation in July 2023. It was created as a national portal that allows the submission of requests, applications, and documents to courts in Romania. Currently, among the measured cities, only the Ploiești Tribunal has fully implemented the platform.
- According to private and public sector respondents surveyed for this study, courts can implement the platform only if there is sufficient budget and IT support to develop the internal infrastructure that could allow access to the platform. Judges in the Timis Tribunal mentioned the existence of the platform, but private sector respondents interviewed for this study were unaware of such a development.

✓ Aspects regulated in line with internationally recognized good practices ✗ Aspects not regulated in line with internationally recognized good practices

Dispute Resolution in Romania

Pillar II: Public Services for Dispute Resolution (3/3)

Romania score: **50.8** Brașov, Iași to **53.3** 6 cities out of 100 points

Transparency of courts (includes gender)

8.5/22.2

- ✓ Public access to in-person court hearings
- ✓ Publication of judgments at appellate and first instance level
- ✓ Publication of information on appointment and promotion of judges
- ✓ Statistics on the number of judges disaggregated by courts
- ✗ No public access to all laws and regulations
- ✗ No publication of all judgments at supreme court level
- ✗ No statistics on disposition rate, clearance rate, number of judges disaggregated by gender
- ✗ No statistics on the efficiency of enforcement proceedings

Public services for arbitration (includes gender)

9.7/16.7

- ✓ Availability of commercial arbitration
- ✓ Published roster of all arbitrators
- ✓ Virtual conferences in arbitration
- ✗ No online platform for arbitration
- ✗ No electronic signing of arbitral awards
- ✗ No published statistics on cases in arbitration

Public services for mediation (includes gender)

12.2/16.7

- ✓ Availability of commercial mediation by private mediators
- ✓ Publicly available roster of mediators
- ✓ Financial incentives to use mediation
- ✓ Availability of virtual conferences in mediation
- ✓ Electronic signing of a mediation agreement
- ✗ No published statistics on cases in mediation
- ✗ No electronic filing of a request to mediate

Publication of judgments

- In November 2021, Romania launched the Rejust portal that allows free and easy access to all judgments from the first instance courts and the courts of appeals. The portal requires registration, is updated daily, and hosts more than 26 million court decisions.
- In addition to anonymized final court decisions, the portal publishes decisions adopted during the legal procedures. This allows the public to consult how judges decide on requests made during the trial, admissibility of evidence, and procedural exceptions.
- According to the public sector contributors interviewed for this study, judges can access deanonymized decisions from all the courts featured in the Rejust portal.

✓ Aspects regulated in line with internationally recognized good practices

✗ Aspects not regulated in line with internationally recognized good practices

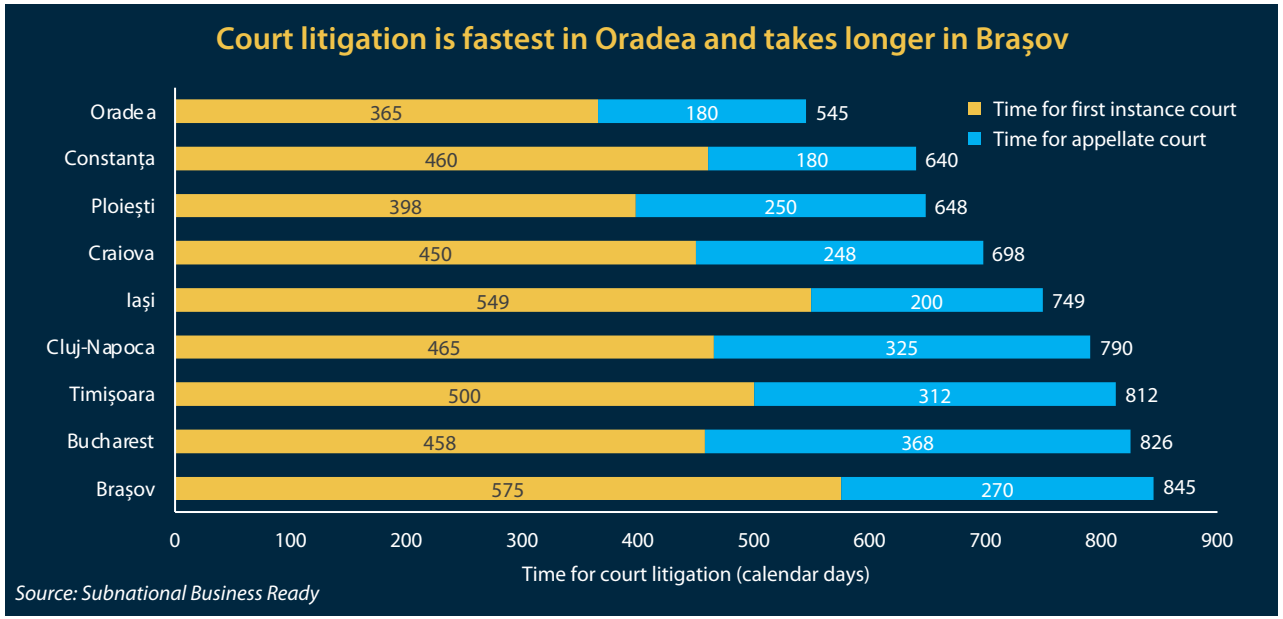
Dispute Resolution in Romania

Pillar III: **Operational Efficiency and Reliability of Court and Arbitration Processes (1/4)**

Romania score: **69** Ploiești to **95** Oradea out of 100 points

First instance procedure before Tribunals in Romania

- Completing the first instance procedure takes the longest in Brașov (575 days). By contrast, the process is fastest in Oradea, where it takes 365 days to complete the case at the specialized commercial division within the Tribunal.
- Judges in the Tribunals from Brașov and Ploiești hear a mix of commercial, fiscal, and administrative cases. According to judges interviewed for this study, there are fewer commercial cases than administrative cases which makes specialization harder and results in more time necessary for a judge to prepare for hearings in commercial cases.
- The main difference among cities is due to the time that judges need to announce and issue the judgment after all hearings are completed. This step takes 100 days in Timișoara and 90 days in Bucharest and Cluj-Napoca. By contrast, it takes 50 days in Oradea and 48 days in Ploiești. In practice, it is typical for the judge to adjourn the hearing for the announcement of the judgment several times. Once announced, the law stipulates 30 days for drafting and issuing a judgment. According to the judges interviewed for this study, the delays in announcing, drafting, and issuing written court decisions are due to the high workload, which together with the complexity of court files at the end of the litigation process, require additional time.
- Filing of initial claims is mostly done in hard copy as the implementation of registratura.rejust portal is still not uniform across the country. When filing is done via email, judges in Brașov still request that the party submits a hard copy, thus delaying the process. On the contrary, in Oradea, when judges receive documents via email, the court prints and stamps them for registration and forward them to the other party.
- Once the initial claim is filed, the court starts examining if the procedural conditions and requirements of the claim are fulfilled. While in the Bihor Tribunal in Oradea, the examination process starts within one to three days after the claim is registered, in the Brașov Tribunal, this process is delayed. According to the internal court's decision in Brașov, the examination process starts two to three months after the initial claim is registered in the court.



During the summer of 2023, a magistrates' strike caused the postponement of hearings and delays in court proceedings. The Superior Council of Magistracy of Romania issued a recommendation* in July 2023 for courts to temporarily plan fewer hearings per month until the adoption of an analysis for the optimal time needed to resolve a case. The recommendation was not uniformly implemented by courts, which feared it could lead to further delays in courts' processes and timelines.

Moreover, ongoing staffing issues in Romanian courts could contribute to further delays. For example, in 2021, 248 judges retired from the judicial system while only 113 judges were hired. In 2022, 464 judges retired while 215 were hired. In May of 2023, out of 5,304 available judges' positions, 1,129 were unoccupied. By the end of 2023, 540 judges would have fulfilled the retirement conditions.**

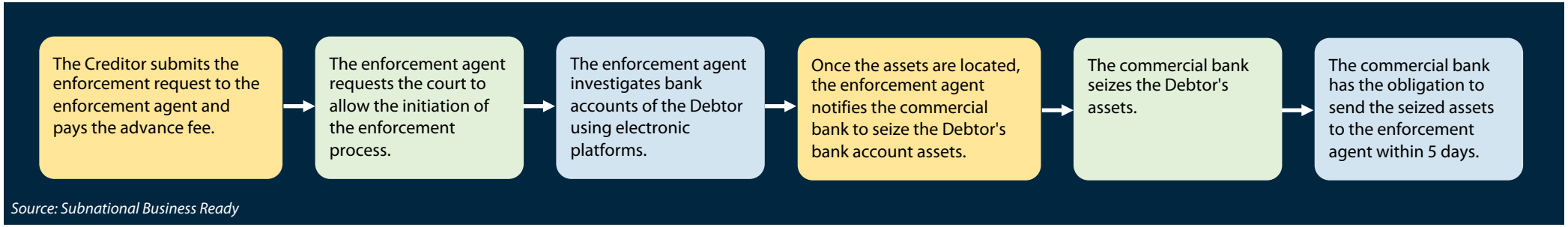
*Decision no. 2040 of July 13, 2023 of the Superior Council of Magistrates: https://www.csm1909.ro/ViewFile.ashx?guid=671a3387-0cb5-4b03-9773-c990d02c8252-InfoCSM
**Decision no. 90 of May 25, 2023 of the Superior Council of Magistrates Plenary: http://old.csm1909.ro/csm/linkuri/26_05_2023__111186_ro.pdf

Dispute Resolution in Romania

Pillar III: **Operational Efficiency and Reliability of Court and Arbitration Processes (2/4)**

How does the enforcement of a final domestic judgment work in practice

The enforcement of final domestic judgments in Romania is conducted with the support of private enforcement agents who perform services in the public interest. Enforcement agents register their offices and provide services at the territorial jurisdiction of a local court of appeals.

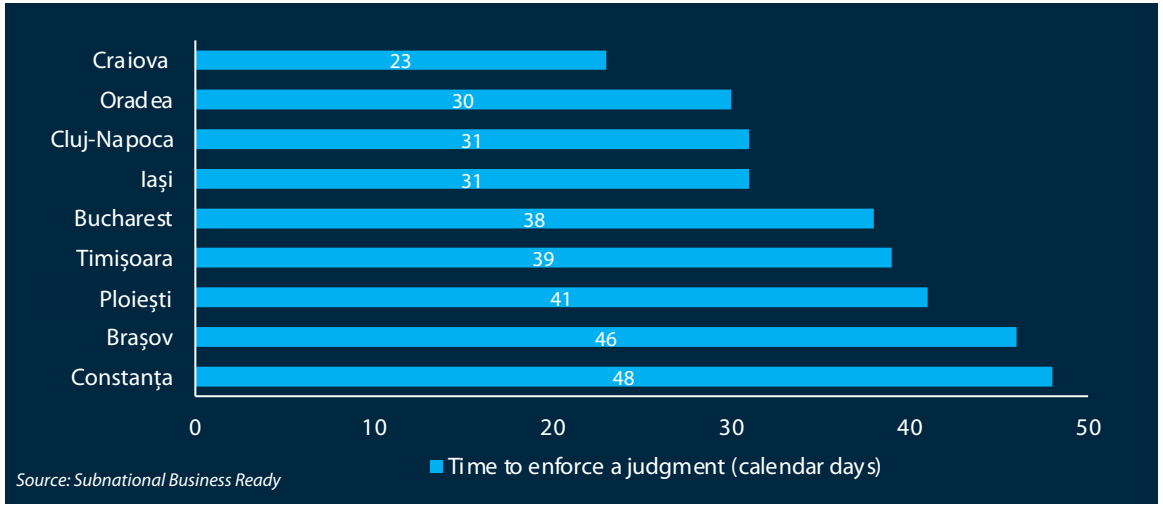


Source: Subnational Business Ready

Pillar III: **Efficiency**

Time (days) to enforce a judgment: **23** (Craiova) to **48** (Constanța)

- Enforcement of a final domestic judgment takes a low of 23 days in Craiova and a high of 48 days in Constanța, with the other cities falling in between this range. The difference between cities is found in the last stage of the process when commercial banks must send seized assets to the enforcement agents.
- According to the respondents interviewed for this study, in practice, the process is delayed by the banks, with some even notifying the Debtor first to ask for approval to transfer the seized funds to the enforcement agent. Another issue happens when more enforcement procedures are filed against the same account, and banks do not transfer assets proportionally or in chronological order. When the enforcement agents raise these matters, the banks ask them to initiate a special procedural phase of seizure validation before the courts, thus delaying the process.



Source: Subnational Business Ready

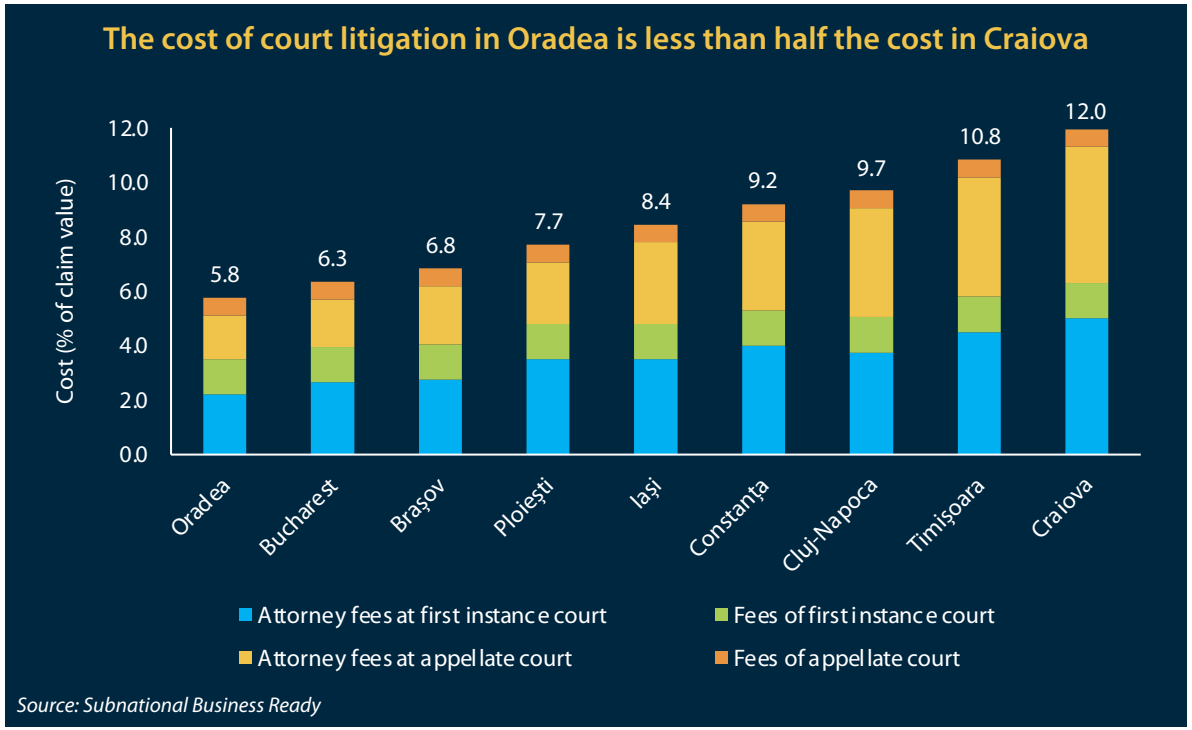
Dispute Resolution in Romania

Pillar III: **Operational Efficiency and Reliability of Court and Arbitration Processes (3/4)**

Pillar III: **Efficiency**

Cost of court litigation:
5.8% to **12%** of the claim value

- All courts in Romania charge the same fees. They are regulated by the Emergency Ordinance no. 80/2013. For the first instance procedure they amount to 1.3% of the claim value, while for the appellate procedure, court fees amount to 0.65% of the claim value.
- Attorney fees in the first instance procedure range from 2.2% in Oradea to 5% of the claim value (in Craiova). For the appellate procedure, attorney fees range from 1.6% in Oradea to 5% in Craiova. Lawyers charge lower fees in cities such as Bucharest, where there is more competition, than in Craiova. The size of law firms and the financial standing of clients also influence lawyers' decisions regarding the amount of attorney fees charged.



Pillar III: **Efficiency**

Cost to enforce a judgment:
0.46% to **1.4%** of the claim value

- Enforcement costs consist of attorney fees that range between 0.46% in Cluj-Napoca to 1.4% of the claim value in Constanța.
- The Creditor also pays an advance fee to the enforcement agent; however, this fee is paid out of the Debtors seized funds and not considered as a cost to enforce a judgment. Law 188/2000 on Enforcement Agents sets the maximum fee that they can charge, depending on the claim value. Although the Law provides that enforcement agents cannot condition the enforcement on early payment of the fee, in practice, they require an advance fee to cover their initial expenses. Enforcement agents across the country charge different amounts of the advance fee, ranging from 0.06% in Cluj-Napoca to 3.53% in Constanța.

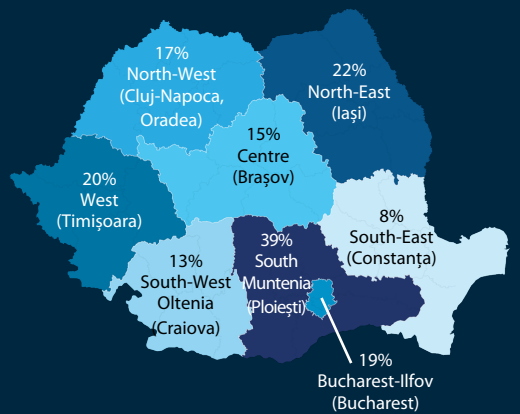
Dispute Resolution in Romania

Pillar III: Operational Efficiency and Reliability of Court and Arbitration Processes (4/4)

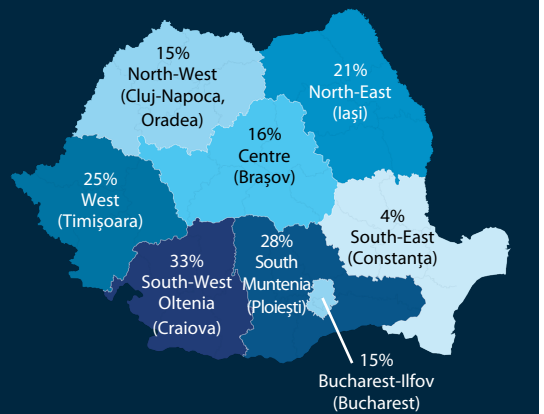
Reliability of courts and alternative dispute resolution

- Results from the World Bank Enterprise Surveys implemented in Romania in 2023 show that, on average, 19% of firms do not find the courts to be independent and impartial.
- In the North-West region,* 12% of firms find courts to be a constraint to business operations, while 23% do so in South-West Oltenia.
- Almost all firms in the South-East region regard arbitration and mediation as reliable alternatives to dispute resolution through the courts. In South Muntenia, only 72% of firms do so.

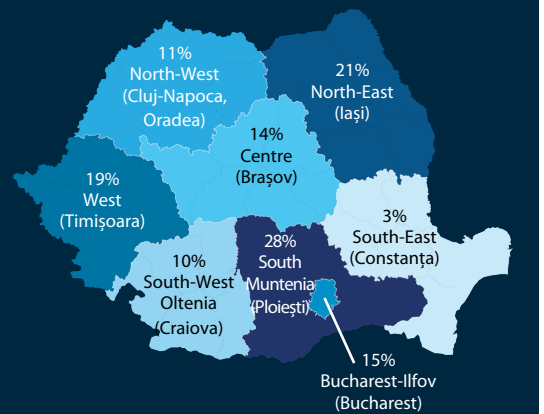
Percentage of firms that do not find the courts to be independent and impartial



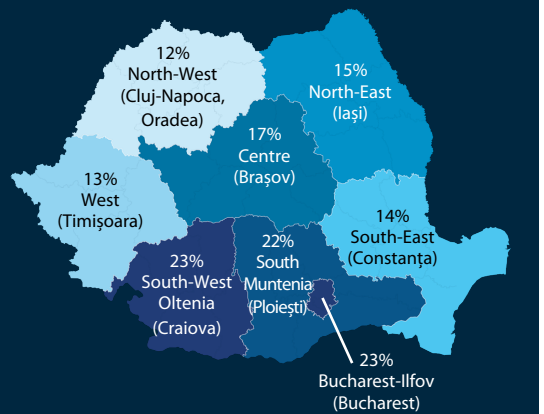
Percentage of firms that do not find arbitration to be a reliable alternative to courts



Percentage of firms that do not find mediation to be a reliable alternative to courts



Percentage of firms that find the courts to be a constraint to business operations



Source: World Bank Enterprise Surveys, https://www.enterprisesurveys.org/
*NUTS (Nomenclature of territorial units for statistics), https://ec.europa.eu/eurostat/web/nuts/overview

Dispute Resolution in Romania

Areas of improvement for Dispute Resolution (1/2)

Introduce pre-trial hearings as a case management technique

There is no provision for pre-trial hearings in Romania's regulatory framework for commercial litigation. Although the country has document-based procedures before the main trial starts, no physical meeting between parties and judges occurs. Romania could improve the pre-trial phase in commercial litigation by introducing pre-trial hearings.

Using pre-trial hearings is a good case management technique that: allows judges to have control over the case from an early stage; requires a preliminary examination of the evidence that will facilitate the judicial process; introduces alternative dispute resolution mechanisms; and develops a timeframe that the parties can follow and comply with. The purpose of a pre-trial hearing is to narrow down and clarify the legal issues between the parties before the start of the main trial. Several European Union Member States, such as Hungary, which introduced pre-trial hearings after reforms in 2018 thus contributing to the prevention of delay tactics and increasing the efficiency of commercial litigation across the country.

Relevant stakeholders: Ministry of Justice; Superior Council of Magistracy

Regulate the maximum number of adjournments

The Romanian legal framework does not stipulate a maximum number of adjournments in commercial litigation. Setting legal limits to the granting of adjournments is a case management technique that aims to enforce strict timelines and ensure the timely resolution of the dispute.

The Committee of Ministers of the Council of Europe has recommended having no more than two hearings (preparatory and trial) and not granting adjournments unless new facts or exceptional circumstances occur. An introduction of legal limits for adjournments could enhance the efficiency of commercial litigation in Romania, as private sector respondents interviewed for this study mentioned that judges frequently adjourn oral hearings several times before issuing a judgment to the parties.

Romania could replicate the Greek regulatory framework for commercial litigation that has strict rules on the maximum number of adjournments. Greek judges can only grant a maximum of one adjournment before the case is heard. Strictly implementing and following this rule could improve the effectiveness of commercial litigation in Romania and benefit individual entrepreneurs and the private sector overall.

Relevant stakeholders: Ministry of Justice; Superior Council of Magistracy

Dispute Resolution in Romania

Areas of improvement for Dispute Resolution (2/2)

Enhance the digitalization of courts

The digitalization of court processes saves time and cost for entrepreneurs and the judiciary alike. Romania could improve its digital public services for dispute resolution to lead to more efficient work carried out by the courts and shorter times for completion of commercial litigation. Currently, entrepreneurs in Romania cannot be served electronically with the initial complaint, nor can they exchange documents with courts through a unified electronic platform, participate in online auction or virtual hearings, or receive court decisions in electronic format. In recent years Romania has, nevertheless, introduced several electronic portals, such as ReJust, that allow for the publication of court judgments, and has also expanded to all courts the existing portal for paying fees online.

Romania can consider supporting all courts in the country to use the Registratura.rejust portal that allows electronic filing of initial complaints. Currently, only the Ploiești Tribunal has implemented the platform, while judges from other courts measured in this study have stated that the introduction of this service requires additional funds and IT support. In addition, Romania is currently introducing a pilot project for the development of an electronic platform, the National Electronic File. Once fully implemented, the platform will allow parties to have electronic access to court documents and information.

Relevant stakeholders: Ministry of Justice; Superior Council of Magistracy

6. Business Insolvency in Detail

Business Insolvency in Romania

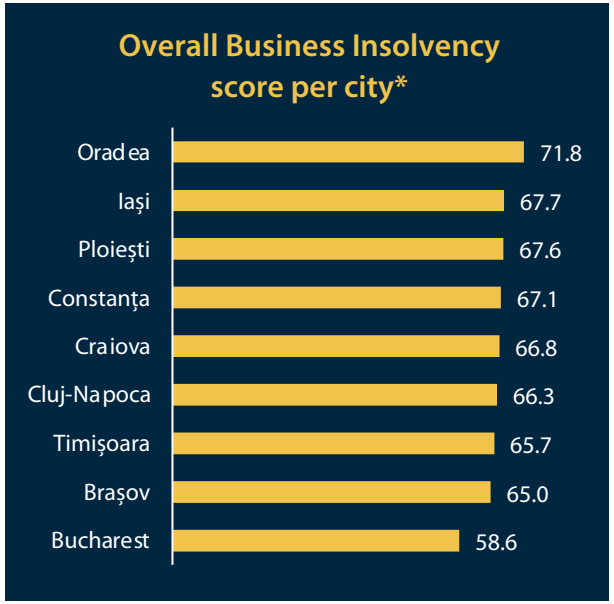
Pillar I: **Regulatory Framework**	Score (all cities): **81.3**/100
Pillar II: **Public Services**	Score: **60** (5 cities) to **83.3**/100 (3 cities)
Pillar III: **Operational Efficiency**	Score: **32.5** (Timișoara) to **67.3**/100 (Oradea)

Time (months):	Liquidation: **22.5** (Oradea) to **36** (Iași)
	Reorganization: **45** (Cluj-Napoca) to **60** (Constanța/Iași)
Cost (% of market value of the insolvent company*):	Liquidation: **3.5%** (Oradea) to **19%** (Bucharest)
	Reorganization: **8%** (Craiova/Oradea) to **23%** (Cluj-Napoca)

*For an insolvent's company market value of RON 8,836,650, equal to 150 times the 2021 GNI per capita. Romania's 2021 GNI per capita is RON 58,911

Main findings

- **Business insolvency legislation is uniform across Romania,** creating a predictable legal environment nationwide.
- **Romania's insolvency legislation includes several good practices,** such as provisions to automatically suspend actions against the debtor upon the commencement of insolvency proceedings and allow for the continuation of existing essential contracts. The legislative framework supports debtor financing during insolvency, contributing to a potential recovery. However, the Insolvency Law does not include a fully-fledged procedure for small firms.
- **There are notable differences in the duration and cost effectiveness of liquidation and reorganization proceedings across Romania.** Iași not only has the longest time for reorganization, with proceedings extending 60 months, but also the longest duration for liquidation cases at 36 months, largely due to a high case volume. This impacts the overall efficiency of the insolvency process. Cities like Cluj-Napoca showcase better efficiency with specialized courts and experienced insolvency administrators, leading to faster resolutions. The costs for these proceedings vary substantially, with Bucharest and Cluj-Napoca incurring higher costs (19% for liquidation and 23% for reorganization, respectively, as % of the company's value), attributed to their local firms' larger size and greater economic complexity. In contrast, liquidation costs amount to 3.5% in Oradea, while the cost for reorganization is 8%.
- **Positive developments include the adoption of digital tools** such as electronic filing and case management, particularly in Iași, Cluj-Napoca, and Timișoara. However, interoperability with external systems remains limited.
- **The auction of debtor assets during liquidation is the most significant inefficiency in the insolvency framework,** characterized by lengthy asset evaluation times—ranging from 5-12 months in Iași to 4.5-8 months in Constanța. Additionally, despite legal mandates for price reductions at subsequent auctions, there is resistance from majority creditors, often the tax authorities, which leads to minimal price decreases and numerous auctions, further delaying the liquidation process.
- **The tax authority, frequently the majority creditor, contributes to procedural complexities.** Its reluctance to approve sale prices in liquidation and anecdotal cases of enforcements against debtors, despite the automatic stay in insolvency, often complicates proceedings and is perceived as acting in bad faith.



Source: Subnational Business Ready
*Scale from 0 to 100 (higher = better)

Business Insolvency in Romania

Why is business insolvency important?

- An efficient insolvency system promotes new firm creation and encourages greater entrepreneurial activity.[48]
- It permits an effective exit of non-viable companies, so that entrepreneurs can reinvent themselves, by stimulating the reallocation of productivity-enhancing capital and promoting business creation and access to finance.
- It ensures the survival of economically viable business by reorganizing their financial structure, with the aim of encouraging more dynamic entrepreneurial activity and job creation.
- The stability of the financial system also depends on an efficient insolvency framework. Investors are willing to commit only when nonviable firms can be rapidly liquidated and viable firms reorganized.[49]

48 Cirmizi, Klapper, and Uttamchandani, 2012.
49 Menezes, 2014.

What does the Business Insolvency topic measure?

Pillar I: Regulatory Framework

Quality of regulations for judicial insolvency proceedings

- Legal and procedural standards
- Assets and stakeholders
- Specialized proceedings

Pillar II: Public Services

Quality of institutional and operational infrastructure for judicial insolvency proceedings

- Digitalization and online services
- Public officials and insolvency administrators

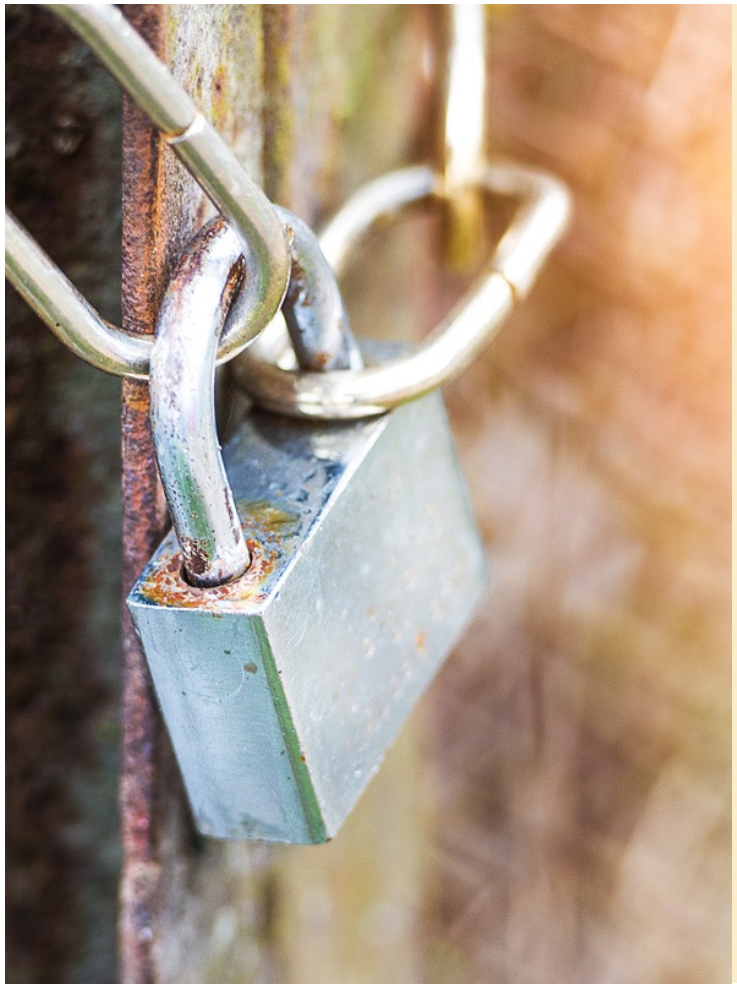
Pillar III: Operational Efficiency

Operational efficiency of resolving judicial insolvency proceedings

- Time and cost to resolve a liquidation proceeding
- Time and cost to resolve a reorganization proceeding

For more information, please refer to the *Business Ready Methodology Handbook:* https://www.worldbank.org/en/businessready

Business Insolvency in Romania



Romania has the highest share of finance-constrained firms in the European Union. According to a European Investment Bank (EIB) Survey,[50] only 20% of active Romanian companies are bankable, largely due to their structural problems and negative capital.

The post-pandemic macro-financial conditions—marked by high inflation and tightening financial conditions—compounded by geopolitical uncertainty, amplified the vulnerabilities for firms. This is particularly true for MSMEs, the backbone of the Romanian economy. Due to their small scale, limited capacity to detect difficulties at an early stage, and less leverage with creditors, distressed MSMEs face access to finance issues and more significant challenges to maximize their chance of survival.

Efforts to prevent and manage business distress and insolvencies are underway in Romania. The country adopted EU Directive 2019/1023 on Restructuring in July 2022 (Law No. 216), taking a step forward towards improving the preventive restructuring and insolvency framework for businesses. The EU Directive focuses on the availability of early warning tools (EWTs), pre-insolvency mechanisms, and a second chance for honest yet failed entrepreneurs. However, Romania is in the early phases of implementation of these reforms, and significant efforts are needed to operationalize the reforms as well as incentivize the provision of business support and financing solutions.

Source: World Bank, 2024. *Country Report: Romania, A Study of Financial and Business Support Instruments Available to Businesses During Financial Distress, Insolvency, and Re-start Stages.* World Bank Group, Washington, DC: World Bank Group. May 2024.

50 European Investment Bank, 2019; National Bank of Romania, 2021.

Business Insolvency in Romania

Pillar I: **Quality of Regulations for Judicial Insolvency Proceedings**

Romania score (all cities): **81.3** out of 100 points

Information and procedural standards for business insolvency

30/30

Legal and procedural standards

- ✓ Obligations of the company's management during pre-Insolvency
- ✓ Electronic voting of reorganization plans
- ✓ Protection of dissenting creditors in reorganization
- ✓ Conversion from reorganization to liquidation allowed
- ✓ Insolvency administrators' requirements established by law
- ✓ Mechanisms for selection and dismissal of insolvency administrators

41.3/50

Debtor's assets and creditor's participation

- ✓ Automatic stay of proceedings
- ✓ Continuation of existing essential contracts
- ✓ Rejection of burdensome contracts
- ✓ Post-commencement credit availability
- ✗ No rejection of burdensome assets
- ✗ Incomplete implementation of automatic stay good practices
- ✗ Incomplete implementation of post commencement credit

10/20

Specialized insolvency proceedings and international insolvency

- ✓ Existence of framework and recognition of foreign insolvency proceedings
- ✓ Legal framework for cooperation with foreign courts
- ✗ No specialized insolvency proceedings for MSMEs

RELEVANT LAWS AND REGULATIONS:

- Law No. 85/2014 on insolvency prevention and insolvency proceedings
- Government Emergency Ordinance No. 86/2006 on the organization of the activity of insolvency practitioners
- Civil Procedure Code of Romania

✓ Aspects regulated in line with internationally recognized good practices ✗ Aspects not regulated in line with internationally recognized good practices

Business Insolvency in Romania

Pillar II: **Quality of Institutional and Operational Infrastructure for Insolvency Proceedings (1/3)**

Romania score: **60** (5 cities) to **83.3** (3 cities) out of 100 points

Digital services (e-Courts) in insolvency proceedings

- Brașov
- Bucharest
- Constanța
- Craiova
- Oradea
- Ploiești

26.7/40

National features:

- **Monitoring insolvency proceedings:** The status of insolvency proceedings can be tracked through the Bulletin of Publication of Insolvency (BPI).
- **Virtual hearings:** Established nationally since the pandemic; however, usage remains low among participants.
- **Filing:** Submissions can generally be made via email, though signatures and hard copies are still required.
- **Court fee payment:** Fees can be paid entirely electronically, via bank transfers or various payment processing apps.
- **Accessing court orders and decisions:** Orders and decisions are accessible nationwide through the BPI (with an account); excerpts containing the decisions of the court are available via the Portal Just.
- **Electronic auctions:** Conducted through a website managed by the National Union of Insolvency Practitioners (UNPIR), accessible at https://www.licitatii-unpir.ro/.

- Cluj-Napoca
- Iași
- Timișoara

40/40

Additional features on e-Courts available in Cluj-Napoca, Iași, and Timișoara:

- **Dedicated apps for court submissions:** This eliminates the need for hard copies and handwritten signatures, simplifying the process.
- **Notifications:** The feature for sending and receiving notifications is available for lawyers, insolvency administrators, and judges only in Cluj-Napoca, Iași, and Timișoara.
- **Managing and filing procedural case documents:** This feature is available for lawyers, insolvency administrators, and judges in Cluj-Napoca, Iași, and Timișoara.

Business Insolvency in Romania

Pillar II: **Quality of Institutional and Operational Infrastructure for Insolvency Proceedings (2/3)**

Romania score: **60** (5 cities) to **83.3** (3 cities) out of 100 points

- Brașov
- Bucharest
- Constanța
- Craiova
- Ploiești

13.3/40

Interoperability of services in insolvency proceedings, public information on insolvency proceedings and registry of insolvency practitioners

National features:

- **Interoperability with external systems:** Currently, there is no interoperability with external systems. Plans are in place to connect or make the BPI platform interoperable with judiciary platforms. Currently, courts transmit documents to the Trade Registry either electronically or in physical form, lacking a unified approach.
- **Public access to judgments:** Judgments in insolvency proceedings are publicly available and can be accessed through the BPI and the Just Portal (in excerpts). Additionally, ReJust offers access for case law documentation purposes, with all identification data anonymized.
- **Statistics on insolvency proceedings:** While detailed statistics on insolvency proceedings are not broadly available nationally, citizens have the right to request public interest information, including statistics, from the courts. The courts are required to respond to such requests within a maximum of 30 days.
- **Insolvency administrators:** The official list is available on the National Union of Insolvency Practitioners (UNPIR) website, divided by branches. It is also published by the local branches of UNPIR on their websites, including the contact information of insolvency practitioners.

- Oradea

20/40

Additional features on public availability of information available in Oradea:

- Oradea uniquely offers public access to detailed statistics on insolvency proceedings via the Tribunal's website, enhancing transparency and public engagement.

- Cluj-Napoca
- Iași
- Timișoara

23.3/40

Additional features on interoperability available in Cluj-Napoca, Iași, and Timișoara:

- Interconnection between systems: Case management and e-filing systems are interconnected only in Timișoara, Iași, and Cluj-Napoca.

Business Insolvency in Romania

Pillar II: **Quality of Institutional and Operational Infrastructure for Insolvency Proceedings (3/3)**

Romania score: **60** (5 cities) to **83.3** (3 cities) out of 100 points

Romania aligns with the best international standards in insolvency practice, demonstrating robust specialization in its judicial system and stringent qualification requirements for insolvency practitioners.

Specialization of bankruptcy courts and Insolvency administrators' expertise

10/10

Specialization of courts with jurisdiction on reorganization and liquidation proceedings

- ✓ **Syndic judges:** Every judge who handles insolvency cases is a specialized "syndic judge," trained specifically to manage these types of cases.
- ✓ **General specialization:** Most courts include partially specialized divisions that handle both insolvency and commercial cases. Notably, Bucharest's 7th division is fully specialized in insolvency, making it unique as it exclusively manages insolvency cases.
- ✓ **Specialized tribunal in Cluj-Napoca:** The Cluj Tribunal is divided into two tribunals: the Cluj-Napoca Specialized Tribunal focuses solely on commercial matters, including insolvency cases, with all its judges also serving as syndic judges; the other tribunal deals with civil cases.
- ✓ **Dedicated Divisions in other courts:** Typically, the 2nd civil division in other courts is dedicated to insolvency and commercial cases.

10/10

Insolvency administrators' expertise in practice

- ✓ The Insolvency Law of Romania and the Government Emergency Ordinance (GEO) 86/2006 outline specific criteria that must be met to qualify as an insolvency practitioner—the only entity permitted by law to act as an insolvency administrator.
- **Qualification requirements:**
  - ✓ Candidates must possess a relevant degree and at least three years of professional experience
  - ✓ Practitioners are required to pass an admission exam
  - ✓ There must be no conflicts of interest that would render them incompatible with the role
  - ✓ Applicants must have a clean criminal record
  - ✓ Proof of professional insurance is mandatory when assigned to a case

Business Insolvency in Romania

Pillar III: **Operational Efficiency of Resolving Judicial Insolvency Proceedings (1/3)**

Romania score: **32.5** Timișoara to **67.3** Oradea out of 100 points

Overview

TIME	Liquidation	Total time (months)	Reorganization	Total time (months)
Longest	Iași	36	Constanța/Iași	60
	Bucharest	31.5	Oradea	57
	Cluj-Napoca	30	Bucharest	54.5
Shortest	Oradea	22.5	Cluj-Napoca	45

- Iași records the longest duration for liquidation cases at 36 months and, together with Constanța, experiences the most extended timelines for reorganization cases, with each taking around 60 months to resolve. These lengthy durations are largely due to a high case volume and a notable shortage of syndic judges. Unlike other cities, where all judges in the civil section are syndic judges who handle both general commercial disputes and insolvency cases, Iași has only four syndic judges managing all its insolvency cases, significantly contributing to these delays.
- Timișoara, however, also has a smaller number of syndic judges (only three) but does not experience similar delays. This is likely due to the generally smoother procedure facilitated by fewer asset liquidations within the insolvency cases handled.
- Even more so, Cluj-Napoca shows better efficiency with a specialized court, where all 13 judges are syndics, compared to the fewer syndic judges in Constanța and Iași.
- The court in Cluj-Napoca is notable for its specialization and efficient handling of cases by experienced insolvency administrators.
- Communication between the court and procedural participants in Cluj-Napoca is highly regarded for its effectiveness, as endorsed by public sector representatives and insolvency experts.

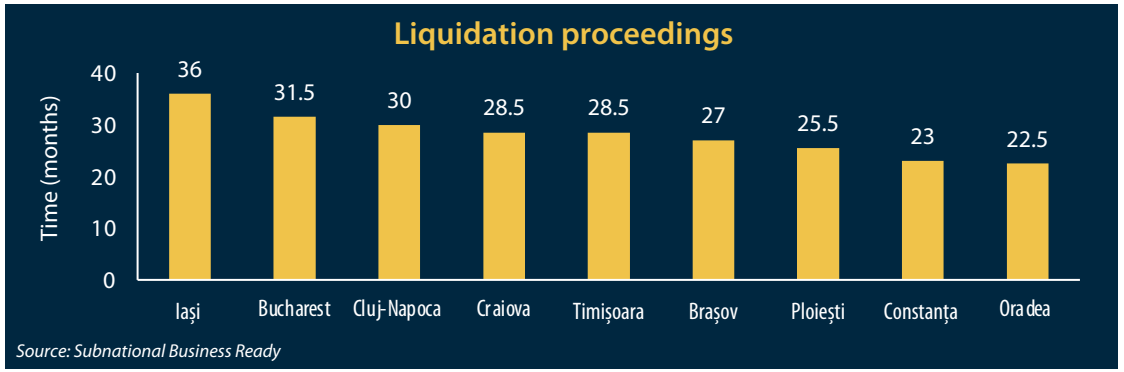
COST	Liquidation	Total cost (% of insolvent's company market value)	Reorganization	Total cost (% of insolvent's company market value)
Highest	Bucharest	19	Cluj-Napoca	23
	Timișoara	13	Timișoara	20
	Iași	10.5	Iași	11
Lowest	Oradea	3.5	Craiova/Oradea	8

- In cities with larger, more complex economic activities, the costs for liquidation and reorganization proceedings are higher. Bucharest is the most expensive for liquidation, with costs at 19%, while Cluj-Napoca tops the list for reorganization costs at 24% of the company's market value.
- Conversely, Oradea presents the lowest liquidation costs at 3.5%, and together with Craiova, the least expensive reorganization proceedings at 8% of the company's market value.
- The primary cost drivers in insolvency are the fees of insolvency administrators, which are notably higher in cities with larger economies and higher business activity. These higher fees reflect the complexity and demand of the services provided by insolvency administrators and their experience in high volume areas.
- Nationally, the only fixed cost is the judicial stamp duty, with every action incurring a fee of RON 200.
- Lawyer fees in insolvency proceedings are regulated by Decision 353/2023 of the Romanian Bar Association, which recommends minimum applicable fees.
- Unlike insolvency administrators, lawyers' fees are less consistent. Lawyers play a crucial role in liquidation by assisting creditors and debtors but are less involved in reorganization, where legal services are less frequently required.

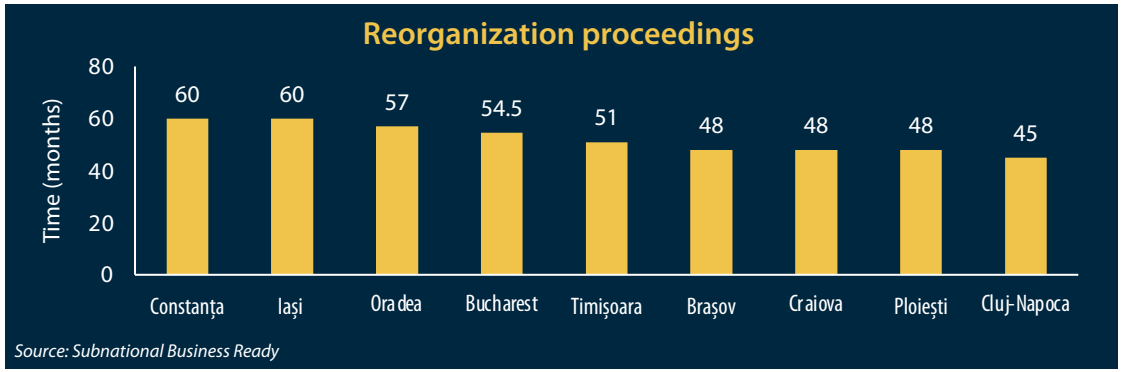
Business Insolvency in Romania

Pillar III: **Operational Efficiency of Resolving Judicial Insolvency Proceedings (2/3)**

Time for resolving an insolvency proceeding in practice



Source: Subnational Business Ready



Source: Subnational Business Ready

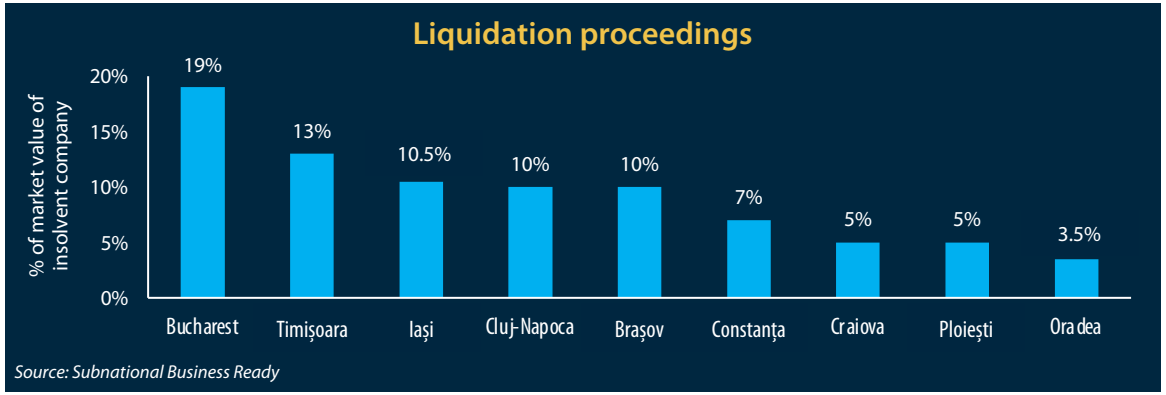
- **Iași has the most extended timelines for both liquidation** (36 months) **and reorganization** (60 months), underscoring systemic inefficiencies. Constanța shares the longest reorganization timeline with Iași (60 months), reflecting similar procedural delays.
- **Among major cities, Bucharest records 31.5 months for liquidation,** slightly better than Iași but still notable. Despite having a fully specialized insolvency division, Bucharest's liquidation timeline is close to that of Cluj-Napoca, which achieves a slightly more efficient liquidation process at 30 months, benefiting from its specialized tribunal that handles commercial matters, including insolvency cases.
- **Ploiești exhibits a shorter timeline for liquidation** at 25.5 months, with a reorganization time of 48 months, indicating a balanced approach to handling cases. The city has been able in the last years to significantly reduce the caseload, passing from 1,549 pending liquidations in 2019 to 1,119 in 2023.
- **Oradea has one of the shortest liquidation times at 22.5 months** but a relatively long reorganization period at 57 months, suggesting differing efficiencies between liquidation and reorganization processes.
- **Main challenges in liquidation across cities** include delays mainly due to difficulties in asset sales, disputes over claims, and lack of good faith from major creditors, like the Tax Authority. The process is hampered by a lack of buyer interest and insufficient legal mechanisms for compelling price reductions. Despite legal guidelines for auction starting bids, practice often deviates, especially when the state is a principal creditor, resulting in minimal price reductions and extended asset sale durations.

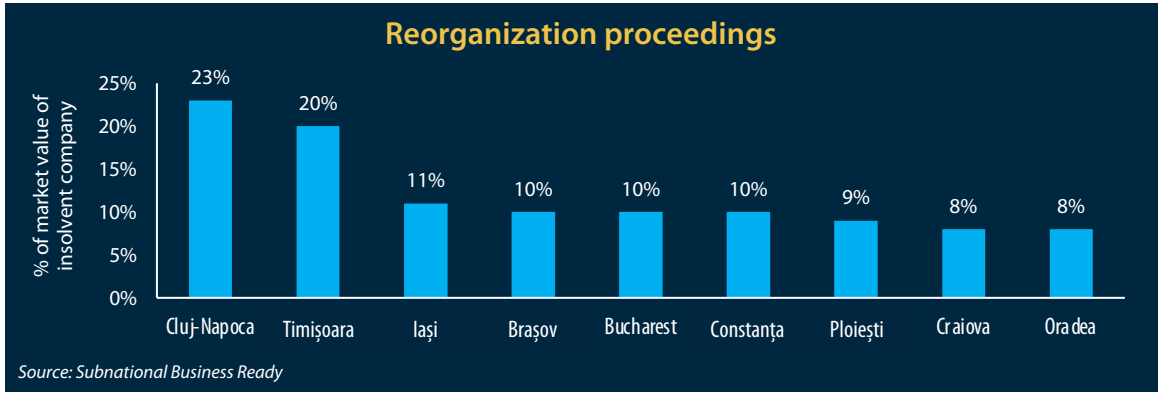
- **Cluj-Napoca has the shortest reorganization time** at 45 months, indicating a higher degree of effectiveness in managing complex reorganization cases.
- **Regions with specialized judicial infrastructure like Cluj-Napoca tend to have shorter durations,** indicating that judicial specialization contributes significantly to procedural speed. The presence of fewer syndic judges in cities like Constanța and Iași correlates with longer case durations, suggesting that judge availability is a critical factor.
- **A major challenge in reorganization proceedings across cities** is that most reorganizations fail to reintegrate debtors and end in bankruptcy, with creditors often prioritizing immediate debt recovery over long-term debtor viability. Challenges include unrealistic reorganization plans and a lack of debtor financial resources. Successful reorganizations typically occur under special conditions, such as when creditors are also shareholders or close personal relationships exist between stakeholders, facilitating more aligned interests and financial support.

Business Insolvency in Romania

Pillar III: **Operational Efficiency of Resolving Judicial Insolvency Proceedings (3/3)**

Cost of liquidation and reorganization proceedings





- **Bucharest, as Romania's capital and largest economic center, incurs the highest costs in liquidation proceedings.** The complexity and scale of business activities in Bucharest contributes significantly to these elevated costs.
- **The most substantial costs within the liquidation procedure are represented by the fees of the insolvency administrators.** These fees vary considerably across different regions.
- **In smaller cities, the costs are often considerably lower due to the less complex nature of most insolvency cases.** For instance, in Craiova, debtors are frequently financially constrained to the extent that they struggle to afford the insolvency administrators' fees, often resulting in the fees being capped at a maximum of RON 7,000 and paid from the liquidation fund.
- **The liquidation fund**—financed through contributions from the Ministry of Justice's budget and a 2% fee collected by the local offices of the National Union of Insolvency Practitioners (UNPIR)**—is used to support insolvency proceedings when debtors lack sufficient funds.** This fund covers necessary procedural acts and pays the insolvency administrators' fees in cases where the debtor is financially incapable of doing so.

- **The fees of insolvency administrators are typically the most substantial expense in both liquidation and reorganization proceedings, comprising both fixed and variable components.** The outcome of the reorganization plan or liquidation process significantly influences the variable fee.
- **During reorganization proceedings, the fees of insolvency administrators tend to be higher due to the complexity of the tasks involved.**
- **In Cluj-Napoca, the extensive and diverse business environment requires more specialized expertise and effort from administrators, leading to higher fees.** In contrast, in smaller cities where business activities and financial structures are less complex, the reorganization process tends to be simpler and the associated fees are lower.
- **Lawyers' involvement in reorganization proceedings is more limited than that of the insolvency administrators,** as their expertise is less crucial than in liquidation proceedings where they represent creditors and debtors, manage related proceedings, and provide ongoing legal assistance. In reorganization, their role is significantly reduced, reflecting the diminished need for legal intervention. On the contrary, insolvency administrators are in charge of ensuring the viability of the reorganized entity.

Business Insolvency in Romania

Good practices in Romania's insolvency framework

Specialization of courts

Romania demonstrates a commitment to efficient insolvency proceedings through the specialization of courts, which enhances the precision and speed of handling cases. The Specialized Tribunal in Cluj-Napoca focuses solely on insolvency procedures and commercial disputes, with all judges also serving as syndic judges. Similarly, in Bucharest, the most populous and dynamic city, the 7th Division of the Tribunal is exclusively dedicated to insolvency cases, staffed entirely by syndic judges, showcasing dedicated expertise in insolvency law.

Syndic judges are pivotal in the Romanian legal system, specializing in insolvency and bankruptcy cases. Their role is primarily focused on the judicial control of the activities of insolvency administrators, as well as overseeing judicial proceedings and claims related to insolvency cases. While their powers do not extend to managerial decisions—which are the responsibility of the insolvency administrators—syndic judges' expertise critically supports decision-making and enhances the precision of case management, adapting over time to complex economic demands.

Relevant stakeholders: Ministry of Justice and Superior Council of Magistracy

Digitalization of the courts and UNPIR

Romania is modernizing its judicial processes through digitalization, enhancing the efficiency and accessibility of court operations. Iași, Cluj-Napoca, and Timișoara have introduced applications that enable electronic submissions and communications, improving accessibility and expediting the insolvency process. These applications facilitate the efficient transmission of documents and direct communication between courts and participants, marking a significant step towards modernizing judicial interactions. Building on this digital momentum, UNPIR has taken significant strides in furthering technological adoption within the sector. The SEDIS application, used internally by insolvency administrators to manage insolvency files and procedural documents, streamlines the creation of procedures and provides detailed statistical analyses, facilitating efficient case handling with minimal manual input. Additionally, UNPIR has established platforms for electronic auctions (https://www.licitatii-unpir.ro/) and auction announcements (https://www.licitatii-insolventa.ro/), further enhancing the transparency and accessibility of insolvency processes.

Complementing these advancements, the Ministry of Justice is moving forward with the implementation of the ECRIS system, ECRIS V, aimed at digitalizing judicial procedures and facilitating access to justice through functionalities like the new Electronic File, which will allow a comprehensive management of case documents.

Relevant stakeholders: Ministry of Justice and National Union of Insolvency Practitioners in Romania

Business Insolvency in Romania

Areas of improvement for Business Insolvency proceedings

Optimize asset liquidation in insolvency proceedings

The sale of the debtor's assets during the liquidation process is notably the lengthiest stage. Data collection reveals significant variations in the time required to evaluate assets—the first step in the auction sale procedure—across different regions: in Iași, evaluations can take 5-12 months; in Bucharest and Timișoara, 5-10 months are common; and in Constanța, estimates range from 4.5 to 8 months. After this evaluation, creditors set the initial auction price at 100% of the asset's assessed value, which is often unrealistically high. While the Civil Procedure Code suggests that this price should decrease by 25% at the second auction and another 25% at the third, in practice, these reductions are often not applied due to resistance from majority creditors, typically the tax authorities, leading to minimal decreases in price. This resistance results in over 20 auctions on average to dispose of assets, significantly stalling the process. Moreover, disagreements among creditors over the starting price can indefinitely delay proceedings when the tax authority is not the majority creditor, with no legal sanctions available against creditors who refuse successive price reductions. Additionally, there is no explicit legal mechanism empowering judges to expedite the setting of the sale price when creditors repeatedly fail to reach an agreement.

To effectively address these inefficiencies, it is crucial to enhance the enforcement of the existing legal frameworks and streamline the asset evaluation process. Although the Civil Procedure Code provides a framework for price reductions, its provisions are selectively applied, leading to prolonged auctions with minimal decreases in asset prices. The initial asset evaluation phase can also vary significantly in duration, further delaying proceedings. Enhanced enforcement could include clearer legal consequences for non-compliance, empowering judges with more authority to oversee and enforce price reductions directly and strengthening the role of insolvency administrators to negotiate and implement these reductions effectively among creditors. Furthermore, standardizing and expediting the evaluation process would ensure a more timely and efficient progression to auction. This comprehensive approach should ensure that legal frameworks are not only in place but are actively enforced, thereby speeding up the insolvency process and preventing unnecessary delays.

Relevant stakeholder: Ministry of Justice

Business Insolvency in Romania

Areas of improvement for Business Insolvency proceedings

Introduce a specialized procedure for micro, small, and medium enterprises (MSMEs)

Policymakers could create a specialized framework tailored for MSMEs by simplifying both judicial and administrative procedures and reducing time and expenses. This expedited process should involve shorter deadlines for several steps involved in insolvency, including the submission of claims and pleadings, as well as quicker court actions like issuing insolvency declarations and making decisions or rulings. The eligibility criteria for this accelerated process should be consistent and clearly distinguishable from standard proceedings. It is recommended that these fast-track procedures are based on economic factors, such as the debtor's annual turnover.

Relevant stakeholder: Ministry of Justice

Strengthen the capacity of insolvency administrators and professionals

Efforts should be made to implement training and qualification programs for syndics and judges. The high capability of syndics and judges is crucial in effectively handling the specific requirements of simplified insolvency proceedings as well as many facets of general insolvency proceedings (e.g., execution of business sales, interim financing, executory contracts). The authorities should therefore work to ensure an adequate staffing level with individuals who possess the necessary knowledge, skills, and experience. The authorities should also provide ongoing professional development and training to keep the syndics and judges well-equipped for their roles.

Relevant stakeholder: Ministry of Justice

References

Carlson, V. 2000. "Studying Firm Locations: Survey Responses vs. Econometric Models." Mid-Continent Regional Science Association, *Journal of Regional Analysis and Policy* 30 (1): 1–22.

Cirmizi, E., L. Klapper, and M. Uttamchandani. 2012. "The Challenges of Bankruptcy Reform." *World Bank Research Observer* 27 (2): 185–203.

De Soto, H. 2000. *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else*. New York: Basic Books.

European Investment Bank. 2019. Investment: What Holds Romania Back? August 2019.

Field, E. 2007. "Entitled to Work: Urban Property Rights and Labor Supply in Peru." *Quarterly Journal of Economics* 122 (4): 1561–602.

Foster, V., and A. Rana. 2020. *Rethinking Power Sector Reform in the Developing World*. Sustainable Infrastructure Series. Washington, DC: World Bank.

Green, A., and C. Moser. 2013. "Do Property Rights Institutions Matter at the Local Level? Evidence from Madagascar." *Journal of Development Studies* 49 (1): 95–109.

Johnson, S., J. McMillan, and C. Woodruff. 2002. "Property Rights and Finance." *American Economic Review* 92 (December): 1335–56.

Klapper, L., A. Lewin, and J. M. Quesada Delgado. 2011. "The Impact of the Business Environment on the Business Creation Process." Chapter 5 in *Entrepreneurship and Economic Development* (Studies in Development Economics and Policy), edited by W. Naudé, 108–23. London: Palgrave Macmillan.

Koutroumpis, P., and F. R. Ravasan. 2020. "Do Court Delays Distort Capital Formation?" Working Paper No. 2020-4, Oxford Martin Working Paper Series on Economic and Technological Change, University of Oxford, Oxford, United Kingdom.

La Porta, R., and A. Shleifer. 2014. "Informality and Development." *Journal of Economic Perspectives* 28 (3): 109–26.

Medvedev, D., and A. M. Oviedo Silva. 2015. "Informality and Profitability: Evidence from a New Firm Survey in Ecuador." *Journal of Development Studies* 52 (3): 1–25.

Menezes, A. 2014. "Debt Resolution and Business Exit: Insolvency Reform for Credit, Entrepreneurship, and Growth." World Bank Group Knowledge Note, World Bank, Washington, DC.

Moro, A., D. Maresch, and A. Ferrando. 2018. "Creditor Protection, Judicial Enforcement and Credit Access." *European Journal of Finance* 24: 250–81.

Moullier, T., and F. Krimgold. 2015. *Building Regulation for Resilience: Managing Risks for Safer Cities*. World Bank Report ACS15966. Washington, DC: World Bank.

OECD (Organisation for Economic Co-operation and Development). 2015. OECD Policy Guidance for Investment in Clean Energy Infrastructure. OECD, Paris.

OECD (Organisation for Economic Co-operation and Development). 2021a. OECD Regulatory Policy Outlook 2021. OECD, Paris.

OECD (Organisation for Economic Co-operation and Development) and IDB (Inter-American Development Bank). 2021. Building Effective Beneficial Ownership Frameworks: A Joint Global Forum and IDB Toolkit. Global Forum on Enhancing Government Effectiveness and Transparency, OECD, Paris, and IDB, Washington, DC.

Rand, J., and N. Torm. 2012. "The Benefits of Formalization: Evidence from Vietnamese Manufacturing SMEs." *World Development* 40 (5): 983–98.

Romania, National Bank of Romania. 2021. Survey on access to finance for non-financial corporations. June 2021.

References

Staats, J. L., and G. Biglaiser. 2011. "The Effects of Judicial Strength and Rule of Law on Portfolio Investment in the Development World." *Social Science Quarterly* 92 (3): 609–30.

UNCITRAL (United Nations Commission on International Trade Law). 2019. UNCITRAL Legislative Guide on Key Principles of a Business Registry. UNCITRAL, Vienna.

World Bank. 2004. *World Development Report 2005: A Better Investment Climate for Everyone*. Washington, DC: World Bank.

World Bank. 2016. *World Development Report 2016: Digital Dividends*. Washington, DC: World Bank.

World Bank. 2017. *Connecting to Water and Sewerage in Mexico*. Doing Business. Washington, DC: World Bank.

World Bank. 2019. "Moldova: Rekindling Economic Dynamism." Country Economic Memorandum, World Bank, Washington, DC.

World Bank. 2020. *Enhancing Government Effectiveness and Transparency: The Fight against Corruption*. Washington, DC: World Bank.

World Bank. 2024a. *B-READY 2024 Report*. Washington, DC: World Bank.

WORLD BANK GROUP
Development Economics | Global Indicators

SUBNATIONAL
BUSINESS READY

With funding by the European Commission