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Progress Check:

Romania's final energy and climate plan under review

LIFE PlanUp

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Executive summary

As part of the European Union's 2030 climate and energy package, EU member states are required to develop National Energy and Climate Plans (NECPs) to define and to report on their 2030 climate and energy objectives.

After the publication of the European Commission's (EC) recommendations on the draft NECPs, Romania submitted its final plan with a four-month delay, in April 2020.

Divided into two main sections, this briefing first provides an overview of the updated Romanian plan and then assesses whether it has taken into consideration the EC recommendations and whether it is generally more ambitious than currently implemented legislation, especially in the transport, buildings and agriculture sectors.

The final version of the Romanian NECP includes some positive elements but also steps backwards compared to the draft. The Romanian government has largely taken up the European Commission's recommendations, especially on renewable energy and energy efficiency, which have both been increased. Additional measures have also been introduced, however, some are very negative, such as the development of production and infrastructure for liquified gas in the transport sector.

With regard to public participation, there is still room for improvement. Setting up a multi-level dialogue would help improve the plan itself and gain more support for it, in particular for future updates.

The Romanian NECP includes both new and already implemented policies, the ambition of which varies depending on the sector. Agriculture remains the most problematic sector, with very few measures to reduce greenhouse gas emissions from the sector.

The building and transport sectors present both improvements and setbacks. The transport measures analysed in this report show the importance of tackling transport emissions and the crucial role that boosting the uptake of electric mobility and increasing the railway transport play in reducing GHG emissions and increasing energy efficiency.

The building sector is meant to heavily contribute to reaching higher energy efficiency and increased renewable energy. Programmes like “Casa Verde”, if properly implemented, can have a tremendous impact and boost renovation rates and related investments. This measure is maintained and expanded in the final NECP, and together with the Long-Term Renovation Strategy, can yield very positive results.

If the plan’s more positive elements are to be maintained and implemented, it will be crucial to keep political commitment, to detail investment plans for each policy and measure and to ensure consistency between them. In order to ensure popular support, the Romanian government must do better at involving all relevant stakeholders in the decision-making. Finally, the energy and climate plan can and should be a key tool for a green recovery that will help Romania emerge from the Covid-19 pandemic stronger, more resilient and more sustainable.

Overview of the plan

The final version of the Romanian National Energy and Climate Plan (NECP) was submitted to the European Commission in April 2020, with a 4-month delay. The plan integrates the objectives established by the Romanian government’s specific strategies in the field of energy and climate.

The final NECP includes several changes and integrates the recommendations provided by the European Commission in June 2019.

In particular, the targets on renewable energy and energy efficiency were revised to (at least partially) meet EU recommendations.

The renewable energy target was originally set at 27.9%. Upon the European Commission’s recommendation to increase this target to 34%, the final plan now contains a target of 30.7% total RES. While this does not entirely fulfill the recommendation, it represents an increase in effort and opens to the possibility to revise this target upwards in the next official revision of the plan in 2023.

The increased target is expected to be met mainly with the installation of an additional 6.5 GW of RES compared to 2015. The attainment of the target is also very clearly contingent on extra funding for electricity grids, in particular from the EU.

Following the European Commission's recommendations, the energy efficiency target was also increased and better detailed. The final plan now includes a differentiation between the target for primary and final energy consumption, both in terms of Mtoe and comparative percentage. In the final NECP, Romania commits to achieving a 40.4% reduction in final energy consumption by 2030.

The main sector that will contribute to this reduction is the building sector. Together with the finalisation of the plan, the Romanian government drafted a Long-term Renovation Strategy, which proposes measures to improve energy efficiency, to reduce greenhouse gas emissions and to increase the renewable energy share in the total energy consumption through renovation of the national building stock.

The target for greenhouse gas emission reduction is kept as it was in the draft plan and follows the requirement established by the Effort Sharing Regulation. However, the final NECP mentions the possibility that Romania will go beyond the 2% reduction target in non-ETS sectors thanks to additional policies and programmes that are being developed by the government. Not many details are provided on these additional documents but the commitment and willingness to further reduce GHG emissions is a step in the right direction.

	2030
Reduction in greenhouse gas (GHG) emissions in the ESR sectors (Effort Sharing Regulation) compared to 2005	2%
Share of renewables in energy (final consumption)	30.7%

Improvement in energy efficiency (final energy consumption)	40.4%
Share of renewable energy in electricity generation	49.4%
Yearly growth in renewable energy in heating and cooling	33%
Share of renewable energy in transport	14.2%

Source : Own elaboration based on RO NECP, 2020

The final NECP also includes more detailed information on policies and measures compared to the draft, as well as impacts and investment needs.

Indeed, one of the sections that was almost entirely lacking in the draft plan was chapter 5, which is meant to outline the impact assessment of planned policies and measures and give an overview of the investment needs. The second element, in particular, has much improved in the final plan. A much more detailed and concrete overview of the funds and resources that Romania needs to implement all the actions included in the plan is given in the final chapter. This makes the plan more clear and provides more certainty to public and private investors while giving more credibility to the plan overall.

Due to the Covid-19 crisis, many sectors have suffered setbacks and economic contraction. These new circumstances should be properly addressed in the NECP. The next update of the plan should include lessons learned and outline how this extra knowledge will translate in new measures and programmes.

Overview of the sectors

Transport

The Romanian final NECP includes more details and addresses some gaps compared to the draft version.

While a specific greenhouse gas emission reduction target for the transport sector is still missing, the target for renewable energy in transport is improved.

The draft plan presented a target of 17.6% RES in transport by 2030. This has been lowered to 14%. While this target is in line with the European directive (REDII) and it is an improvement compared to the draft NECP, 14% is still a high target all the more because it still foresees high reliance on unsustainable biofuels based on food and feed crops.

Buildings

One of the main additions to the final NECP is the mention of the Long-term Renovation Strategy (LTRS). This strategy aims to improve energy efficiency, reduce greenhouse gas emissions and increase renewable energy in the total energy consumption through the renovation of the national building stock.

Although it is a separate document, the LTRS is mentioned several times in the final plan and it includes the most prominent and ambitious measures to achieve increased renewable and energy efficiency targets.

Agriculture

The role of agriculture has not improved in the final NECP. Like in the draft, measures to reduce greenhouse gas emissions in the sector are very few.

Moreover, as already indicated in PlanUp's analysis of the draft plan, emissions from agriculture are reported to account for 16% and to be related mainly to energy consumption in the sector. However, as shown in a report of the European Environment Agency, agriculture emissions in Romania account for roughly 16% *excluding* energy consumption. This target needs to be revised to reflect the real impact of GHG emissions in agriculture. Intensive agriculture and livestock rearing are responsible for a great share of GHG emissions in Romania and should be better and more seriously addressed.

Transparency and public participation

Section 3.1 of the final NECP includes a detailed description of all consultation processes that the plan was subject to.

All national institutions were involved in the development of the plan in different formations and fora (local, central, and national). For the general public, civil societies and other stakeholders, three consultations were conducted on the plan. Two were carried out for the draft plan and the last one was opened before the publication of the final NECP between the 31st of January 2020 and the 28th of February 2020.

As reported in the plan, far more extensive consultations were carried out within the national government, local and regional authorities and the European Commission. The interaction with civil society and the general public was small and the time given to react to such an important and detailed plan was in all three rounds rather short.

A multi-level stakeholder dialogue, as recommended in the Regulation on the Governance of the Energy Union, was not organised. While some processes were halted by the Covid-19 crisis, this multi-level dialogue is an essential component of a fully participative process and can help build confidence and trust in a multi-year plan, as well as integrate new ideas and increased climate ambition. This should therefore be resumed when circumstances allow it and can serve as a forum for the future update of the plan.

Implementation of policy measures in the transport, buildings and agricultural sectors

This section examines both selected existing measures in the target sectors and measures foreseen in the national energy and climate plan.

Transport

The graph below illustrates the evolution of the final overall renewables source consumption in the transport sector between 2005 - 2017, for different types of renewables (Source: EUROSTAT)

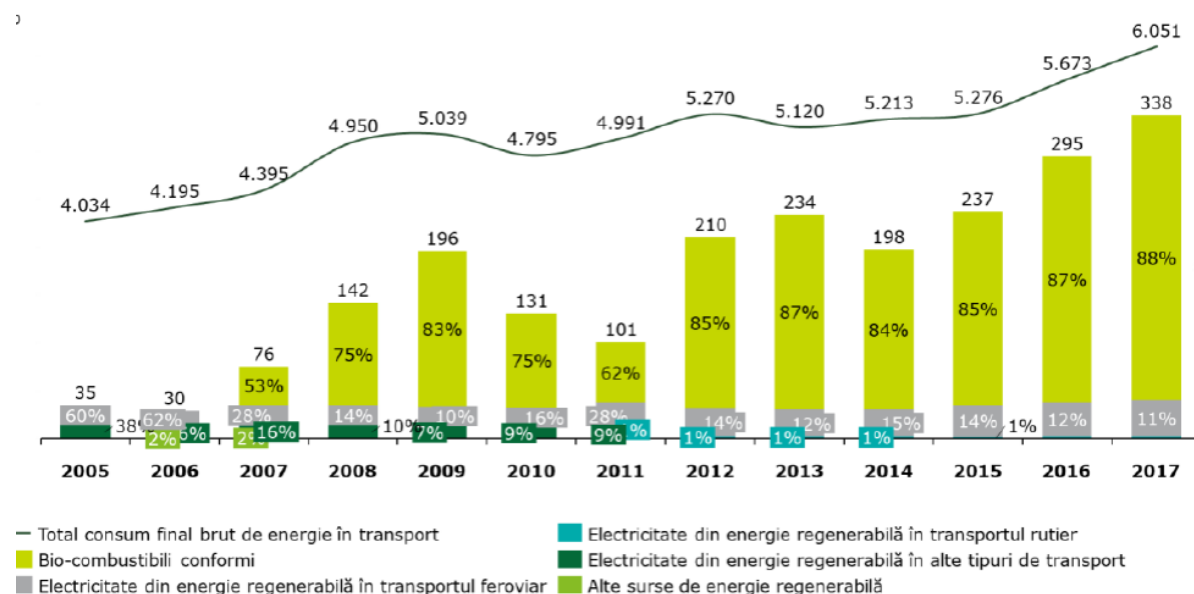


Figure 1. Renewables in the transport sector - Source: RO NECP 2020 Graph 26, pag 164.

Railway transport

The potentially most ambitious measure, recurrently mentioned in the final NECP, is the revival of rail transport. In Romania, the potential for the railway

sector to grow and contribute to the decarbonisation and renewable energy targets is huge.

The railway transport has experienced a constant decay since 1990. The present state of the infrastructure and of the train engines and wagons is deplorable.

The current train speed is max. 80km/h with some limited railways that can accommodate more. While the first Romanian trains in the 1860's ran some 60km/h, the speed of the train Bucharest - Giurgiu is today some 40 km/h, which describes well the present state of the railways.

Railways are vastly more environmentally friendly than road transport. However, unlike road transport, railway upgrade and maintenance have received very little attention and funding in the last 30 years.

In the final NECP, railway transport has a much more prominent role and is set to strongly contribute to reducing emissions in the transport sector.

The plan includes drastic measures to redirect the railway sector toward achieving its full potential for an environmentally friendly and sustainable economy.

Among the main objectives, the railway transport is set to deliver on the following:

1. **Decarbonisation** is enhanced by using railway transport. The railway transport will be promoted and the connection with other means of transport ensured.
2. **Energy efficiency** is improved in the railway sector through several actions: the expansion of the electric railway network, the connection of the power source of the sector to electricity generated from renewables, the modernisation of the engines and wagons, as well as investments in the infrastructure to swiftly increase the speed of trains (both passenger and freight). These actions will be carried out also in urban transport (Bucharest metropolitan system).

3. The share of renewables in the energy consumption in the transport sector - including railway transport - is set to reach 7% by 2030 but there is enough room for this figure to increase dramatically. The renewable energy targets in the railway sector outlined in the plan are:

- a. 46.9 ktoe by 2020*
- b. 72.2 ktoe by 2025*
- c. 97.6 ktoe by 2030*

While these objectives represent a step in the right direction, they seem highly ambitious, in particular considering the relatively short time frame in which they should occur.

Achieving an extra yearly reduction of 0.6 Mtep in energy consumption in the transport sector, which is the estimated level presented in the NECP to reach the new increased energy efficiency target, will not be possible without a new vision for the railway sector.

The European Commission white paper “Roadmap to a Single European Transport Area” published in 2011, contains references and recommendations to the railway sector that Romania should comply with.

Among the measures that should be implemented to improve railway transport are the following:

- By 2030, 30% of road freight transport over distances longer than 300 km should be transferred to other modes of transport, such as railway or inland waterway transport; by 2050, this percentage should exceed 50%
- By 2050, a European high-speed rail network should be developed. The length of the existing high-speed rail network should be tripled by 2030 and expanded through Romania, which currently does not have such a high-performance rail network
- By 2050, most medium-distance passenger transport should take place by rail
- The quality and comfort of railway transport (including in the metropolitan network) should be improved

- The urban and suburban rail network transport, including tramways and commuter high speed trains, should be expanded
- By 2050 all airports and harbours should be connected to the high speed railway network. Currently the Bucharest International Airport does not have a railway connection to the city.

The Romanian NECP mentions the development of a National Strategy for the Development of Rail Infrastructure. This is a 4-year plan to expand and improve the rail network and a way to attain the renewable energy target without relying heavily on the use of unsustainable biofuels based on food and feed crops.

Recommendations to improve the measure

The expansion and improvement of railway transportation, both for passenger and freight, will play an essential role in Romania's efforts to reduce transport emissions and increase the share of renewable energy.

As this sector has been largely neglected in the past 30 years, the ambition of the NECP and the novelty of the policies outlined in the plan are most welcome. The priorities identified in the plan are correctly presented and leave space for incentives and complementary policies to boost their uptake.

For it to be successful and yield the expected results, the plan should include all the elements outlined in the European Commission white paper and include precise milestones and a detailed implementation strategy for each objective.

Electromobility

Unlike railway transport, the domain of electromobility is quite new for Romania in many respects.

The Romanian NECP includes different measures to boost electromobility. The goal is to reduce pollution from road transport, which accounts for more than 20% of the country's CO2 emissions.

Several Romanian cities already have electric public transport. However, the economic and environmental benefits of such measures are still to be quantified.

Among the main measures to increase electromobility and comply with the EU car CO2 standards, the following are included in the NECP:

1. Installation of “Grid-to-Vehicle” and “Vehicle-to-Grid” technologies
2. Set-up of private initiatives and Public-Private partnerships to build the necessary infrastructure
3. Elaboration of a plan for the installation of public charging networks
4. Incentivisation of private investments for infrastructure development through stimulus mechanisms
5. Set-up of a national network of recharging stations for electric vehicles
6. Installation of charging infrastructure for electric vehicles in long-term parking lots and highways

The sources of funding identified for the implementation of these measures are the Romanian Environment Fund and European funds.

Recommendations to improve the measure

The measures to boost electromobility as outlined in the plan go in the right direction. However, many details, including milestones and deadlines, are still missing. In order to succeed in all the actions laid out in the plan and give investors more certainty for their investments, more concrete details should be provided - at the very least to show compliance and harmonisation with EU legislation such as the CO2 standards for passenger cars and for heavy duty vehicles. This is especially important for the elaboration of a plan for the installation of public charging networks, for which no deadline is

given, and the stimulus mechanism to incentivise private investments in infrastructure, for which more details need to be provided.

Moreover, it will be essential to set up smart incentives and support programmes for agents interested in investing in electromobility infrastructure. An interesting method could include applying an attractive price for new applications in the field of electricity, such as electric mobility, that reflects the effective capital and operational costs. This should also deliver an attractive level of profitability and guarantee economic sustainability.

A substantial issue related to the increase of electromobility is the need to ensure energy efficiency. This could be done by establishing support measures that include research and innovation projects financed by public and private sources, setting common standards (inspired by EU standards and aligned with them) and developing the necessary infrastructure for electric and hybrid vehicles.

It will be also essential to support scientific research for the energy transition, energy efficiency and electromobility technologies by expanding partnerships with private operators, not only in the energy sector, but also, in the digital sector. Active participation in existing initiatives, with bordering countries and at European level, will also play an important role for knowledge sharing and replicability.

In order to assess the success of the strategy on electromobility, it will be interesting to analyse how the state and private actors share their experiences, how best projects are promoted, and how the industrial and financial community will become respected stakeholders in implementing electromobility.

For both measures, it will also be essential to assess the impact that the Covid-19 crisis has had on the transport sector. The National Energy and Climate Plans should be reviewed to include lessons learned and future policies and funding that ensure that the economic recovery is aligned with a green recovery, in particular in the transport sector.

Buildings

Since 2009, energy efficiency and retrofitting of residential buildings have been at the very core of public policy related to buildings and climate change mitigation in Romania.

In Romania, the building sector has a high share of residential buildings (99,08%) and a very small proportion of non-residential buildings (0,2%), as reported in the 2011 National Population and Housing Census.

Most residential buildings were erected before 1970, without any energy efficiency requirements and the vast majority of them are the so-called Soviet-type blocks of flats. These old infrastructures cause massive energy loss. Consequently, the residential sector accounts for a third of the total final energy consumption in Romania. The 8% decline in greenhouse gas emissions from buildings in 2016, compared to 1990, was the result of demographic decline and reduction of heated living space.

Currently it is mandatory for every new or existing building to have an energy performance certificate before it can be sold.

Public policies are focused on energy efficiency, which is one of the three pillars of Romania's European obligations in the energy sector together with reduction of greenhouse gas emissions and renewable energy uptake.

The existing programmes include the continuation of the National Energy Efficiency Action Plan IV, the Energy Strategy of Romania 2019- 2030 and the Strategy for mobilizing investment in the renovation of residential and commercial buildings.

2009 Ordinance on energy performance of apartment buildings

In 2009, the Romanian government adopted a law to regulate intervention works on apartment building insulation. The law regulates renovation works aimed at thermal insulation of apartments and includes the following interventions:

a) thermal insulation of exterior walls;

- b) replacement of existing windows and exterior doors, including carpentry related to access to the apartment building, with energy-efficient carpentry; closing the balconies/loggias with energy efficient carpentry;
- c) thermal-waterproofing of the terrace/thermal insulation of the floor above the last level in case of the existence of a frame;
- d) thermal insulation of the floor above the basement;
- e) dismantling works of the installations and equipment mounted on the facades/terrace of the apartment building, as well as their reassembly after the thermal insulation works;
- f) restoration works of the tire finishes.

Carrying out the intervention works aims at increasing the energy performance of apartment buildings, so that the annual energy consumption heating falls below 100 kWh/m² of habitable area.

As it was designed, the law opened large possibilities for local public policies. Financing the design of the intervention works comes from the local budgets of the administrative-territorial units, in accordance with the law.

Financing the execution of the intervention works is instead shared as follows:

- a) 50% is financed by the state budget, within the limits of the funds approved annually for this purpose in the budget of the Ministry of Regional Development and Housing;
- b) 30% is financed through funds approved annually for this purpose in the local budgets and/or from other legally constituted sources;
- c) 20% is financed through the repair funds of the owners' associations and/or from other legally constituted sources.

The measure has been in force since the 2009 Emergency Ordinance 18/2009 on increasing the energy performance of apartment buildings. Following the transposition of the Directive 2010/31/EU on the energy performance of buildings, the law was updated on September 5, 2011.

The 2009 law, together with other measures to improve energy efficiency of buildings, are included in the new Long Term Renovation Strategy (SRTL),

which the Romanian government has recently published. The strategy promotes the insulation of all residential buildings together with more complex measures such as the adoption of renewable energy technologies, i.e. solar thermal panels, photovoltaic panels and heat pumps, which will contribute to the achievement of general decarbonization targets. The only clear-cut term is 2030 whilst intermediate terms are to be further established via government decisions.

In the Romanian NECP, the measure is integrated in the draft Long-Term Renovation Strategy (SRTL). It proposes measures to improve energy efficiency, reduce greenhouse gas emissions and increase the share of energy from renewable sources in total energy consumption by renovating the national building stock. In an estimated final consumption for 2019 of 22.86 Mtoe, the national stock of buildings accounts for 41.64% of it, with an estimated consumption of 9.52 Mtoe.

The strategy puts forward 3 renovation packages (minimum, average, maximum) for the buildings located in 3 climatic zones of Romania:

- Package 1 (minimum) - This involves renovation to a level that complies with national legislation, a level corresponding to class C in an Energy Performance Certificate;
- Package 2 (medium) - This involves structural renovations of buildings to avoid the blocking effect or the implementation of insufficient measures, which require subsequent replacement to achieve the future objectives of Near Zero Energy Buildings (NZEB), as well as minimal use of solutions to obtain energy from renewable sources;
- Package 3 (maximum) - This involves the renovation of the building to the level at which it can be considered a Near Zero Energy Building (NZEB) through the extensive use of energy efficiency improvements and renewables (photovoltaic panels, solar panels for hot water, geothermal pumps).

The final NECP also mentions increasing energy efficiency in the residential sector through thermal rehabilitation works of the insulation and the heating systems. In government buildings and public services, this happens through partial thermal insulation of some elements of the building envelope, replacement of exterior carpentry with energy efficient carpentry and through complex works to increase energy performance (in-depth renovations).

State investments in this measure are planned via annual budgets and allocated via government decision. The actual contribution of citizens within this measure is around 20%, the rest of the costs are shared between the central government and local authorities.

Recommendations to improve the measure

For a short while, starting in 2010, the Romanian government adopted a support programme to increase the energy efficiency of residential buildings. The programme provided government guarantees and subsidized interest on loans for the thermal rehabilitation of residential buildings. Associations of owners and owners of single-family residential buildings can thus benefit from favorable lending conditions for the thermal rehabilitation of residential spaces built and purchased by the end of 2000. Such a crediting policy should be reinstated by the Romanian government as it incentivizes citizens' contribution to renovate thermal insulation of their old buildings.

Moreover, technicalities of insulation are being poorly regulated. If more natural materials were used, such as wool, especially in a country with a strong pastoral culture, or agricultural waste, the impact would be trans-sectoral and would boost more smart ecological solutions that would end in reducing significantly the sector's carbon footprint.

Casa Verde – The Green House

Through the Green House programme (Casa Verde), individuals are encouraged to use home heating systems based on renewable energy, whether that means installing a brand-new system or adapting or replacing their classic systems.

Specifically, individuals are able to request up to RON 3,000 (EUR 800) to install at home unpressurized solar panels, up to RON 6,000 (EUR 1,400) to install pressurized solar panels or up to RON 8,000 (EUR 1,800) to install heat

pumps. Therefore, the costs of purchasing the heating systems using renewable energy and those for the installation and commissioning, including the related value added tax, are eligible for financing, insofar as they are made only after the financing contract is signed.

Individuals are able to register for the Green House programme if they reside in Romania. At the same time, it is necessary for them to be owners or co-owners of the land and the house for which the green heating system will be installed, and for the building not to be the subject of a litigation in court, a legal claim or an expropriation procedure for public utility.

In a country that had both large quantities of biomass covering for energy poverty, and large Soviet heating power plants in towns, the programme is changing individuals' behaviour towards more autonomous and smarter decisions in managing energy.

The most recent governmental initiative is the Green House for PVs project. It is a subsidy programme for prosumers who can get funding for installing photovoltaic panels on their homes and connect to the grid. The upgrade of the former Green House programme comes after the Romanian Parliament passed a law that recognizes prosumers and allows them to sell the clean energy to the grid. Until now, almost 30,000 prosumers were approved for funding.

The programme was implemented between 2010 and 2017 and was reinstated in 2019. Currently the programme is regulated by Order no. 1817/2016 of the Minister of Environment of September 20, 2016 for the approval of the Programme Financing Guide on the installation of heating systems using renewable energy, including the replacement or completion of the classic heating systems.

In the period 2010-2017, over 30,000 projects were completed. Beneficiaries of these projects were mostly individuals and the total value financed was about 180,000,000 RON (EUR 37 million). In the same period, over 200 projects, of which beneficiaries were legal entities (administrative - territorial units, public institutions and religious units), were financed for a total value of about 160,000,000 RON (EUR 34 million).

Eligible expenditures included the purchase of heating systems using renewable energy, including those intended to replace or supplement conventional heating systems and expenses for the installation and commissioning of the systems.

Casa Verde “Classic” will be expanded in the coming years (until 2030) towards two new branches: a PVs project - a subsidy programme for prosumers who can get funding for installing photovoltaic panels on their homes and connect to the grid; and Casa Verde Plus, that aims at mixing energy generation with further insulation of buildings.

Casa Verde (Classic and Plus) is included in the Romanian NECP as an essential measure to decarbonize the residential sector. The measure is currently being implemented.

The measure follows the transposition of the Directive 2010/31/EU on the Energy Performance of Buildings.

The long-term continuation of the Casa Verde programme (until at least 2030) could encourage the development of a national market for heat pumps and could provide some of the heating needs through the use of solar thermal panels.

A number of policies and measures to increase the use of renewable energy in heating and cooling are also included in the draft Long-term Renovation Strategy (SRTL) until 2050, developed by the Ministry of Public Works, Development and Administration (MLPDA). Under this project, the renovation packages will include RES technologies such as the installation of solar panels, photovoltaic panels and heat pumps. More details on this project and its impact will be included in the next update of the Romanian NECP in 2023.

The state is offering a lump sum as shown above, enough to cover over 50% of the investment in the case of natural persons.

Casa Verde should be coordinated with a programme targeting insulation of residences. Casa Verde Plus is aiming to do exactly that, thereby making this programme more holistic.

Recommendations to improve the measure

The selected applicants must sign a financing contract, for the realization of the project described in the financing application. Subsequently, they have 10 months to install the chosen heating system and have the investment reimbursed.

No advance payments are granted, so the applicant must first cover all expenses with their own resources. If one does not have the necessary resources, the solution is to obtain a personal loan from the bank. In order to smoothen the application process, the state should guarantee such small loans.

Agriculture

The Romanian final NECP includes measures for farm modernisation, support for good agricultural practices and carbon sequestration, climate change adaptation through agricultural practices and support for irrigation and drainage systems and afforestation.

However, all these measures exist already as a part of the Romanian Rural Development Programme (RDP), and no additional measure on agriculture is envisaged.

The Romanian Rural Development Programme (RDP)

The RDP is the largest programme addressing the agriculture sector in Romania. With some 9.5 billion EUR over a seven-year period (2014-2020), the RDP for Romania focuses mainly on three priority areas: promoting competitiveness and restructuring in Romania's large agricultural sector; environmental protection and climate change; and stimulating economic development, job creation and a better quality of life.

The environmental protection and climate change priority area includes the following:

- Investments for implementing the Nitrates Directive (eligible until 2018);
- A set of relevant packages under agri-environment measures, such as better irrigation systems and renewable energy production;
- The measure for afforestation.

These projects aim to reduce GHG emissions but do not include specific targets.

The RDP mentions only output and result indicators, such as the following:

- 0.4% of the total livestock units (LSU) will be under investments aiming at GHG reduction (including ammonia), meaning 21,749 LSU;
- 9.93% of the total utilised area will be under contracts aiming at GHG reduction (including ammonia), meaning 1,321,100 ha.

The Romanian RDP has been implemented gradually since 2008 (starting with the 1st RDP 2007 – 2013), and continues with the existing national RDP 2014 – 2020).

So far, RDP measures aimed at reducing GHG emissions have been successfully implemented with the exception of the measure on afforestation.

Despite the large budget, the RDP does not include relevant interim targets and has not undergone any substantial policy reform.

However, it is worth noting that investments for implementing the Nitrates Directive, although costly, were largely accessed by farmers due to higher public support, which covered up to 90% of eligible costs. These types of investments can thus be considered relatively successful.

Moreover, agro-environmental commitments, although mainly targeting biodiversity protection, have had a positive impact on land restoration as they strongly limit the use of natural fertilisers while banning chemical fertilisers. Furthermore, safeguarding grasslands is having a strong impact on carbon sequestration.

Moreover, the measures outlined in the RDP often lack consistency and long-term vision. For example, except for measures on irrigation and drainage, there is no consistent budget for investing in farming infrastructure for

reducing GHG emissions. In fact, while these measures partially address the risks that farming poses to climate change, they also lead to farm intensification and an increase in GHG emissions.

The way incentives are structured in the RDP has also led to the uptake of certain measures over others. The RDP is addressed to farmers and currently includes incentives for farmers to commit to agri-environment practices and afforestation. For various reasons, however, the measure promoting afforestation is not attractive, and, although a big part of the programme, it has so far not been successful.

Currently, the EU Common Agriculture Policy (CAP) is not clearly supporting investments in reduction of GHG emissions. One of the obstacles is the 5 years grace period, which applies to mandatory rules under EU legislation. This means that all EU farm obligations may be financed under the EU only 5 years from the moment of entering into force of the new rule. As mentioned above, the current RDP was targeting only 0.4% of livestock for reducing GHG emissions, while investments in proper management of the manure became ineligible since 2018, meaning that more than 99% of farms were not able to finance their needs with the support of EU funds and thus leading to a high level on non-compliance and very limited impact in tackling climate change.

Recommendations to improve the measure

Agriculture emissions and the benefit that tackling them would bring to the country are largely overlooked in the NECP. Indeed, the plan focuses on measures that are already implemented through the RDP and CAP and on tackling emissions stemming from the energy sector, which do not pertain to the agriculture sector.

First and foremost, agriculture emissions should be properly assessed and categorised. This would also help define appropriate impact indicators and properly address agriculture emissions.

Moreover, as the RDP has been already implemented between 2014 and 2020, an ex-post evaluation should be carried out to investigate the impact of the programme interventions on GHG emissions.

Conclusions and way forward

The updated version of the Romanian NECP addresses most of the EC recommendations, at least in part, and shows some progress compared to the draft version. Following the European Commission's recommendations as well as PlanUp's, the plan contains more details, especially on policy measures and investment needs.

The entire section that was missing from the draft plan on the impact assessment of policies and funding needs is now outlined in detail. This is a very positive and necessary addition to make the plan more solid and complete as well as more transparent and clear, especially on which resources will be employed and how they will be spent.

While some improvement has been shown on targets, in particular on renewable energy and energy efficiency, Romania needs to do more. In the plan itself, the government admits to having taken a conservative approach in increasing its ambition. This is mostly due to concerns over lack of funding and the expectation from member states to review targets upwards in future iterations of the plan.

Additional policies and strategies, such as the Long-Term Renovation Strategy for the building sector, and a stronger push for the modernisation and expansion of rail transport, show progress and commitment to further reducing carbon emissions.

However, the final plan includes some worrying developments that were not present in the draft. This is in particular the case for the development of production and infrastructure for gas in the transport sector. This unfortunate addition is a step back, as the final 10-year strategy now includes a plan to develop an unsustainable fossil fuel feedstock that will lock-in the economy in the long run and will not contribute to emissions reduction and better environmental outcomes.

The COVID-19 pandemic has had a strong impact on the economy and the three sectors at the core of this analysis. The transport sector was one of the

most affected by the crisis as all types of transport (road, air and maritime) were halted or slowed for months.

The consequences of the crisis and the lessons learned should be shared and integrated in the update of the NECP. Failing to do so would make the plan obsolete.

The Romanian NECP can still be improved. If it is to become a robust and effective climate tool, four elements will be crucial for its future implementation

- **Political commitment** - maintaining the positive elements, reviewing the regressive additions and revisiting other policies that need to become stronger. Use the NECP to plan for a green recovery from the COVID-19 pandemic.
- **Outline investment plans** - detailing investments and financing plans for each policy and measure.
- **Policy coherence** – systematically considering the inter-linkages between the different sectors and addressing existing gaps, especially in the agricultural sector. Ensuring consistency between policy objectives and proposed measures and sectoral strategic plans and legislation.
- **Stakeholder involvement** - to ensure public support and ownership of climate action, improving public participation and involving all stakeholders, including the general public and civil society. Setting up a functional and open multi-level stakeholder dialogue will be beneficial to this purpose. As already demonstrated in small scale by the events organised in Bucharest by PlanUp, Romania has significant human resources both from civil society and local and regional authorities that are eager to contribute to national climate and energy policies and could be used to further improve Romania's climate and energy framework.

The Romanian government should make the final national energy and climate plan stronger and properly involve all relevant stakeholders. Well planned climate action can also help pave the way out of the COVID-19 pandemic and into a more resilient and more sustainable society.



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