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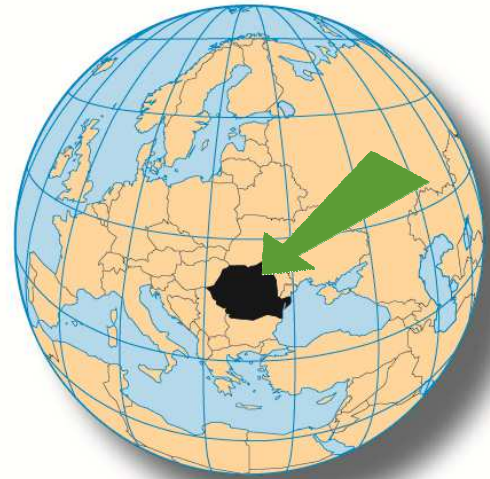
# Environmental Performance Reviews

## ROMANIA - 2012

highlights

The overall standard of living in Romania improved over the past decade. Real GDP per capita rose by nearly 60 per cent from 2000 to 2011. There has also been progress in catching up with average living standards in the European Union (EU), although there is still a considerable way to go. GDP per capita (at purchasing power parity) corresponds to 46 per cent of the EU-27 average, up from 26 per cent in 2000. Despite the progress made, Romania (along with Bulgaria) still has the lowest per capita income in the EU. Furthermore, Romania's ranking in UNDP's Human Development Index (HDI) has improved. The 2011 HDI value of 0.781 places Romania 50th of 187 countries, on the basis of comparable data.

At the same time however, Romania's external debt has grown. In 2000, the country's gross external debt stood at US\$11 billion, rising to US\$38.8 billion in 2005 then peaking in 2010 at US\$122.9 billion. The country's public debt was 34 per cent of GDP in 2011, up from 31 per cent of GDP in 2010.



### Economic instruments for environmental protection

Since the first EPR, Romania has strengthened the use of economic instruments to achieve environmental objectives. Romania applies a system of taxes for emissions of air pollutants and water pollutants. Not all air pollutants that are subject to emission limit values, however, are also subject to a pollution tax. Some of the tax rates applied appear to be rather low, also when compared with rates applied in other countries. There is no publicly available evaluation of these taxes as regards their impact on the behaviour of polluters.

The proportion of environment-related tax revenues in total tax revenue was 7 per cent in 2009 compared with an EU average of 6.3 per cent. Nevertheless, revenues from pollution/natural resource taxation were on a declining trend between 2005 and 2009 and their relative contribution to total tax revenue was insignificant in 2009. Three quarters of environmental tax revenues in that year came from transport fuel taxes, while the remainder was broadly equally divided between taxes on other energy products and taxes on transport equipment.

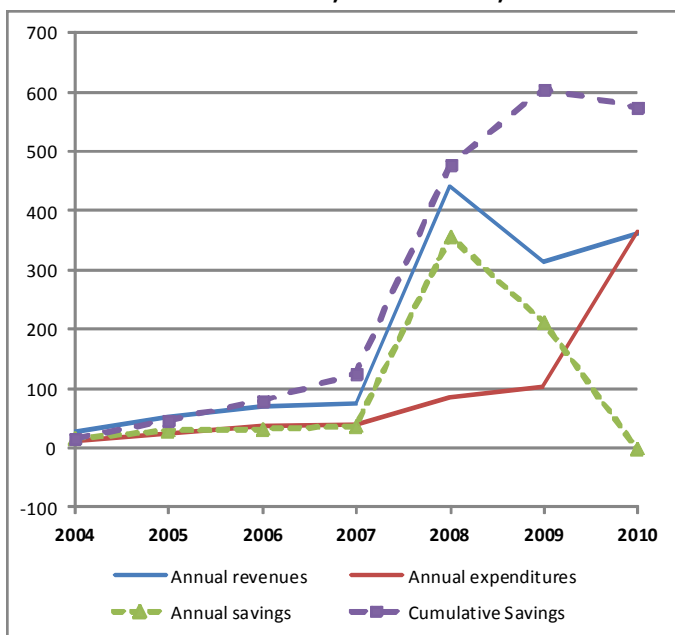
In 2010, the total amount of fines imposed for non-compliance with environmental regulations amounted to some €18 million, an increase of 57 per cent compared with 2009. However, only about one quarter of all fines imposed were actually collected in 2010.

### Expenditures for environmental protection

The Environmental Fund was established in 2000 for the purpose of financing national priority projects in the area of environmental protection. The Environmental Fund derives its revenues from a number of taxes and charges related directly or indirectly to polluting activities, waste management and natural resource use.

A striking feature is that, in most years since the start of its operations, actual Environmental Fund expenditures corresponded to less than half of annual revenues. Actual payments for project financing corresponded to less than 40 per cent of the corresponding annual budget appropriations

**Revenues and Expenditures of the Environmental Fund, 2004-2010, million €**

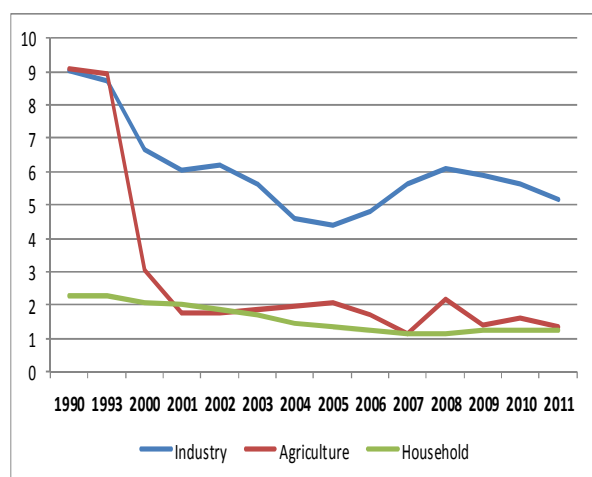


Source: Annual reports of the Environment Fund

population, industry and agriculture is one of decline. This is due to the installation of water meters, increased water prices, use of modern technology in industry, and a decline in the water needs of agriculture although water demand is expected to increase in the future. In all, 56.9 per cent of the population is linked to wastewater collection systems. In rural areas, however, only 4.1 per cent is connected to sewerage systems, which means that rural wastewater management remains the major challenge for coming years. Further efforts are needed to improve

Often, water supply and sanitation networks are not introduced simultaneously in rural areas, due to varying financing plans and priorities. Water supply is frequently given higher priority than sanitation. However, households can only be connected to the water supply network if they are already hooked up to a sewerage disposal system. These discrepancies often lead to illegal household connections, in addition to which the lack of sewage disposal places intense stress on groundwater and surface water. There is a need to enforce coordinated

**Water demand according to water intakes, 1990, 1993, 2000-2011, in billion m<sup>3</sup>**



Source: National Administration Romanian Water, March 2011

during 2004–2010. As the figure on the Fund's revenues and expenditures shows, cumulative savings between 2004 and 2010 exceeded half a billion Euro. That said, revenue and expenditure were practically balanced in 2010, which is also reflected in the annual savings of that year. This change in the trend is due to a threefold increase on spending between 2009 and 2010.

The major factor behind the large gap between revenues and expenditures has been the lack of adequate administrative capacity, as reflected by long delays in the project approval process and the small number of projects approved per year. This issue appears to have been addressed in recent years.

## Sustainable management of water resources and protection of the Black Sea

The general trend underlying water demand for



Maracineni wastewater treatment plant  
© Mr. Constantin Dumitru

implementation of water supply and sewage disposal.

For the treatment of wastewater from industry, technical requirements apply to all industries. As a result of this one-size-fits-all policy, several industries are unable to comply with limit values. For instance, there need to be separate request catalogues for the food industry and the metalworking industry.

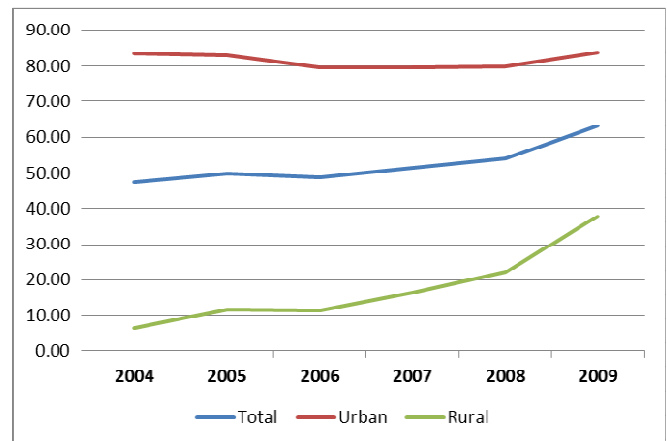
## Waste management

The key driver of changes in waste management in Romania is the need to achieve compliance with EU

legislation. Currently, the bulk of municipal solid waste (MSW) is disposed of in landfills and dumpsites. Waste separation and recycling infrastructure are not yet sufficiently developed to achieve targets set by the EU. However, the volume of recycled secondary raw materials is growing fast, reflecting large investments in waste recycling infrastructure.

Shutting down some Romanian mines and modernizing others that have remained in operation has led to significant changes in waste generation. The generation of non-hazardous waste from mining has decreased by half and hazardous waste from mining has decreased by 95 per cent. Although some additional mines may be closed and remediation of closed ones continues, transformation of the mining sector has been successful, with positive impacts on the environment.

**Municipal solid waste collection coverage , per cent**



Source: National Environmental Protection Agency, 2011

## Forestry, biodiversity and protected areas

Forests cover 29 per cent of the total land area and have some of the richest biodiversity in Europe. The forest sector contributes 1.8 per cent to the gross value added of the national economy, but recreational use is a main management goal for only 5 per cent of forests. The restitution of part of the forests to private ownership in recent years has led to an increased harvest and wood supply from these forests. Private forest owners often do not seem to follow sustainable forest management techniques.

Romania experienced impacts on its biodiversity due to the changes brought about by the transition to a market economy. At the same time, with integration into the EU, there is an opportunity for both improved management of biodiversity and greater involvement by civil society in addressing the impacts of economic activities. Romania has just finalized its new National Biodiversity Strategy and Action Plan.



Pelican (*Pelecanus onocrotalus*) in the Danube Delta Biosphere Reserve  
© Mr. Peter Lengyel

Romania has built a network of protected areas (PAs) that covers 19 per cent of the national territory, including Natura 2000 sites with species and habitats of European importance. However, the country has only three approved management plans for PAs, and one pending approval. There is an urgent need to develop management plans for all PAs.

## Climate change

Most of the reductions in GHG emissions up until now have been an outcome of the consequences of Romania's economic transformation process rather than of mitigation efforts. The Romanian economy has experienced a clear decoupling of energy consumption from GDP growth. Between 2000 and 2009, GDP increased by 64.9 per cent, while total primary energy supply rose by only 8.8 per cent. Thus, the economy is using less energy for production. GHG emissions per capita and per produced GDP unit decreased during the same time period by 6.7 and 45.8 per cent respectively.

Both the National Strategy on Climate Change and the National Action Plan on Climate Change are in effect outdated and focused on mitigation efforts. Romania does not have a climate change adaptation strategy. The long-overdue strategy on climate change which is now under preparation needs to have a long-term time horizon, and to give adequate weight to both mitigation and adaptation issues.

Romania's greenhouse gas emissions trading was halted in August 2011 when the Compliance Committee of the Kyoto Protocol suspended the country's right to trade its Assigned Amount Units. The reasons for the suspension were the deficiencies in the National Greenhouse Gas Inventory (and

the failure to comply with the requirements of the inventory's methodology. By the end of 2011, however, the Romanian authorities had started to correct the non-compliance situation of the inventory with a set of measures.

The second Environmental Performance Review (EPR) of Romania was carried out in 2012. Recommendations to the country were adopted by the United Nations Economic Commission for Europe (UNECE) Committee on Environmental Policy in April 2012.

The EPR Programme assesses a country's efforts to reduce its overall pollution burden, manage its natural resources in a sustainable way, integrate environmental and socio-economic policies and strengthen cooperation with the international community.

The most recent reviews include: Uzbekistan (2010), Georgia (2010), Azerbaijan (2011), Bosnia and Herzegovina (2011), the former Yugoslav Republic of Macedonia (2011), Tajikistan (2012), Albania (2012) and Turkmenistan (2012).

Printed EPR reports may be obtained from the United Nations Publications department  
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