

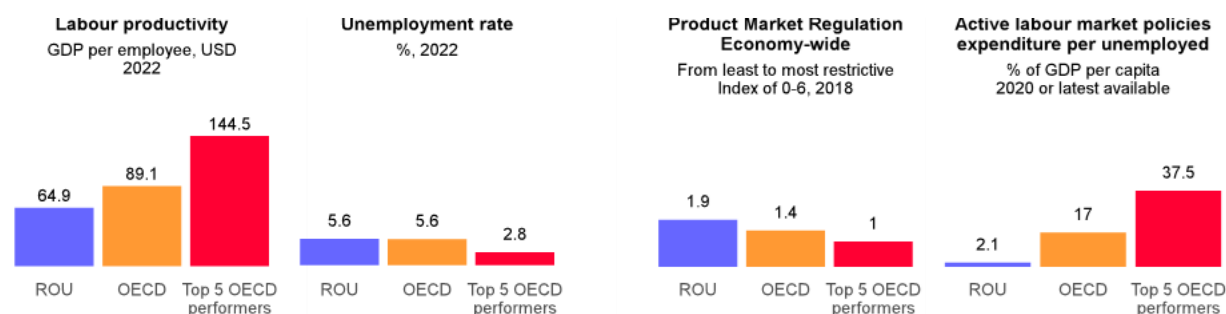


Performance gaps

Recommendations

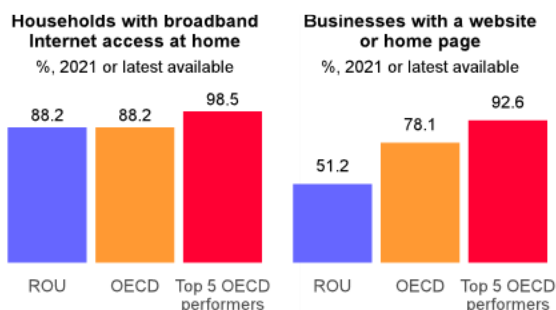
Product and labour markets functioning

- Trust in institutions is low and corruption remains a major issue.
- Productivity growth in the business sector is held back by burdensome red tape and slow debt restructuring.
- Legislation changes too often and takes inadequate account of its impact on ease of doing business.
- Provide the National Anti-Corruption Directorate with more resources and powers. Provide better guidance to members of Parliament on identifying and managing conflicts of interest.
- Simplify licencing and permit systems, notably by enhancing the use of online services, to make it easier to register new businesses.
- Strengthen the insolvency regime to facilitate debt restructuring, notably by introducing out-of-court mechanisms.
- Reduce further the use of emergency decrees and conduct more impact assessments on proposed legislation.



Digital transition

- A relatively large number of Romanians do not have basic digital skills and do not use digital tools.
- Substantial scope for enhancing public-service efficiency through technology remains. Notably, improved systems for tax administration would enhance compliance and help overcome Romania's problem of low tax revenue.
- Devote more resources to ICT equipment in deprived schools and training for teachers.
- Accelerate the computerisation of tax administration as part of efforts to improve tax collection.

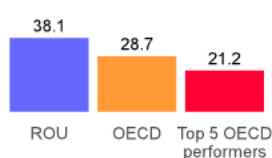


Inclusiveness, social protection, and ageing

- Income inequality is widened by women being heavily occupied with caring roles, unemployment in disadvantaged communities and inadequate education for vulnerable students.
- Unmet medical needs are high among deprived communities, including the Roma.
- The pension system is in deficit and pension payouts are modest, in part reflecting early retirement, especially among women.
- Provide greater access to affordable and good quality childcare and long-term care services.
- Strengthen active labour market policies for vulnerable jobseekers.
- Increase support for students at risk of dropping out of school.
- Improve access to healthcare, notably through more community nursing and use of telemedicine.
- Harmonise the legal retirement age between women and men and link it to life expectancy.
- As planned, revise the pension benefit formula to strengthen financial sustainability, while preventing old-age poverty.

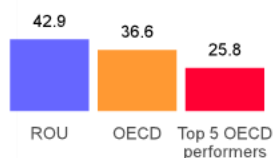
Mean poverty gap after taxes and transfers

Line at 60% of median disposable income
2021 or latest available



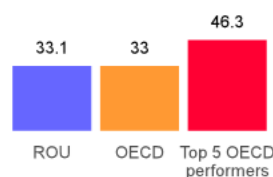
Impact of socioeconomic background in PISA reading score

%, 2018



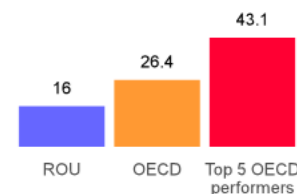
Strength of redistribution

Differences in Gini coefficients between market & disposable income relative to coef. on disposable income
%, 2021 or latest available



Income levels provided by cash minimum-income benefits

% of median disposable income, 2021 or latest available

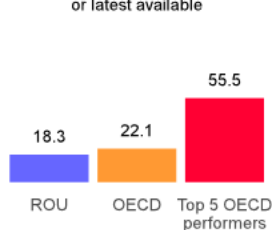


Climate transition

- Romania remains highly dependent on coal for electricity generation. Stronger inducements through tax and support are needed to decarbonise the energy mix and increase the efficiency of energy use.
- Use of solid-fuel fired stoves for heating and cooking contributes to indoor air pollution and premature deaths.
- Increase investments in renewable electricity generation.
- Extend carbon taxation to sectors of the economy not covered by the EU Emission Trading Scheme and harmonise its level.
- Increase vehicle and energy taxation to better reflect environmental impact.
- Expand support for households to stop using polluting stoves and improve home insulation.

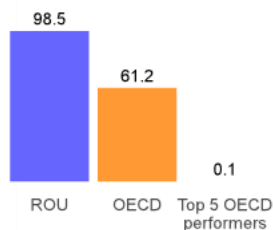
Share of renewables in the energy mix

%, Average over 2019-21 or latest available



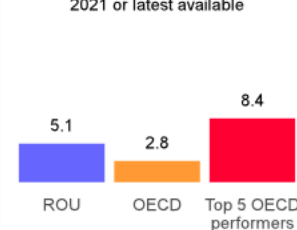
Share of population exposed to more than 10 µg/m3 of PM2.5

%, Average over 2017-19



Environmentally-related government R&D budget

% of total government R&D
2021 or latest available



Overall performance

Economy

Thousands USD per capita
2022 or latest available

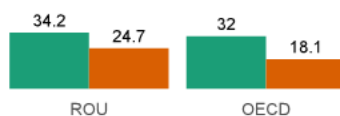
Gross Domestic Product



Inequality and poverty

2021 or latest available

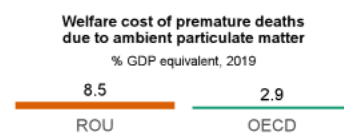
Gini coefficient after taxes and transfers (index of 0-100)
Poverty rate, line at 60% of median disposable income (%)



Environment and climate

1 unit of GDP, 2021

0.22 GHG emissions
0.24 (OECD)



Welfare cost of premature deaths due to ambient particulate matter

% GDP equivalent, 2019





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