

Subnational Business Ready in the European Union 2024:

ROMANIA



WORLD BANK GROUP
Development Economics | Global Indicators



**SUBNATIONAL
BUSINESS READY**

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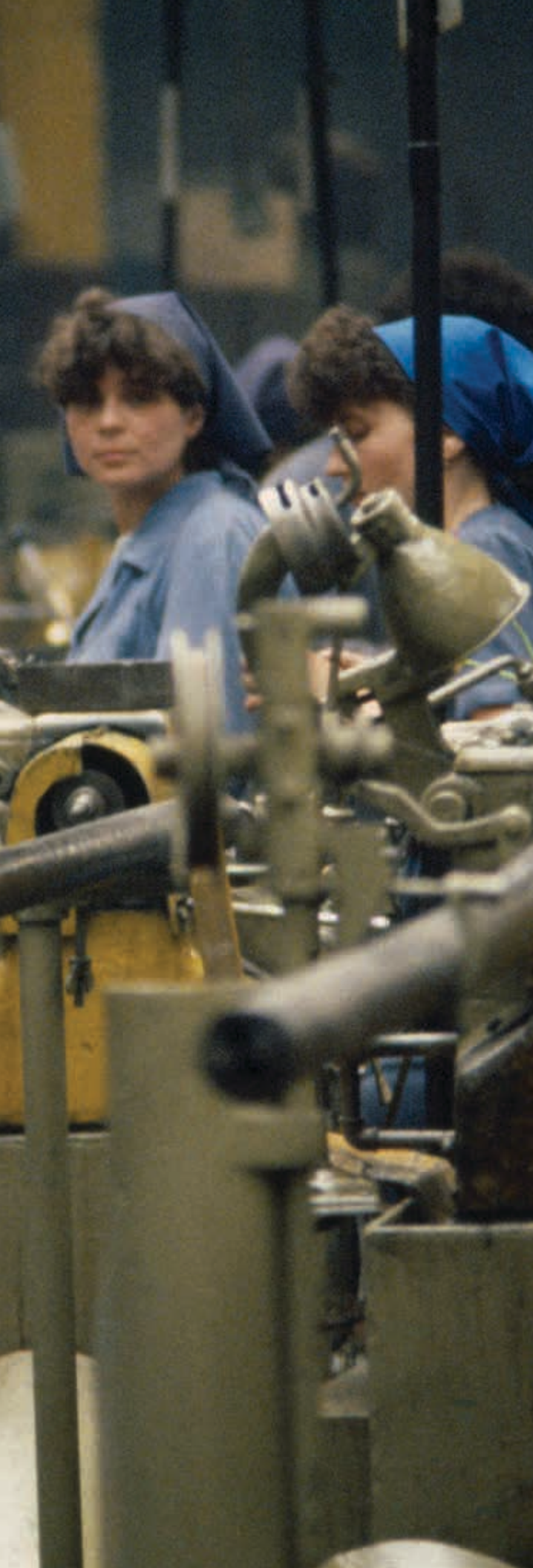
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Foreword

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

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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.

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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,

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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: Braşov, Bucharest, Cluj-Napoca, Constanţa, Craiova, Iaşi, Oradea, Ploieşti, and Timişoara.

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

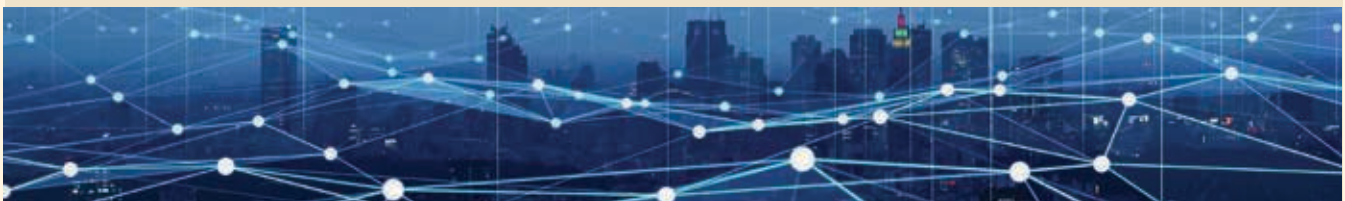
An insight into regional dynamics allows an economy to be more inclusive and sustainable in its economic growth. The Subnational B-READY reports offer governments the evidence needed to design targeted reforms, allowing regions to enhance their business climates and bridge performance gaps. It is hoped 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.



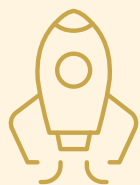
Key Findings

- ▶ 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 on-line 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 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 (Magyarország.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	<ul style="list-style-type: none"> National Trade Registry Office
Business Location	Building Permitting	
	Harmonize construction permitting legislation	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> National Agency of Cadaster and Land Registry (NACLR)
	Integrate the <i>eTerra</i> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> National Energy Regulatory Authority (ANRE) Distribution utilities Municipalities
	Streamline the requirements for getting electricity	
	Replace site inspection with self-certification of compliance	
	Review the cost structure of obtaining a new connection	<ul style="list-style-type: none"> National Energy Regulatory Authority (ANRE) Distribution utilities
	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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 NUTS2¹ level: Braşov (Centre), Bucharest (Bucharest-Ilfov), Cluj-Napoca, Oradea (North-West), Constanţa (South-East),

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



Source: Subnational Business Ready

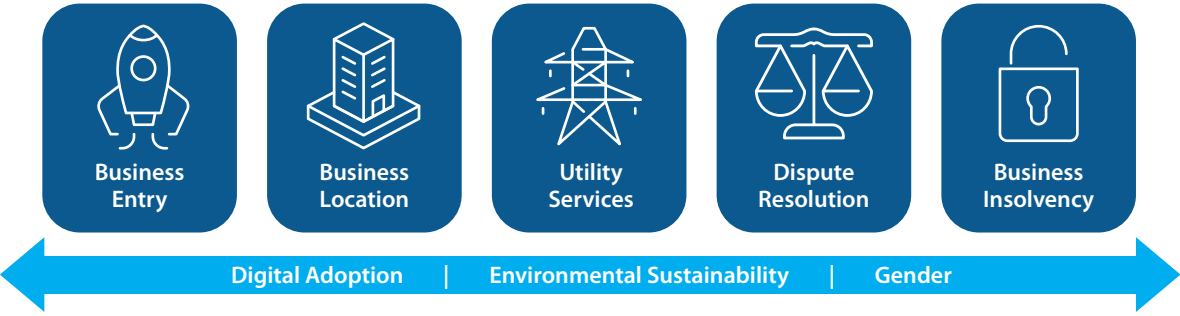
Craiova (South-West Oltenia), Iași (North-East), Ploiești (South Muntenia), and Timișoara (West) (map 1).

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

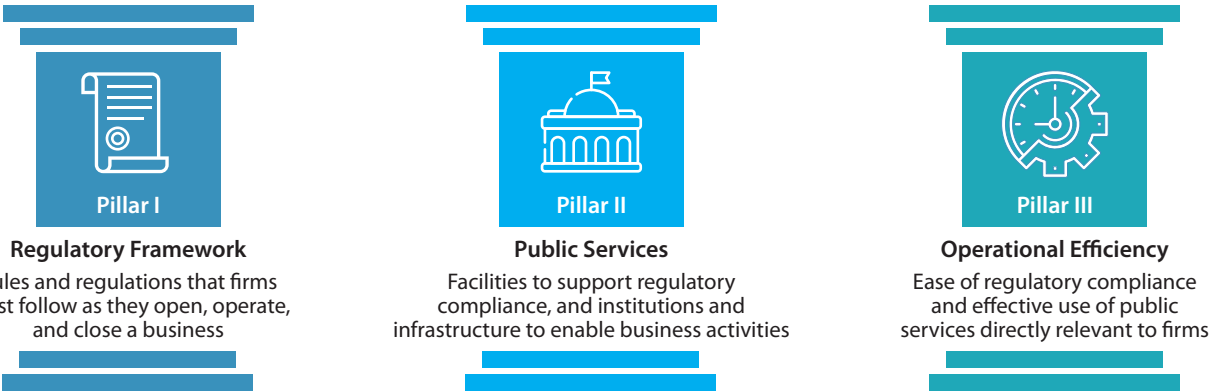
and Operational Efficiency (figure 2). The Regulatory Framework pillar comprises the rules and regulations that firms must follow as they open, operate, and close a business. Public Services refers to both the facilities that governments provide to support compliance with regulations and the institutions 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 com-

plementarity. 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.

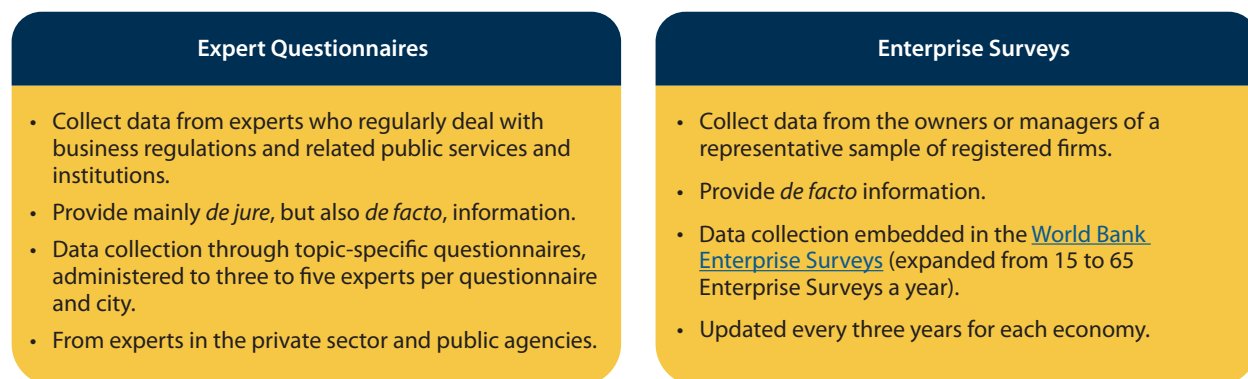
The Subnational B-READY combines primary data from expert questionnaires with data collected through Enterprise Surveys following the Global B-READY methodology (figure 3). In the EU context, data from the Enterprise Surveys aggregated at the NUTS2 region level were used for each city. Detailed data 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.

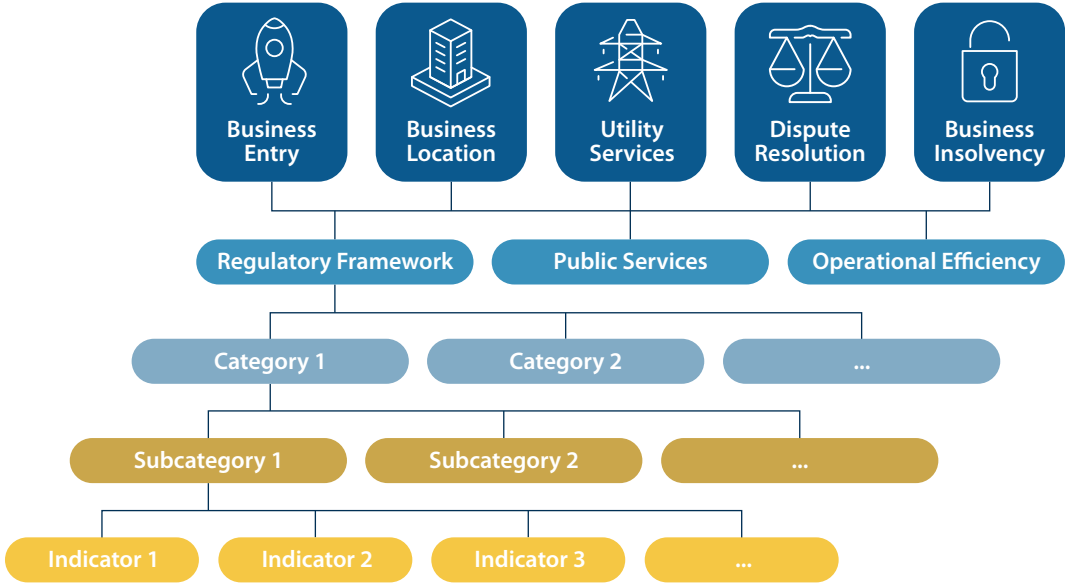
Figure 3. Subnational B-READY Data Sources



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

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 liquidation⁴ in Bucharest is over five times more than in Oradea, which has the lowest cost estimate across the measured cities. Similarly, reorganizing a company⁵ 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 with an updated city master plan/zoning plan⁶, 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.

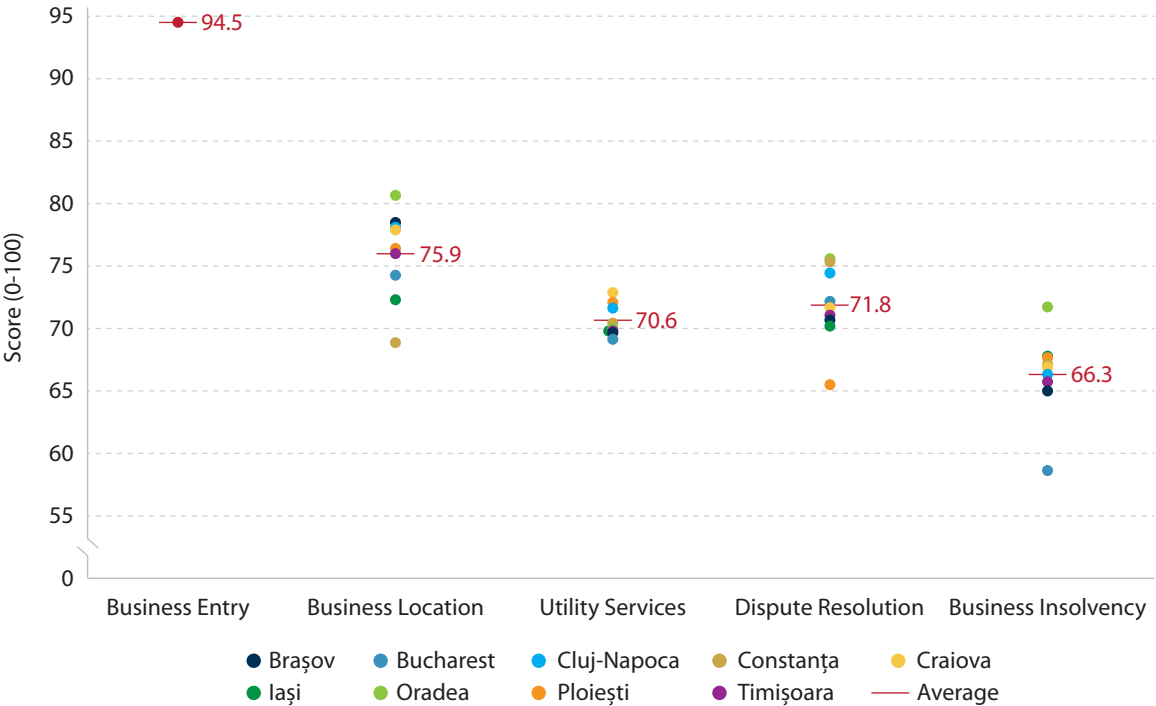
Across the five measured topics, Romania's cities tend to perform well on Pillar I, which captures the strength of the regulatory framework (figure 5). The average Pillar I scores for Business Entry and Business Location are above 90 points, and for Business Insolvency the score is above 80 points. With 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 harmonized for the Business Entry and Utility Services topics.

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

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.

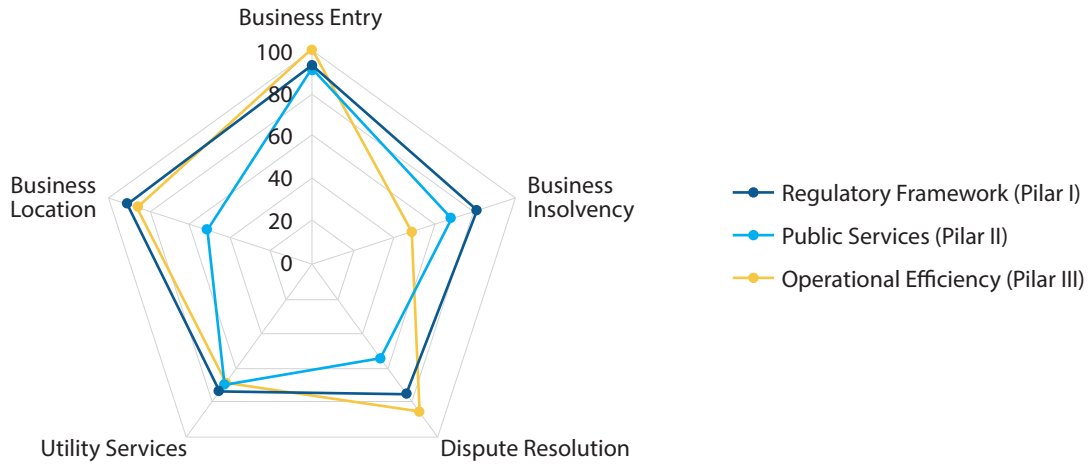
The city score breakdown by pillar shows that, except for Business Entry, cross-city variation is driven by differences in the delivery of public services (Pillar II) and in operational efficiency (Pillar III) (figure 7). Since many of the aspects of business regulation analyzed by this report are nation-

ally 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, Iaşi, and Timişoara 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

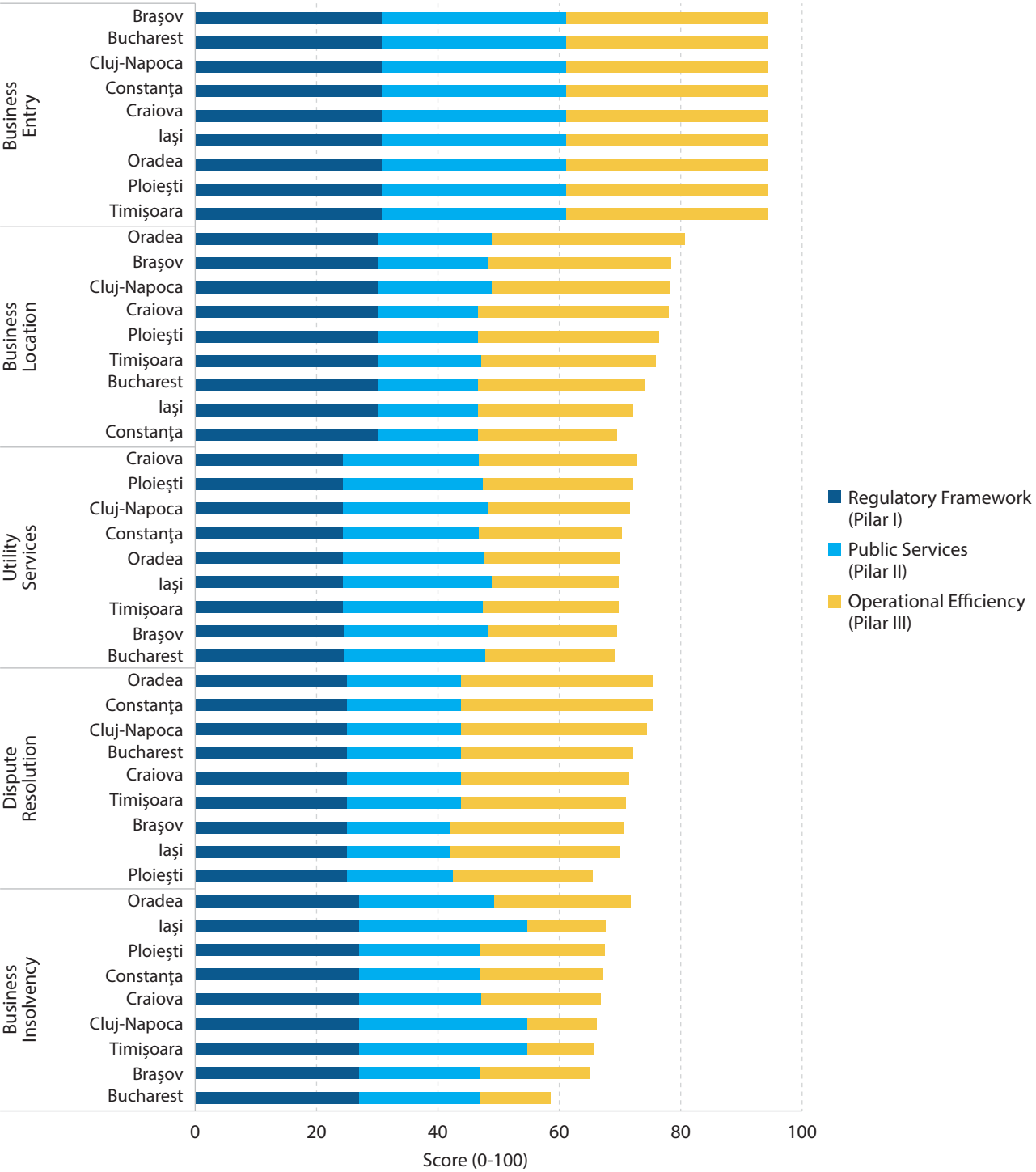


Source: Subnational Business Ready

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

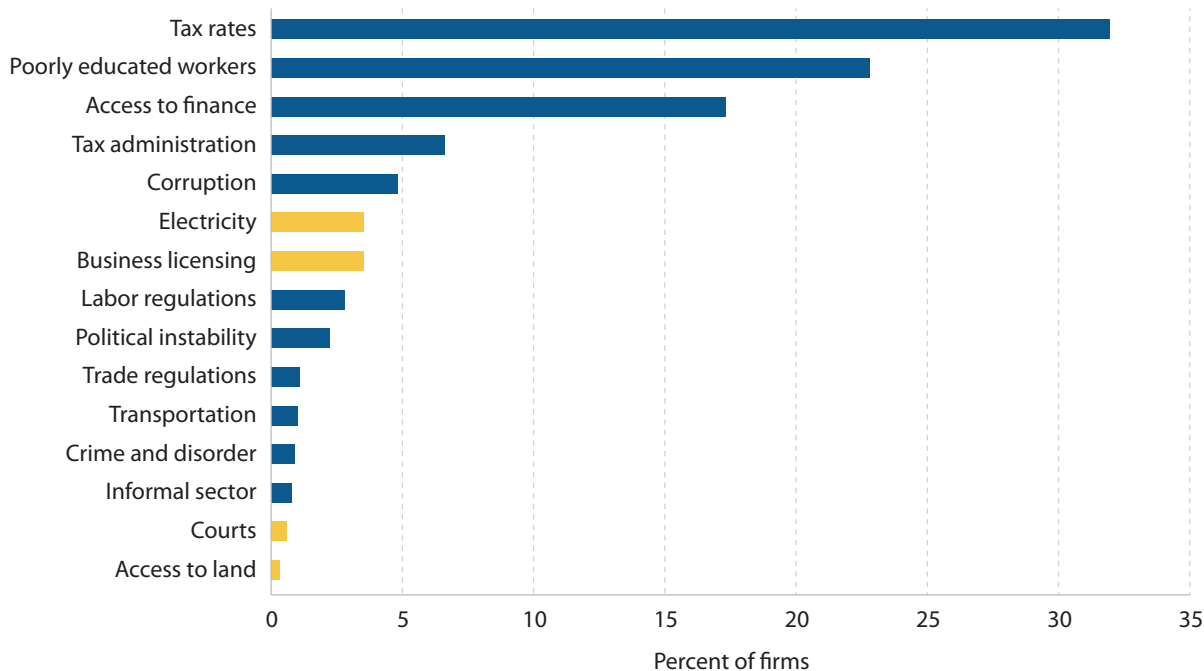
Findings from the Enterprise Surveys Data

Results from the Enterprise Surveys⁷ 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 licens-

ing 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).

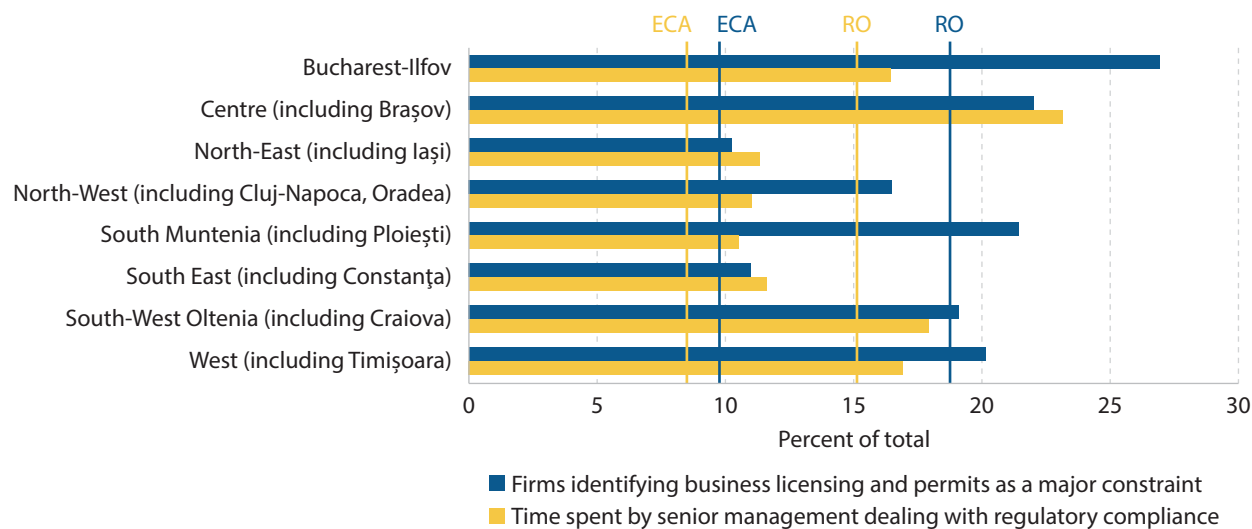
About 19 percent of firms in Romania identify business licenses as a major constraint to their business operations, again almost twice as much as the average for Europe and Central Asia. Obtaining business licenses and permits is most problematic in the Bucharest-Ilfov region and least problematic in 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.

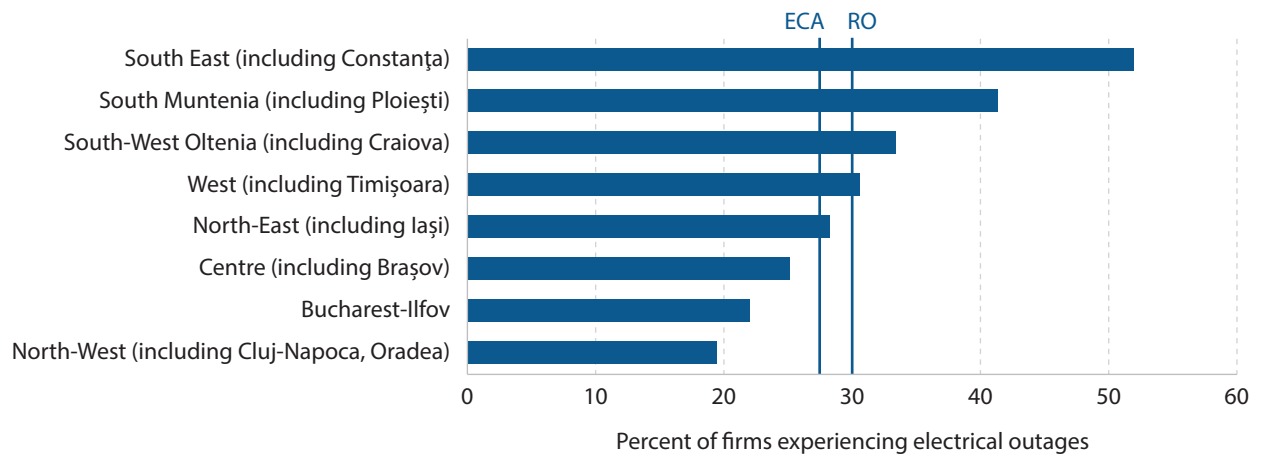
Figure 9. Percentage of Firms that Identify Licensing and Permits as a Constraint and Percentage of Time Spent on Regulatory Compliance, by Region



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.



Business Entry⁸

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 ownership⁹ 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, in-

sufficient 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	Braşov	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	
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	
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	
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	
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	
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	
1.2.1	Domestic Firms	9	25	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	
	Total	37	100	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	
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	
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	
2.1.3	Identity Verification	2	10	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	
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	
2.2.2	Unique Business Identification	2	10	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	
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	
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	
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	
	Total	24	100	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	
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	
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	
	Total	2	100	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.



Business Location

Building Permitting¹¹

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

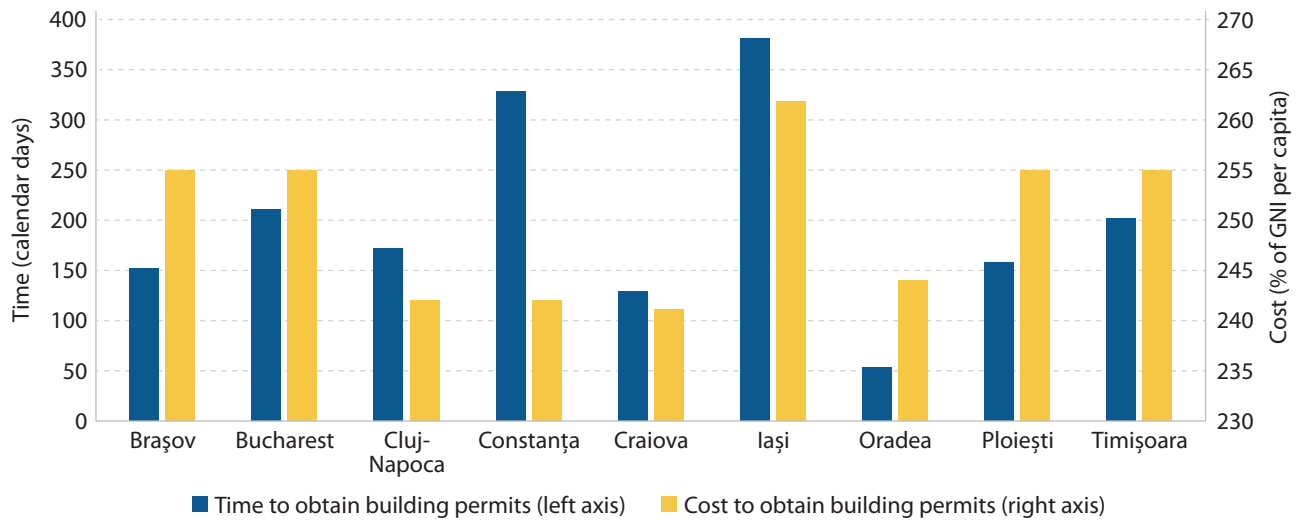
these standards is required when applying for building permits. In addition, incentives promote green building standards. Land use and zoning regulations in Romania are comprehensive and include requirements for trunk infrastructure services such as water, electricity, and sanitation. Maps are available 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," of the full report, 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 Permitting¹²

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 al-

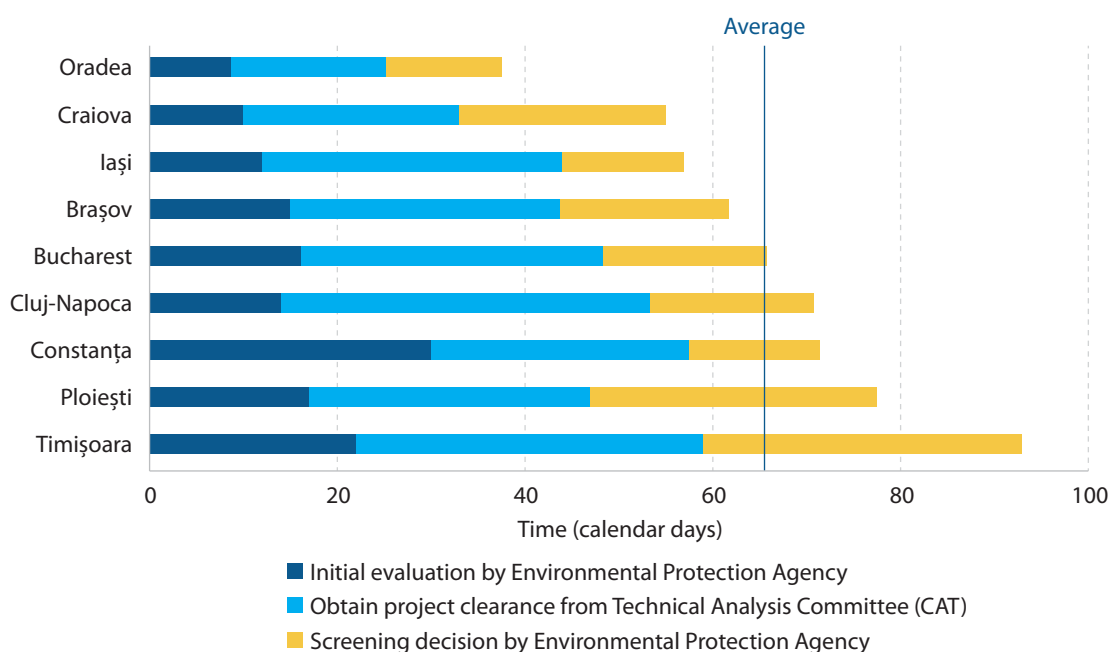
lowance is made for disputing environmental permits with the issuing authority, out-of-court resolution mechanisms for such disputes are lacking.

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 Timişoara, 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," of the full report, 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 Transfer¹⁴

The regulatory framework¹⁵ 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 arbitra-

tion, 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," of the full report, 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).

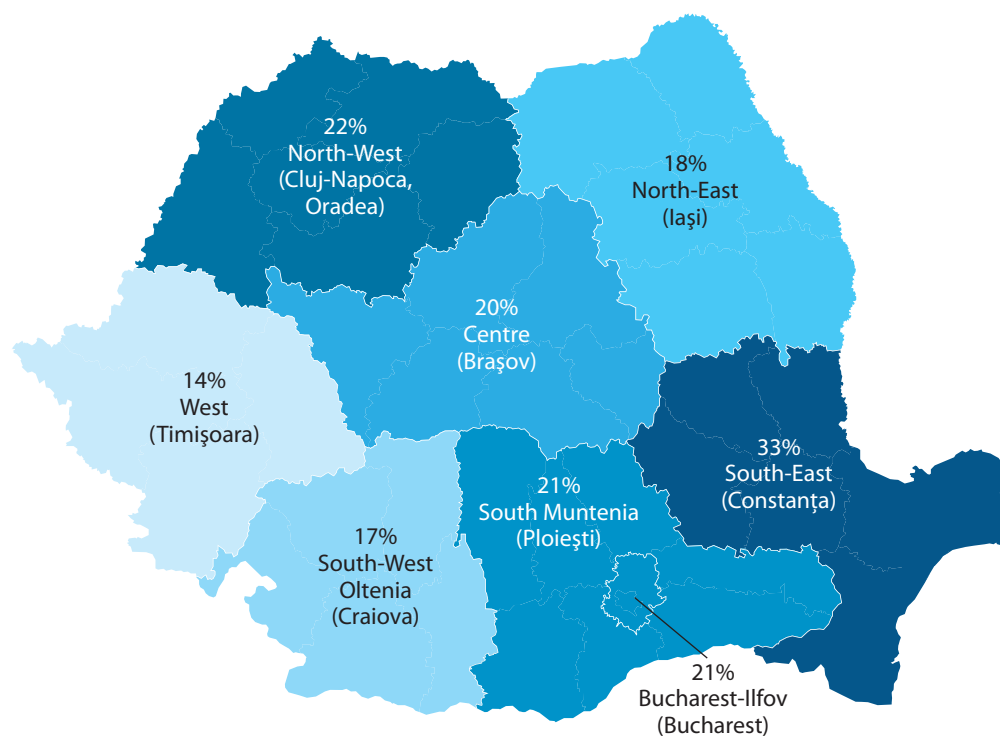
Nevertheless, some room for improvement remains, as the Land Registry and Cadaster's electronic system is not interoperable with other key agencies, such as Trade Registry and Municipal Fiscal Directorates, and many properties are not yet registered or surveyed. Transparency of information in the country 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.

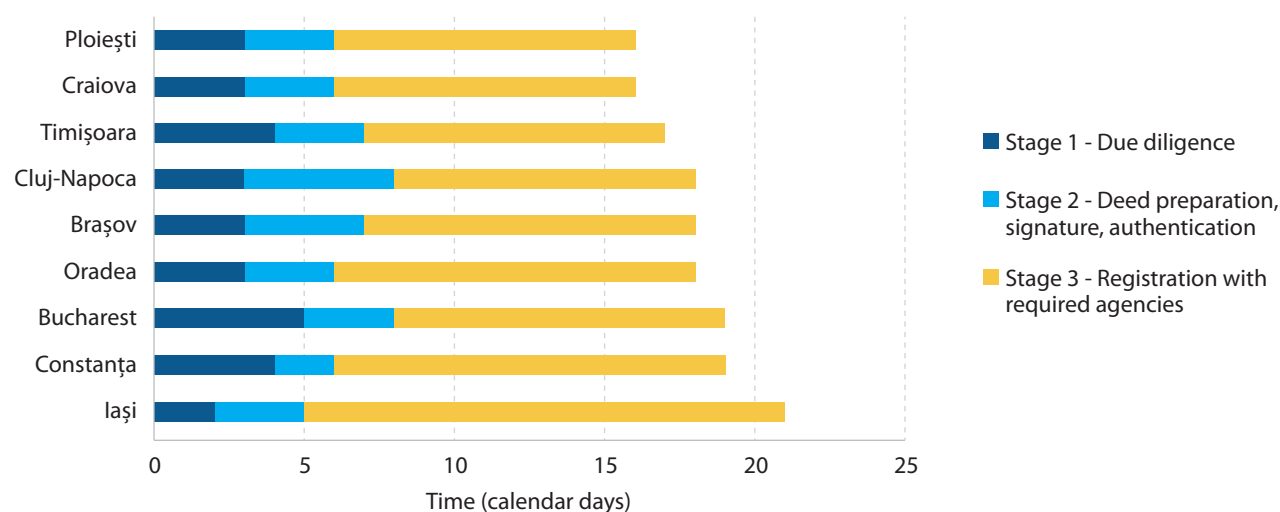
The cost to transfer property is 1 percent of the property value in all nine cities (RON 57,947 in Iași, RON 57,942 in Bucharest, and RON 57,917 in the other seven cities). The overall cost is equally split between the notary fee, regulated at the national level based on a sliding fee schedule, and the 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	Braşov	Bucharest	Cluj-Napoca	Constanţa	Craiova	Iaşi	Oradea	Ploieşti	Timişoara	
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	
1.1.1	Property Transfer Standards	4	15	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	
1.1.3	Land Administration System	3	10	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	
1.2.1	Building Standards	11	15	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	
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	
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	
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	
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	
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	
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	
1.4	Environmental Permits	12	10	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	
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	
	Total	62	100	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	
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	
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	
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	
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	
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	
2.2	Interoperability of Services	6	20	12.5	7.5	12.5	7.5	7.5	7.5	12.5	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	
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	
2.3	Transparency of Information	19	40	29.0	29.0	30.8	29.0	29.0	29.0	30.8	29.0	
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	
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	
2.3.3	Environmental Permits	2	5	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	

Table 3. Business Location Scores

	No. of indicators	Re-scaled points	Braşov	Bucharest	Cluj-Napoca	Constanţa	Craiova	Iaşi	Oradea	Ploieşti	Timişoara	
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.



Utility Services

Electricity¹⁸

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-effi-

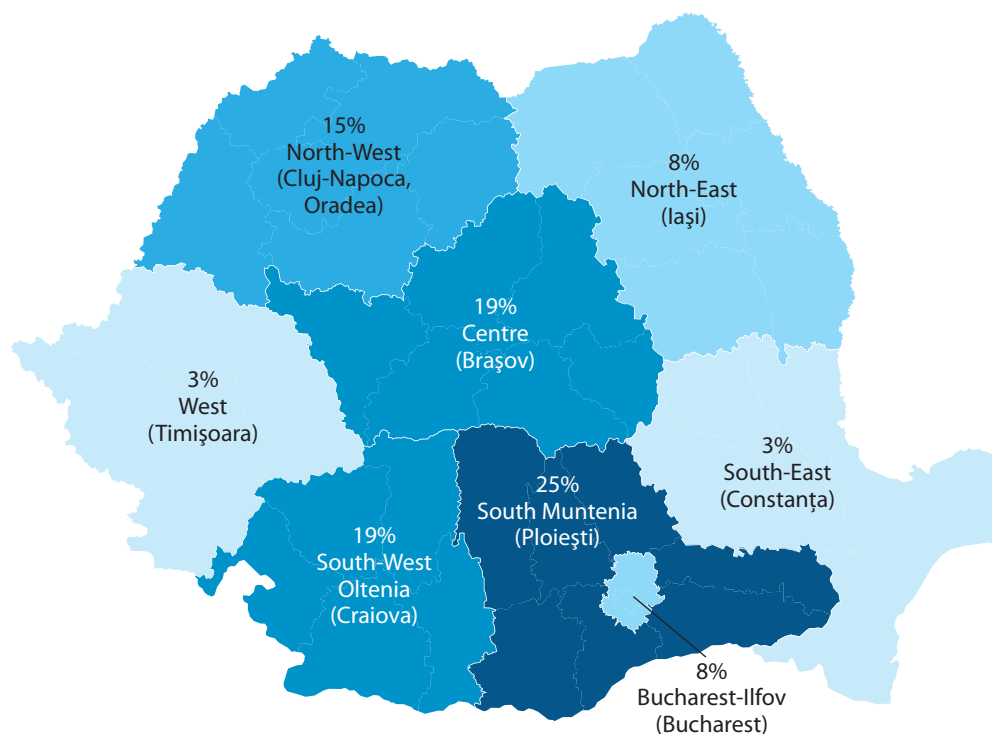
cient practices through both legal mandates and financial incentives. No nonfinancial incentives promote energy efficiency.

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 Braşov, Iaşi, and Ploieşti 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,” of the full report, 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.

Water¹⁹

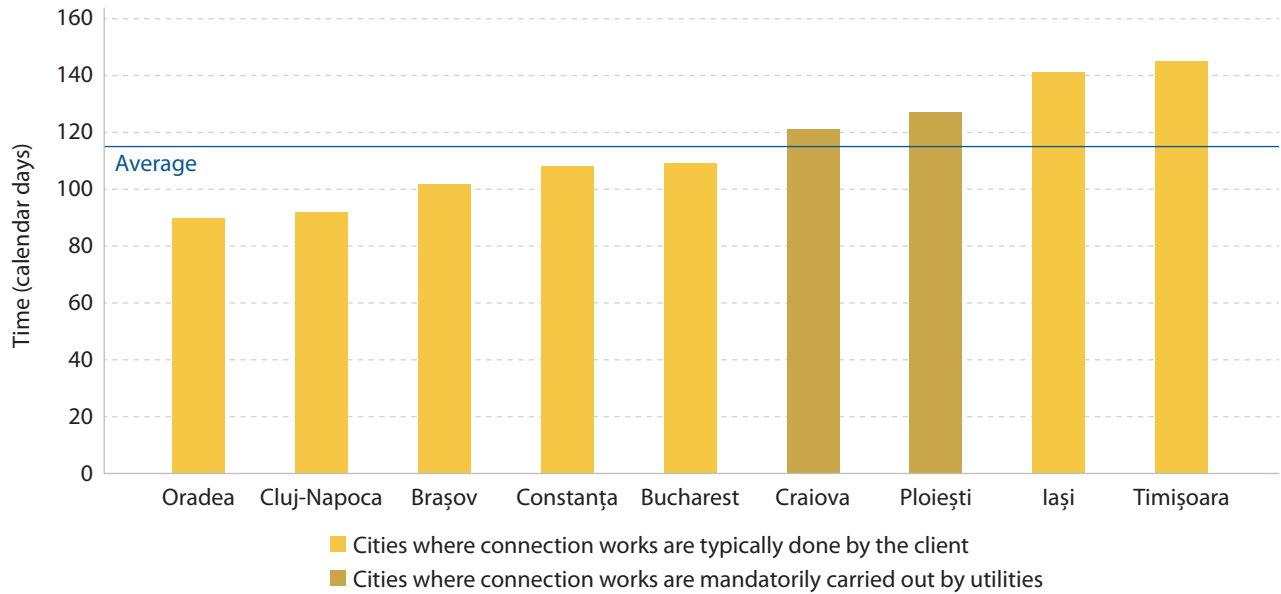
Romania has a national regulatory framework for water utility services, but implementation and the quality of governance vary from city to city. The framework encompasses several critical aspects aimed at ensuring the efficient deployment, safety, and sustainability of water connections. It mandates 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 Iasi stand out as the only cities where KPIs for supply reliability are made available online. Additionally, Braşov 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

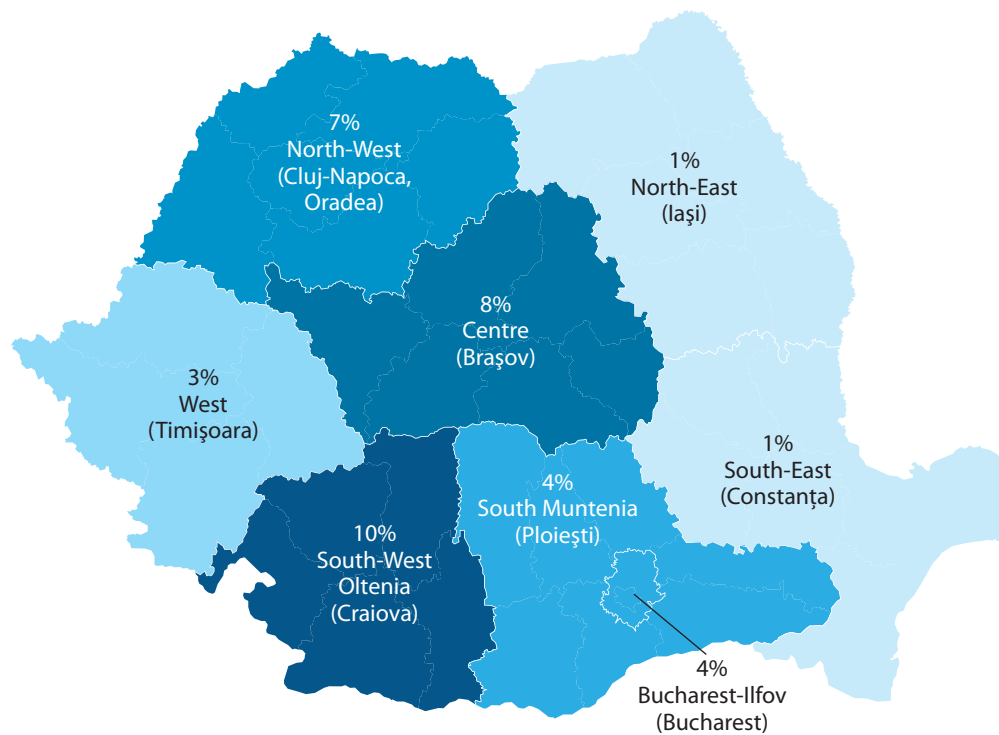
¹⁹ See Section 4.2 “Utility Services in Detail—Water,” of the full report, for more information on the topic, the country-specific context, and a detailed assessment of the data.

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).

Internet²⁰

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.

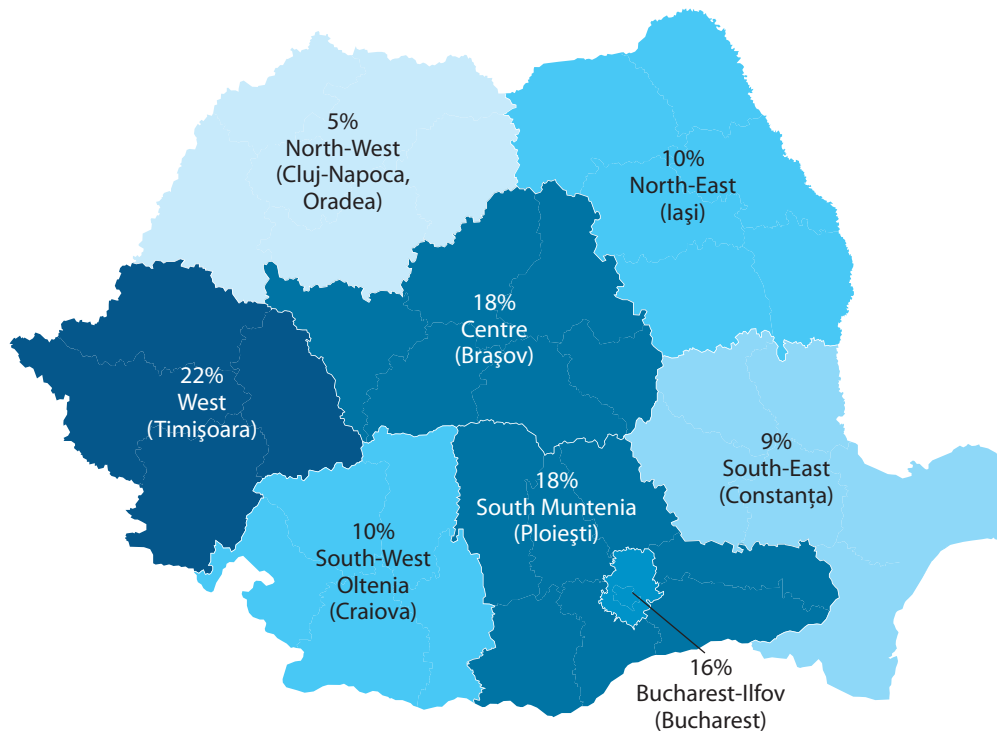
All Romania's measured cities offer electronic application services for new commercial internet connections, and it is possible to pay fees electronically. The infrastructure database lacks an online platform with comprehensive information about planned works on utility networks, however, and no online 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," of the full report, 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	Braşov	Bucharest	Cluj-Napoca	Constanţa	Craiova	Iaşi	Oradea	Ploieşti	Timişoara
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	Braşov	Bucharest	Cluj-Napoca	Constanţa	Craiova	Iaşi	Oradea	Ploieşti	Timişoara
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.



Dispute Resolution²¹

In Romania, the regulatory framework for dispute resolution²² 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,” of the full report, 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.

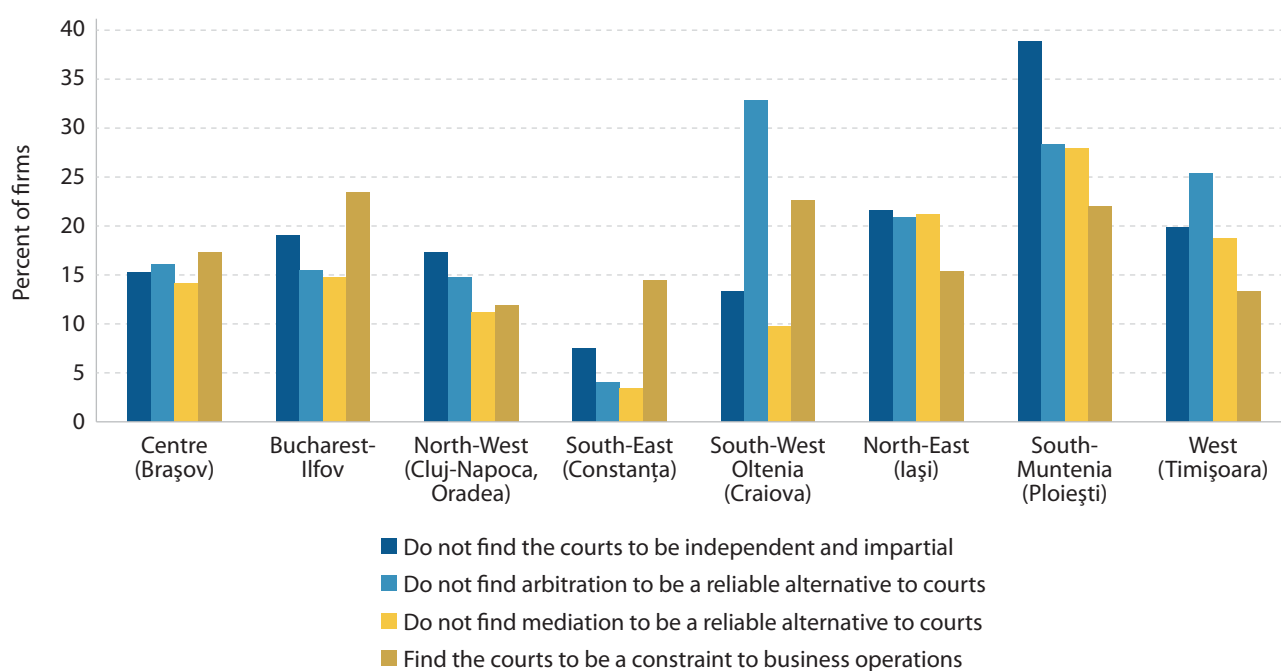
are 2.65 percent of the claim value in highly attorney-saturated and competitive Bucharest, for example, but 5 percent in Craiova, a city with fewer lawyers. Similarly, enforcement costs also vary due to differences in attorneys' fees, which range from 0.46 percent in Cluj-Napoca to 1.4 percent in Constanța, 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	Braşov	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.



Business Insolvency²⁴

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—Iasi, 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. Iasi, 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 Ploiești, 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," of the full report, 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 Ploiești Court (2023). Courtesy of Ploiești'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	Braşov	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	Braşov	Bucharest	Cluj-Napoca	Constanţa	Craiova	Iaşi	Oradea	Ploieşti	Timişoara	
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.



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