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Nuță, Florian Marcel

## Article

# Sustainable Romania : a review of the latest sustainability reports and world sustainability rankings

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## Kontakt/Contact

ZBW – Leibniz-Informationszentrum Wirtschaft/Leibniz Information Centre for Economics  
Düsternbrooker Weg 120  
24105 Kiel (Germany)  
E-Mail: [rights\[at\]zbw.eu](mailto:rights[at]zbw.eu)  
<https://www.zbw.eu/>

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## **Sustainable Romania – A Review of the Latest Sustainability Reports and World Sustainability Rankings**

**Florian Marcel Nuță<sup>1</sup>**

**Abstract:** Our paper is a review of latest assessments upon the country sustainability focusing mainly on the environmental issue (though some of the sustainability reports are approaching also aging, competitiveness, governmental finance, food etc.). We are also discussing some of the rankings comparing some sustainability/environmental indicators between Romania and other countries.

**Keywords:** Romania; sustainability; environment; performance; EPI

**JEL Classification:** Q01

### **Introduction**

The sustainability accounting on the national level is critical for a vast number of stakeholders from investors and capital owners to individuals and NGOs. Depending on the weight of the indicators (environmental, social and governance) the scores can be interpreted in a way or another. Recent developments are trying to explain and assess sustainability connecting the categories of indicators not only quantifying the scores.

It also a fact for some researchers that there is a ripple effect upon the economic activity in a country with high levels of sustainability performance (Xiao et al., 2018) and there are differences on how the corporate sustainability performance has financial effects between countries due to the national sustainability inputs.

Romania is still an emerging economy struggling to develop real and efficient public policies for protecting the environment and ensuring sustainable development. The country has to find the proper balance between regional and international competitiveness with benefits for all the stakeholders and its sustainable development goals. Many years after 1989 Romania gained competitive advantages from cheap labour force and poor or no environmental protection regulation. Now, as a member of the European Union and developing both living standards and economic relations, the country needs to keep and to improve its competitiveness without affecting social and environmental conditions. There is also risk that Romania could start to externalize environmental impacts as it happened in many developed countries once they built a strong environmental protection regulatory system.

For example, in countries with a well-defined legal framework for environmental issues, new regulations have led to the internationalization of a wide range of environmental costs. Organizations have witnessed the increase in compliance costs, the cost of “necessary” pollution, and control equipment, monitoring costs, emission charges, other certification and reporting fees. Pollution

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<sup>1</sup> Associate Professor, PhD, Danubius University of Galati, Romania, Corresponding author: floriann@univ-danubius.ro.

clearance regulations have led to an increase in the cost of reconditioning and insurance. Stakeholders' pressures, such as local communities, environmental activist groups, business partners, have also added new costs as the enterprise had to initiate programs and projects to meet the demands of these groups. On the other hand, organizations have also begun to realize the benefits of environmental performance. They have found that increased efficiency in the use of energy, water and other materials and materials is not only beneficial to environmental protection but also has an important economic potential.

### International Country-Level Assessments – Romania

The EPI report places Romania on the 34<sup>th</sup> place having good scores in agriculture, climate and energy and less good regarding the fisheries (due to decreasing fish stocks) and the air quality.

The research shows good developments in some environmental areas as the health impacts and water access but also declines in fish stocks and poor air quality. Some of the environmental issues are positively influenced by the economic development due to better financing for some aspects but there are still negative impacts of the economic activity reflecting a poor connection between the environmental objectives and the economic growth. It is also the case of Romania. We are still consuming in excess some natural resources without contributing to regeneration and above the nature's regenerative potential.

Air pollution remains a global issue and an aspect we are still deliberately sacrifice for the sake of the economic growth. This is mostly happening in developing economies rather than wealthy states or very poor ones. Romania is still trying to cope with the European standards and those accepted worldwide implementing environmental protection programs. It is still at debate if these programs reach their objectives or substantially contributes for the generally accepted targets.

Rank	Country	Score	Peer Comp.*
31	Azerbaijan	83.78	↑
32	Russia	83.52	↑
33	Bulgaria	83.4	↓
34	Romania	83.24	↓
35	Belarus	82.3	↑
36	Netherlands	82.03	↓

**Figure 1. EPI 2016 – Romania**

*Source: EPI 2016 Report*

We can also still discuss the EPI ranking given some facts. One of the most dangerous pollution is coming from the particulate matter (e.g. PM2.5, PM10). Statistics shows that Romania has a better situation than countries that outranked it in EPI (table 1). We can also consider that Romania has a less harmful economy in terms of emissions of carbon dioxide per unit of GDP (comparable with Finland which ranks first in EPI) (table 2).

**Table 1. Annual mean levels of fine particulate matter in cities (population weighted)**

EPI rank		
<b>1</b>	<b>Finland</b>	<b>6.93 Micrograms per cubic meter</b>
<b>34</b>	<b>Romania</b>	<b>18.85 Micrograms per cubic meter</b>
33	Bulgaria	26.77 Micrograms per cubic meter
31	Azerbaijan	23.77 Micrograms per cubic meter

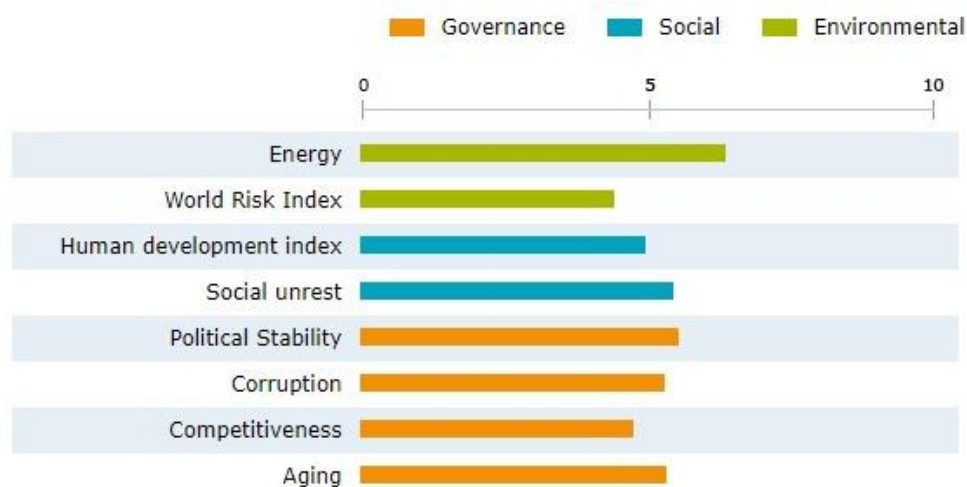
Source: UN, SDG Indicators, Global Database

**Table 2. Emissions of carbon dioxide per unit of GDP (kg CO<sub>2</sub> equivalent per USD1 constant 2005 PPP GDP)**

EPI rank				2011	2012	2013	2014
<b>1</b>	<b>Finland</b>			<b>0.26</b>	<b>0.23</b>	<b>0.24</b>	<b>0.22</b>
<b>34</b>	<b>Romania</b>			<b>0.24</b>	<b>0.23</b>	<b>0.2</b>	<b>0.19</b>
33	Bulgaria			0.43	0.39	0.34	0.36
31	Azerbaijan			0.19	0.2	0.19	0.2

Source: UN, SDG Indicators, Global Database

In the Country Sustainability Ranking, Romania shows again good scores in the environmental indicators, losing points because of governmental low capability to cope with natural hazards (like flooding) and the weakness of creating future growth, jobs and innovation (the competitiveness score).

**Figure 2. Country Sustainability Ranking 2017 – Romania's detailed score**

Source: Country Sustainability Ranking, RobecoSAM&Robeco, 2017

Romania take the 38<sup>th</sup> place in the Country Sustainability Ranking 2017, scoring well in the environmental indicators but having a poor performance in governance (in the last 5 countries in top 40 only Greece is performing worse in governance). This thing shows that even Romania is still a green country (due to many factors emerging from the transition from centralist to free market economy) is still lacks a good public policy system. The lack of solid governance could have bad influence on short and medium term upon the other two components, including environment, if progress is not achieved.

In Central Europe the sustainability ranking is highly influenced by the political instability and the public policy inconsistency. Moreover the wave of EU skeptical discourses could endanger long term European common environmental and sustainability objectives.

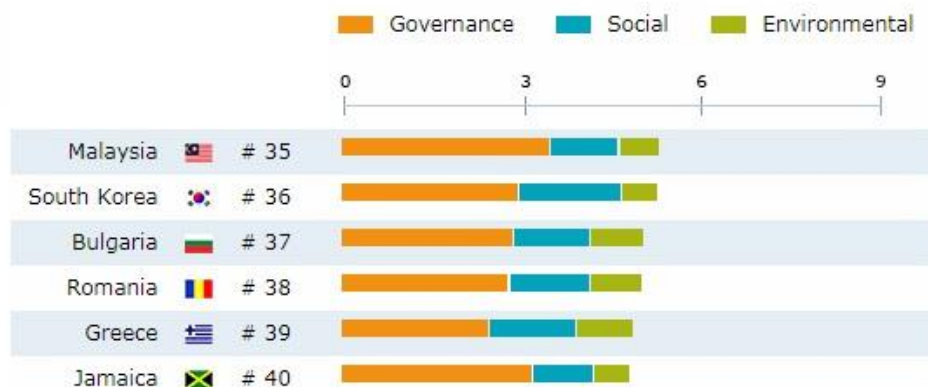


Figure 3. Country Sustainability Ranking 2017 – Romania’s place

Source: Country Sustainability Ranking, RobecoSAM&Robeco, 2017

The environmental democracy index was developed to assess the way public access in real time and freely information, have feedback and participate in a way in decision making in relation with private or public parts which may harm the environment. There are 3 pillars, each one describing a sum of guidelines: access to information, public participation and access to justice.

Romania is taking the 18<sup>th</sup> place in this ranking scoring well in information access but losing points in the other two pillars especially in participation.

16	Brazil*	1.80	
17	El Salvador	1.80	
18	Romania	1.79	
19	Mexico*	1.75	
20	India*	1.75	

Figure 4. Environmental Democracy Index

Source: World Resources Institute

The Sustainable Development Goals (SDG) Index is the first ranking that evaluates how the world countries are dealing with their sustainability targets and offers a standardized image including 17 general goals itemized with different objectives. It ensures accountability and evaluates the gaps to be closed until 2030 when is the deadline to achieve the SDGs.

This ranking is grouping the countries by region and includes Romania in the Eastern Europe and Central Asia group. The region is evaluated as making some (but not enough) progresses in basic infrastructure and having problems with gender equality, renewable energy, climate change, sustainable consumption and production, protecting the ecosystems and environmentally sustainable

agriculture. Romania's dashboard shows good performance in literacy and school enrollment (SDG4), access to electricity (SDG7), internet or mobile phone access (SDG9), but difficulties in matching good scores in some demographic and gender equality indicators (SDG3, SDG5), waste management (SDG12) and biodiversity (SDG15). Overall Romania rank 35<sup>th</sup> globally from 157 investigated countries.

COUNTRY	SDGI	SDG1	SDG2	SDG3	SDG4	SDG5	SDG6	SDG7	SDG8	SDG9	SDG10	SDG11	SDG12	SDG13	SDG14	SDG15	SDG16	SDG17
Sweden	85.6	99.4	70.1	97.6	95.0	86.5	95.2	97.5	91.3	89.6	95.0	100.0	57.7	80.1	59.9	63.1	81.1	96.3
Denmark	84.2	98.8	74.8	94.5	95.4	83.5	94.1	88.8	81.8	89.8	89.9	97.3	55.7	83.3	42.4	79.1	88.7	92.8
Finland	84.0	99.9	66.1	96.5	90.1	87.9	96.3	93.1	77.6	87.6	95.5	99.4	53.5	68.7	76.0	67.6	91.3	81.1
Moldova	74.2	100.0	59.1	74.4	86.0	68.7	86.3	80.2	54.7	23.3	96.4	86.0	80.4	94.4	n.d.	62.4	53.4	81.7
Romania	74.1	99.9	51.9	79.3	82.6	61.5	90.9	81.8	77.7	34.7	94.6	84.0	65.4	90.7	65.6	79.6	60.2	59.8
Lithuania	73.6	99.1	65.3	83.7	96.8	70.8	92.4	66.7	78.9	51.6	72.5	92.0	65.8	76.6	43.8	82.9	63.7	49.0

**Figure 5. SDG Index 2017 – Romania's score**

Source: *SDG Index and Dashboard Report 2017*

## Conclusion

From the first declaration for sustainable development in 1987 (the Brundtland Report) the environmental issues were addressed but other emerged. Moreover the sustainability approach was developed, social and human development issues being included into discussion.

The sustainability issues remain in discussion for both private and governmental actors. The figures from the 2016 Global Sustainable Investment Review are a proof for this. Most of the regions included in this assessment increased their financial commitment (12% in Europe, 33% in the US, 16% in Asia, etc.) between 2014 and 2016.

As it is the case of enterprises, at national level being sustainable and environmentally responsible is beneficial. The benefits are not only direct ones but effects may extend on the economic and social welfare as well. This fact is made visible in the new sustainability rankings that include indicators of human development and governance capacity.

It is of interest to further observe the country evolution in targeting, assessing and achieving sustainable development goals in the European context maintaining and diversifying the economic growth opportunities, integrating into the global market and actively pleading for human welfare.

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