



EUROPE AND  
CENTRAL ASIA

# Launch at the Cotroceni Palace

24 October 2023

World Bank Group

# COUNTRY CLIMATE AND DEVELOPMENT REPORT ROMANIA



Download the report



# Romania Country Climate and Development Report (CCDR)

- The World Bank Group's Country Climate and Development Reports (CCDRs) are core diagnostic reports that integrate climate change and development considerations.
- They aim to help countries prioritize the most impactful actions that can reduce greenhouse gas (GHG) emissions and boost adaptation to climate change, while delivering on broader development goals.
- This report explores how climate action, in line with the country's goal of achieving net zero emissions by 2050, interacts with its growth and development path and suggests priority actions to reduce carbon emissions and build resilience, while supporting inclusive economic growth and poverty reduction.

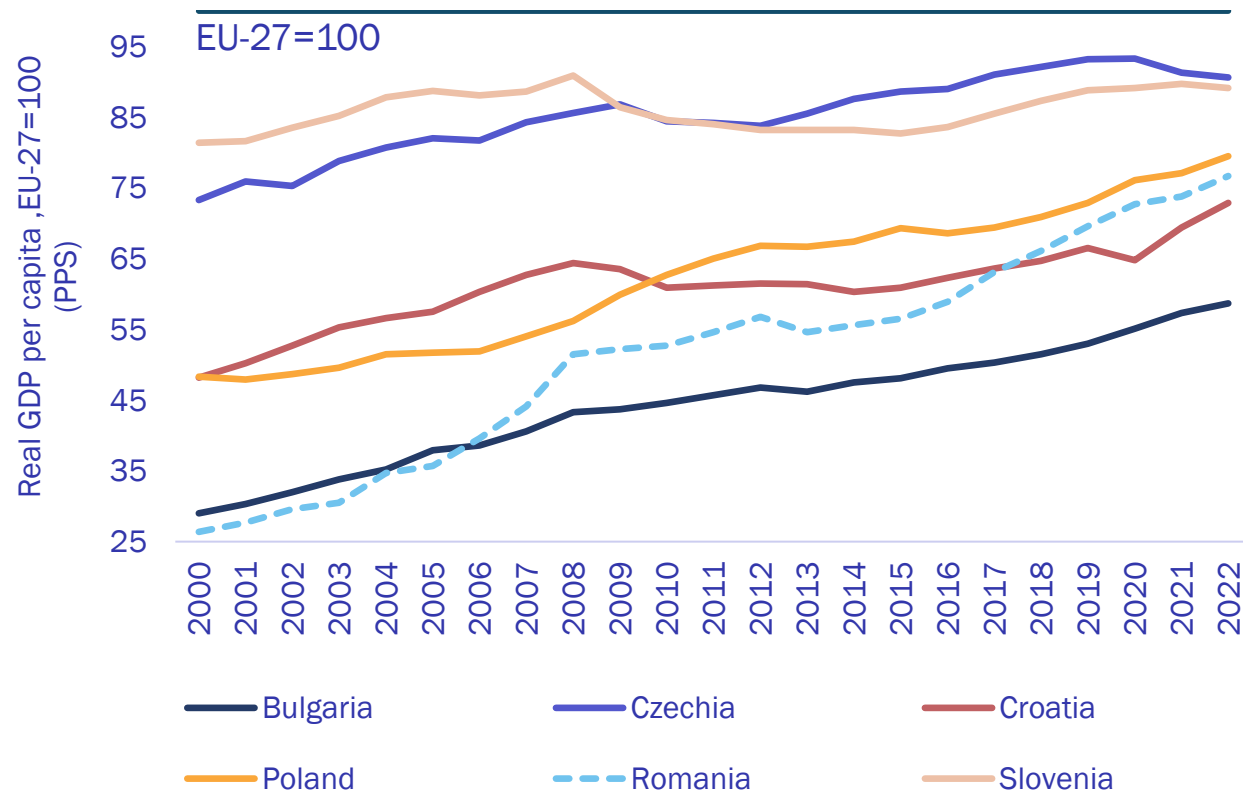


ROMANIA

# Decarbonizing the Whole Economy

# Romania has made impressive economic strides

Boosted by one of the highest rates of economic growth in the EU, Romania's living standards have been converging toward the bloc's average



Romania Systematic Country Diagnostic Update

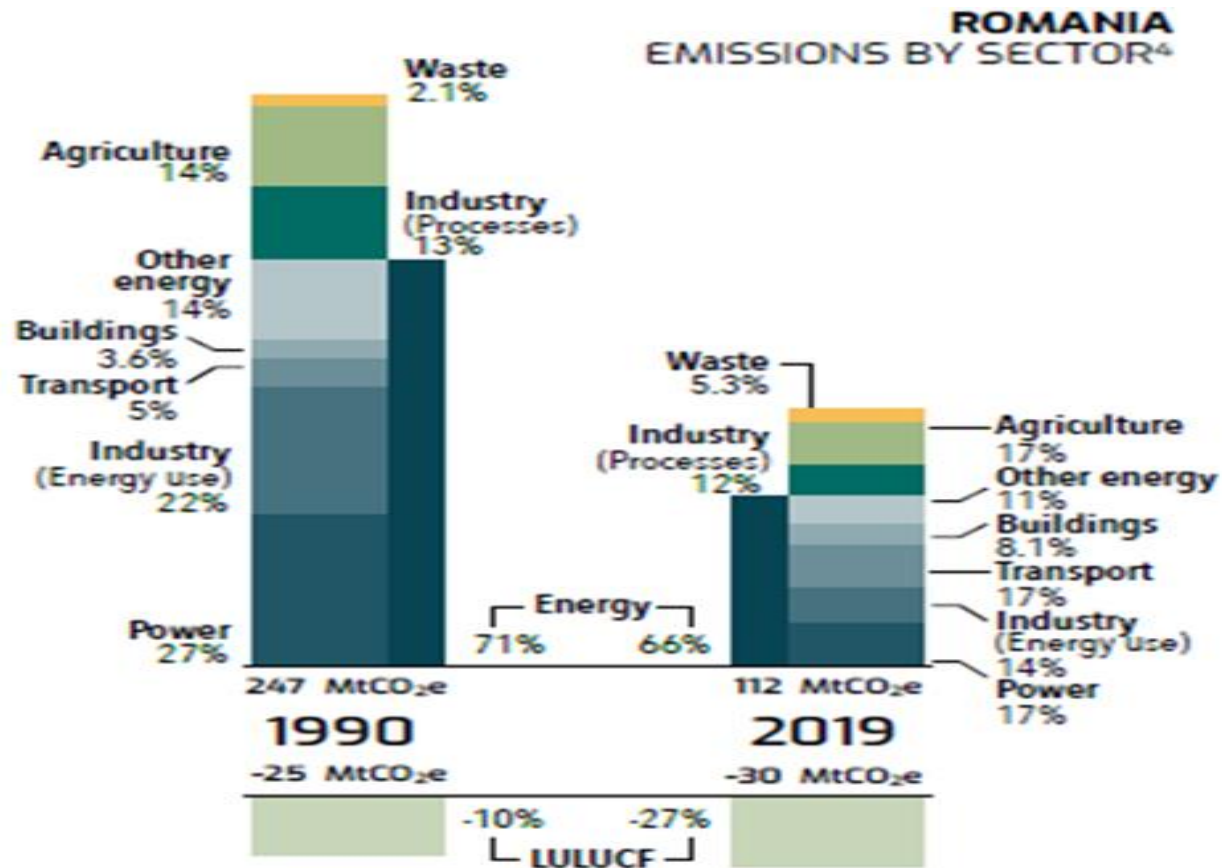
A Tale of Two Romanias driven by continued challenges

**economic**

**inclusion**

**sustainability**

# Romania's GHG emissions are reducing

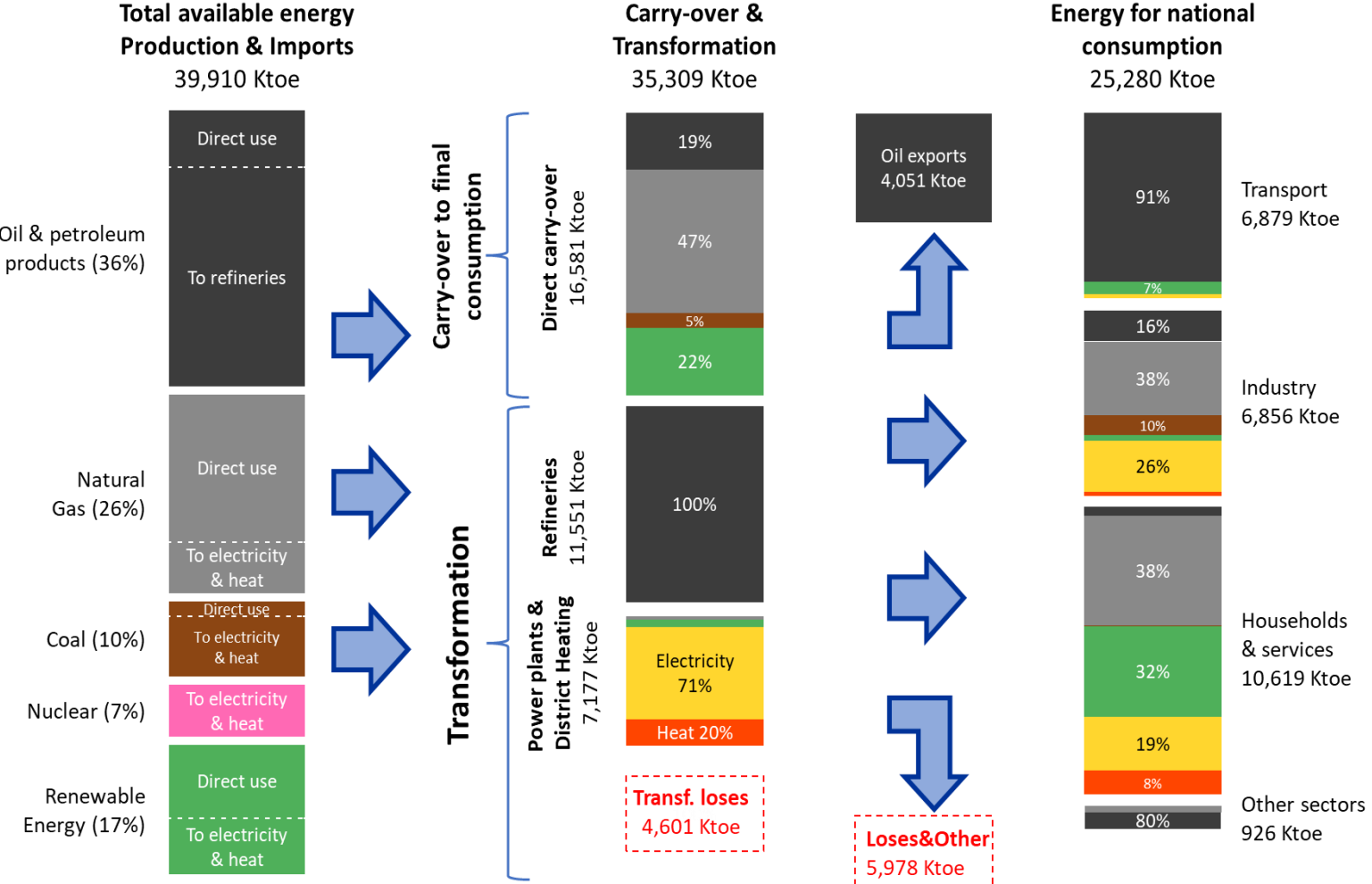


**- 53%**  
**emissions**  
**1990-2018**

**- 71% emissions**  
**to 2021, but**  
**COVID and**  
**recovery impacts**  
**are unclear**

Source: [Romania. 2021 Common Reporting Format \(CRF\) Table](#) Source: Government of Romania (2021).

# Fitfor55 is within reach, but energy usage must transition



**70% of total energy usage still dependent on fossil fuels**

**Transport, heating and industry must switch fuels or electrify**

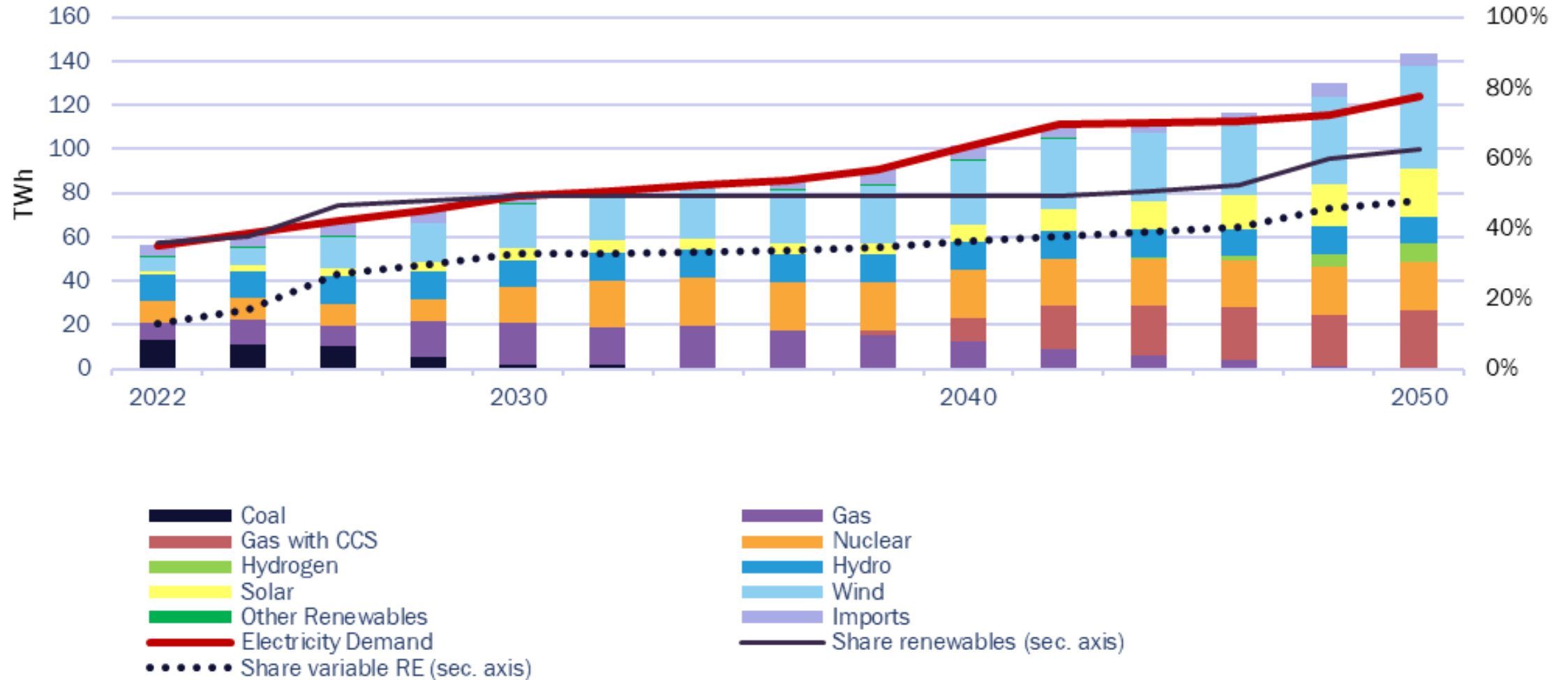
**Energy efficiency needs to increase to reduce energy intensity and manage coming demand**

Source - EUROSTAT



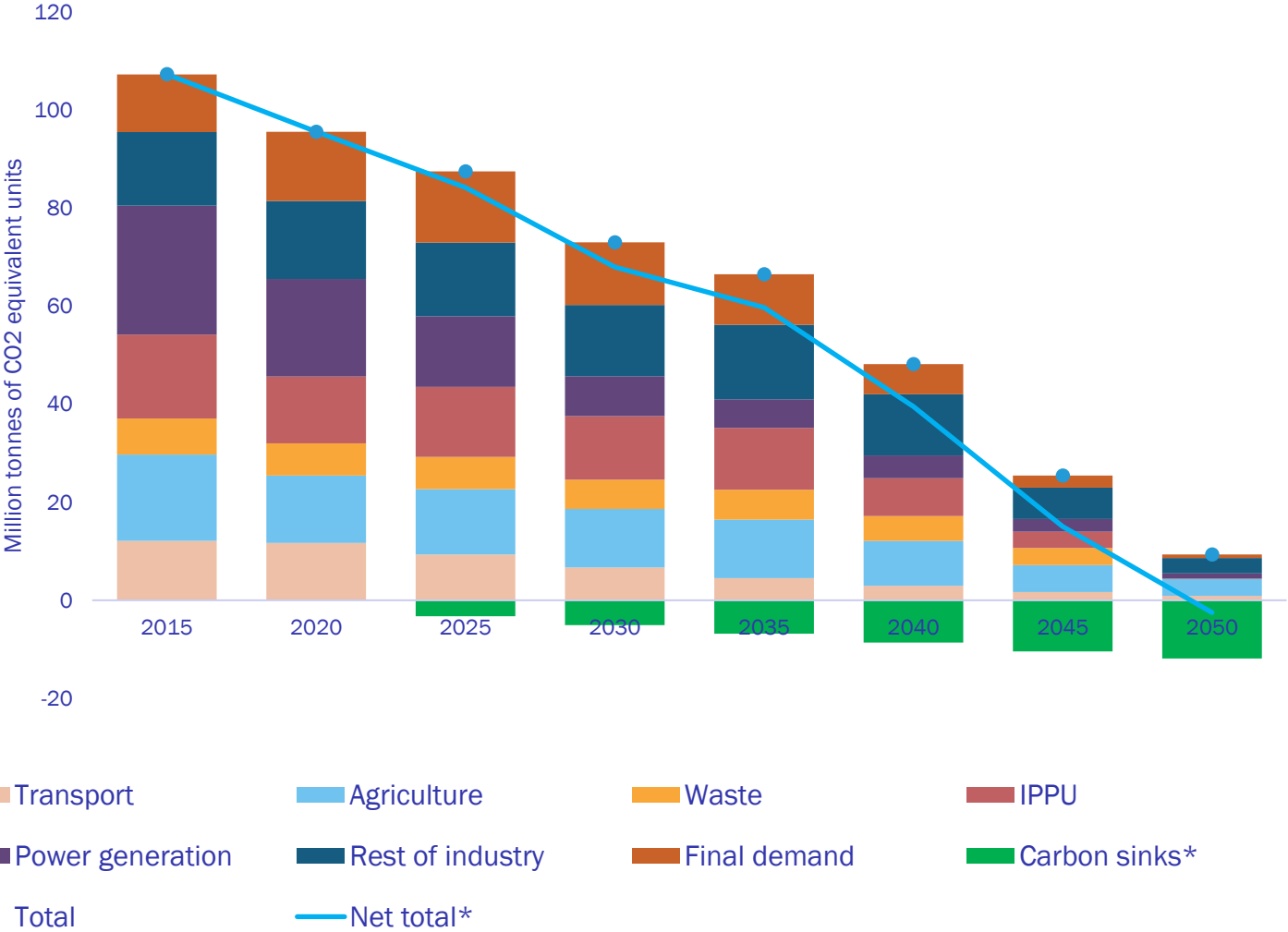
# The transition is possible, even with increasing electricity demand

Potential evolution of power generation linear net-zero scenario in supportive global context



# Reaching net zero by 2050 will require all sectors to act

Romania's Long-Term Strategy (LTS)



**99% reduction in energy emissions with 68% already achieved**

**Transport emissions are rising and away from the 82% goal**

**73% waste emission reduction targets are slipping away**



# Romania is vulnerable to existing and future risks, while water scarcity will likely get worse

Rising temperatures, more frequent floods and droughts will threaten people and assets, as well as drive up energy demand

SEISMIC RISK		
Rank	Country	AALR
1	Cyprus	0.19%
2	Greece	0.18%
3	Romania	0.12%
4	Italy	0.11%
5	Bulgaria	0.07%
6	Croatia	0.05%
7	Slovenia	0.04%
8	Austria	0.02%
9	Portugal	0.02%
10	Slovakia	0.01%

FLUVIAL AND SURFACE WATER FLOOD RISK		
Rank	Country	AALR
1	Romania	0.14%
2	Slovenia	0.13%
3	Latvia	0.13%
4	Bulgaria	0.13%
5	Austria	0.12%
6	Slovakia	0.11%
7	Germany	0.10%
8	Czech Republic	0.10%
9	Hungary	0.10%
10	Poland	0.10%

**25% increase in fatalities related to extreme temperatures 1991-2018**

**Floods potentially causing losses up to €2 billion/year**

**Water availability already near EU scarcity threshold**

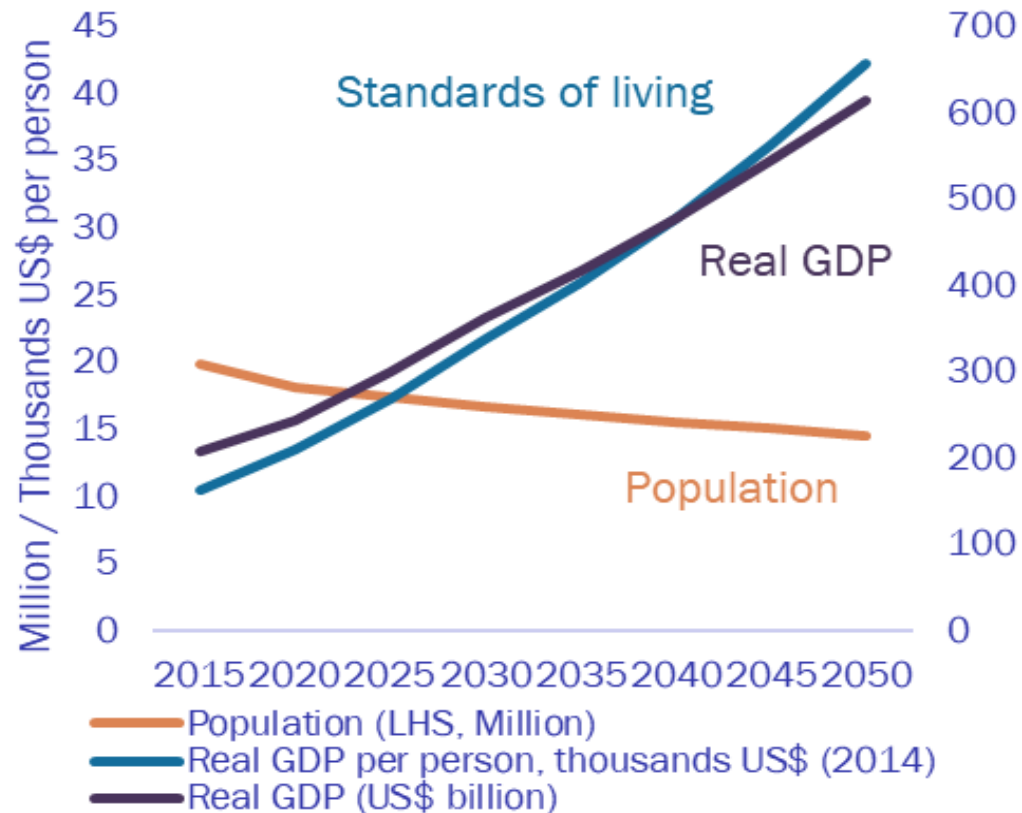


ROMANIA

# Economy, People and Companies – in transition

# Romania can continue to grow while greening the economy

Romania's high growth means potential standards of living can almost triple by 2050, if Romania continues the structural reforms



Although the challenges are high

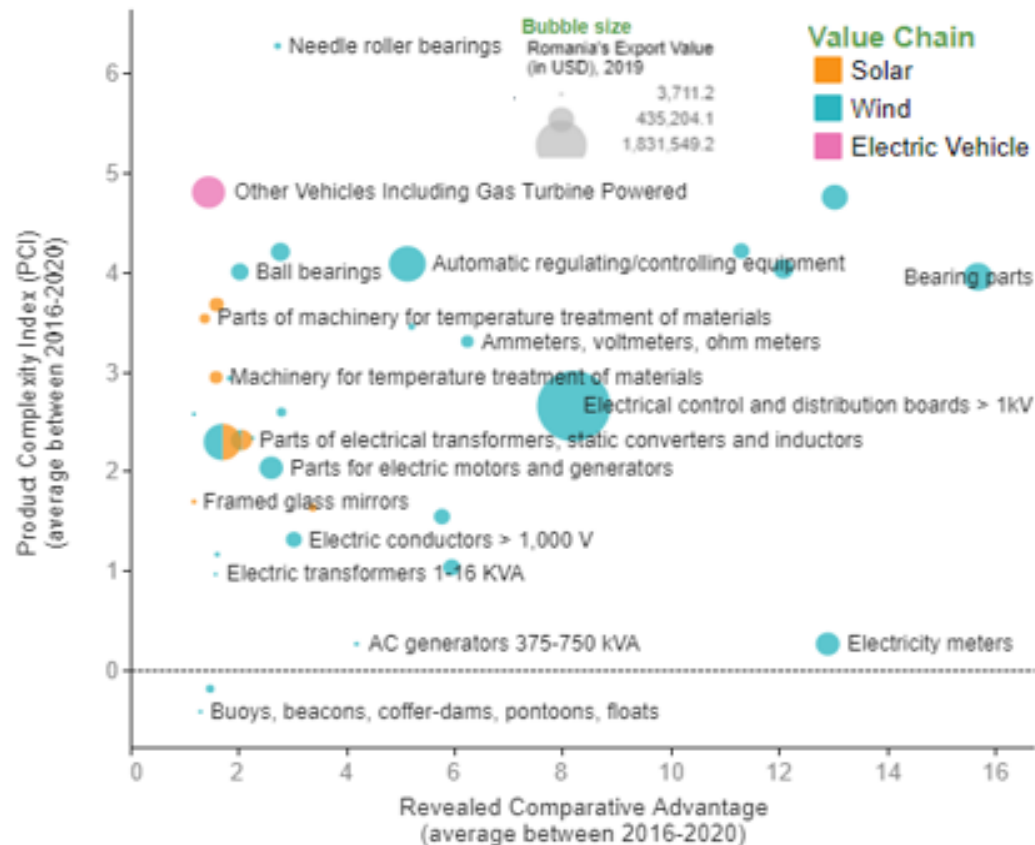
Living standards can almost triple by 2050

If Romania continues structural and social reforms

With only a modest impact from greening

# There are green economy opportunities

- Romania can build up its existing strengths to produce and export more 'green' products



Opportunities  
in wind value  
chains

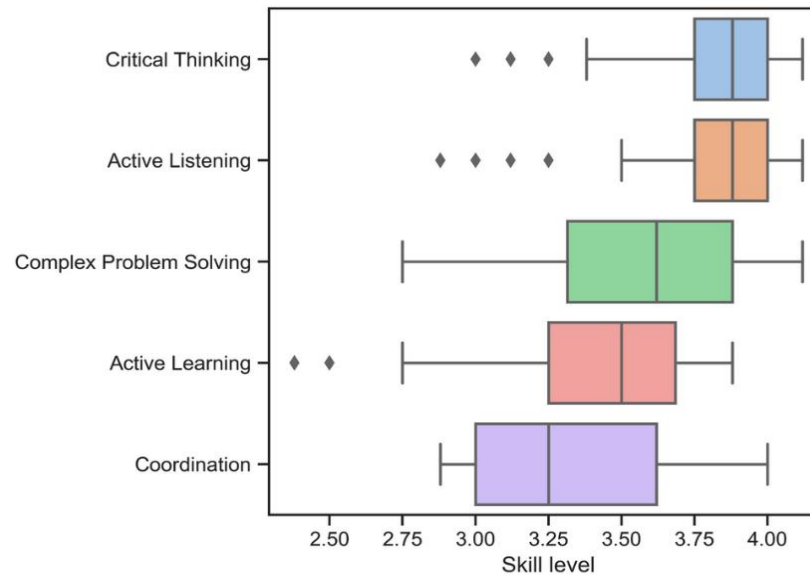
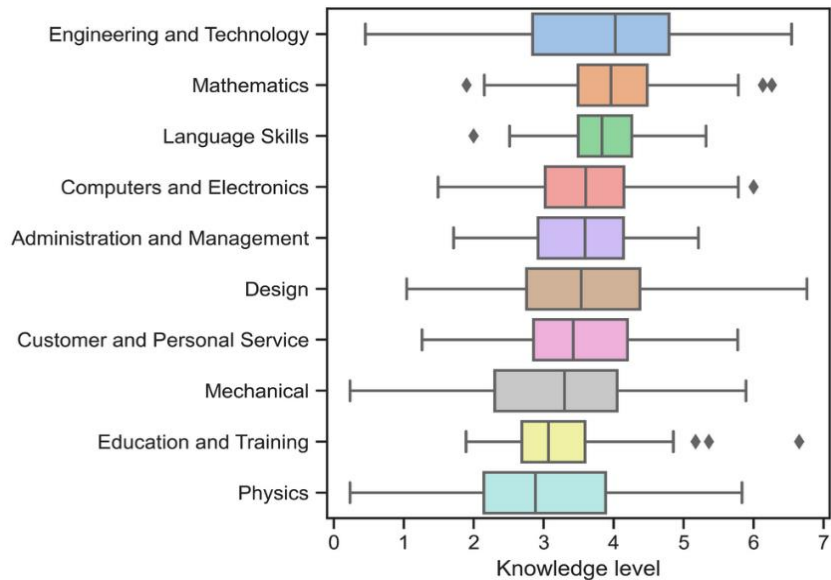
But they rely  
on skills,

finance,

and good  
business  
environment

# People and skills are key to the success of green transition

More specialized knowledge and soft skills are required for green jobs than for current (brown) jobs



Green jobs are growing

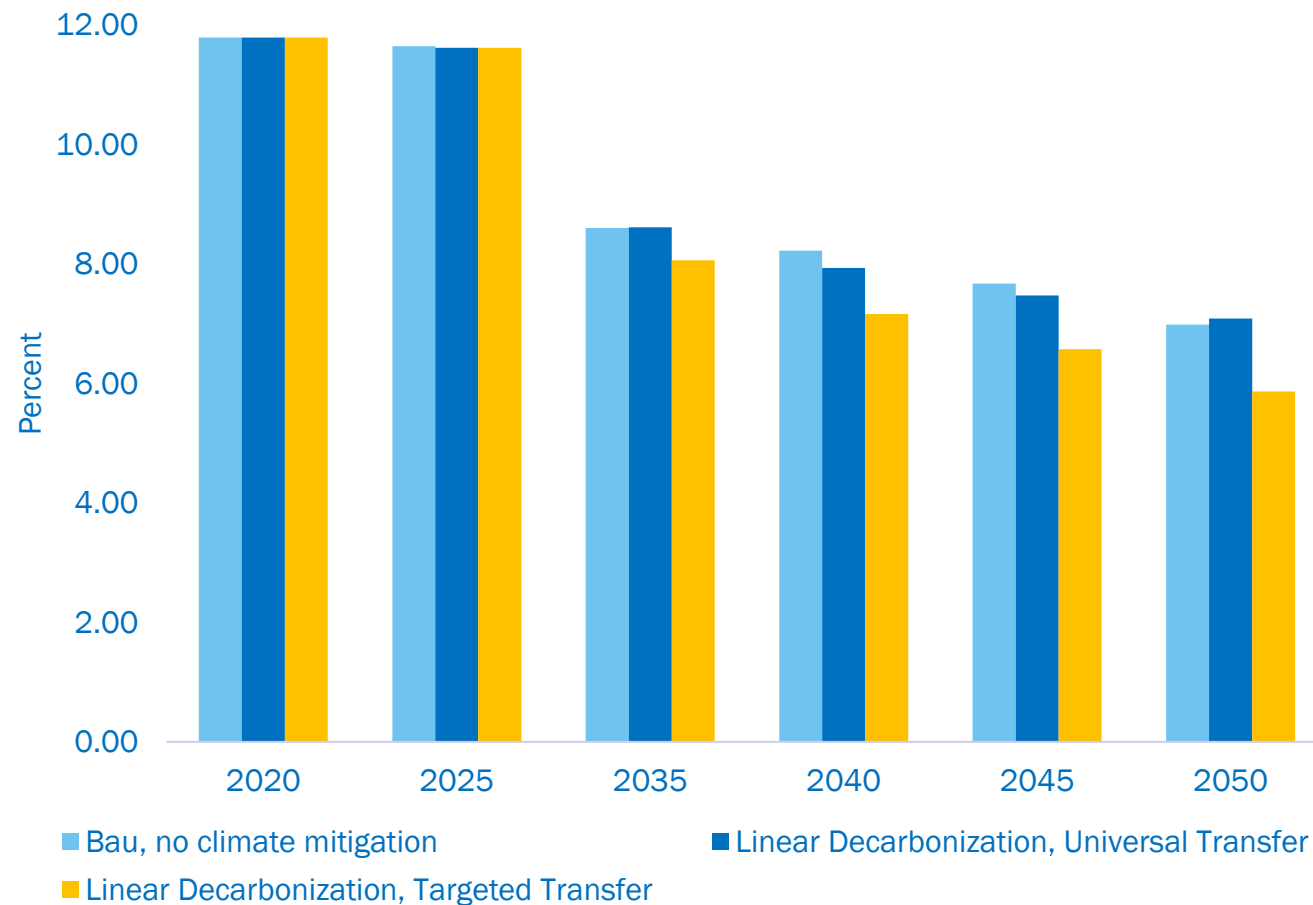
They account for 9% of new postings

They need better skills

More opportunities in urban areas

World Bank calculations based on AI/ML analysis.

# Romania needs to target social transfers to ensure that people are not left behind



Poverty can continue to decline

If special attention is paid for those at risk

Using targeted transfers, creating new jobs, and reskilling

# Romania faces substantial development and climate investments needs

US\$, billions (discounted, 2022)	BAU	Net 0 @ 2050					
	Total 2023-50	Total 2023-50	Of which (by period): 2023-30 2031-50		Of which (by funding source): Public sector      Private sector		
					National	EU	
POWER	32.8	39.9	20.8	19.0	13.1	3.4	23.4
RESIDENTIAL	85.3	85.3	15.1	70.3	15.3	23.1	47.0
TRANSPORT	180.0	230.6	82.8	147.8	60.5		170.1
<b>TOTAL INVESTMENTS IN SECTORS</b>							
Investments (US\$ billion, discounted)	298.1	355.8	118.7	237.1	115.4		240.4
Investments (% cumulative corresponding GDP)	2.4%	2.9%	4.7%	2.5%	0.9%		2.0%

Green development investments needs at 3% of GDP

Carbon pricing is critical for incentives

Private and financial sectors as key players

Adaptation needs are also high





ROMANIA

# Recommendations

# Seven key recommendations for Romania to achieve net zero by 2050 - Action is needed now

Recommendation/ Action:		Impact:
Increase electrification and fuel switching	⇒	Enable long term competitiveness and access to “greening” markets
Increase energy efficiency	➔	Increased energy security, benefit consumers and companies
Increase strategic management of water resources	⇒	Enhanced water availability for consumers, companies, energy and agriculture
Build and protect human capital	➔	Reduced skills gap, improved “green” labor market, protecting the vulnerable to deliver an equitable green transition
Accelerate decarbonization of transport	⇒	Increased competitiveness of transported goods, reduced congestion, improved air quality
Improve fiscal incentives	➔	Reduced subsidies and carbon tax revenues can accelerate the green transition, while protecting the vulnerable
Deepen government collaboration and coordination	⇒	Improved green investment climate and efficiency in deploying public investments and support to the transition