

TEAM FOR THE PREPARATION OF National Human Development Report Romania 2000

Principal Author
Gerardo Berthin

Contributors:

*Lucian Liviu Albu, Ionel Chera, Constantin Chirca,
Victor Dinculescu, Constantin Ionete, Stefan Mihai,
Valeriu Ioan Franc, Catalin Zamfir, Georghe Zaman*

Copyright © 2001

By the United Nations Development Programme
16, Aurel Vlaicu St. 79362 Bucharest, Romania

ISBN 973-0-02354-9

Short extracts from this publication may
be reproduced unaltered without authorization,
on condition that the source is indicated.

Design: Paul Madrio
Layout: Victoria Dumitrescu
Desktop & production management: **VANEMONDE** *intrade*

Foreword

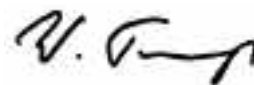
The issue of European Union accession became relevant to Romania's human development immediately after it was officially invited as a candidate country in late 1999. The National Human Development Report (NHDR) 2000, analyzes the implications of the EU accession process for Romania's human development and sets out proposals to contribute to the ongoing discussion and debate. The overarching goal of the Report is not to assess the EU accession process. Rather it is to analyze how the EU accession process can be consistent with human development goals.

This is the Sixth NHDR in the series that started in 1995. The analysis of the five previous NHDRs yielded four critical lessons to better understand the transition process in Romania and its implications for human development. First, that macroeconomic stability is an essential precondition for human development. Second, that not economic growth alone matters but the improvement of human development by such economic growth as well. Third, that no policy alone will trigger human development, therefore a comprehensive approach is needed. And fourth, that good governance is an important component for human development.

Today growing interdependence among people, countries and institutions is a reality. The NHDR 2000 supports the EU accession process, as it recognizes that economic integration will bring human development to Romania. However, it also cautions policymakers and non-governmental development actors to be more aware of the implications for human development. The complex and lengthy process of EU accession can create ample development opportunities, but unless it is properly managed it could harm human development.

In proposing a multi-dimensional strategy to manage and implement the EU accession process, UNDP wishes to highlight the complexity of the process and the important role good governance will play. The NHDR 2000 is also part of a larger ongoing effort to assess and support more effective good governance initiatives in Romania. I hope that the NHDR 2000 will allow key Romanian governmental and non-governmental sectors to find ways to contribute more effectively to governance activities for both EU accession and sustained human development.

Winston Temple



**Resident Representative
United Nations Development Programme
Country Office, Romania**

Acknowledgements

The preparation of the National Human Development Report Romania 2000 would not have been possible without the support and valuable contributions of many individuals.

Many Romanian experts contributed with information, analysis and inputs. The Report benefited greatly from the inputs and contributions provided by Lucian Liviu Albu, Ionel Chera, Constantin Chirca, Victor Dinculescu, Constantin Ionete, Stefan Mihai, Valerie Ioan Franc, Catalin Zamfir and Gheorghe Zaman. At a later stage, International Adviser, Conor Sean Kearney, provided guidance and editing advice to various drafts of the Report.

During the final stage UNDP-Romania colleagues provided extremely useful comments, suggestions and inputs. In particular the author wishes to thank Ruxandra Stan, Dan Dionisie and Kyoko Postill. The Report also benefited of comments by Alin Teodorescu, Coordinator for the NHDR Romania 2001 and from Juliette Hage, the Human Development Adviser at the Regional Bureau for Europe and the CIS in Bratislava, Slovak Republic.

Sincere appreciation is due to Vasile Puscas, Minister-delegate, Chief-Negotiator with the European Union for his valuable inputs and encouragement.

The author is especially grateful to Winston Temple, who as UNDP -Romania Resident Representative, guided and inspired the preparation of the NHDR Romania 2000.

Thankful for all the support that the NHDR Team has received, the author assumes full responsibility for the opinions expressed in the Report.

Gerardo Berthin

Table of Contents

Foreword	5
Acknowledgements	6
Executive Summary	11
INTRODUCTION	
Human Development and the Transition Process in Romania and Central & Eastern Europe	19
The National Human Development Report (NHDR) in Romania: 1995-1999	22
NHDR 2000: Human Development in Romania in the Era of Integration	23
The Human Development Challenge for Romania and the Need for a Strategy	26
The NHDR 2000 for Romania: The Implications of the Process of EU Accession for Human Development	27
CHAPTER 1: THE HUMAN DEVELOPMENT PROFILE OF ROMANIA AT THE BEGINNING OF THE EU ACCESSION PROCESS	
What does the Human Development Index (HDI) Reveal?	29
The Three Components of the HDI: Life Expectancy, Education and Standard of Living in Romania	30
Other Factors in Romania's Human Development Profile	44
What does the Human Development Profile of Romania at the Beginning of the EU Accession Process Reveal?	50

Table of Contents

CHAPTER 2: GOOD GOVERNANCE: THE BACKBONE OF THE PROCESS OF EUROPEAN UNION ACCESSION

Building an Enabling State and Good Governance in Romania	54
How to Promote a Good Governance Strategy in Romania for the EU Accession Process?	57
The Need for Good Governance	60
New Opportunities for Good Governance in Romania	66
Moving Human Development to Center Stage of the EU Accession Process Through Good Governance	68

CHAPTER 3: ECONOMIC RESPONSES TO MAKE THE EU ACCESSION PROCESS WORK FOR HUMAN DEVELOPMENT

The Need for a Strategic Economic Response	75
What can Romania do to Make the EU Accession Process work for Human Development?	78
<i>Promoting Economic Growth for Human Development</i>	79
Stabilization and Growth	79
Institutional Factors & Good Governance	80
Environmental Protection & Management	83
Income & Asset Distribution	85
Job Creation	86
Pro-Poor Growth	88
Public Expenditures for Human Development	89
<i>Promoting Human Development for More Economic Growth</i>	93
Participation and Decentralization	93
Skills & Knowledge	94
Promoting Entrepreneurial Initiatives	95
Opportunities Expanded	96

Table of Contents

CHAPTER 4: THE ROAD TO THE EUROPEAN UNION & HUMAN DEVELOPMENT	
Romania's Strategy for the EU Accession Process and Desired Outcomes	100
<i>Good Governance and Human Development for Empowerment</i>	101
<i>Human Development and Economic Response for Equity</i>	102
<i>Economic Response and Good Governance for Productivity with Sustainability</i>	103
Agenda for Action	104
TECHNICAL NOTES	109
STATISTICAL ANNEX	119





Executive Summary

Implications of the process of EU Accession for Human Development in Romania

The invitation made to Romania at the end of 1999 to start negotiations is the most significant development for the country in the last decade and since the transition to a market democracy began in 1990.

As was pointed by UNDP's 1999 global *Human Development Report*, growing interdependence among people, countries and institutions is today a reality. This reality is an integral part of Romania's present and future development. The invitation made to Romania at the end of 1999 to start negotiations for EU accession was received with much anticipation by Romanian society. This has been the most significant development for the country in the last decade and since the transition to a market democracy began in 1990. Thus at a juncture in which a policy-path is being set and implemented in Romania for EU accession, it seems fit and timely to analyze the possible implications for human development of this complex process.

The Report recognizes the power of economic integration to bring economic and social benefits to Romanian society. However, as it has done in the past, the 2000 NHDR champions an agenda for the most vulnerable sectors of Romanian society .

This is the main reason why the NHDR 2000 for Romania focuses on the issue of EU accession. The Report comes down in favor of such a process and it recognizes the power of economic integration to bring economic and social benefits to Romanian society. However, as it has done in the past, the 2000 NHDR champions an agenda for the most vulnerable sectors of Romanian society, for those who will continue to be suffer under the transition process, and for those who are most likely to be adversely affected by the process of EU accession. It calls for a much bolder strategy of political, economic and social reforms to achieve EU membership with a human face. But is also cautions that the complex and lengthy process of EU accession needs to be managed with vision and strategy, because as much as the process can create ample development opportunities it could also, if managed improperly, be detrimental to human development.

The overarching goal of the Report is not to assess the EU accession process, rather it is to analyze how the EU accession process can be consistent with human development goals.

The NHDR 2000 for Romania seeks to expand the understanding of the implications of the EU accession process in Romania's human development and sets out proposals to contribute to the ongoing discussion and debate. Building on Romanian realities, it broadens and deepens the analysis of the factors that could affect the complex process of EU accession and its implications for human development. The overarching goal of the Report is not to assess the EU accession process, rather it is to analyze how the EU accession process can be consistent with human development goals.

The fundamental message of the NHDR 2000, which is articulated throughout the Report, is that Romania should seize the opportunity of the EU accession process to increase prosperity and reduce poverty amongst its people.

Ultimately, the EU accession process will be about good governance, human development and economic response.

Because of the complexity and implications, the Report argues that the EU accession process for Romania has to be conceptualized as having three key dimensions for governmental action:

human development, good governance and economic response. The synergy and articulation of these three dimensions could ensure that governmental action and the path of Romania towards EU membership will be bounded by three human development principles: equity, productivity & sustainability and empowerment. Ultimately, the Report insists, the EU accession process will be about good governance, human development and economic response and will require a wide range of capacities that reach far beyond the framework of the *acquis*. UNDP hopes that the NHDR 2000 will promote discussions, dialogue and policy formulation in other areas such as: civil society, social capital, the market, decentralization and local governance, information and technology for development and economic conditions. It is also hoped that this modest UNDP proposal encourages more analysis, discussion and debate in four key areas:

- The approach -- or how to proceed with the process of EU accession.
- Policy fit -- or how to intensify the synergy between institutional preconditions for accession and institutional capacity.
- Resources -- or how to optimize EU pre-accession funding, public spending and other donors' assistance.
- Partnerships -- or how to engage civil society and build capacity to better institutionalize participation, responsibility and accountability.

Chapter 1: The Human Development Profile of Romania at the Beginning of the EU Accession Process

Over the past 5 years the Human Development Index (HDI) for Romania has remained relatively stable, changes if any have been slow and minor .

Romania's HDI value of 0.764, is comparable to that of other countries in the region, such as Bulgaria, the Russian Federation and Latvia, as well as other countries outside the region like Venezuela, Fiji, Surinam and Colombia. However, among countries in the region Romania has had the lowest accumulated negative change in human development (of -0.001) between 1990-1998. Still, Romania's HDI value falls below the average of Central & Eastern European and CIS countries, which is 0.777. Similarly, Romania has more ground to cover in making up human development shortfalls than other countries in the region. For example, while Croatia and Lithuania's shortfall to pass the threshold into the category of high human development is about 5%, Romania's shortfall is twice as high (10%).

In analyzing the three components of the Romanian HDI -- life expectancy, educational attainment and the standard of living, the Report points to the following trends:

- **Life Expectancy:** The evolution of life expectancy in Romania over the last five years has been one of mixed stagnation and slight increases for both males and females. However, the aggregate picture, especially when compared to other Central & Eastern European and CIS countries, masks a rather gradual deterioration. While some indicators are being sustained and others seem to be increasing, most indicators related to life expectancy show a gradual declining trend that is moving Romania further away from regional and European standards.
- **Educational Attainment:** Overall educational indicators for Romania fare well in comparison with other Central & Eastern European and CIS countries. This is especially

relevant in the areas of adult literacy rate, youth literacy rate, enrolment ratios for primary age groups, as well as tertiary students in science. However, public education expenditures are generally below Central & Eastern European and CIS averages. The Report calls for a renewed policy attention to growing dropout trends, especially among vulnerable sectors of the society. Romania also needs to strengthen its capacity to adapt its educational system to the emerging needs of the transition to a market economy and of the EU accession process. The need to radically upgrade the educational infrastructure (equipment, buildings, materials, and technology) must be seen as part of Romania's investment strategy for the future.

• **Standard of Living:** The past decade has left Romania with a legacy of mediocre economic performance and declining living standards. This was in spite of the fact that during the last decade joint actions were carried out by central governmental agencies and donor agencies. Romania is gradually beginning to recover its pre-transition levels of economic growth, amidst the growing shadow of worsening inequalities and poverty. From a human development perspective, this incidence comes clear with the Human Poverty Index (HPI). The HPI for Romania has been increasing from 19% in 1995 to more than 23% in 1998. This means that various forms of human poverty affect over 23% of the Romanian population.

Chapter 2: Good Governance: The Backbone of the process of EU Accession

Only when both government and State improve their functioning there is likely to be a much stronger link between economic growth and human development improvement.

The Report emphasizes that the most important factor standing between human development and economic performance in Romania is good governance. Only when both government and State improve their functioning and enable people to share the benefits and opportunities of economic growth, and when people feel they are part of the decision-making process affecting their lives there is likely to be a much stronger link between economic growth and human development improvement.

According to the NHDR 2000, the key to a good governance strategy is to build an enabling State in Romania. The results of the two elections held in 2000 (local elections in June and national elections in November), reflected popular discontent with the *status quo*, and sent a strong message for change. The Report argues that democratic elections represent one of the mechanisms of good governance for manifesting the people's will. The newly elected government, at both the national and local levels, will be called to translate this will into policy and channel government activity to achieve people's expectations.

The success of the government's policy will not only depend on reforming all spheres of public life, but also on the level of people's trust and support. Since 1990, the various Romanian governments have attempted to project economic reform, but expectations concerning their implementation and results have not been fully realized. There is a new opportunity today in Romania, to enhance the "general strategy" for development and EU accession by making it a strategy "for prosperity and human development."

According to the NHDR 2000, the good governance for human development challenge for Romania involves a number of steps. Some are operational, others are legislative and still others are political.

Initially five actions will be essential:

- Incorporate a human balance sheet into the Medium Term Economic Strategy (MTES), with more disaggregated data to learn more about poverty, disparities, functional illiteracy, vulnerable groups and priority sectors.
- Express targets in human needs in the MTES, and monitor and analyze impact of macro-economic goals and EU accession policies on human development.
- Develop explicit policy guidelines to ensure that growth is distributed equitably, including delivery mechanisms to create employment and sustainable livelihoods, as well as to redistribute productive assets.
- Give consideration to decentralizing the human development strategy, to involve community and civil society participation and promote non-governmental involvement. Conduct pilot demonstration projects at local and regional levels to measure cost-effectiveness and impact of decentralization.
- Maintain an annual and comprehensive set of human development indicators, including disaggregated data to better target regions, counties, municipalities and groups and sectors with policies and initiatives.

Good governance in Romania is still work in progress. However, given the centrality that the prospect for EU accession is assuming among all sectors of Romanian society, the importance of good governance should not be underestimated.

The Report argues that once the national development strategy has been nourished by the explicit inclusion of these human development elements, national accounts, production, macroeconomic and sectoral targets can be implemented more effectively. However, in addition to having a development strategy with a human face, the Report emphasizes that good governance will also play a critical role in the implementation phase of the EU accession process. For example, the Report recommends that during the EU accession process the government must promote and/or create the necessary conditions for participation, rule of law, transparency, responsiveness, consensus building, effectiveness and efficiency and accountability. These core, interrelated features can be mutually reinforcing for good governance and human development.

Chapter 3: Economic Responses to Make the EU Accession Process Work for Human Development

The Report recognizes that the official start of the accession process to the EU in 2000 provided an important impetus in Romania to improve its policy response.

The Report recognizes that the failure to establish some of the key elements of a market economy may have been one of the contributing factors to Romania's disappointing transition process. The Report also recognizes that the official start of the accession process to the EU in 2000 provided an important impetus for Romania to improve its response with better planning, more consensus and a more effective implementation strategy. However, in spite of this, the overall economic and development performance during most of 2000 remained poor, weakening Romania's potential to respond more strategically to the opportunities arising from the EU accession process.

The EU accession prospects have opened the door to a whole host of opportunities for Romania, through potential gains from market liberalization, competitiveness and trade, as well as from access to a large and prosperous market that will allow free movement of Romanian goods, services, capital, and people. However, at the same time the EU accession process has also put pressure on other activities critical to human development. For example, in the short-term, the slow recuperation of GDP may force decision-makers to choose to tighten the fiscal budget even further, and thus key human development services and expenditures could be compromised.

As the EU looks positively to Romania's efforts and progress so far in the fulfillment of the pre-conditions for future accession, two critical questions emerge at this stage.

- To what extent is the process of EU accession prioritizing human development concerns?
- To what extent are provisions for good governance being made as part of the overall EU accession strategy?

Integration combined with globalization are mainly driven by market forces to open national borders to trade, capital and information, overwhelming the capacity of governments to create benefits for people. Thus the very same process by itself does not necessarily guarantee increased levels of human development.

Thus the Report argues that a strategic response is needed, to implement the EU accession process, and mitigate human development costs. Many activities, needs and priorities that are critical to human development cannot be provided automatically by the forces of the EU accession process. Neither can this happen when the State in its relentless effort to fulfil EU accession preconditions, is forced to use up resources that would otherwise go towards investing in people and their current needs.

This is why, from the perspective of human development, the main challenge today in Romania's EU accession process is to create a system of governance that is capable of responding effectively to the challenge at hand. That is, a system of governance that can effectively generate and implement a strategic economic response, while channeling the advantages of economic integration widely across all sectors of society, especially the poor and the vulnerable. This strategic response framework should:

- Encourage not only the stabilization of the economy, but also explicitly the generation of pro-poor growth to reduce growing inequalities and enhance human capabilities in Romania.
- Strengthen and create effective alliances and partnerships with all development actors and stakeholders.
- Implement a package of political, economic and human development policies. This is imperative, since by 2007 there needs to be a clear signal to the EU that income and living standards are converging, since otherwise would give EU authorities a negative signal of Romania's capacity to take the challenge of accession.

For Romanian policy makers, more than the sequencing of policies, key to the economic response to make the EU accession process work for human development will be to strengthen the links between economic growth and human development.

The comprehensive strategy proposed in the Report would have to highlight how economic growth will promote human development, as well as how human development could encourage more economic growth. The idea would be to develop strong links to ensure their mutual reinforcement. Any economic response from the Romanian government to make the EU accession process work for human development will have to have two key objectives: equitable wealth distribution and optimal use and prioritization of valuable resources.

The Report recognizes that there is no universal recipe for combining growth with the expansion of human development opportunities. However, it analyzes some factors that are generally thought to influence a positive link between economic growth and human development, such as: macroeconomic stabilization, market conversion policies, institutional development, environmental protection, job creation, public expenditures for human development, decentralization, promoting entrepreneurial initiatives and skills and knowledge. In this vein the Report also recommends that:

- In order to ensure that these links work efficiently and effectively in the direction of growth and human development, policy makers in Romania need to understand how the links connect. Discovering the mutually reinforcing relationships between growth and human development may have far-reaching implications for human development outcomes, such as empowerment, equity and productivity with sustainability.
- In as much as the sequence of the links may vary according to country and context, it will be important for Romanian policy makers to analyze and assess how well-developed human capabilities and well-distributed opportunities can ensure that economic recovery, growth, performance and expansion are not lopsided and that their benefits are equitably shared.

Chapter 4: The Road to the European Union & human development

The Report recognizes that achieving the goals and targets for Romania's EU accession will take time and that progress will not be smooth or automatic. Experiences in the region suggest that while EU accession processes have led to sustained economic progress and determined reform implementation efforts, the expected human development results were not necessarily achieved automatically.

The Report suggests that as Romanian policy makers implement the EU accession strategy , they should take note of three lessons learnt.

- Strong institutions and good governance, policy consistency, balanced policy (between market/EU and human development considerations), policies subjected to public debate to promote ownership of the process and a strong sense of transparency from the government to facilitate consensus, have made the difference in translating overall economic achievements into human development.
- Similarly, experience suggests that it takes time to achieve the public trust and support required for the necessary reforms and costs associated with the *acquis*. Hence extraordinary political and consensus-building efforts will be needed to create the conditions for economic stability, growth and prosperity.
- A stronger and longer-lasting commitment to human development is an essential condition to overcome the legacy of governmental inefficiency and declining living standards.

Without taking these lessons into account and putting them in the Romanian perspective, the Medium Term Economic Strategy (MTES) for Romania's EU accession may not be as effective in achieving the necessary human development goals needed for the EU accession. Success for Romania of European integration with a human face will be contingent on a credible and predictable path and sustained commitment to human development principles, such as empowerment, equity and productivity with sustainability.

The EU accession process is an important opportunity for Romania, and its outcome will have lasting impact into the 21st century.

There is no simple universal blueprint for implementing the EU accession strategy. Romania needs to prioritize its own mix of policies reflecting the national and local realities. While the NHDR 2000 has proposed a comprehensive approach, ultimately the Romanian government will have to set priorities based on resources and what is institutionally feasible. However, the Report emphasizes that tangible progress towards human development must be achieved even if other aspects remain unchanged. Also that governmental action will be necessary in all three dimensions -- human development, good governance and economic response.

The action of the government and its partners (i.e., international organizations, NGOs, private sector) will be essential in the overall strategy for the EU accession. However, the actions of the government aimed at creating conditions of stability, expanding opportunities, managing costs and setting the vision and the direction, will be crucial for Romania. Here are the four areas of action recommended by the Report to make the EU accession process work for human development:

1. Strategic implementation of the EU accession process, prioritizing goals and optimizing resources
2. Emphasize in the EU accession process both management of human development and achievement of concrete results
3. Prioritize public expenditures for human development and poverty reduction
4. Transform the role of the State and build an enabling State



I ntroduction

Human Development and the Transition
Process in Romania and Central & Eastern
Europe

The National Human Development Report
(NHDR) in Romania: 1995-1999

NHDR 2000: Human Development in Romania
in the Era of Integration

The Human Development Challenge for
Romania and the Need for a Strategy

The NHDR 2000 for Romania: The Implications
of the Process of EU Accession for Human
Development

Human Development and the Transition Process in Romania and Central & Eastern Europe and the CIS

Over the past decade, Romania has been experiencing, like many other countries in transition, a process of transformation that involves changing economic and political systems inherited from the communist era. For all the potential that Romania holds and despite many achievements on the political front, the first decade of transition can be considered one of missed opportunities and great disappointments on the economic and human development fronts. Dismantling the command-and-control former socialist state with its social protection system and building the bases of a new market-oriented and democratic system has come at a tremendous cost for the over 22 million Romanians.

The economic, political and social transformation process currently underway in Romania and other countries of Central & Eastern Europe and the Commonwealth of Independent States (CIS), is unprecedented in economic and social history. Throughout the region economic and social reforms are being undertaken together with deep political changes. The Central & Eastern Europe and the CIS countries had during the post-war years quite uniform political and economic systems. Today the region is far from homogenous, with a great historical and cultural diversity as well as differing levels of progress toward building more viable political and economic systems. Nevertheless, the reforms introduced bear many similarities in terms of overall approach, priority sectors, time-frame and main policy instruments used. Hence Romania shares with other countries in transition many of the problems and difficulties encountered thus far, as well as the challenge to solve them.

As was shown in the United Nations Development Programme's (UNDP) *Human*

Development Report for Central & Eastern Europe and the CIS of 1999, some countries in the region have made significant strides towards creating dynamic economics and efficient governments. The "success stories" of the region still face numerous challenges but in many significant areas they have demonstrated the capacity to emerge as reasonably secure and viable societies. Some countries in the region have managed to produce many progress indicators, such as controlling inflation, small increases in the share of public spending allocated to human development sectors and either no serious decline or improvements in their Human Development Index (HDI) value. While these gains may be impressive, troubled or paralyzed transitions are far more common in the region. The gains made in a few countries are all the more poignant in view of the suffering of the majority. The cases of failures in the region are most noteworthy, not least because the most populous countries in the region remain in serious disarray.

According to the latest UNDP *Human Development Report 2000*, out of the more than 25 countries that make up the region, only six can be classified as having HDIs with high values above 0.810 (Slovenia, Czech Republic, Slovakia, Hungary, Poland and Estonia). The other 19 can be classified as having HDIs with medium values (between 0.795 and 0.663), most of them falling at the lower end of the scale. Among these 19 countries, there are 7 countries (i.e., Croatia, Lithuania, Belarus, Bulgaria, Russian Federation and Latvia), including Romania, that can be considered as being at the upper end of the medium human development scale closer to the high human development threshold. Of these seven, Romania ranks last, behind three other EU candidate countries (Lithuania, Bulgaria and

For all the potential that Romania holds and despite many achievements on the political front, the first decade of transition can be considered one of missed opportunities and great disappointments on the economic and human development fronts

Romania has experienced the least accumulated negative trends in human development despite being ranked last among these seven countries in terms of its HDI value

Table 1
Change in Human Development Index among Seven Eastern European Countries With Medium Levels of Human Development (1990-1998)

Countries	Change in Human Development Index	HDI and (Global Rank of 174 countries)
Croatia	0.008	0.795 (49)
Lithuania	-0.020	0.789 (52)
Belarus	-0.024	0.781 (57)
Bulgaria	-0.010	0.772 (60)
Russian Federation	-0.041	0.771 (62)
Latvia	-0.026	0.771 (63)
Romania	-0.001	0.764 (64)

Source: Based on data published in UNDP. Human Development Report 2000. New York: UNDP, 2000.

Latvia). Furthermore, as can be seen in Table 1, among these countries Romania has experienced the least accumulated negative trends in human development despite being ranked last among these seven countries in terms of its HDI value.

Between 1975 and 1990, the accumulated change in HDI in Romania and other countries in the region was reported to be positive overall. However, after a decade of transition accumulated change in HDI is negative for most countries in the region, including Romania. It is also a fact that Romanians and people in the region enjoy many more freedoms than a decade ago as political democracy progressively gains ground. Nonetheless, Romanians also feel more vulnerable today about their daily lives than a decade ago, as impoverishment has intensified and income and wealth inequalities have widened. This reality demonstrates the need for a development strategy that combines rapid economic growth with strategic human development policies to thrust the country forward. Today there is a new window of opportunity for countries in transition such as Romania to seize the opportunities of

economic integration, globalization and technological advance.

It is also necessary to build new institutions of governance and imperative to bring the government closer to the people.

Social and economic reforms have taken place and are still underway in Romania and other countries in Central and Eastern Europe and the CIS. While these are both desirable and indispensable, Romania -- like the vast majority of countries in the region -- is having problems implementing them. These reforms involve economic, social and political costs that are far greater than anticipated, threatening to undermine the entire transition process. The initial hopes for rapid transformation and economic and social prosperity have been tempered by a considerable decline in outputs, employment and incomes as well as by a worsening of social protection and welfare levels. As a result, social and spatial polarization is taking place, affecting particularly severely the situation of non-active sections of the population (pensioners, elderly, children, farmers), vulnerable groups and the poor. These trends undermine social cohesion.

Today there is a new window of opportunity for countries in transition such as Romania to seize the opportunities of economic integration, globalization and technological advance

Box 1

The Human Development Index (HDI)

The Human Development Index (HDI) is a composite index based on three indicators: longevity, as measured by life expectancy at birth; educational attainment, as measured by a combination of adult literacy and the combined gross primary, secondary and tertiary enrolment ratio; and standard of living, as measured by GDP per capita (PPP US\$).

Since 1990, the HDI has been used as a comprehensive measure of development that captures various aspects of human development.

The HDI is calculated through a simple method that allows all three components to be converted into indices. It is derived by dividing the sum of the three obtained indices by 3. It is measured on a 0 to 1 (low-high) scale. The HDI value of a country shows the distance to the maximum possible value of 1 – or its shortfall – and also allows inter-country comparisons.

Like any indicator, the HDI is far from perfect, and its methodology has been refined over the last decade. However, when used as a development tool it can help complement economic indicators. It can be disaggregated by gender, ethnic group or geographic region and can reveal a great deal about how people live. Furthermore, the HDI can be correlated with other indicators to provide a more holistic view of the development challenges in a given society.

Since 1990, the HDI has been calculated for most countries using national statistics and in partnership with national statistical institutions. The values are published annually by UNDP in the global Human Development Report and countries are ranked accordingly.

Source: Based on Technical Note found in UNDP. Human Development Report 2000. New York: UNDP, 2000 p. 269.

Since 1990, the HDI has been used as a comprehensive measure of development that captures various aspects of human development

In 1999, the European Commission proposed that EU accession negotiations be initiated in 2000 with those countries that fulfilled the so-called Copenhagen criteria (respect for democracy, the rule of law, human rights and protection of minorities). In addition, these countries had to prove that they were ready to take the necessary measures to comply with the economic criteria. This meant that in 2000 six more countries would start accession negotiations with the EU, namely Bulgaria, Latvia, Lithuania, Malta, Slovakia and Romania and would join Cyprus, the Czech Republic, Estonia, Hungary, Poland and Slovenia, which started negotiations in 1998.

This Report seeks to expand the

understanding of the implications of the EU accession process in Romania's human development and sets out proposals to contribute to the ongoing discussion and debate. It builds on current strategies and realities of Romanian society and seeks to broaden and deepen the analysis of the factors that could affect the complex process of EU accession and its implications for human development. The overarching goal of the Report is not to assess the EU accession process, rather it is to analyze how the EU accession process can be consistent with human development goals.

It is well known in development circles that any process, such as economic adjustment, transition or integration, may fail if it does not protect and advance human development.

The overarching goal of the Report is not to assess the EU accession process, rather it is to analyze how the EU accession process can be consistent with human development goals

The National Human Development Report (NHDR) in Romania: 1995-1999

Since 1995, NHDRs have been prepared for five (5) consecutive years in Romania

Between 1992-2000 over 350 national, sub-national or regional Human Development Reports have been issued in 135 countries. NHDRs have proved to be powerful tools for national policy analysis, as they have compared, analyzed and disaggregated data from regions, provinces or localities on indicators such as education, life expectancy, gender disparities and income, pointing to achievements and disparities. The reports have introduced the Human Development concept into national policy dialogues through country-led processes of consultation, data collection and analysis.

Since the first NHDRs were published in Bangladesh and Cameroon in 1992, the concept has spread rapidly. This fast growth in number is a clear evidence of a growing commitment to shifting development towards people-centered, multidisciplinary approaches and consensus building. NHDRs have also helped to strengthen national capacities, as national experts assembled by UNDP's country offices prepare them. The expertise is usually led by a national coordinator, an independent think tank, a group of NGOs, academic institutions, or by governmental think-tanks. Furthermore, editorial independence helps make the NHDRs more objective, stimulating and constructively controversial, which facilitates their success as a useful contribution to the national development debate. NHDRs have had an impact on policies in a number of countries, in issues such as education reform, public spending, decentralization, poverty reduction and non-discrimination against women in access to public services.

Since 1995, NHDRs have been prepared for five (5) consecutive years in Romania. Triggered by the success of the global Human Development Reports in promoting debate about the importance of focusing on people, their capacities and opportunities as the goal of development policies, NHDRs in Romania have drawn attention to the formidable challenges facing transition countries. For instance:

- The 1995 NHDR for Romania introduced the concept of Human Development and the Human Development Index (HDI) as a tool to measure progress in Human Development. It also mapped an action plan to promote and sustain human development that included goals such as equal opportunities, economic, political and social rights, the constitution of a new, more participatory social contract and linking economic policy to human

development.

- The 1996 NHDR analyzed the regional disparities found among Romania's 41 counties. It found that 11 of them had low HDI values (between 0.680-0.753), 10 had high HDI values (0.807-0.887), while the majority (20 Counties) had medium HDI values (ranging from 0.754 – 0.806). In addition to providing a comprehensive analysis of other indicators to complement the HDI (employment, income, rural development among others), the NHDR for 1996 also provided a plan for action to tackle these disparities.

- The 1997 NHDR focused its analysis on vital human development issues and their implications for the ongoing transition process in Romania. Given the government's commitment to a broad range of key social and economic reforms, the 1997 NHDR analyzed three human development priorities: social cohesion, poverty alleviation and democratic governance.

- The 1998 NHDR continued to complement the analysis of human development in Romania by embarking on an in-depth analysis of the consequences of the ongoing economic transition and the role of the state and civil society.

- The 1999 NHDR focused on the effects of the transition process in the different dimensions of human development in Romania. The Report pointed to overall negative economic trends, a deficit in resources allocated for human development, a decline of the internal production and the growth of disparities and poverty. The Report also recommended a set of human development policies that could address the challenges in a more proactive and systemic manner. The NHDR of 1999 concluded that, despite some progress in macro-economic activities and indicators, sustained improvements in human development were still a challenge for Romanian policy makers.

The analysis of the five previous NHDRs yielded four critical lessons to better understand the transition process in Romania and its implications for human development. First, that macroeconomic stability is an essential precondition for human development. Second, that not only economic growth matters but also that it can improve human development. Third, that no single policy will trigger human development, so a comprehensive approach is needed. And fourth, that good governance is an important component for human development.

The analysis of the five previous NHDRs yielded four critical lessons to better understand the transition process in Romania and its implications for human development

NHDR 2000: Human Development in Romania in the Era of Integration

As was pointed out in UNDP's 1999 global *Human Development Report*, growing interdependence among people, countries and institutions is today a reality. This reality is an integral part of Romania's present and future development. The invitation made to Romania at the end of 1999 to start negotiations for EU accession was received with much anticipation in this country. This has been the most significant development for the country since the transition to a market democracy began in 1990. Thus at a juncture in which a policy path is being set and implemented in Romania for EU accession, it seems fit and timely to analyze the possible implications for human development of this complex process.

This is the main reason why the NHDR 2000 for Romania concentrates on the issue of EU accession. The Report comes down in favor of such a process as it recognizes the power of economic integration to bring economic and social benefits to the Romanian society. However, as it has done in the past, the 2000 NHDR champions an agenda for the most vulnerable sectors of Romanian society, those who will continued to be affected by the transition process, and those who will most likely be adversely affected by the process of EU accession. It calls for a much bolder strategy of political, economic and social reforms to achieve EU membership with a human face. But it also cautions that the complex and lengthy process of EU

The complex and lengthy process of EU accession needs to be managed with vision and strategy, because as much as the process can create ample development opportunities it could also, if improperly managed, be detrimental to human development

Box 2

What is Human Development?

Since its inception in 1990 as a UNDP development paradigm, the *Human Development* concept has evolved and is now part of the development lexicon all over the world. In 1990, the time had come to have an alternative development approach that would promote different aspects of human well being, not only economic aspects. As such, the human development proposal went far beyond defining development strictly in economic terms, by emphasizing the need to put people, their needs, their aspirations and capabilities at the center of any development effort. Although macroeconomic concerns are still an important condition for human development policies, people's concerns are now equally as important to take into account in policy-making. This important shift of development thinking was made possible by the discussions, debate and dialogue generated since 1990 by the annual publication of UNDP's global *Human Development Reports*.

Human development is a process of enlarging the choices of people in a given society, achieved by ensuring a corresponding expansion of their capabilities, so people can enjoy long, healthy and creative lives and participate in the decisions that directly affect their lives and the communities where they live. Policy action that takes into account human development can enable individuals to acquire capabilities which will make them feel less vulnerable to transition processes. Yet human development is more than achieving these capabilities. It is also the process of pursuing them in a way that is equitable, participatory, productive and sustainable.

Each year since 1990, the *Human Development Reports* have introduced new concepts and approaches, but their central concern has consistently been people as the purpose of development, and their empowerment as participants in the development process. It has argued that economic growth is not an end in itself, but rather a means to serve human ends. The human development approach has tremendous potential for analyzing situations and policies at the national level.

Source: UNDP *Human Development Report 2000*. New York.

If Romania is to become a full fledged EU member country in the medium-term, new approaches for good governance will need to be built today

accession needs to be managed with vision and strategy, because as much as the process can create ample development opportunities it could also, if improperly managed, be detrimental to human development. Romania's process of accession into the EU, like most processes of such magnitude, involves political decisions. The results of Romania's current and future interaction with the EU's *acquis communautaire* will ultimately have an impact on the consolidation of the transition process. In principle, the results of negotiating for EU accession and fulfilling the necessary requirements may lead to the consolidation of the rule of law and a new system of governance. However, unless the Romanian state acquires in the process sufficient moral authority and capacity to further develop and strengthen the democratic process and human development, the road towards EU membership could prove to be treacherous. Consequently, at this stage it is important to strengthen and develop the necessary institutional and political means to get decision-makers closer to the people, to increase the role played by local

communities and to promote social dialogue and civil society participation. If Romania is to become a full fledged EU member country in the medium-term, new approaches for good governance will need to be built today .

Since the invitation for negotiations with the EU became official at the end of 1999, Romania has been moving towards the goal of accession to the EU. It is gradually fulfilling the set preconditions imposed by the process. This was recognized in the last EU Commission Report on the Progress Towards Accession (2000), as it pointed out that "Romania has continued to implement the Europe Agreement correctly and contributed to the smooth functioning of the various joint institutions." Similarly, Romania is moving towards being a full actor in the European scenario by planning to participate or participating in other dimensions of EU integration outside the *acquis*. For example, Romania has made public its availability and interest to take an active part in drafting arrangements for cooperation with third countries and to become a full participant in the Common

Since the invitation for negotiations with the EU became official at the end of 1999, Romania has been moving towards the goal of accession to the EU

Box 3

What is Good Governance?

In the age of integration, globalization and technology, the challenge for all societies is to create a system of governance that promotes, supports and sustains human development - especially for the poorest and most marginal sectors of society .

Governance for countries like Romania can be seen as the exercise of economic, political and administrative authority to manage the country's transition process at all levels. However, good governance comprises much more, such as the mechanisms, processes and institutions through which citizens and groups can articulate their interests, exercise their legal rights, meet their obligations and mediate their differences. Good governance involves, among other things, participation, transparency and accountability. It also means effectiveness and equity, as well as promoting the rule of law. Good governance should ensure that political, social and economic priorities, such as EU integration, are based on broad consensus in society and that the voices of the poorest and the most vulnerable are heard in decision-making over the allocation of development resources.

Source: UNDP. *Governance for Sustainable Human Development: AUNDP Policy Document*. New York, 1997.

European Security and Defense Policy (ESDP). Romania's participation in the "Stability Pact" for Southeastern Europe, is another important direction of the cooperation with the EU and neighboring countries. The aim is to consolidate regional peace and to speed up the implementation of the projects agreed upon within the framework of the "Agenda for Stability" and "Quick Start Package."

The assurance of the continuity and coherence of the relations between Romania and the EU is also being achieved through a series of meetings and interactions with specialized bodies such as the Association Council and its subcommittees, the Joint Parliamentary Committee and the Partnership for Accession, which play an important role in the implementation of the pre-accession strategies. The various political contacts taking place on an ongoing basis between Romania and the EU have also offered the opportunity to have a fruitful exchange of opinions, which can contribute to a better perception of the tasks and challenges ahead in Romania's accession process.

In the first semester of 2000, Romania and the EU started negotiations in Brussels for the first five of twenty-three chapters required for the accession (on SMEs, science, research and education, professional training and youth, international economic

relations and foreign policy and security). During the second semester of 2000, Romania sent the necessary documents for another eight chapters (on competitiveness, statistics, law of commercial companies, consumers' protection, culture and audio-visual, telecommunications and information technology, customs, and transportation policies.

Insofar as these steps seem to be moving in the right direction, the NHDR 2000 for Romania will provide additional inputs that could be incorporated in the current government strategy, which addresses three major concerns. First, the need to strengthen functional coalitions across political sectors, traditional political lines and civil society to move public policy in ways that meet not only the requirements of the EU, but also the aspirations of the Romanian people. That is, it is important at this stage to make state institutions more responsive to people's needs. Second, the need to empower people and social sectors to participate in the events, activities and programs of the EU accession process, which will shape their future lives. That is, removing social barriers, empowering people and building social institutions to accompany the complex accession process. And third, the need to increase the role of the state as a facilitator. That is, promoting more pro-poor economic growth, expanding people's assets and tackling inequalities.

In the age of integration, globalization and technology, the challenge for all societies is to create a system of governance that promotes, supports and sustains human development - especially for the poorest and most marginal sectors of society

The Human Development Challenge for Romania and the Need for a Strategy

Because of its complexity and implications, the EU accession process for Romania has to be conceptualized as having three key dimensions for governmental action: human development, good governance and economic response

At this juncture of the transition process, prioritizing Romania's accession to the EU would seem like a reasonable option -- one that could further much needed reforms while being gradually realized through strategic planning. For example, Romania's accession application, presented on 22 June 1995, was accompanied by a pre-accession strategy and by a statement signed by the President, the presidents of the Senate and of the Chamber of Deputies, by the Prime Minister and the leaders of all parties with parliamentary representatives. Similarly, the drafting and passing, during the first half of 2000, of the "Medium Term Economic Strategy (MTES)," for the 2000-2004 period, was also the result of a consensus of the major political and social actors.

Thus in the context of the ongoing process of EU accession, there are two key challenges for Romanian policy-makers. First, to build on current strategies while continuously improving their scope and content. Second, to effectively implement the accession process strategy, by recognizing human development as a goal, and means for consolidating the transition process and enlisting public support. This strategic policy response should be explicit in at least four critical dimensions:

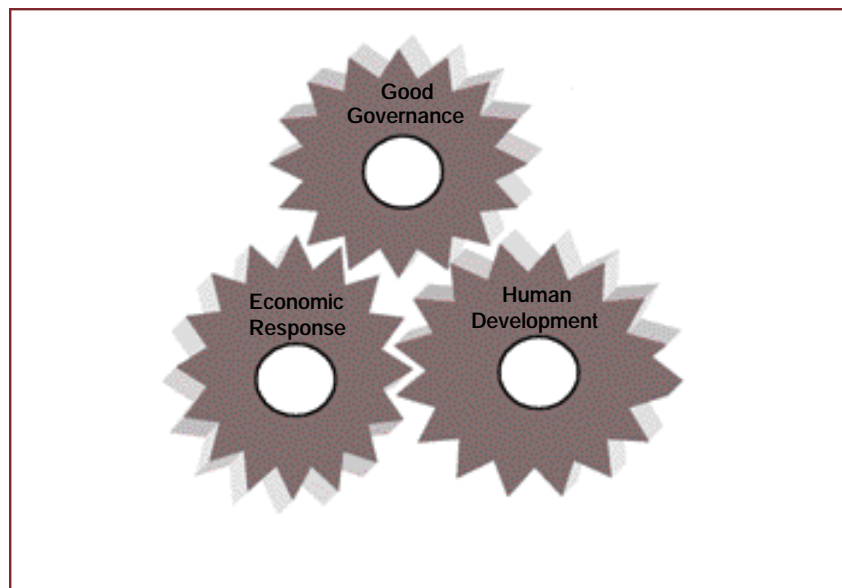
- That human development has many

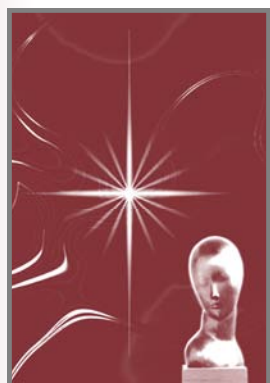
objectives, and that besides raising per capita income it is also important to improve health services, educational opportunities, and promote greater participation in public life and a clean environment.

- That human development policies are interdependent, and that no single policy can make a difference by itself unless it is part of an integrated and well-thought out package.
- That good governance plays a vital role in human development and that it involves the state, but it transcends it by engaging the participation of the private sector and civil society organizations.
- That processes are as important as policies, in that policies that are the product of a process that promotes consensus building, and participation and transparency tend to have more probability to be sustained and effective over time.

As can be seen in Figure 1, because of its complexity and implications, the EU accession process for Romania has to be conceptualized as having three key dimensions for governmental action: human development, good governance and economic response. The synergy and articulation of these three dimensions could ensure that governmental action and the path of Romania towards EU membership will be bounded by three human development

Figure 1
Proposed Dimensions of the Strategy for Romania's EU Accession Process





The Human Development Profile of Romania at the Beginning of the EU Accession Process

1.1 What does the Human Development Index (HDI) Reveal?

1.2 The Three Components of the HDI: Life Expectancy, Education and Standard of Living in Romania

1.3 Other Factors in Romania's Human Development Profile

1.4 What does the Human Development Profile of Romania at the Beginning of the EU Accession Process Reveal?

What does the Human Development Index (HDI) Reveal?

Over the past 5 years the HDI values for Romania have remained relatively stable. Romania's HDI value is comparable to other countries in the region, such as Bulgaria, the Russian Federation and Latvia, as well as other countries outside the region like Venezuela, Fiji, Surinam and Colombia. However, among countries in the region Romania has had the lowest accumulated negative change in human development (of -0.001) between 1990-1998. Still, Romania's HDI value falls below the average of Central & Eastern European and CIS countries. Similarly, Romania has more ground to cover in making up for human development shortfalls than other countries in the region. For example, while Croatia and Lithuania's shortfall to pass the threshold into the category of high human development is about 5%, Romania's shortfall is twice as high (10%).

The HDI is a measure of average achievements and thus masks the differences in human development between men and women. So additional measures are needed to capture gender inequalities. The Gender-Related Development Index (GDI) developed by UNDP in 1995, is one of such measures, which adjusts the HDI in accordance with disparities between women and men¹. The GDI value for Romania shows that, like in most societies in the world, there gender inequality in Romania. Among 143 countries ranked in 2000, Romania is ranked 55 according to its GDI value of 0.758, which is below its overall

HDI value of 0.764. Like the HDI, the GDI for Romania is below the average of Central & Eastern European and CIS countries.

In general terms it is fair to say that over the last decades the rate of human development advance in Romania has been slow and unimpressive. For example, in 1975 Romania had a HDI value of 0.750 and in 1999 a value of 0.764 respectively, representing an absolute change of 0.14. Romania can be contrasted with more successful cases, such as Hungary, which during the same period experienced an absolute change in its HDI of 0.45 (three times larger than Romania's), Costa Rica, which experienced an absolute HDI change of 0.65 (4 times larger) or Uruguay with an impressive absolute change of 0.72 (5 times larger) in HDI value in less than 25 years. Another interesting case to contrast Romania's slow human development change over the past decades is the Czech Republic, which registered an absolute change in HDI value of 0.19 in only 15 years, 10 years faster than it took Romania to register an absolute HDI change of 0.14. Portugal and Spain are also interesting cases for comparison with Romania, because since 1975 they registered an absolute change in HDI value of 0.85 and 0.52 respectively (6 and 3 times larger than Romania's). These two cases are relevant to the current Romanian situation because the main impetus of that human development change in Portugal and Spain was accession to the European Union.

In general terms it is fair to say that over the last decades the rate of human development advance in Romania has been slow and unimpressive

¹ The GDI is a composite index that uses the same variables as the HDI. The difference is that the GDI adjusts the figures of each country in life expectancy, educational attainment and income in accordance with the disparities found between the figures for men and women. For more details on how the index is calculated see UNDP. Human Development Report 2000. New York: UNDP, 2000 and Technical Annex.

The Three Components of the HDI: Life Expectancy, Education and Standard of Living in Romania

Life Expectancy and Health

As can be seen in Table 1.1, the overall human development trends for Romania in the three components of the HDI are mixed.

For example, life expectancy at birth shows a slight decline since 1995 until 1997, when it begins to recuperate to reach 69.7 years in 1999. This figure is above average for the Central & Eastern European and CIS countries. The life expectancy trends in Romania during the past 5 years are also reflected in life expectancy trends for women and men. Female life expectancy, for example, was 73.7 years in 1999, 7.6 more years than male life expectancy (66.1 in 1999). Between 1995 and 1997 female life expectancy declined slightly from 73.4 to 73 years, but increased again in 1998 to 73.3. Male life expectancy rates followed the same trend, decreasing between 1995-1997 from 65.7 to 65.2 years, and again increasing in 1998 to 65.5 years.

However, there are two factors hidden behind the seemingly stable rates in life expectancy

for Romania. The first is the demographic trends experienced in Romania over the last decade. Demographic estimates for the year 2015 predict that the Romanian population will remain within the 21-23 million range, mainly due to a negative annual population growth rate of approximately -0.4%. In as much as growth rates in Central & Eastern European, the CIS countries and even in some European Union countries are also showing negative trends, Romania's rate is above average. The population aged 65 and above is also estimated to grow from 12.2% of the total population in 1998 to 15.4% by 2015, which is above the average of both Central & Eastern European and CIS countries, as well as European Union countries. Total fertility rate in Romania also shows a declining trend. It is estimated that between 1970-1975 the total fertility rate was 2.6 and that between 1995-2000 the rate decreased to 1.2³.

The second factor hidden in the rate of life expectancy is the overall tendencies in the Romanian health care system, which show a downward trend throughout the decade,

Life expectancy at birth shows a slight decline since 1995 until 1997, when it begins to recuperate to reach 69.7 years in 1999

Table 1.1
Romania: Human Development Index Trends (1995-1999) ²

	1995	1996	1997	1998	1999
Gross domestic product (GDP)					
- Lei, current prices	3,180,444	4,817,827	11,218,246	16,365,103	23,231,587
- US\$ at the exchange rate corresponding to PPP	6,095	6,595	6,422	6,153	6,000
Degree of the adult Population's literacy (%)	96.9	97.0	97.0	97.0	97.2
Gross ratio of belonging to all educational levels (%)	61.6	62.0	62.9	63.9	64.9
Life expectancy at birth (years)	69.4	69.1	69.0	69.2	69.7
Index					
- Gross Domestic Product	0.686	0.699	0.695	0.688	0.683
- Education	0.851	0.853	0.856	0.860	0.864
- Life Expectancy	0.740	0.735	0.733	0.737	0.745
HDI Values	0.759	0.762	0.761	0.762	0.764

Source: National Institute for Statistics and Economic Studies

²See Technical Note for methodology of the HDI and for some changes in 1999 in the methodology to calculate the GDP per capita (PPP).

³For demographic estimates and figures see UNDP Human Development Report 2000. New York: UNDP, 200, and Romania National Institute for Statistics and Economic Studies Annual Reviews (see Statistical Annex).

coinciding with the overall trends in living standards of the population. Like many other transition countries, Romania has had to cope with a health system inherited from the pre-transition period, which was publicly funded. The pre-1989 health care in Romania provided public services to all members of society, leaving little or no choice to the user but seeking to achieve a high level of equity. A highly regulated, standardized and centralized system was operated through the Ministry of Health. The legacy of this system is still reflected in the current operation of health care. The current health situation in Romania can be described as being still dependent on public finances, with heavily centralized and ineffective management systems, with growing inequities in health care provision and lacking capacity to respond to local needs⁴.

As can be seen in Table 1.2, some key health indicators reflect declining trends, such as the death and morbidity rates which have

continued to increase in Romania. Circulatory diseases and tumors are the leading causes of death in Romania, and both show consistent increasing trends, from 627 cases per 100,000 inhabitants in 1990 to 737 in 1999 for circulatory diseases, and from 142 in 1990 to 177 in 1999 for tumors. The evolution of other diseases in Romania with a high risk for the population has been reportedly more effectively managed, and the rates show decreasing trends. For example, this is the case for the rate of respiratory diseases, which has decreased from 97% in 1990 to 74% in 1999. The death rate for children is another example, as it has decreased from 27 for 1,000 born in 1990 to 19 in 1999. Maternal mortality has also been showing a downward trend.

Nevertheless, other indicators more recently analyzed confirm the precarious situation of the health care system in Romania. For example, the percentage of persons aged 5 and above who are not expected to survive

The current health situation in Romania can be described as being still dependent on public finances, with heavily centralized and ineffective management systems, with growing inequities in health care provision and lacking capacity to respond to local needs

Table 1.2
Romania: Death and Morbidity Rates (1990-1999)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Death rate (for 100,000 inhabit)										
due to :										
- circulatory diseases	627	658	708	712	710	736	786	761	737	737
- tumors	142	144	153	159	162	165	170	174	175	177
- respiratory diseases	97	91	94	80	80	76	86	78	71	74
Child death rate (per 1000 born alive)	27	23	23	23	24	21	22	22	20	19
Maternal death rate (per 100,000 born alive)	84	66	60	53	60	48	41	41	40	42
Percentage of persons aged 5 and more who will not reach the age of 60	18	18	18	19	20	20	21	21	21	19
New cases of ill people due to infections and parasitic diseases ¹⁾ (per 100,000 inhabitants):	2840	2717	2871	3173	3713	3729	3039	3164	3404	N/A
- from which TBS	65	62	73	82	87	91	99	96	101	104

¹⁾From clinics.
Source: The National Institute for Statistics and Economic Studies

⁴See European Observatory on Health Care Systems. Health Care Systems in Transition: Romania, 2000.

Circulatory diseases and tumors are the leading causes of death in Romania, and both show consistent increasing trends, from 627 cases per 100,000 inhabitants in 1990 to 737 in 1999 for circulatory diseases, and from 142 in 1990 to 177 in 1999 for tumors

Over this last decade public expenditures on health have been staggering and below average by European standards

past age 60 is relatively high in Romania. Between 1990-1998 the rate consistently increased from 18% to 21% and only in 1999 it showed a slight decline to 19%. A similar trend is observed in the area of infectious and parasitic diseases. Since 1990, there has been a consistent increase from more than 2,800 new cases in 1990 to more than 3,400 in 1999. In addition, there has been an increase in Romania of cases of tuberculosis, from 65 cases per 100,000 in 1990 to more than 104 in 1999. This rate is more than 50% higher than the average for Central & Eastern European and CIS countries and it is equivalent to the average found in Sub-Saharan Africa. In as much as the number of people living with HIV/AIDS in Romania is reported to be relatively low for Central & Eastern European, CIS and European standards (around 5,000), it is also been reported that the number has increased as much as five times since 1990.

More than the lack of adequate treatment, too few hospitals or an insufficient number of doctors or medical staff, the main problem today in the Romanian health care system seems to stem from the overall quality and efficiency of the system. Over this last decade public expenditures on health have been staggering and below average by European standards and also within Central & Eastern European and CIS country standards, which has affected maintenance,

management, investment for new equipment and adequate access to services by low-income people. The gradual reorientation of health activities towards primary care and ambulatory treatment is reducing the pressure for more beds in the hospitals -- it is not making up for the lack of modern medical equipment, laboratories and better accessibility. Despite the fact that the number of private health care units has more than doubled between 1993-1999, accessibility has not increased at the same pace.

As can be seen in Table 1.3, the trend shows that since 1990 there has been a general decline in the number of beds in hospitals per 1000 inhabitants, in spite of an increase in the number of beds in private health care units. This deficit has had an impact on coverage and it is reflected in the number of patients attending clinics, which has seen since 1990 a steady decline (Table 1.3). In addition, competition in health service provision is not yet a reality in Romania, which tends to affect choices and quality of services. An analysis of the ratio of physicians to population also shows some worrying trends for the health sector. While in urban areas there are more physicians per inhabitant, the situation in the rural area is radically different, as the ratio shows that the number of physicians per inhabitant is constantly declining.

Table 1.3
Romania: Health Indicators (1990-1999)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Beds in hospitals (for 1000 inhabitants)	8.9	8.9	7.9	7.9	7.7	7.7	7.6	7.4 ²⁾	7.4 ²⁾	7.4 ²⁾
Number of patients attended in clinics	2.8	2.5	2.7	2.7	2.7	2.6	2.7	2.5	2.3	2.2
Population for one physician										
- total	555	551	536	565	567	565	552	546 ¹⁾	530 ¹⁾	486 ¹⁾
- rural	1094	1189	1192	1245	1356	1426	1461	1475	1525	1698
- urban	393	379	386	410	382	378	372	360	345	306
Population in care of one medical staff										
- rural	176	184	183	186	175	177	177	185 ²⁾	183 ²⁾	189 ²⁾
- urban	555	590	591	603	523	555	557	584	568	651
- urban	112	116	119	122	113	113	113	119	117	119

1) From clinics,

2) private and mixed sector included,

3) medical and dentist technicians

Source: The National Institute for Statistics and Economic Studies

In summary, the evolution of life expectancy in Romania over the last five years has been one of mixed stagnation and slight increases for both males and females. However, the

aggregate picture, especially when compared to other Central & Eastern European and CIS countries, masks a gradual deterioration. While some indicators are being sustained

Box 1.1

The Challenges of the Health Care System Reform in Romania

The Romanian health care system is in a process of rapid transformation. In this context, one of the main problems arising is related to authority and to the coordination of the overall process of reform. Thus, there are new entities with important roles in the health care area, but with few management and administrative skills, alongside the "old ones" which did not adjust their structure and function to the new reality. Moreover, health legislation is very complex and changes almost monthly. This can be illustrated by the Health Insurance Law which was adopted in August 1997 and has been amended several times since, and by the Law on Hospital Organization from June 1999 that has already been amended. Constant change complicates a coherent decision-making process and a sound management of the system, both at the macro micro level.

An increase in health expenditures is one of the main components in the current reform effort, especially increasing expenditures both on a per-capita basis and as a percentage of GDP. On both accounts, Romania spent extremely little during the 1990s. The introduction of social health insurance was therefore seen as a solution to overcome this limitation. Results so far show that increasing the financial basis of the system depends on both the ability to collect and the willingness to pay contributions according to the law. For the near future, it remains to be seen whether Romania has found the correct balance between deliberately increasing expenditure and controlling unnecessary spending through its chosen forms of reimbursement (mix between capitalization, fee-for-service and activity-dependent budgets).

The main obstacles being faced in the implementation of the reforms are to do with political and managerial issues. For example, between June 1996 and June 1998, there were six different Ministers of Health and eight different Secretaries of State. From January to August 1999 there were three different Presidents of the National Health Insurance Fund. At the district level, this situation of constant change was even more pronounced for both government and District Health Insurance Fund representatives. This led to some disruptions in the reform process and in the implementation of new laws. Also, circumstances that are specific to Romanian society led to important amendments of the Health Insurance Law. These included the distribution of powers between key players, an initially incomplete definition of roles and responsibilities of the key stakeholders, and a lack of leadership and managerial skills at the level of the Ministry of Health that caused a delay in health insurance implementation.

The Romanian health sector reform should also be acknowledged as part of the broader transition to a market economy and political pluralism. It has to be noted that the introduction of the health insurance system is taking place in a period of economic recession, which increases pressure on public expenditure and leaves the government with little room for maneuver. Additional resources are needed in the reform process.

In the near future, coordination and establishment of clear roles for the main actors will be one of the major challenges for the Romanian health care system. While changes since 1999 have sought to overcome these problems, the process of change will continue and the current process of health care reform is trying to address some of the aforesaid problems.

Source: European Observatory on Health Care Systems. Health Care Systems in Transition: Romania, 2000.

Overall systemic problems in the Romanian health care sector raise serious questions as to how long can current indicators be sustained without a major overhaul

and others seem to be increasing, the majority of the indicators related to life expectancy show a gradual declining trend that is moving Romania further away from regional and European standards. Overall systemic problems in the Romanian health care sector raise serious questions as to how long can current indicators be sustained without a major overhaul. The health sector in Romania has not been immune to the effects of public spending contraction, and this is also affecting the quality of access, especially for the poorest and most vulnerable sectors of society.

There is currently an ongoing reform process of the health care system in Romania that started in 1993. The reform has been moving in five areas: funding, decentralization, primary care, hospital autonomy and accreditation. In 1996, the strategy for health sector reform was updated and complemented by legal initiatives such as the 1997 Health Insurance Law and the 1999 the Law of Hospital Organization. International

organizations influenced the reform process in several ways and their presence in the health sector is ever growing, including that of the EU, which has supported several reform initiatives. However, despite these efforts the health sector in Romania is still in a process of transformation, and its capacity to respond more effectively to human development needs is still limited, as it is reflected in some of the major indicators related to life expectancy.

Educational Attainment

The Human Development paradigm emphasizes the role of education as an instrument capable of expanding choices, permeating social change and facilitating social integration. As was shown in Table 1.1, the educational component of Romania's human development profile reveals that during the past five years adult literacy in Romania has remained stable and registered a slight increase after 1998 to 97.2%. This figure is in fact close to the average in both

Table 1.4
Romania: Educational Indicators (1990-1998)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Gross ratio of educational inclusion (%) in:										
- elementary education	90.8	92.4	93.8	96.9	99.7	99.5	99.1	97.5	99.8	100
- gymnasium education	91.4	88.9	86.1	86.5	84.3	86.7	86.4	92.3	94.3	93.9
- high school	90.7	76.1	65.7	63.7	66.1	68.6	69.1	68.6	67.8	69.4
- higher education	10.6	12.5	20.2	22.7	22.7	20.9	22.2	22.7	25.4	28.0
Degree of inclusion in pre-school system (%)	54.5	51.9	53.3	50.2	55.2	58.4	60.4	62.8	64.2	65.2
Index of passes in secondary education (high school) (%)	N/A	N/A	88.4	98.0	93.6	94.6	93.5	95.4	95.9	92.5
Number of pupils and students per 100 persons aged 6-23	62.4	58.5	60.3	60.4	61.3	61.6	62.0	62.9	63.9	64.9
Enrollment rate in elementary and gymnasium education (%)	91.2	90.5	90.7	91.4	91.9	93.3	94.4	95.0	97.0	96.8
- rural	78.4	76.2	86.3	87.8	90.1	91.0	92.7	94.5	97.7	97.1
- urban	102	103	93.8	93.7	93.1	94.6	95.6	95.4	96.0	96.4
Children between 7-14 years of age. not included in the educational system (%)	8.9	9.5	9.3	8.7	8.1	6.7	5.6	5.0	3.0	3.2

Source: The National Institute for Statistics and Economic Studies

Table 1.5
Romania: Indicators of the Educational System in Transition (1990-1998)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Pupils' percentage in technical secondary schools from the total number of pupils from high schools in secondary education (%)	84.8	75.5	70.3	67.3	67.3	67.5	68.3	67.8	67.4	62.3
Technical universities student's percentage (chemistry and physics mathematics included) from the total number of students (%)	62.5	57.5	37.0	30.9	27.4	28.1	27.0	27.4	27.6	27.2
Students' percentage from the private educational system from the total number of students (%)	N/A	N/A	26.5	30.7	31.0	25.4	26.4	30.7	31.9	28.8
Pupils registered with special educational schools for children with problems:										
- total	42502	43616	45007	46816	49608	52139	52503	52433	52430	50785
- in elementary schools and gymnasiums	29652	30365	31670	33085	35358	36362	36704	36953	37423	36729
Percentage of pupils registered with schools with other teaching languages than Romanian (elementary and secondary) (%)	5.0	5.0	5.0	5.1	5.0	4.8	4.8	4.9	4.8	4.9
- out of which ethnic Hungarian	4.6	4.6	4.6	4.6	4.5	4.3	4.3	4.4	4.3	4.4

Source: The National Institute for Statistics and Economic Studies

Central & Eastern European, CIS and European Union countries. The trend has been the same for both males and females, and in fact once adult literacy rate is disaggregated by sex, Romania even stands above average in the region and its rates are similar, if not better, than any developed country in Europe or around the world. There have been significant changes in the evolution of the gross rate of women on all educational levels. This rate increased consistently every year since 1995, and as a whole the rate of inclusion for women has come to exceed that of men.

During the last decade Romania has experienced overall progress in the area of education. The improvements brought by the 1995 Law (No.84) have been instrumental in establishing the juridical framework to implement a reform and expand educational services in Romania. In addition, the curriculum reform, the introduction of optional textbooks, the

increase of assessments of pupil's performance, the improvement of quality standards in key aptitude examinations are only few of the ongoing changes that are providing positive inputs to current trends. These changes, in turn, have led to the creation of conditions to start reforming the organizational and administrative structures of the educational system, as well as to the generation of more opportunities to innovate and strengthen the knowledge base of the country, to strengthen the value of higher education, to begin decentralization of decision-making and administration and to improve management at different levels of the educational system.

As can be seen in Table 1.4, gross ratio of educational inclusion shows a consistent upward trend in all educational levels. Similarly, the degree of inclusion in the pre-school system has increased from 54% in 1990 to more than 65% in 1999. Another measure of improvement of quality is the

The Human Development paradigm emphasizes the role of education as an instrument capable of expanding choices, permeating social change and facilitating social integration

During the last decade Romania has experienced overall progress in the area of education

Table 1.6
Romania: Student per Teacher Ratios (1990-1999)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Number of pupils or students for one teacher in:										
- elementary school	21	20	20	20	21	20	20	19	19	19
- gymnasiums	14	14	13	12	11	11	11	12	12	13
- high schools	24	19	17	16	15	15	15	14	13	13
- higher education	15	15	19	20	19	16	16	16	17	19
Number of pupils for one teacher in elementary schools and gymnasiums:										
- total	17	17	16	15	15	15	15	15	15	15
Rural	14	14	13	13	13	13	13	13	13	13
Urban	20	19	18	17	17	17	16	16	16	17

Source: The National Institute for Statistics and Economic Studies

There are some areas in the Romanian educational system, which are in need of special policy attention

Similarly, the attendance rate to pre-school education has declined from 83% in 1991 to 63% in 1998

index of passes in secondary education, which has increased from 88% in 1992 to more than 92% in 1999. The overall enrollment rate at the primary level also has improved, from 91% in 1990 to almost 97% in 1999. More significantly, the enrollment rate trend has been more intensive in the rural areas. Last, but not least, the number of children between 7-14 years of age not included in the educational system has been significantly reduced from almost 9% in 1990 to 3% in 1999.

However, despite such positive trends the overall performance of the education system in conditions of transition and growing poverty provides some degree of caution to the otherwise positive analysis of the Romanian educational perspectives. Education today is a dynamic instrument of development, which requires continuous investment and innovation. There are some areas in the Romanian educational system, which are in need of special policy attention, such as the modernization of educational infrastructure (including technological advances), teachers training and salary structure, and school dropout rates. The 10 years of transition have accentuated a dichotomy that started in Romania in the 1980s. On the one hand, the number of those who attend a higher education institution seems to be on the rise, while, on the other, the attendance rates in

pre-university education seem to be decreasing. It is reported that in 1998, the attendance rate in secondary schools reached 69%, 21% less than in 1991. Similarly, the attendance rate to pre-school education has declined from 83% in 1991 to 63% in 1998. Some children are even never enrolled in a primary school, and others find it difficult to graduate from primary courses. School dropout rates during the compulsory stage of education remained high, particularly in the early 1990s, and girls are reportedly the most affected group.

Over the last decade, the diversification trends in the Romanian educational system, reflect the dimension of transition and of working towards linking strategically the educational system with the needs of a market economy and an ever-changing modern society. As can be seen in Table 1.5, the current educational system in Romania reflects the uncertainties brought about by the process of transition. For example, not only are higher education enrollment rates increasing consistently (see Table 1.4), but other curriculum groups seem to be experiencing a reorientation of educational preferences. Reflecting perhaps the need to shift to more specialized skills, but more the evolution from a compulsory to a voluntary attendance the percentage of pupils attending technical secondary schools has decreased from 85% in 1990 to 62% in 1999⁵.

⁵Prior to 1990, and responding to the needs of the economic model, students were directed mainly to technical areas of studies. After 1990, students were not obliged anymore to attend technical schools and most shifted their attention to the humanities. The declining trend in attendance of technical secondary schools may also be reflecting this shift.

In technical universities, the decline was faster and deeper from almost 63% in 1990 to 27%. In contrast, the percentage of students attending private education oscillated between 25% and 33% during the decade. Private institutions in Romania have expanded the material basis and decreased the pressure exercised on the public sector. Although a new phenomenon, it may be too early to assess their real capacity to be both an alternative source of knowledge and an instrument of change.

Two other types of curricula in the Romanian education system have consolidated their own dynamic. One is the special education curriculum, which between 1990-1999 has experienced an increase of approximately 20% in the registration of children with special education needs. The second is the ethnic or minority curriculum, which has offered the opportunity to minority populations in Romania to maintain their identity and language. The percentage of pupils registered in such elementary and secondary units has remained constant at about 5% per

year.

As can be seen in Table 1.6, there is a relatively stable number of pupils per teacher in the Romanian educational system. This number has been maintained consistently over the past decade, and the ratio shows significant improvements, such as in rural elementary and gymnasiums schools. Some of these figures may also be reflecting current urbanization trends in Romania, as well as the decrease in the number of pupils in the rural areas and of the distances and transportation restrictions that may prevent the attendance to schools in the rural areas. Overall, the percentage of teachers in the Romanian employment structure has increased from 3.8 in 1990 to 4.8 in 1999. Overall educational indicators for Romania fare well in comparison with other Central & Eastern European and CIS countries. This is especially relevant in the areas of adult literacy rate, youth literacy rate, enrolment ratios for primary age groups, as well as tertiary students in science. However, public education expenditures are generally below Central & Eastern European and CIS averages.

Overall educational indicators for Romania fare well in comparison with other Central & Eastern European and CIS countries

Box 1.2

Overall assessment of Romania by the EU on Chapter 18: Education and Training

The National Agencies for the implementation of Community programs are established, fully functional and have financial autonomy. A network of regional agencies for the Leonardo da Vinci program is being established.

Concerning the new Youth program, which incorporates European Voluntary Service activities, a legislative framework to regulate voluntary activities in Romania needs to be clarified.

A number of measures have been taken to align Romanian policy on vocational training with that of the Community. Nevertheless, a clearer and more integrated approach needs to be developed. Efforts to establish coherent mechanisms for certification of vocational qualifications, for accreditation of training providers and for quality assurance are necessary.

There has been no progress on transposition of the Directive on the education of children of migrant workers. Romania has not ratified Article 10 of the European Social Charter, which stipulates the right to vocational training.

Source: European Commission. "2000 Regular Report from the Commission on Romania's Progress Towards Accession," November 2000.

The need for a major overhaul of the educational infrastructure (equipment, buildings, materials, and technology) in Romania must be seen as part of an investment strategy for the future

In summary, it can be said that the educational attainment trends in Romania remain high, although renewed attention needs to be given to dropout trends, especially among vulnerable sectors of the society. Romania needs to strengthen its capacity to adapt its educational system to the emerging needs of the transition to a market economy and of the EU accession process. Capacity building and training will be of utmost importance, for teachers as well as for students who choose the path of vocational training. More efforts are also needed to continue to assess students' and teachers' performance. The experience accumulated until now can provide the necessary lessons to continue to move forward, and if necessary realign the educational system to meet the emerging needs. The need for a major overhaul of the educational infrastructure (equipment, buildings, materials, and technology) in Romania must be seen as part of an investment strategy for the future. Equally important will be the continuous measures to improve the quality of education and the development of capacities to manage and operate the educational system.

Standard of Living/GDP per Capita in US\$ PPP

Gross Domestic Product (GDP) per capita in Purchasing Power Parity (PPP) measures the

standard of living in Human Development⁶. Economic performance and human development thus exhibit a degree of interdependence, in that human development can encourage economic growth, and conversely economic growth can promote human development. A poor economic performance has been one of the key factors that conditioned the transition process in countries like Romania. This has adversely affected the economic component of human development.

As was shown in Table 1.1, the GDP per capita (PPP) in Romania during the last 5 years has been somewhat erratic. In 1995 GDP per capita (PPP) was reported to be US\$ 6,095, it increased by about 8% in 1996 to US\$ 6,595, and thereafter until 1999 it continuously decline steadily to US\$ 6,000. The 1999 GDP per capita level is not comparable with the levels registered by other countries in the region, such as Slovenia, the Czech Republic, Slovakia, Hungary, Poland and Estonia, which on average had a GDP (PPP) per capita level 75% to 80% higher than Romania. Countries like Croatia, Belarus, Lithuania and the Russian Federation also exceed Romania's GDP per capita (PPP) level of 1999 by 10% to 15%. However, in the region Romania's GDP per capita (PPP) is comparable with the levels of countries like Bulgaria and Latvia. As a point of reference, it is appropriate to mention that the average GDP per capita level in 1999 for the European Union was

A poor economic performance has been one of the key factors that conditioned the transition process in countries like Romania. This has adversely affected the economic component of human development

Table 1.7
Romania: Selected Inequality and Poverty Indicators

(%)	1995	1996	1997	1998	1999
GDP per capita growth	7.4	4.2	-6.3	-7.4	-4.2
Total Consumption per capita growth	11.1	8.3	-6.6	-0.9	-6.6
Growth of Poverty	25	19.9	30.8	33.8	41.5

Source: The World Bank. *The Road to Stability and prosperity in South Eastern Europe: A Regional Strategy Paper*. Washington DC, 2000; and Romania Ministry of Labor and Welfare, 2000.

⁶Purchasing power parity (PPP) allows the national currency of any given country to be standardized into a single comparative currency (the US\$). At the PPP rate, one dollar has the same purchasing power over domestic GDP as the US dollar has over GDP. PPP can also be expressed in other national currencies or in special drawing rights (SDRs). PPP allow a standard comparison of real process levels between countries, just as conventional price indices allow comparisons of real values over time; normal exchange rates may over or under value purchasing power.

four times larger than the Romanian one . Thus for Romania at this stage, moving forward towards the path of European accession entails focusing on economic performance and on increasing the currently low levels of GDP per capita (PPP).

When the current levels of Romania’s GDP per capita (PPP) are disaggregated by sex, women’s rate is at least one-third lower than that of their male counterparts. In 1998 (the latest available figures), men had a GDP per capita (PPP) of US\$ 7,389, while women had one of US\$ 4,969. The so-called income gender gap is a reality across both developed and developing countries, although the intensity and degree of the gap varies significantly between developed and developing countries. For Romania the income gender gap reflects the average in the Central & Eastern European and CIS countries.

During the past decades countries that have experienced growth in human development have generally also experienced economic growth and expanding incomes. As can be seen in Table 1.7, after 1996 GDP per capita growth in Romania staggered, which was also reflected in the rate of consumption. Much of Romania’s current human development picture can be understood from the data presented in Table 1.7. Per capita

income growth has contracted severely during the past five years. This deep erosion in the purchasing power is undercutting many of the past human development achievements. The accumulated loss of purchasing power since 1990 has been estimated at 40%. Similarly, it is reported that between 1987-1998, on average, no more than 9% of the share of income went to the poorest 20% of the population, while the richest 20% received on average during the same period four times the share of income (37%)⁷. This means that in Romania, whatever little growth of income has occurred, has been spread unequally.

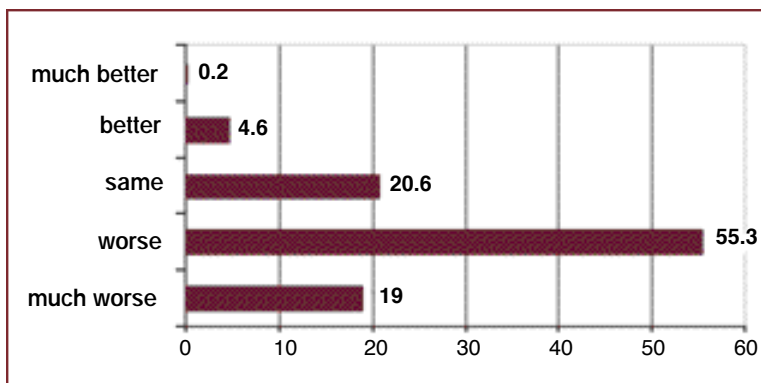
As can also be seen in Table 1.7, inequality and poverty in Romania seem to be on the rise, as poverty has grown by more than 60% over the last five years, reaching a growth rate of more than 40% in 1999. The primary reason for people’s impoverishment has to do with the downturn of the economy during the last decade. The ups and downs of economic performance can bring prosperity or inequalities respectively. In Romania, at least for now, inequalities seem to be growing. For example, the *Gini Coefficient*, which is the yardstick of the distance between the richer and poorer poles, has also increased by 10%, from approximately 0.20 in 1990 to 0.30 in 2000. While the change in the *Gini* might be normal for transition

The average GDP per capita level in 1999 for the European Union was four times larger than the Romanian one

This deep erosion in the purchasing power is undercutting many of the past human development achievements

Inequality and poverty in Romania seem to be on the rise

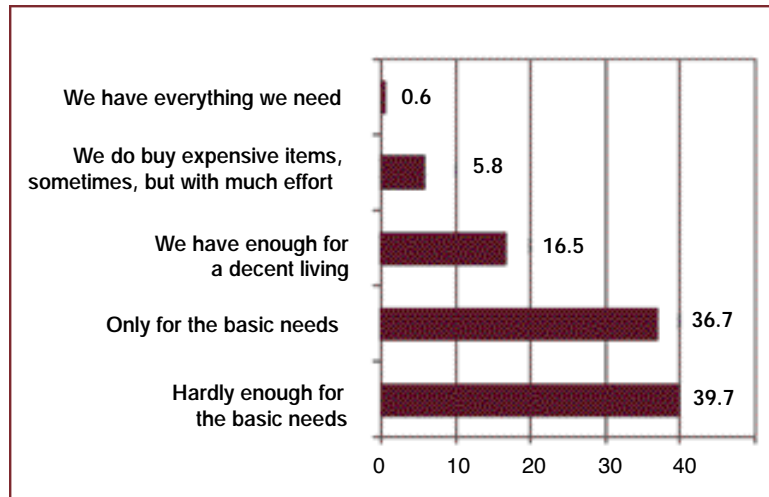
Figure 1.1
Romania, Subjective Living Standards Compared to One Year Before



Source: Ioan Margineanu (coordinator) "Quality of Life in Romania Nov 1999", representative national sampling conducted by the Institute for the Research of Quality of Life.

⁷UNDP. Human Development Report 200. New York: UNDP, 2000, p.172.

Figure 1.2
Subjective Living Standard in Romania



Source: Ioan Margineanu (coordinator) "Quality of Life in Romania Nov 1999", representative national sampling conducted by the Institute for the Research of Quality of Life.

Almost 75% of people that felt that their current standard of living was worse or much worse than the previous year

countries, from a human development perspective this can be translated into a denial of choices and opportunities. Thus poverty manifests itself in people's deprivation. Poverty can mean more than lack of income. It can also mean the denial of opportunities and choices most basic to human development. When inequality emerges as a dominant force in a transition period, it can sink people already poor into an even deeper poverty, creating a vicious circle and making it more difficult to overcome poverty. For policy makers, the poverty of choices and opportunities is more relevant than the poverty of income, for it focuses on the causes of poverty and leads directly to strategies of empowerment and other actions to enhance opportunities for everyone. The rise of inequality and poverty has to be clearly a cause for concern in Romania, as the rise on inequality in any given society constrains both economic growth and human development.

Such growing inequality is already being perceived by the public at large. As can be seen in the results of a recent survey presented in Figure 1.1 and 1.2, perceptions about rising inequality and poverty in Romania are revealing. Close to 40% of the sample interviewed felt that their current income was "hardly enough for basic needs." Another third of the sample interviewed felt their current income levels was enough for their basic needs. Only 17% of the sample

interviewed felt their current income levels allowed them to "live decently," 6% felt that they could buy "expensive things sometimes," and less than 1% felt "they had everything they needed." Similarly, when people were asked to rate their living standards as compared to the previous year, only 5% of the sample interviewed felt that their living standards were much better or better today than one year ago. In contrast, 21% of the sample interviewed felt their living standards did not change from the previous year. More daunting is the almost 75% of people that felt that their current standard of living was worse or much worse than the previous year.

This perception is also confirmed by hard data collected and analyzed over the past five years on household consumption expenditures. As can be seen in Table 1.8, according to the results of this analysis (which studied a representative number of households and 5 household groups –employees, farmers, retired, unemployed and owners), over the last five years Romanian households have been spending mainly on basic needs. For example, over the past five years more than half of the household's income was spent on food and beverages. That number is sustained over the period, but for the unemployed the rate was much higher as on average during the five year period two-thirds of their income was spent on food and beverages.

Table 1.8
Romania: Household Consumption Expenditures

	Year	Total Households
Total consumption expenses	1995	100.0
	1996	100.0
	1997	100.0
	1998	100.0
	1999	100.0
- food and beverages	1995	57.4
	1996	57.6
	1997	58.8
	1998	57.2
	1999	53.5
- clothes and footwear	1995	9.9
	1996	9.1
	1997	7.5
	1998	7.4
	1999	6.3
- house and equipment with household appliances	1995	18.1
	1996	19.5
	1997	19.3
	1998	19.6
	1999	22.1
- medicines and health care	1995	1.6
	1996	1.8
	1997	2.0
	1998	2.3
	1999	2.5
- transport and telecommunications	1995	6.1
	1996	5.2
	1997	6.0
	1998	6.6
	1999	7.6
- culture, educational system	1995	3.3
	1996	3.0
	1997	2.7
	1998	3.2
	1999	3.4
- other expenses	1995	3.6
	1996	3.8
	1997	3.7
	1998	3.7
	1999	4.6

Note: The data comes from the Households' Complete Investigation. The structures are calculated on the basis of the average data (income, expenses) for households in current prices.

The analysis in Table 1.8 also shows that equipment and household appliances was the second type of expenditures in Romanian households over the past five years, averaging around 19% of household income. Retired people and farmers spent on average 25% of their income on

equipment and household appliances. Clothes and footwear was the third type of expenditures of Romanian households during the past five years, averaging as much as 8% of expenditures; higher rates (10-11%) were reported for employees and owners.

Table 1.9
Romania: Human Poverty Index (HPI), 1995-1998

COMPONENTS OF HPI	1995	1996	1997	1998
People not expected to survive to age 60 (%)	22.5	23.1	23.3	23.6
People who are functionally illiterate (% of age 16-65)	3.1	3.0	3.0	2.9
Share of population living below the income poverty line, set at 60% of the median disposable household income (%)	25.27	19.85	30.81	33.82
Long-term unemployment rate (%)	3.75	2.36	1.83	3.52
Human poverty index	19.04	17.15	21.89	23.50

Source: The National Institute for Statistics and Economic Studies

Expenditures for medicine and health care reached on average a meager 2% of total household income

42

The various forms of human poverty affect more than 23% of Romania's population

The profile of poverty emerging in Romania is similar to other countries in transition, but it also has peculiar characteristics

The analysis of household survey expenditures for the past five years also reveals, as can be seen in Table 1.8, that expenditures for medicine and health care reached on average a meager 2% of total household income, the average falls to less than 1% for farmers and increases to almost 3% for retired people. Two more key findings have been generated by the analysis of the data on Romanian household consumption expenditures over the last five years. First, that the trend of contraction of household expenditure is more acute in rural than in urban areas. Second, as a result of household expenditure contraction, Romanian households have increased the consumption of home-grown food, such as milk, vegetables, cereal, while they have been forced to reduce consumption of commercial products such as meat, fruit and sugar.

It is clear from the data presented and analyzed in preceding sections, that the past decade has left Romania with a legacy of mediocre economic performance and declining living standards; this in spite of the fact that during the last decade joint actions were carried out by central governmental agencies and donor agencies. Romania is gradually beginning to recover its pre-transition levels of economic growth, amidst the growing shadow of worsening poverty. From a human development perspective, this incidence comes clear with the Human Poverty Index (HPI). It measures deprivation in four dimensions of human life: longevity, knowledge, a decent standard of living and social exclusion. As can be seen

in Table 1.9, the HPI for Romania has been increasing from 19% in 1995 to more than 23% in 1998. This shows the incidence of human poverty in Romania. The various forms of human poverty affect more than 23% of Romania's population⁸.

Complementing the HPI, as can be seen in Table 1.10, the percentage of households considered to be poor, in both thresholds (40% & 60%), has increased dramatically since 1995. Whereas in 1995, 8% of the households were considered to be in the 40% poverty threshold, by 1998 this figure increased to almost 12%. Similarly, while 25% of the households in 1995 were considered to be in the 60% threshold, by 1998 the figure had increased to 34%. Farmers, retired people, the unemployed, and even employees were the hardest affected sectors. Among the individual groups studied, only owners were spared and the effect on them appears to have been gentler. In terms of size of households, poverty has affected households of all sizes, but with more intensity households with more than 5 and 6 persons. Similarly, Romanian households in rural areas have been affected by poverty and inequality with at least twice as much intensity than urban households.

The profile of poverty emerging in Romania is similar to other countries in transition, but it also has peculiar characteristics. First, increasing poverty is present in all occupational household groups, owners included, although intensity varies. The highest concentration of poverty in

⁸Please refer to the Technical Annex for methodology.

Table 1.10
Romania Household Poverty (1995-1998)

Categories of households	Poverty threshold ¹⁾							
	40%				60%			
	1995	1996	1997	1998	1995	1996	1997	1998
Poor people from the total number of households. From which in households of:	7.96	5.07	9.53	11.7	25.27	19.85	30.81	33.82
- Employees	5.01	3.25	6.19	8.0	21.28	16.33	27.28	29.65
- owners	1.51	-	2.62	0.99	4.01	2.75	8.68	10.12
- farmers	22.09	13.69	23.10	26.93	51.88	41.03	55.07	57.36
- unemployed	21.98	17.15	28.92	28.23	54.15	46.57	60.36	59.78
- retired	5.18	2.90	5.74	7.09	17.80	13.97	22.62	25.61
Poor people from the total number of households. from which the households are made up of :	7.96	5.07	9.53	11.7	25.27	19.85	30.81	33.82
- 1 person	1.09	1.07	1.73	1.68	5.12	3.52	5.50	7.01
- 2 persons	1.49	0.82	1.93	2.38	8.10	4.84	10.90	12.87
- 3 persons	3.38	1.93	4.28	5.91	15.16	11.29	20.88	24.00
- 4 persons	5.33	2.95	6.97	9.18	22.64	17.84	30.55	35.46
- 5 persons	11.71	6.51	14.74	18.64	39.05	30.71	47.50	51.86
- 6 and more persons	24.96	18.78	29.90	35.31	58.07	50.60	66.17	68.19
Poor people from the total number of households. in :	7.96	5.07	9.53	11.7	25.27	19.85	30.81	33.82
- urban areas	5.06	3.62	6.95	8.14	19.01	15.27	25.41	28.21
- rural areas	11.43	6.80	12.62	15.96	32.75	25.32	37.28	40.53

¹⁾Established as percentage from the average consumption expenses for an equivalent adult.
Source: The National Institute for Statistics and Economic Studies

Romania appears to be amongst employees, the retired and the unemployed. At the same time, increasing poverty is also present in every household size, although the concentration of poverty increases parallel to the number of members in a household. Larger households (between 5-6 persons) are more likely to be poor in Romania than smaller ones. Last but not least, there is increasing poverty in Romania in both urban and rural areas, although the incidence of poverty is greatest in the rural areas.

In summary, the standard of living in Romania over the past five years has deteriorated. Not only is this a reflection of the overall economic performance in the

country, but also of a slow progress in structural reforms. General economic uncertainty coupled with the lack of a clear strategy, have not allowed the necessary pace and depth of much needed structural reforms in the production, investment and financial sectors. As a result, output has suffered, consumption has dwindled, and higher poverty and inequality have continued to increase in Romania since 1990. Prospects for recovery in 2001 have, if anything, improved since 1999, although the GDP is still projected to have a slow recovery in 2001. Nonetheless, continued prudent macroeconomic management can provide the necessary impetus for a stable environment in which economic growth can rebound and the standard of living recover.

The standard of living in Romania over the past five years has deteriorated. Not only is this a reflection of the overall economic performance in the country, but also of a slow progress in structural reforms

Other Factors in Romania's Human Development Profile

Public Expenditure for Human Development

There is considerable potential for human development when priorities are restructured in national budgets. By cutting certain expenditures (military, subsidies of non-essential sectors), privatizing inefficient public enterprises or reorienting development priorities, much needed resources can be released to invest in human development expenditures

Both the 1991 and 1996 UNDP's global Human Development Reports demonstrated that there is considerable potential for human development when priorities are restructured in national budgets. By cutting certain expenditures (military, subsidies of non-essential sectors), privatizing inefficient public enterprises or reorienting development priorities, much needed resources can be released to invest in human development expenditures. In addition, bilateral and multilateral aid can complement the effort and earmark more resources for human development concerns. It is also known that the potential and spillover benefits of human development expenditures for households and individuals is real. The more basic social services the government supports, the better off the vulnerable and poor can be. And even if the proportion of national income going to human development concerns remains unchanged, more resources for human development can become available purely from a growth in income. Irrespective of how public

expenditures are analyzed, their contribution to human development is vital, more so in countries in transition like Romania. These expenditures can be seen as investment in human development. By providing people access to basic services and allowing them to take higher risks and undertake higher return activities, the investment can have positive effects on poverty as well as and human and economic development. In as much as costs are always an issue, they can often be reduced by more explicitly considering the role of the private sector.

Over the last decade, the evolution of public expenditure for human development in Romania has been stagnant. As can be seen in Table 1.10, since 1990 public expenditures for education in Romania has been inconsistent and below the regional average. In 1990, 3% of GDP was allocated to educational expenses. The GDP allocation increased to 3.6% in 1992. Between 1993-1994 the GDP allocation for education slipped to 3.1% and it increased again to 3.4% in 1995 and 3.6% in 1996 respectively, but declined again consistently to 3.2% in 1999.

44

Over the last decade, the evolution of public expenditure for human development in Romania has been stagnant

Table 1.11
Romania: Trends in Public Expenditures for Human Development (1990-1999)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Percentage of public expenses for education (%)										
- in the GDP	3.0	3.6	3.6	3.2	3.1	3.4	3.6	3.3	3.3	3.2
- in the general consolidated budget	7.9	9.0	8.7	9.3	9.0	9.8	10.5	9.5	9.2	7.8
Percentage of public expenses for health care (%)										
- in the GDP	2.9	3.3	3.3	2.7	3.1	2.9	2.8	2.6	3.1	3.9
- in the general consolidated budget	7.6	8.4	7.9	8.0	8.9	8.3	8.2	7.6	8.5	9.7
Percentage of social security expenses (%)										
- in the GDP	10.7	10.1	9.6	9.3	9.3	9.7	9.3	10.0	10.9	11.3
- in the general consolidated budget	27.7	25.6	23.2	27.2	26.9	27.6	27.2	29.0	30.2	27.7

Source: The National Institute for Statistics and Economic Studies

The average GDP expenditure for education in the Central & Eastern European and CIS countries is 4.9% while in the European Union it is more than 5%.

The same trend is seen in public expenditures destined to the health sector, although it appears to be even more erratic. In 1990 for example, 2.9% of GDP was destined to health sector expenses, then it experienced a slight surge to 3.3% through 1992, declined to 2.7 in 1993, increased again in 1994 to 3.1%, and decreased once again through 1995, 1996 and 1997 to 2.6% and finally increased to 3.9% in 1999. The expenditure in GNP for the health sector remained also erratic through the decade, but from 1990 to 1999 the rate increased from 7.6% of GNP to 9.7% respectively.

Taken together, public expenditure in the educational and health sectors represents an insignificant percentage not only of the GDP but also of the GNP. It is obvious from this data that human development was not part of the priority policy areas. In comparison, as much as one-third of GNP is destined to pay debt interests. Nevertheless, as can be seen in Table 1.11, social security expenses, in both, GDP and GNP, are much higher on average than education and health sector expenditures. GDP expenditures in social security are three times higher than public expenditures for education, but the implementation area is more diverse and disperse. It includes social security payments and social assistance allowances, pensions and benefits (see further analysis in Chapter 3). Most of the expenses are directly related to social security, although pensions – and, to a certain extent, family allowances – make up the rest. From the analysis of the Romanian GNP over the last decade, there is no clear evidence of a planned and coherent social safety net. Rather, expenditures reflect more reactive policies.

Increased social spending is always welcomed from the human development perspective, but it is not the whole story. Just as important are selecting priorities and using resources effectively. The coercive power of the state and the forces of good governance can influence a better distribution of resources and assets, especially directed to the most vulnerable and needy sectors. This can involve, for example, handing down the responsibility for public services to local or intermediate levels of authority and giving local people a greater say in planning services and managing them. Also more efficient allocations, or selecting where human development expenditures can have the greatest impact, could help in optimizing public resources. To make human development expenditures more effective, complementary inputs, like education, may be required. Today education and knowledge equip people with the necessary inputs to make choices, to make changes and to influence others to change.

Expanding Human Development Opportunities Through Employment

The poor economic performance and the adjustments associated with the transition process during the past decade have taken their toll also on employment opportunities in Romania. Since the beginning of the transition process in 1990, an even before the set of transformations were fully operational, the employment situation in Romania began to show signs of decline. Latent unemployment existed throughout the pre-transition period under the non-market economic model, but it could be ignored because there was not a real labor market, but a system of forced employment repartitions. The unsustainability of such model became apparent from the very first moment of the

Increased social spending is always welcomed from the human development perspective, but it is not the whole story. Just as important are selecting priorities and using resources effectively



undp

Country Office Romania

The Implications of the Process of EU Accession for Human Development

NATIONAL
HUMAN
DEVELOPMENT
REPORT

Romania 2000

Table 1.12
**Romania: Structural Modifications in Economy and Work
 Force Employment (1994-1998)**

	1994	1995	1996	1997	1998
The rate of civilian occupied population (%) in					
- agriculture, total	36.5	34.5	35.5	37.6	38.1
(of which, in the private sector)	(89.2)	(89.7)	(90.5)	(93.3)	(94.2)
- industry, total	34.4	33.6	34.4	32.0	30.7
(of which, private sector)	(21.0)	(26.2)	(27.6)	(35.3)	(42.4)
- services	29.1	31.9	30.2	30.4	31.2
(of which, private sector)	(32.2)	(34.5)	(32.9)	(36.5)	(41.4)
The rate of civilian population (%) occupied in public services					
- health	3.3	3.5	3.6	3.5	3.6
- teaching	4.4	4.6	4.7	4.7	4.8
- public administration	1.3	1.4	1.3	1.4	1.5

1) Active population includes the occupied population and the unemployed persons
 Source: The National Institute for Statistics and Economic Studies

Since 1990, Romania's employment structure has experienced a dramatic alteration, like that of many other countries in Central & Eastern Europe and the CIS

transition process in 1990. The first warning sign came in 1992, when registered unemployment had tripled in less than two years. In 1991 the number of registered unemployed stood at more than 330,000 people, while in 1992 it surpassed 900,000. The decrease of the employed population was not necessarily due to the implementation of reforms, but more to the incapacity of government to manage the adjustment process, and to design a strategy for the transition of the employment structure.

Since 1990, Romania's employment structure has experienced a dramatic alteration, like that of many other countries in Central & Eastern Europe and the CIS. For example, the proportion of economically active population has decreased to less than 51% in 1999. Between 1990 and-1999, the number of occupied people has also decreased by as much as 20%. The occupancy rate of work resources has declined from 82% in 1990 to 66% in 1999, an accumulated reduction of

about one-fourth. At the same time while private sector employment has increased consistently and significantly since 1990 by as much as 500%, this growth has not been sufficient to absorb the growing rate of unemployment.

The employment structure has also experienced major changes in its sectoral distribution. While in 1990, and before, the share of employment in the industrial sector was the largest, the distribution consistently experienced modifications throughout the decade. Similarly, throughout the decade the share of employment in the agricultural and service sectors has increased, while the industry sector's share has been reduced substantially. As can be seen in Table 1.12, which shows a five-year trend, employment in the agricultural and service sectors outgrew the share of the industrial sector. Also worth noting is the increase of the rate of civil population occupied in public services over the five-year period shown in Table 1.12.

There seems to be in Romania a tight correlation between the employment structure and the evolution of the three macro-sectors -- agriculture, industry and services. Employment has increased in agriculture and services and suffered an accelerated decline in industry. The share of employment in industry in 1998 was 13% smaller than in 1990, while employment in agriculture increased in the same period by 9%. In the service sector, the increase of the share of employment is slower but nonetheless significant, as in 1998 the rate was almost 4% higher than in 1990.

Also, the change experienced by the employment structure is not being strictly

determined by the constraints or opportunities of the process of transforming into a market economic system. Typically market economic factors of labor supply and demand (for example through urban migration), generally force employment participation to shift from the agriculture to the service sectors. This is not the case yet for Romania, as the changes in the employment structure during the last ten years seem to be more associated with the emergence of the private sector and the adjustments and competition mechanisms brought about by emerging private production structures. This is reflected in the sectoral distribution of the employment structure. As can be seen in Table 1.12,

Employment has increased in agriculture and services and suffered an accelerated decline in industry

Box 1.3

Employment Structure Dynamic in Romania and its Impact on Human Development and Productivity

This evolution of the employment structure in Romania, in which agriculture is the dominant sector, does not seem to have had a positive impact on productivity, despite the growing participation of the private sector.

This dilemma is illustrated in the agricultural sector, where production was sluggish throughout the process of transition (see Chapter 3 for further details). Investment and technological incentives and strategies in the agricultural sector did not accompany the process and property remained limited, with average surfaces of 2.5 hectares per household, at a total number of 3.7 million private households. This is also a result of the fact that not all the land confiscated for collective farms was returned. In addition, there was opposition to the privatization of the state agricultural commercial farms and adequate legislation concerning market-driven leasing was not passed.

The agricultural sector, with its dominant low productivity, became a buffer for the employment crisis after 1990, as well as for the food crisis shortly thereafter. Low productivity in the agricultural sector was attenuated somewhat through the production of essential agricultural raw materials, produced for survival by a few million farmer households. The industry and service sectors followed different curves of employment of the work force, more in accordance with the constraints of the economic modernization process. The arduous and difficult emergence of the private sector in industry, also acted as an employment buffer. The rate of unemployment in the private industry in 1990 was less than 2%, compared to more than 40% in 1998, showing that it may have absorbed some of the unemployed from the industrial sector. However, more than two-thirds of the employment force in the industrial sector is still employed in the big state-owned commercial enterprises. Idle production capacity was, however, sustained for a long period (2 to 3 times longer than necessary), especially in oil refineries, metallurgy and installed electric power. More recently the state has been forced to consider laying off employees.

This evolution of the employment structure in Romania, in which agriculture is the dominant sector, does not seem to have had a positive impact on productivity, despite the growing participation of the private sector

The restructuring of the agricultural sector will require sustained and determined actions in the years ahead to ensure that it can fulfil its full economic potential

The share of private sector employment in the service and industry sectors has evolved to represent in 1998 more than one third, while in the agricultural sector the share has evolved to represent more than 90% of employment in 1998

Box 1.4

The European Union and the Employment Perspective in Romania

- The gains achieved in macroeconomic stabilization have remained fragile because of the lack of significant progress on structural reforms, in particular in the area of financial discipline. While privatization of small and medium-sized companies has continued at a rapid pace, the authorities' ambitious plan to accelerate the privatization and restructuring of large loss-making public companies has proved very difficult to implement. Many privatization operations were initiated but only a few have been finalized, while others had to be postponed or cancelled. The situation of the agricultural sector, by far the largest source of employment, continued to deteriorate. Finally, the business environment remained unattractive mainly due to legal, political and economic uncertainty, a non-functioning financial system and unclear property rights. These factors contributed to a decrease in foreign direct investment inflows.
- The restructuring of the agricultural sector will require sustained and determined actions in the years ahead to ensure that it can fulfil its full economic potential. The complex problems and unresolved policy issues facing the sector are presented in the relevant chapter of this report. The economic problems include a low and falling productivity level (notably because of the increasing proportion of the labor force working in agriculture), an obsolete capital stock, unclear property rights, and weak market institutions. Subsistence agriculture is increasingly dominating, while the privatization and restructuring of the large state farms is not progressing. In addition, the absence of a viable system of financing for agriculture does not support the emergence of a modern rural economy.
- The size of the private sector has remained about the same and, at the end of 1999, it accounted for some 60% of GDP. The informal economy is estimated to represent about 30 to 40% of GDP. The state continues to play a dominant role in the economy, through its ownership of the majority of large companies, the excessive number of economic regulations passed every year and the often non-transparent influence of the public administration in the interpretation of these regulations. While progress has been made in privatization of small and medium-sized enterprises, this has not been the case for large companies, which have a very significant influence on the entire economy. Only 15 large companies were sold in the first seven months of 2000, a much smaller number than in the corresponding periods of previous years and below the ambitious objectives set by the government. Under the World Bank's Private Sector Adjustment Loan, preparations for the privatization of 64 large enterprises have started but the process has been much slower than expected.

Source: European Commission. "2000 Regular Report from the Commission on Romania's Progress Towards Accession," November 2000.

the share of private sector employment in the service and industry sectors has evolved to represent in 1998 more than one third (moving towards 50%), while in the agricultural sector the share has evolved to represent more than 90% of employment in 1998.

Other indicators and trends related to the employment structure, begin to pinpoint the impact on human development in Romania. For example, the percentage of wage employees in the structure since 1990 has declined by one-third, reaching 50% in 1999. Also the percentage of self-employed

Box 1.5

**The European Union's Evaluation on Romania:
Social Policy & Employment**

Limited progress has been made with regard to the overall adoption of the *acquis* and substantial problems remain. Particular efforts need to be intensified to complete the legal and institutional framework and to build administrative capacity. The scale of Romania's labor market problems is far greater than indicated by aggregate data on employment and unemployment because of the extent of underemployment in agriculture. Necessary restructuring of large public enterprises will pose additional challenges in the future.

The adoption of a new Labor Code should be a priority for the government. Important issues, such as protection of employee rights in cases of collective redundancies and employer's insolvency are not yet fully addressed. A National Guarantee Fund for cases of employers' insolvency should meet the requirements of the EC Insolvency Directive.

A considerable amount of additional work is needed in the area of legislation on occupational health and safety and in order to make the integrated Labor Inspectorate operational. Continued efforts are needed to ensure efficient social protection measures, although budgetary resources remain scarce.

In May 1999, the Romanian government ratified the main articles of the Revised European Social Charter. Nevertheless, in line with the needs identified by the Commission in previous documents, much remains to be done to strengthen the public administration and enforcement structures in most areas of social policy and particularly on health and safety at work, public health and labor market and employment policies.

Source: European Commission. "2000 Regular Report from the Commission on Romania's Progress Towards Accession," November 2000.

workers rose in 1999 to 17% and the rate of wage employees in the civilian economically active population has decreased by as much as one-third since 1990 to 59% in 1998. Since 1990, real wage earnings have been reduced by almost 50%. Perhaps the only hopeful tendency over the last decade in the employment structure has been the fact that the percentage of wage earners among the economically active population in the private sector has increased seven times since 1990 reaching 33% in 1998. The low employment rates, and the dimensions of unemployment in Romania (analyzed in Chapter 3) are the highest reflection of the human development costs of the transition process. It is clear that for Romania one of the main sources of unemployment is the steady decline of

the industrial sector and the lack of elasticity of the agricultural and service sectors to absorb more workers. Until now the restructuring of the state-owned industry has not proved efficient and therefore has not contributed to the creation and expansion of employment opportunities. This has had an impact upon human development in Romania, as unemployment, falling wages and taking up precarious and low-quality jobs in the informal sector, have put pressure on people's security, thus increasing their vulnerability. Poverty most probably has increased also among the displaced workers, and as a market economy is being shaped in Romania, it is unlikely that these workers will find work since their education and skills may already be obsolete.

It is clear that for Romania one of the main sources of unemployment is the steady decline of the industrial sector and the lack of elasticity of the agricultural and service sectors to absorb more workers

What does the Human Development Profile of Romania at the Beginning of the EU Accession Process Reveal?

The overall human development profile of Romania is a zero-sum outcome: little opportunities for a few and loss of opportunities for most

Perhaps the most revealing trend in the Romanian human development profile over the last decade has been the increase of poverty, vulnerability and human insecurity

The human development opportunities that are vital for Romanians today are of many different kinds. For example, access to jobs, and to productive assets such as information, technology, land and credit

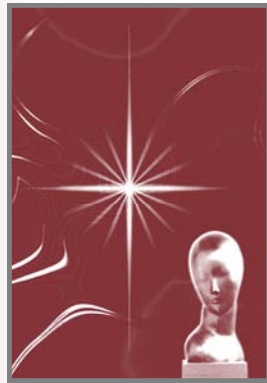
Economic growth can have the potential to enhance human development in Romania and enlarge people's choices. But this potential has not been realized yet for Romania because over the last decade there has not been a steady expansion of human development opportunities allow Romanians greater freedom to choose among different ways of living. Similarly, whatever little human development opportunities were created over the past decade in Romania, these were not equitably distributed among different sectors and geographic locations of the country. Because most of the decade economic growth in Romania has been staggering, and in spite of the fact that some factors of human development have been sustained, the overall human development profile of Romania is a zero-sum outcome: little opportunities for a few and loss of opportunities for most.

Perhaps the most revealing trend in the Romanian human development profile over the last decade has been the increase of poverty, vulnerability and human insecurity. The EU accession process is a legitimate long-term objective. However, if this process today does not make as its primary goal improving human development, by committing to equalize and expand opportunities, the EU accession process could continue to be a long-term objective for a long time to come. Key policy areas for governmental action to expand human development in Romania today are:

- Reducing the proportion of people living in poverty
- Making progress towards gender equality by eliminating disparities

- Improving health care services in both quality and access
- Implementing more forcefully and strategically macroeconomic stabilization and structural reform programs designed to steer the economy into a sustainable growth path
- Improving all ways of employment or livelihood
- Adapting the educational system to 21st century needs and potential technological and knowledge demands
- Fostering and securing energies and partnerships for human development among government, communities and the private sector

The human development opportunities that are vital for Romanians today are of many different kinds. Foreexample, access to jobs, and to productive assets such as information, technology, land and credit. Also, access to proper shelter, education and health services, as well as to dignified wages. Equally important are human development opportunities to expand democracy and good governance, to participate more actively in political and decision-making processes and in activities of civil society. Human development opportunities are of three broad types –economic, political and social. However, the three are closely interrelated and expanding one type of opportunity often expands others. As will be shown in Chapter 2, the role of government in the expansion of human development opportunities is a key factor.



Good Governance: the Backbone of the Process of European Union Accession

2.1 Building an Enabling State and Good Governance in Romania

2.2 How to Promote a Good Governance Strategy in Romania for the EU Accession Process?

2.3 The Need for Good Governance

2.4 New Opportunities for Good Governance in Romania

2.5 Moving Human Development to Center Stage of the EU Accession Process Through Good Governance

Chapter 1 showed that the human development profile of Romania has been hampered during the last decade by poor economic performance and by a disregard of key human development policies. Despite the economic downturns and difficulties associated with the transition process, the main human development indicators in Romania have been maintained at stable levels. However, as Romania prepares to accelerate the process of EU accession, its human development profile looks sluggish in comparison to the EU and other candidate countries. Unless economic growth is restored and with it the potential link between economic performance and human development strengthen, Romania may have difficulties in sustaining its level of human development and disparities may continue to widen. The most important factor standing between human development and economic performance is good governance. Only when government and the state, improve their functioning and enable people to share the benefits and opportunities of economic growth, and when people feel they are participating in the decision-making process affecting their lives and sharing opportunities and growth, there is likely to be a much stronger link between economic growth and human development improvement. As Romania confronts the enormous challenge of the EU accession process, it must also address the issue of human development and focus on the necessary governance conditions for sustainable development.

As was also argued in the Introduction, good governance is more than the exercise of economic, political and administrative authority to manage a

country's affairs at all levels. Good governance is a virtuous process made up of institutions, institutional arrangements, mechanisms, people's participation and dialogue. It is driven by synergy, strategy and political will to negotiate and compromise decisions and governmental action. This topic is important not only because of its centrality to the EU accession process, but also because of the mixed performance record the Romanian government has had over the past decade in managing the transition process. Romania's long-term goal of being a full-member of the EU and enjoy its benefits will depend to a great extent on the ability of the government to implement the *acquis* during the next decade.

Government performance in areas ranging from the environment to telecommunications will be continuously assessed and scrutinize by EU entities overseeing Romania's accession process for all chapters. For example, the last two Regular Reports (1999 & 2000) of the European Commission on Romania's progress towards accession already highlighted the existence in Romania of poorly functioning public sector institutions and a weak system of governance, and how this could be a main constraint for the accession process. The Reports focused their attention on the following weaknesses: inefficient and excessively bureaucratic governmental institutions, unclear role of governmental bodies and agencies, unsuccessful fight against corruption, the incapacity of governmental institutions to assume responsibilities and functions, and the lack of advocacy mechanisms within the government to keep people (especially the vulnerable and excluded) informed about the implications of the accession process.

Romania prepares to accelerate the process of EU accession, its human development profile looks sluggish in comparison to the EU and other candidate countries

The most important factor standing between human development and economic performance is good governance

Good governance is more than the exercise of economic, political and administrative authority to manage a country's affairs at all levels

Building an Enabling State and Good Governance in Romania

In as much as the development strategy may fulfil EU requirements and criteria, there are few explicit, consistent and comprehensive proposals on how to integrate the Romanian people into the strategy as both means and ends

The revised Romanian National Programme for the Adoption of the *Acquis* was adopted by the government on May 2000 and subsequently presented to the EU. The so-called "Medium Term Economic Strategy (MTES)," extends over the period 2000-2004. It covers all chapters of the *acquis*. It also provides a diagnosis of the development situation, as well as short-term and medium-term priorities. The strategy also assigns responsibility to various governmental institutions, and deadlines and financial requirements are also included. The development strategy seems well structured and readable, providing a useful overview of Romania's pre-accession strategy. It can even be used as a co-ordination tool for Romania's own accession preparations.

However, in as much as the development strategy may fulfil EU requirements and criteria, there are few explicit, consistent and comprehensive proposals on how to integrate the Romanian people into the strategy as both means and ends. Neither is there in the development strategy an explicit recognition of how to further strengthen governmental weaknesses or how to overcome institutional shortcomings and failures that may stand in the way of human development. Human development and good governance require partnerships among different actors and levels of government (see Box 2.1 & 2.2).

A comprehensive development strategy, such as the one currently in place in Romania,

Human development and good governance require partnerships among different actors and levels of government

Box 2.1

Who and What does Good Governance Involve?

Synergies, strategies and politics drive good governance in three main dimensions: economic, political and administrative. The economic dimension includes decision-making processes that affect a country's economic activities and its relationships with other economies. It clearly has major implications for equity, poverty and quality of life. The political dimension involves the decision-making process that ultimately formulates policy. In the administrative dimension lies the system of policy implementation. Encompassing all three, good governance is the process by which policies are implemented with the maximum degree of success and impact.

This is why good governance encompasses the state and governmental structures, but it transcends them by including the private sector and civil society organizations. While there may be differences of opinion as to what constitutes the state and governmental structures, it is generally argued that the state and governmental structures are defined to include political and public sector institutions. UNDP's primary interest lies in how effectively the state serves the needs of its people. The private sector covers private enterprises (manufacturing, trade, banking, cooperatives and so on) and the informal sector in the marketplace. Some say that the private sector is part of civil society. But the private sector is separate to the extent that private sector players influence social, economic and political policies in ways that creates a more conducive environment for the market place and enterprises. Civil society, lying between the individual and the state and governmental structures, comprises individuals and groups (organized or unorganized) interacting socially, politically and economically regulated by formal and informal rules and laws. Civil society organizations are the host of associations around which society voluntarily organizes. They include trade unions, non-governmental organizations, gender, language, cultural and religious groups; charities, business associations, social and sports clubs, cooperatives and community development organizations, environmental groups, professional associations, academic and policy institutions, and media outlets. Political parties are also included, although they straddle civil society and the state if they are represented in parliament.

Source: UNDP. *Governance for Sustainable Human Development: A UNDP Policy Document*. New York, 1997.

Box 2.2

Working Together in Romania Towards the EU Accession Process

When people have been together for a long time developing shared norms, values and beliefs that enrich the way they live and work, they possess social capital. This complements physical and human capital enabling them to be used and managed more efficiently. Creating a climate of trust and cooperation, for example, reduces the transaction costs of doing business and creates an environment in which investment, saving, and employment can grow. Thus, it makes a significant contribution to economic growth.

Even more important, social capital is crucial to human development. People acting as a strong, cohesive community, whether through community groups or other non-governmental organizations, can achieve more than individuals. And this also tends to offer more space for those who otherwise would be weak and powerless.

When people work together in this way, they help develop a virtuous circle as one form of social capital builds on another. The alternative -- when social capital decays into individualistic, self-seeking behavior -- more of a vicious circle leading to greed, violence and crime.

A secure communal identity also encourages sustainability. When people identify with their community today, they want to see it survive. This gives people a longer-term perspective and so encourages types of development that are more sustainable.

But beyond its contribution to community life, social capital has a much wider influence, affecting the whole process of governance. When local and national institutions are firmly grounded in shared norms and values, they are more likely to be run in an open and transparent fashion, reducing the chances of inefficiency and corruption.

Social capital has played an important part in the human development success of many countries. In Sweden, for example, decades of successfully combining economic progress and advances in human welfare were based on a broad consensus among many parts of society, including churches, trade unions, employers, political parties and government. In Japan the extraordinary advances of the past 30 years were deeply rooted in social customs of cooperation. Other countries have had a less happy experience: part of the reason for the Soviet Union's collapse was the lack of any kind of effective "civic space" outside the government system.

How can social capital be developed in Romania? In many respects this is not a matter for government, as most forms of cooperation are spontaneous and thrive without outside government influence. But governments can contribute, both through expenditure on education that gives people the capabilities to act together, and by ensuring that the many disparate parts of civic society have the space and freedom to develop their full potential.

Source: UNDP. Human Development Report 1996. New York: UNDP, 1996.

may be simply too demanding for any level or area of government, for a single development actor or donor. The success of political mobilization for the EU accession process depends on winning broad and diverse support. Alliances, partnerships and compromises are the only viable vehicle for

consolidating the transition process. As different experiences suggest, a clear-shared vision of the future that provides a firm focus for action will be needed to mobilize alliances and partnerships. When enough people understand a cause and rally around it, aspirations such as EU membership become

The state has a central role, not just through its commitments to the EU process, but through its capacity to influence outcomes on many other elements of society

Good governance for Romania will be about the rules of the game for the EU accession process that will emerge from the synergy, articulation and interaction of formal laws, informal norms and practices, and organizational structures

Rather hiring and firing public sector employees or finding administrators to coordinate pre-accession projects as it is common practice, it will be necessary to increasingly build long-term systems for efficient employment and career incentives in the civil service

more realistic. The government and the state need to work out the best strategy for negotiating the EU accession, taking human development circumstances into account. It will be necessary to find among different sectors of society common interests for the EU accession process and explore potential differences.

Thus, in addition to the MTES, operational guidance may be needed to promote and encourage coordination, partnerships and dialogue on human development issues between governmental and non-governmental actors. Individuals and groups in Romania may be able to do a great deal on their own to accompany the EU accession process. But much will depend on the context created by governmental action. **The state has a central role, not just through its commitments to the EU process, but through its capacity to influence outcomes on many other elements of society.** For instance, the Romanian State will be influential in setting the direction of social services, prioritizing areas for pre-accession funds and choosing the best industrial policy, as well as enlisting the public's support. This is what good governance is all about. Building a solid foundation of effective organizations and effective enabling institutions in order to remove possible bottlenecks and obtain the desired results. Only through such institution building will Romania be able to achieve the ultimate goal of reducing poverty, strengthening representative democracy, achieving environmental sustainability and developing private sector development. **Good governance for Romania will be about the rules of the game for the EU accession process that will emerge from the synergy, articulation and interaction of formal laws, informal norms and practices, and organizational structures.**

Good governance cannot be considered a sector but rather a factor that cuts across all sectors. The many functions of good governance can be classified into four broad categories; policy-making, service delivery, monitoring and accountability. Most of the EU accession process activities and the different chapters of the *acquis* relate to at

least one of these categories. Indeed, good-governance building components exist in almost all EU pre-accession actions and funds. Some focus on specific core elements of good governance (judicial system, regional development and civil service), while others focus on specific sectors (agriculture, transport and industry). In the past, good governance issues in Romania have not been treated in an integrated fashion, which meant that individual efforts in building good governance were often fragmented or in many cases sacrificed to larger macro-policy priorities. The EU accession process provides an opportunity to emphasize good governance in a more systematic way.

This means that government has to change and transform its role. For example, rather than putting all the efforts on the contents of the MTES, the government will increasingly have to build effective implementation management systems to guarantee results. **Rather hiring and firing public sector employees or finding administrators to coordinate pre-accession projects as it is common practice, it will be necessary to increasingly build long-term systems for efficient employment and career incentives in the civil service.** Instead of the direct supply of public services and programs, it will be increasingly imperative to build institutions that allow public and private actors to enter the market and that allow them to provide services efficiently and equitably. And rather than focusing on economic gains alone, it would be more strategic to broaden the concerns and include human development factors.

If Romania is committed to building the political momentum and policy context for the EU accession process the government must take steps in several important areas. Ultimately, these actions would strengthen the links between economic growth and human development. This Chapter identifies the major constraints and opportunities in the system of governance in Romania and lays out an agenda for action that could improve substantially the government's performance.

How to Promote a Good Governance Strategy in Romania for the EU Accession Process?

Some progress has already been made towards good governance in Romania over the last decade. There is a democratic process in place that allows for alternating government regimes. Citizens enjoy today more freedom of choice, freedom of expression, improved access to multiple media sources and ample opportunities to participate in electoral processes. Though still nascent, civil society is starting to grow and NGOs are becoming more active in policy-making exercises. Nonetheless, good governance challenges remain ever present. One key example is the lack of mechanisms present in the society to encourage discussions on policy alternatives, to build consensus on specific policies and ensure participation of an array of actors representing the wide range of stakeholders. Another key challenge is strengthening accountability and transparency in public institutions and in the use of public resources. Last but not least, the application of laws and regulations in Romania needs to be more coherent, the flow of information less restrictive, and local administrators more empowered to meet the needs of citizens.

These limitations and weaknesses of good governance in Romania were implicitly recognized in the last Report of the EU on the progress of Romania towards accession (2000). In the Report, the European Commission highlighted that the current development strategy of Romania tended to place greater emphasis on achieving results without necessarily ensuring that there are adequate good governance structures in place for the implementation of the steps leading towards those goals. This perception may cast doubt not only on the ability of the Romanian government to meet deadlines, but also on the quality of the processes leading toward completing *acquis* requirements.

The complex mosaic of policies needed to fulfil criteria for EU accession and at the same time to improve human development and reduce poverty in Romania requires wide public support and political will based on consensus, not only at the presidential, governmental and parliamentary levels, but also at non-governmental and civil society

levels. At the end of 2000, Romania was beginning to show the first signs of economic recovery, macroeconomic stability and GDP growth. By definition, growth will generate more income. But the vulnerable sectors of the society and the poor are unlikely to receive a fair share of this increased income unless they are empowered to participate in the decision-making processes and their expected results. Since the EU accession process seems to have the support of most sectors of the society, the implications of such process on human development have yet to be fully grasped.

As can be seen in Tables 2.1 and 2.2, anticipations of the implications of the EU accession process reflect an emphasis on both economic and good governance aspects. Although the sample of the SWOT analysis (Strengths, Weaknesses, Opportunities and Threats) presented in both Tables is not representative and is restricted to top business managers, the results provide interesting inputs to analyze and put in perspective expectations about the EU accession process. For example, it is clear from the results of the analysis of weaknesses that Romania's main challenge is to overcome its economic fragility, but equally important, according to the participants of the survey, are issues of good governance, such as democratic culture, legislative capacity and political and public policy skills. Similarly, identified strengths come more from historical, natural or cultural variables than from institutional factors, reflecting a certain institutional or good governance void product of the transition process (Table 2.1). When opportunities and threats are analyzed, economic factors also dominate the expectations, although some elements of good governance can also be detected (Table 2.2). In anticipating positive economic benefits from EU membership, such as commercial relations, access to markets and increased investment, there is a strong desire to solve the current economic setbacks. Similarly, threats are seen in a zero-sum scheme, where Romania may just be compromising "too much," like its sovereignty, resources and autonomy.

Some progress has already been made towards good governance in Romania over the last decade

Romania's main challenge is to overcome its economic fragility, but equally important, are issues of good governance, such as democratic culture, legislative capacity and political and public policy skills

Table 2.1
Romania: Perceived Weaknesses and Strengths for the EU Accession Process

WEAKNESSES	
Attitude/Mentality of the people	High inflation, extended economic recession
Bad image in EU member countries	Highly-sized underworld economy
Limited knowledge of EU and lack of lobbying capacity within the EU	Poor financial-banking sector
Incomplete/unstable legislation and political class	Low level of direct foreign investment
Poverty, corruption, legislative instability, poor management skills	Lack of strategies and policies at sectoral level
Geographical closeness to Russia	Old and non-competitive economic structures
Lack of democratic experience and developing political culture	Uncoordinated, slow decision-making processes
STRENGTHS	
Historical link with EU member countries and the European culture	Cheap and relatively skilled labor force
Geo-strategic position	Growing level of economic and social relations with the EU at present
Population's education size and level, positive attitude toward EU accession	Richness of natural resources and size of domestic market
Cultural heritage and tradition in promoting human rights and ethnic minorities' rights	Potential for industrial development
Aspirations for a better future and political stability	High agricultural and tourist potential.

Source: Based on Analysis carried out on the basis of answers given by trainees (top-managers) within the module "Sole Market Functioning and the Euro Currency", organized by the European Institute from Romania, within the project "Training in European Businesses", Bucharest, June 2000, PHARE Project Ro 9706.01.02).

Like in the MTES for 2000-2004, the perceptions about the EU accession reflect the treatment of human beings almost as residual elements

Given the complexity and the challenge ahead for Romania, perceptions are both a reflection of reality and an aspiration for the future, and as such they can provide a framework of what people want, or of the messages that they are projecting. In this case, when the issues articulated in "strengths and opportunities" are put into perspective, the main message is that significant changes are needed in the focus of the government and in the way it conducts the country's business. And when the issues articulated in "weaknesses and threats" are put into perspective, the main message is that perhaps too much may be being risked at once. The fear of uncertainty in this

perception structure is a valid one, as is the omission in the expectations of plain and simple human factors. Like in the MTES for 2000-2004, the perceptions about the EU accession reflect the treatment of human beings almost as residual elements. The lack of recognition that the EU accession process has both opportunities and risks for the people of Romania is more implicit than explicit. In this context, even the basic principle of good governance, being for the people, by the people and of the people, is blurred amidst the overwhelming weight being put on EU membership as a potential "magic solution" for human development.

Only in the past two decades has there been a move among development circles around the world to discuss who development is really for. If today there is a minimal consensus that development is for people, then the EU accession process in Romania could be labeled successful if and when the process has increased economic growth and human development, not only when economic growth has been achieved at the expense of human development. This is why at this early stage of the EU accession process, good governance can be an

important element of the Romanian development strategy. It would turn the spotlight on human needs; on analyzing the scope, depth and implications of poverty; and on measuring costs and opportunities not only in terms of lost or gain outputs, but also in terms of lost and saved lives and human potential. If the axiom that human development is the true end of the EU accession process is accepted, the key question then becomes: How can people be integrated in the development strategy and by whom?

If the axiom that human development is the true end of the EU accession process is accepted, the key question then becomes: How can people be integrated in the development strategy and by whom?

Table 2.2
Romania: Perceived Threats and Opportunities of the EU Accession Process

THREATS/RISKS	
Increase of unemployment and decrease of living standards	Bankruptcy or limited output of the industrial companies and of SMEs, contraction of industrial structures, increase of unemployment and closing down of production capacities
Low strategic positioning within the EU decision-making processes and bodies	Romania could become an outlet for foreign products (increase of competitiveness pressure)
Subordination to the EU policies and domination of the multi-national bodies and companies within the EU (less national sovereignty and control of national resources)	Domination of international companies and major banks
Negative impact on the relations with Russia and Ukraine	Risk associated with the free circulation of capital
OPPORTUNITIES	
Strengthening the democratic system and much needed institutional restructuring	Possibility to achieve economic growth
Increase of living standard and of population's trust in government	Increase of direct foreign investments
Emergence of a new political class	Development of economic and commercial relations with EU member countries
Change of mentalities, decreased corruption and incompetence	Access to an integrated and potential market
Participation in EU decision-making processes	More financial and economic assistance on behalf of the EU
Free circulation of people	Increase of economic performances, of efficiency and competitiveness;

Source: Based on Analysis carried out on the basis of answers given by trainees (top-managers) within the module "Sole Market Functioning and the Euro Currency", organized by the European Institute from Romania, within the project "Training in European Businesses", Bucharest, June 2000, PHARE Project Ro 9706.01.02).

The Need for Good Governance

Conventional thinking would assume that as long as Romania fulfils the economic criteria for EU accession, all other aspects of Romania's development challenge -- such as good governance and human development -- would automatically trickle down or take effect

There is still room in Romania not only to increase the involvement of representatives of the government, non-governmental organizations, educational institutions and the private sector in the policy-making exercise of the EU accession process, but also to strengthen the government's institutional capacity to channel its activity towards achieving and measuring human development goals. Similarly, there is room to continue building the capacity of civil society and non-governmental organizations, ultimately to influence national policy-making. Building this policy-making capacity along both governmental and non-governmental lines is part of a strategy and a process, but it is also part of finding ways to bring together a blend of governmental and non-governmental stakeholders into a policy dialogue, at a time when a process (the EU accession) which will have tremendous implications for the entire Romanian society, is beginning to take off and raise expectations.

This is why in the Introduction the notion of processes being as important as policy was put forth. Conventional thinking would assume that as long as Romania fulfils the economic criteria for EU accession, all other aspects of Romania's development challenge -- such as good governance and human development -- would automatically trickle down or take effect. It is probably the other way around. Romania will fulfil the economic criteria for EU accession to a great extent because of good governance and human development. Such outcome would also depend, of course, on two key additional accomplishments. First, the ability of the government to define its role in line with the challenge involved in the EU accession process and its respective economic demands. And second, enhanced government performance within that role.

Thus much of economic performance, human development and progress in Romania will depend on strengthening governance. For example, gradual integration with the EU will require significantly more mature institutional structures that are able to satisfy the economic and political framework conditions of the EU and to implement the *acquis*. In this context, another key aspect of governance for Romania will be the institutional setting that

the political system can put in place, not only for citizens, but also for social organizations and investors. So far the Romanian experience reflects a common trend of many transition countries; namely the challenge of building good governance institutions, while at the same time managing the high social costs associated with the programs aimed at restructuring the economy. However, to these challenges one more has been added in Romania, the process of accession to the EU.

One of the most complex implications of Romania's EU accession undoubtedly is the one related with the modifications of the legislative and institutional framework, in accordance with the principles, criteria, and functional norms of the EU. To transform the current Romanian legislative and institutional framework into EU's standards, implies an enormous effort, which will take time, strategic planning and consistent support from the people. It will involve not only the passing of a legislative framework, but also acquiring the necessary administrative capacity of institutional functioning, as well as a change of attitude and behavior at all levels of Romanian society. Fulfilling the *acquis communautaire* will be no small task and to a great extent as was already mentioned, Romania's success in the EU accession process will depend on accomplishments in the area of good governance. During the 6th meeting of the Romania-EU Association Council in Brussels on March 2000, it was already observed by EU monitors that Romania's fulfillment the *acquis* was partial and that the rhythm and quality of the process would have to be improved.

During 1999-2000, important progress towards the *acquis* has been achieved in the following areas: commercial legislation, competitiveness, public acquisitions, fiscal matters, small and medium enterprises, science and research, and justice and domestic affairs. Similarly, important steps on the way to harmonization with the EU have been achieved in 2000 by endorsing laws or normative deeds on the re-establishment of the ownership right on fields and forests, implementation of the joint transit system on the Romanian territory, and consumer protection. However, much work remains to be done in other key areas, such as free circulation of services, justice and

Gradual integration with the EU will require significantly more mature institutional structures that are able to satisfy the economic and political framework conditions of the EU and to implement the *acquis*

domestic affairs, environment, right to asylum, drug control, anti-corruption and the fight against organized crime.

Clearly much work also has to be done in establishing the necessary market-supporting institutions in line with EU requirements. The conclusions of various multilateral and bilateral assessments of Romania point to important steps that have to be taken to establish a functional market economy, able to resist the pressures from competition from within the EU, and to increase the administrative and institutional capacity for the implementation of the *acquis*. Thus at this first stage, it is about the establishment of an institutional framework to prepare the

negotiations and implementation for Romania's accession to the EU. Romania has been taking steps in this direction by establishing specialized offices at all central and local institutional levels, for the identification, in-depth analysis and public information efforts. Throughout 2000, there were efforts to re-dimension the Executive Branch of government by reducing the number of ministerial portfolios and governmental agencies. For example, the former Department for European Integration has been incorporated into the Foreign Ministry. The technical structures for the preparation and carrying out of the accession negotiations have been established both within the Foreign Ministry and within other

Fulfilling the *acquis communautaire* will be no small task and to a great extent as was already mentioned, Romania's success in the EU accession process will depend on accomplishments in the area of good governance

Box 2.3

What type of Government is needed to Achieve Prosperity?

In his latest book, the reputed economist Mancur Olson analyzes why prosperity does not follow the collapse of a bad government. First Olson identifies the conditions necessary for economic success. On the one hand, secure and well-defined rights for all to private property and impartial enforcement of contracts and, on the other hand, the absence of predation. He observes that these conditions occur most reliably, and thus with greatest economic effect, in rights respecting democracies where institutions are structured in ways that give authoritative decision making to encompassing, rather than narrow interests. Olson suggests that these arrangements describe the type of government needed for growth. While there may be contract enforcement and systems of property in small groups or isolated markets, complex markets needed for growth cannot develop without government. Olson argues that without the constraints provided by political institutions of democracy it is more difficult to develop credible systems of property or contract enforcement.

The differences in the depth of the post-communist economic collapse and the differences in the pace of recovery have much to do with the strength of the state and how the state uses its power. Levels of foreign and domestic investment, the growth of new private firms, and other measures of transition success depend on the state supplying basic institutions and forbearing from its own predation. If courts will not reliably enforce contracts or if their judgements are unenforceable, or if the state or its officials are necessary partners in private investment, then the state falls short. While this general point is easily made, Olson brings rigorous attention to the incentives of regimes and the specific of how governance interacts with growth-affecting institutions.

Olson coined a phrase that summarizes his answer or what type of government is needed to achieve prosperity: "a market-augmenting government." He suggested that this is a government powerful enough to create and protect private property rights and to enforce contracts, yet constrained so as to not, by its own actions, deprive individuals of these same rights.

Source: Mancur Olson. *Power and Prosperity: Outgrowing Communist and Capitalist Dictatorships*. New York: Basic Books, 2000.

Box 2.4

Public Administration in Romania

Romania's civil service has been spared the two most salient problems of many former Soviet Bloc civil service systems: it is neither overly large nor too great a fiscal burden on the overall economy. However, Romania's public administration suffers from two fundamental structural weaknesses: fragmentation and the absence of an agency in charge of personnel management and policy. These have consequences throughout the system, from availability of data and coherent leadership to overall coordination between objectives and subsequent courses of action.

Romania has taken some significant steps in redefining the scope of government. Before 1989, Romania had the largest number of ministers of any centrally planned economy outside the Soviet Union. Since 1990, the number of Ministries has fluctuated between 15 and 24, with more than 20 specialized agencies. Although this consolidation has been helpful, government remains excessively fragmented. The latest (admittedly incomplete) account counts more than 1,800 institutions subordinate to these Ministries and agencies. Within ministries and subordinated agencies, lines of authority are fairly clear on paper. In practice it is a highly fragmented service where departments in Ministries do not communicate with one another, where inter-ministerial relationships are highly rivalries, and where duplication and independent uncoordinated initiatives are the norm:

- There are too many agencies, with excessive duplication of tasks and outputs, and almost impossible to coordinate.
- Internal ministry procedures are highly suspect and it sometimes takes between 10 and 15 signatures to obtain a paper clip or a pencil.
- Romania's public administration lacks a "service mentality" and reports abound of petty discourtesies, rudeness and contempt visited upon ordinary people in their dealings with the bureaucracy.

Size is not a problem. After increasing by some 15% between 1995-1999, the total number of employees of the state and local administrations declined by 5% between 1995-1998. In cross-country comparisons these totals are not high and Romania's civil service is not overly large compared to that of other European countries. However, wages are. Between 1990-1998, civil servants wages fell by 38%. By contrast, real net average wages elsewhere in the public sector fell by between 16% and 20%. Average wages in the banking and financial sectors increased by over 70% in real terms in the same period.

Source: Romania, Public Expenditure Review Part II-Civil Service Reform (IBRD Report No. 1744-RO) June 2, 1998.

bodies of the public administration. The Chief Negotiator, who has the rank of a state secretary in the Foreign Ministry, manages the entire coordination process for integration. Negotiation teams at sectoral level have been established, and each body has European integration departments¹.

In addition at this early stage, some key laws were passed, such as the Law on Institutional Responsibility and the Law on the Civil Servants. A permanent system of recruitment and training for civil servants has also been established. Similarly, the ongoing reform process of the public administration

¹This structure was valid throughout most of 2000. The new government elected at the end of 2000, was expected to refine the governmental structure for EU accession, creating a special Ministry.

continues to work towards improving communication between the public institutions and the citizens. The goal is to eventually achieve administrative transparency, decentralization of public services, and bringing the government closer to the people. There is already a draft bill to expand the competencies of local authorities in accordance with the European Charter for Local Autonomy. Last but not least, Romania has made important strides towards regional development, focusing on opportunities, vulnerabilities and poverty alleviation strategies. More governmental and public administration reforms are currently under parliamentary review.

Other efforts that can be highlighted in the process of establishing the institutional framework to prepare the negotiations and implementation for Romania's accession to the EU are closely related to good governance issues. For example, within each ministry there has been an effort to establish technical assistance units to provide advice and technical backstopping to EC pre-accession projects. This initiative benefited from an EU pre-accession initiative called "Twinning." As of 1998, the European Commission proposed to mobilize significant human and financial resources to help candidate countries, like Romania, through a process of twinning administrations and agencies. The ideas behind the "twinning" initiative is to put at the disposal of candidate countries, a vast body of Member state's expertise in areas of civil service, financial controls and public sector reform. Initially twinning focused primarily on the priority sectors of agriculture, environment, public finance, justice and home affairs and preparatory measures for the structural funds. But today it covers all sectors pursuant to the *acquis*. In 1999, Romania benefited from about 12 twinning projects. For example, Germany was selected as the leading partner for a project dealing with standardization and conformity assessment infrastructures and Italy for establishing a monitoring system for public procurement. France was the leading partner for social policy, Germany and the Netherlands are assisting Romania with the elaboration of a national action plan for

employment, Sweden is the lead partner involved in training the labor inspectorate and Germany is leading a project on the development of the institutional capacity of the National and District Health Insurance Houses. For 2000, sixteen additional twinning projects have been designed, bringing in more new sectors, such as statistics, free movement of persons, industrial policy and regional development.

Despite progress in negotiation, implementation and pre-accession activities, Romania still faces tremendous challenges, which continue to point to an inherent weakness of public sector services and functions, including credible and consistent regulation and infrastructure necessary for private sector development and investment. For example, a 1999 Business Enterprise Performance survey found that among other Central & Eastern European countries, Romania's quality of investment climate was ranked at the bottom of the list. The results of the same survey showed that in the institutional infrastructure component, which measured perceptions of the Judiciary, corruption, street and organized crime, Romania was rated 1.48 on a scale of 0 (major obstacle) to 3 (no obstacle), 40% lower than the average for countries like Poland, Hungary, Slovenia and the Czech Republic. In addition, the financial sector in Romania was categorized as being comparatively underdeveloped. The need to have a functioning financial sector in Romania will be central to a market economy, as it will provide payments, savings, investment opportunities and financial intermediate².

In addition to the institutional framework for a market economy and for the *acquis*, good governance in Romania is needed because of other pending issues. For example, the promotion of democratic governance, which goes beyond electoral participation. In so far as Romania has had many electoral processes since 1990, the representation system has not expanded. The political organization is still highly centralist and a move to democratize decision-making processes in regions and counties has not been forthcoming yet (see Box 2.5). There is still

Despite progress in negotiation, implementation and pre-accession activities, Romania still faces tremendous challenges, which continue to point to an inherent weakness of public sector services and functions, including credible and consistent regulation and infrastructure necessary for private sector development and investment

The political organization is still highly centralist and a move to democratize decision-making processes in regions and counties has not been forthcoming yet

²See the World Bank. The Road to Stability and Prosperity in South Eastern Europe. Washington, DC: The World Bank, 2000.

Table 2.3
Romania, Levels of Participation in Electoral Processes (1990-2000)

Election type and year	% of Voter Participation
General Election 1990	86
General Election 1992	72
Local Election 1992	57
Local Election 1996	56
General Election 1996	76
Local Election (only in Bucharest) 1998	35
Local Election 2000	51
General Election 2000	65

Source: Cristian Preda "The Romanian political system after 4 polls," Romanian Political Science Review: Studia Politica No 1, 2001, based on figures reported in "Monitorul Oficial."

The democratic political and social spheres have not found effective mechanisms to communicate with each other

a perception in Romania's civil society sector that there is a deficit in democratic representation. Both political parties and civil society have not linked strategically yet to overcome jointly the challenges of the transition process. **The democratic political and social spheres have not found effective mechanisms to communicate with each other.** Moreover, political parties do not yet have the capacity to draw from society diverse interests or demands and weave them into a cohesive democratic project. At the same time, in spite of the growth in the number of non-governmental organizations and civil society groups, they have not evolved yet as articulators of people's demands. Perhaps this reality is best illustrated on the one hand by the low levels of trust in democratic institutions in Romania, and on the other by the perceived lack of capacity of NGOs and civil society organizations to mobilize numerous community and civil society organizations to influence collectively decision-making processes. Another reflection of this dilemma may be the declining rates of participation in electorate processes in Romania shown in Table 2.3.

In contrast to the pre-transition period, in Romania today there is a marked improvement in people's opportunities to

take part in selecting their government as well as protesting against it. Yet the government is still seen as being removed and distant from the people, and the outcome of society's democratic participation is still limited in terms of enhancing the enfranchisement of civil society. Empirical evidence from good governance experiences around the world suggests that there is a strong link between democratic institutions and active citizen participation. This is the basis for a more equitable and participatory political system. Thus reforming the complex political organization in Romania to make it more democratic and efficient must be a priority.

Another key issue for good governance in Romania is confidence in the democratic process. According to UNDP's National Early Warning Report, during the decade **public confidence in most democratic institutions has deteriorated.** When people are asked to judge the political environment, the direction and leadership of Romania, in general people give low marks. For example, from March 1995 to November 1996, the degree of confidence in the political environment, the direction and leadership declined from 37% to 28%, although from November 1996 to July 1997 the degree of confidence increased to 52%.

In contrast to the pre-transition period, in Romania today there is a marked improvement in people's opportunities to take part in selecting their government as well as protesting against it

However, from July 1997 to most of 2000, confidence rating continued to deteriorate to figures below 25%³.

Indeed, the overall index of trust monitored in the Early Warning Report, which can be a good indicator of the government's capacity to react to and solve problems, has been declining over the past five years. For example, between 1995-1996 support for the government, parliament and the justice system in Romania was rather mixed and low. In March 1995, the justice system had an overall index of trust of about 45%, government 32% and parliament had the lowest, 28% respectively. By 1996, the index of trust in all three major government bodies had declined; the justice system to 37%, government to 28% and parliament to 22%. From November 1996 to March 1997, the index of trust in these three institutions improved slightly. The justice system obtained a level of trust of 43%, government 44% and parliament 39%. From this point onward till the end of 2000, levels of trust of the major democratic institutions declined gradually but consistently. By the end of

2000, before the national elections, the index of trust in the justice system, government and parliament averaged less than 20%.

During the same period, municipal governments registered overall higher levels of confidence than central governmental institutions. Similarly, other institutions such as the Church and the Army had much better levels of trust than the justice system, government and parliament. For example, between March 1997 and the end of 2000, the Church sustained an index of trust of above 80%. On the other hand, the Army during the same period maintained an index of trust close to 70%, although it shows an overall-declining trend. Other Romanian institutions such as the trade unions and the police, have registered low levels of trust as well. For example, between March 1997 and the end of 2000, the index of trust in the police did not go beyond 49% and on average it registered an index of trust below 39%. Trade unions experienced the same trend during the same period, although they registered lower levels of trust not surpassing 30% during the period and averaging 22%.

Public confidence in most democratic institutions has deteriorated

Box 2. 5 Romania: Political Organization until 2000				
Divisions	Average Size	Average Population	Large/Small Population (in sq km)	Large/Small (in sq km)
Regions	30,000	2,800,000	L = 3,800,000 S = 2,100,000	L = 36,850 S = 1,821
Counties	5,800	500,000	L = 860,000 S = 260,000	L = 8,697 S = 4,054
Municipalities	115	150,000	L = 2,100,000 S = 18,334	L = 264 S = 35
Communes	40	2,000	L = 5,000 S < 1,000	L = 420 S = 15
Divisions	Number of Divisions			
Government/Ministries	Prime Minister & 2 Ministers delegated 24			
Regions	8			
Counties	42			
Towns/Municipalities	180/82			
Communes	2,686			

³National Early Warning Report: Romania. Bucharest, UNDP, 2000.

New Opportunities for Good Governance in Romania

The first months of any new government, are an exceptional opportunity to use the political goodwill earned from the elections to make the difficult changes or adjustment needed to set a country like Romania on the path to prosperity

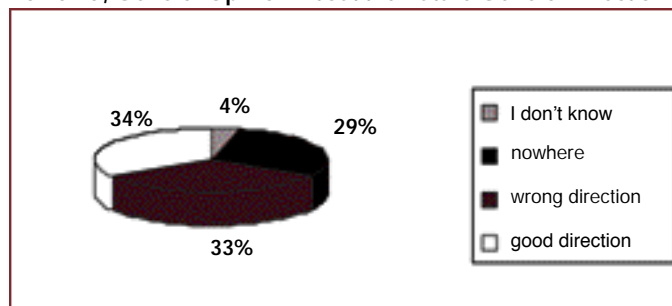
In 2000 two elections took place in Romania, one for mayors and local councils and the other one to elect a new national government. The results in both democratic processes reflected popular discontent with the *status quo*, sending a strong message of change. The first months of any new government, are an exceptional opportunity to use the political goodwill earned from the elections to make the difficult changes or adjustment needed to set a country like Romania on the path to prosperity. The renewed energy associated with an electoral win should be concentrated on translating political will into specific policy action, an outcome that is difficult to guarantee. Romania's experience since the transition process began a decade ago, shows that political will alone is not enough to ensure effective implementation of declared policies. Indeed leaders have to rely on government institutions to implement their decisions. Thus one of the key questions facing the new elected government in Romania is how to best invest this short-lived political capital (the so-called 'honeymoon period'), to make government work and maintain control over the course of events.

As can be seen in Figures 2.1 & 2.2, there are already growing expectations in Romania for the government elected at the end of 2000. They are counting on the firm position of government to act effectively, not only with regards to the EU accession process but also with other issues related to daily life. People are both hopeful and uncertain, but at the same time aware that the situation will not improve overnight. At the same time, the results of the survey presented in Figures 2.1 & 2.2 also revealed that optimism concerning the standard of living in the next year is relatively high. More than one-third of the sample interviewed felt that the standard of living in 2001 would improve. Only 18% felt that the standard of living would worsen, while another one-third felt things would stay the same. What these perceptions revealed is that as a new government takes office in Romania, people are giving it the benefit of the doubt and are anticipating a degree of improvement in their daily lives as a result of a new window of opportunity for government intervention and action.

These expectations acquire even more salience when one analyzes the demographic

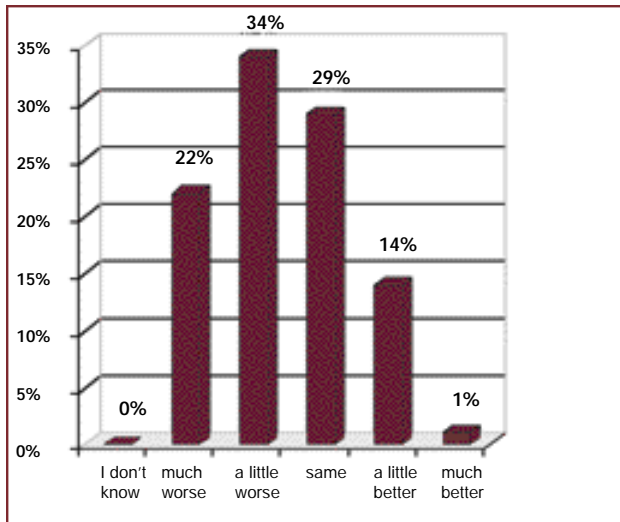
There are already growing expectations in Romania for the government elected at the end of 2000. They are counting on the firm position of government to act effectively, not only with regards to the EU accession process but also with other issues related to daily life

Figure 2.1
Romania, General Opinion About the Future General Direction (December 2000)



Source: the Institute of Marketing and Surveys. "Political Opinions and Attitudes of the Romanian electorate - March 2001." Period: Dec 2000, interviewed persons 1,550, field inquiry, 14-18 Dec 2000, age: >18; maxim error of sampling: ± 2.6%

Figure 2.2
How is the Economic Situation in Romania Compared to One year Ago?
(December 2000)



Source: the Institute of Marketing and Surveys. "Political opinions and attitudes of the Romanian electorate - March 2001". Period: Dec 2000, interviewed persons 1550, field inquiry 14-18 Dec 2000, age >18, maxim error of sampling: $\pm 2.6\%$

Democratic elections represent one of the mechanisms of good governance for manifesting the people's will

profile of the people who voted for "change" in the November 2000 elections. According to the results of the survey conducted by the Institute of Marketing and Surveys, every demographic group voted for change, with a different degree of intensity. For instance, highly educated voters, as well as those with education of less than 8 years; women, as well as men; older citizens (aged 60 and above) as well as younger citizens (18-29 years of age); people who identified themselves as Romanians, Hungarians or Roma also voted for change. People in large, medium and small cities voted for change, and so did those living in rural areas. This impressive "mandate" stretches beyond the central government regime. The local elections of June 2000 also reflected a vote for change, as the results showed. Despite the different interests these groups may have, all of them have a common denominator; they all seem to be counting on the new regime and on its ability to change development perspectives in Romania. This expectation is further nourished by the fact that as much as 53% of the electorate felt that government performance would improve,

and only 13% felt it would get worse.

Democratic elections represent one of the mechanisms of good governance for manifesting the people's will. The newly elected government at the national and local levels will be called to translate this will into policy and channel government activity to achieve people's expectations. The success of the government's policy will not only depend on reforming all spheres of public life, but also on the level of people's trust and support. Since 1990, the various Romanian governments have attempted to project economic reform, but expectations concerning their implementation and results have not been fully realized. There is a new opportunity today in Romania to enhance the "general strategy" for development and EU accession by making it a strategy "for prosperity and human development" and enlist the public support for its implementation. Every government activity, from this point forward, would have to be consistent with the priorities developed within the framework of a development and EU accession strategy that prioritizes human development.

There is a new opportunity today in Romania to enhance the "general strategy" for development and EU accession by making it a strategy "for prosperity and human development"

Moving Human Development to Center Stage of the EU Accession Process Through Good Governance

Targets that have been set in the development strategy have to be expressed in human needs

Therefore, good governance for human development challenge for Romania involves a number of steps. Some of these are operational, others are legislative and others are political. First, a human balance sheet needs to be incorporated into the development strategy. As was briefly analyzed in Chapter 1, the current human development profile of Romania is mixed, although it has begun to show more negative tendencies. So, in partnership with governmental and non-governmental organizations, as well as with donors, it will be vital to continue to monitor closely human development trends in order to learn the answers to questions, such as: What human resources exist in Romania for the EU accession process, What is the inventory of those skills? What is the profile of income distribution and poverty today, in 2004 and by 2007? How much underemployment exists and is it expected to decline or grow during the process of EU accession? What are the human development disparities in the urban and rural areas and the level of human development in counties, municipalities and communities? What are the cultural, social, and political aspirations of the Romanian people at this juncture? This will involve not only political decisions and actions, but also operational ones, as efforts need to be coordinated and optimized to gather and disaggregate data. International donor organizations such as UNDP could play a leading role.

There should be explicit guidelines not only in terms of what is expected to be produced towards the EU accession process, but what concrete policies will be needed to ensure that growth is distributed equitably

Second, targets that have been set in the development strategy have to be expressed in human needs. For example, according to Romania's MTES, the main target parameters with a view to achieve the convergence and to reach the performance criteria for Romania's accession to the EU involves, the achievement of a 4-6% average growth rhythm, the decrease in the annual

inflation rate of less than 10% and reducing the budgetary deficit to around 3% of GDP. Thus it is important to know what this means for human development in Romania. How will these targets affect the current levels of per capita income? Will these targets reduce or increase poverty in Romania? And, if costs will have to be absorbed to achieve the macroeconomic goals, what type of contingency plan would the government need to help the poor? Targets must be first expressed in human development needs and then translated into physical targets for production and consumption. This will involve not only political decisions and actions, but also operational and legislative ones, as human development targets may need to be monitored and reported effectively.

Third, an essential step of incorporating the human development dimension in the development strategy is to reconcile both output and distribution objectives. There should be explicit guidelines not only in terms of what is expected to be produced towards the EU accession process, but what concrete policies will be needed to ensure that growth is distributed equitably. This will require mainly political decisions and actions, as vulnerable sectors of the society may need to be involved and guaranteed a more sophisticated form of social safety net than the one currently in existence. It will also require operational and legislative decisions and actions, as both delivery mechanisms to create employment and livelihoods and redistribution of productive assets will be needed.

Fourth, consideration should be given to decentralizing the human development strategy to involve community and civil society participation and promote non-governmental involvement.

Box 2.6

EU Assistance for Good Governance in Romania

There are three pre-accession instruments financed by the European Community available to assist candidate countries like Romania; Phare, SAPARD and ISPA. All three are related to different good governance issues in Romania. In the years 2000-2002 total financial assistance to Romania will amount annually to at least € 242 million from Phare, € 150 million from SAPARD, and between € 208 and € 270 million from ISPA.

- The Phare programme, which has been providing support to the countries in transition since 1989, provides candidate countries with support for institution building, investment to strengthen the regulatory infrastructure needed to ensure compliance with the *acquis* and investment in economic and social cohesion. The support also helps the candidate countries develop the mechanisms and institutions that will be needed to implement Structural Funds after accession and is supported by a limited number of measures (investments or grant schemes) with a regional or thematic focus. In Romania around 30% of the Phare allocation is used for institution building, while the remaining 70% is used for financing investments. During the 1990 – 1999 period, the Phare programme allocated € 1.2 billion to Romania. The 2000 Phare Programme consists of an allocation of about € 250 million, dealing with a wide range of areas of activity under the following priorities: Strengthening democracy and the rule of law (€ 13 million), strengthening the capacity to withstand the competitive pressures of the internal market (€ 41 million), meeting the obligations of the *acquis* (€ 73 million) and economic and social cohesion (€ 88 million).

- SAPARD provides aid for agricultural and rural development. The average annual Community contribution under SAPARD for the period 2000-2006 will amount to € 153 million (at 2000 prices). The EU is currently engaged in a discussion with the Romanian authorities on a draft National Plan for Rural Development that will provide the framework for SAPARD implementation in Romania. The draft plan identifies four main priorities of intervention: improving the competitiveness of food processing, rural infrastructure, development and diversification of the rural economy, and development of human resources.

- The ISPA programme is designed primarily to support the central authorities in the field of transport (the National Administration of Roads and the CFR railway company) and the municipalities in the field of environment. ISPA coordination is the responsibility of the respective line ministries (transport and environment). The annual allocation to Romania under ISPA is € 208-270 million for the period 2000-2006.

Source: European Commission. "2000 Regular Report from the Commission on Romania's Progress Towards Accession," November 2000.

If the ultimate beneficiaries of the development strategy and the EU accession process are people, should they not be involved in the planning and implementation of projects and programs that could have an effect in their daily lives? Here operational and legislative decisions and action may be required to create the necessary conditions for people to

organize and actively participate in the process at the national, regional and local levels.

Fifth, a comprehensive set of human development indicators will need to be incorporated into the development plan to monitor progress and setbacks. In addition to economic data, human development data

If the ultimate beneficiaries of the development strategy and the EU accession process are people, should they not be involved in the planning and implementation of projects and programs that could have an effect in their daily lives?

In various countries, the HDI has been successfully disaggregated and is already being used in various ways to redirect resources and projects to poorer areas

should also be used. In various countries, e.g. Bulgaria, Brazil, the Philippines, Egypt and India, the HDI has been successfully disaggregated and is already being used in various ways to redirect resources and projects to poorer areas. Each year human development data could be monitored and used to reorient or adjust policies or resource assignments. Again, political, operational and legislative decisions and actions will all play a role.

Once the MTES has been nourished by the explicit inclusion of these human development elements, national accounts, production, macroeconomic and sectoral targets can be implemented more effectively. However, in addition to having a development strategy with a human face, good governance will also play a critical role in the implementation phase of the EU accession process. For example, during the EU accession process the government must promote and/or create the necessary conditions for⁴:

- *Participation*, so that all Romanians feel they have a voice in decision-making, either directly or through legitimate intermediate institutions that represent their interests. Such broad participation would be built on freedom of association and speech, as well as capacities to participate constructively.
- *Rule of law* and legal frameworks that are fair and enforced impartially, particularly the laws on human rights.
- *Transparency* that is built on the free flow of information and with processes, institutions and information flows that are easily accessible to those concerned with them, and with sufficient information to understand and monitor them.

- *Responsiveness* of institutions and processes to try to serve all stakeholders.
- *Consensus orientation* of governmental action by mediating differing interests to reach a broad consensus on what is in the best interest of Romania and, where possible, on policies and procedures.
- *Equity* for all Romanians to have opportunities to improve or maintain their well being.
- *Effectiveness and efficiency* in processes, institutions and results that meet needs while making the best use of resources.
- *Accountability* of decision-makers in government, the private sector and civil society organizations to the public as well as to institutional stakeholders.
- *Strategic vision* from leaders and the public for a broad and long-term perspective on good governance and human development, along with a sense of what is needed for such development.

These core characteristics are all interrelated and can be mutually reinforcing for good governance and human development. For example, accessible information means more transparency, broader participation and more effective decision-making. Broad participation contributes both to the exchange of information needed for effective decision-making and for the legitimacy of those decisions. Legitimacy, in turn, entails effective implementation and encourages further participation and improved accountability. Finally, legitimacy and accountability make government institutions more responsive, transparent and functioning according to the rule of law. Insofar as these

In addition to having a development strategy with a human face, good governance will also play a critical role in the implementation phase of the EU accession process

⁴Based on UNDP. *Governance for Sustainable Human Development: A UNDP Policy Document*. New York, 1997.

Box 2.7

EU's General Evaluation for Accession of Romania's Political Criteria

Romania continues to fulfil the Copenhagen political criteria. The government has shown a political commitment to addressing the problems of institutionalized children and progress has been made. Responsibility for the institutions has been transferred to local authorities, a national strategy aimed at structural reform has been adopted, and the necessary budgetary transfers have been made. Romania can therefore be judged as having met the 1999 Accession Partnership's short-term priorities. However, the Commission will continue to monitor the situation closely to ensure that these positive policy developments result in a comprehensive reform as well as an improvement in the actual living conditions in the institutions concerned.

In the case of the treatment of the Roma, the continued high levels of discrimination are a serious concern. The Accession Partnership's short-term priorities still need to be met (elaborating a national Roma strategy and providing adequate financial support to minority programs) and progress has been limited to programs aimed at improving access to education.

Continued improvements can be noted with regard to the functioning of the judiciary – although the reform process needs to be continued and consolidated in line with the short-term priorities of the Accession Partnership. Further progress still needs to be made with regard to demilitarization of the police and other bodies subordinated to the Ministry of Interior (a medium-term Accession Partnership priority).

Romania's democratic institutions are well established, but the process of decision making remains weak. Despite the initiatives taken over the last year the government has continued to rely on legislating by ordinances and consultation on draft legislation should be substantially improved.

In terms of administrative capacity, Romania has met short-term Accession Partnership priorities by adopting a law on the civil service and has set up a civil service agency. These developments should be built upon through the development of a comprehensive public administration reform program. Particular care needs to be taken to ensure that sufficient financial and human resources at the local level match decentralized responsibilities. Little progress has been made in reducing the levels of corruption and improved co-ordination is needed between the various anti-corruption initiatives that have been launched.

Source: European Commission. "2000 Regular Report from the Commission on Romania's Progress Towards Accession," November 2000.

elements analyzed in previous paragraphs represent an ideal agenda for action, it is a desirable and imperative goal and an effort should be made in Romania to frame the EU accession process within this ideal model.

In summary, **good governance in Romania is still work in progress.** However, given the importance that the prospect for EU accession is assuming among all sectors of Romanian society, the emphasis that needs to

be placed on good governance cannot be underestimated. To a great extent good governance will play an essential role in Romania's gradually becoming a sufficiently reliable partner in the EU integration process. But good governance will also have to play an active role in promoting more explicitly human development and in the alleviation of growing poverty. Good governance is also expected to provide access and representation to all members of

Good governance in Romania is still work in progress

The EU accession process offers exceptional opportunities for Romania, but can also have a destabilizing effect without good governance

Romanian society and should guarantee that diverse groups live in peace and sustainability. While most of the good governance building effort in Romania will need to take place on a national level (because of the requirements of the EU accession process), sub-national and local efforts of good governance need to be encouraged as well. After all, the EU *acquis* will need to be implemented through domestic institutions in Romania, and they have to have the capacity to effectively implement initiatives and policies.

The EU accession process offers exceptional opportunities for Romania, but can also have a destabilizing effect without good governance. Thus it will be critical for the government at this stage to:

- Give itself a new role, which means that its governmental machine should be fundamentally reformed, to enhance its capacity not only do identify what to do, but also how to make it happen.
- Focus public action and programs not only on the requirements of the EU accession process, but also on human development priorities.
- Increase the capacity of the state, at all levels, to identify, analyze and reduce poverty.
- Incorporate explicitly human development needs and poverty reduction strategies at the core of the governmental development strategy.
- Rationalize the functional and organizational structure of the public sector to improve resource allocation.
- Streamline and re-dimension public administrative entities and continue to privatize public enterprises.
- Improve public management systems to make public programs, as well as EU and

other donor supported programs, more efficient and accountable.

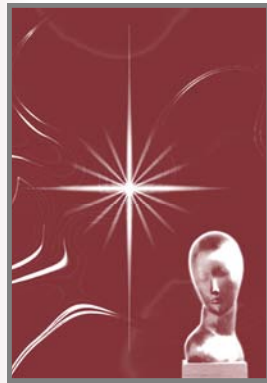
- Promote the involvement of civil society and non-governmental organizations in planning, monitoring and evaluation of public programs and policies.
- Continue to curb corruption.
- Enhance policy analysis capacity within the public sector, especially in relation to evaluation of programs, policies and options, cost and benefit analysis, prospective analysis and risk analysis.
- Encourage public-private partnerships by creating an adequate space for NGOs and engage them in policy dialogue.
- Promote judicial activism to strengthen legal frameworks in favor of economic, social and political rights, and if necessary to amend laws, to do away with biases and make justice more accessible to poorer and more vulnerable sectors.
- Promote civic education, as people need to understand how their political system works or could work.

The quality of governmental action people possess or have access to during the EU accession process, will directly contribute to human development and have the potent effect of creating the necessary conditions for people to escape poverty. Institutions, institutional arrangements, mechanisms, people's participation and dialogue could enable people to have opportunities for economic and social development, just as their lack can prevent this from happening. Expanding and strengthening good governance with improved synergy, a human development strategy and political will to negotiate and compromise can have an impact on economic performance in

Romania. Public action is essential for economic performance, particularly at a juncture in which a process of economic integration is being shaped. Effectively using the redistribute power of the state and involving multiple agents (the state, private sector and civil society) at this stage is crucial for Romania. Because there is a two-way causal relationship between human development and good

governance on the one hand, and economic performance on the other, we need to analyze the third component of the strategy. Chapter 3 will discuss how to establish on the basis of good governance and human development a firm foundation for sustainable economic growth in Romania, and will analyze the links between economic performance, good governance and human development.

Effectively using the redistribute power of the state and involving multiple agents (the state, private sector and civil society) at this stage is crucial for Romania



Economic Responses to Make the EU Accession Process Work for Human Development

3.1 The Need for a Strategic Economic response

3.2 What can Romania do to Make the EU Accession Process work for Human Development?

The Need for a Strategic Economic Response

In the introduction, a framework was provided for thinking about the EU accession process in Romania as a strategy that must focus on three dimensions: human development, good governance and economic response. The human development dimension emphasized the need to expand human capabilities to live long and healthy lives, to be knowledgeable and to have access to the resources needed for a decent standard of living. The good governance dimension paid particular attention to the vision and capacity of the public sector, to redefine a role of government not only for what it needs to do for the process of EU accession, but most importantly for how it should proceed. In the context of the good governance dimension, emphasis was also given to building partnerships, seizing the opportunity and enhancing the capacity of the state. But in addition to human development and good governance, the proposed strategy would also depend heavily on a well-managed economic environment and key economic inputs.

The failure to establish some of the key elements of a market economy is perhaps one of the factors contributing to the disappointments in the transition process in Romania. In addition to other factors which will be analyzed in this chapter, the failure to establish a sound legal and regulatory environment for private banks, property and investment, and the weakness of the financial sector have all been recognized to have played a major role in Romania's dismal economic performance over the past decade. Today the distance between the prevailing economic conditions in Romania and the average EU standards for a market economy is evidently protracted. State ownership of industry and banks in Romania remains high, as does in the industrial and agricultural sectors. Monopolies continue to be significant and

relatively few high value-added goods are present in the micro-economy. Similarly, the current structures of property ownership are incompatible with a market economy and future privatization initiatives as well as the establishment of an effective system of private property rights still needs to be completed.

When at the end of 1999, Romania received the official invitation to be an accession candidate to the EU, the capacity of the whole society to respond to the challenge was immediately put to a test. Since then, several positive steps have been taken by the Romanian government to begin implementing the process of EU accession. For example, the large reduction in the current account deficit, the full and timely repayment of all external obligations, the rebuilding of official reserves and the revival of exports and GDP growth were all important achievements. Finally, the agreement with the International Monetary Fund in June 2000 on the extension of the stand-by arrangement led to a resumption of official lending to Romania. All of these were encouraging signs that the efforts of recent years might start to have a positive impact on the economy.

Similarly, economic growth rebounded during 2000, and several measures were taken to reduce inflation and the public deficit. Also during 2000, the EU allocated more than € 10 billion for pre-accession funds to come into Romania via the three pre-accession instruments (PHARE, SAPARD, ISPA, see Box 2.3 in previous Chapter) during the next years. This figure represents 10 times more than what the EU provided to Romania between 1990-1999. It means that every year from 2000 to 2006, more than € 600 million will enter Romania and will have to be absorbed by the Romanian economy. This amount will represent about 2% of GDP a year; it will

The failure to establish some of the key elements of a market economy is perhaps one of the factors contributing to the disappointments in the transition process in Romania

When at the end of 1999, Romania received the official invitation to be an accession candidate to the EU, the capacity of the whole society to respond to the challenge was immediately put to a test

Every year from 2000 to 2006, more than € 600 million will enter Romania. This amount will represent about 2% of GDP a year

However, in spite of the initial response that the EU invitation to Romania has generated so far, the overall economic and development situation during most of 2000 remained elusive, weakening Romania's potential to respond more strategically

The overall situation of the agricultural sector, by far the largest source of employment, continues to deteriorate

provide 6% of resources to spend from the national budget and 25% of investment expenditures. Of the ten candidate countries from Central and Eastern Europe eligible for support under these three pre-accession instruments, Romania ranks second after Poland in terms of total volume, second after Bulgaria on a GDP comparison basis and fifth, after the Baltic states and Bulgaria, on a per capita comparison¹.

Finally, another positive effect of the EU accession process came during the first semester of 2000 (between March and May) when various political, entrepreneurial and civil society actors coalesced into a broad consensus and expressed their willingness to undertake the necessary policies to meet the criteria set by the EU for accession, including the acceptance of the principles of a market economy. The product of this broad consensus was the elaboration and endorsement of Romania's Medium-Term Economic Strategy (MTES) for 2000-2004 and an action plan that lists economic and structural measures that the government intends to undertake. In addition, a national program for accession to the EU to be updated every year will be elaborated.

Thus the official start of the accession process to the EU in 2000 provided an important impetus in Romania to respond with planning, consensus, generating results and implementing much needed reforms. In fact, Romanians have even set January 7, 2007, as the date when the country will be ready to become a member of the European Union. This goal assumes that the sustained pace of negotiations will be maintained, that the budgetary cycle of the European Union that starts in 2007 will already take into account Romania and that the Europe

Agreement between Romania and the EU will be completed by 2005. However, in spite of the initial response that the EU invitation to Romania has generated so far, the overall economic and development situation during most of 2000 remained elusive, weakening Romania's potential to respond more strategically. For example, the gains achieved in macroeconomic stabilization were still too fragile because of the lack of significant progress on structural reforms, in particular in the area of financial discipline. Also, while privatization of small and medium-sized companies has continued at a rapid pace, the government's ambitious plan to accelerate the privatization and restructuring of large loss-making public companies has proved very difficult to implement, and additional efforts were slowed down by the electoral process of 2000. Many privatization operations were initiated but only a few have been finalized, while others had to be postponed or cancelled. Similarly, the overall situation of the agricultural sector, by far the largest source of employment, continues to deteriorate.

Finally, the business environment remained mostly unattractive, to a great extent because of the legal, political and economic uncertainty, the erratic functioning of the financial system and the persistence of unclear property rights. These factors have been alleged to contribute to a decrease in foreign direct investment inflows between 1998-2000.

The EU accession prospects have opened the door to a whole host of opportunities for Romania, through potential gains from market liberalization, competitiveness and trade, as well as from access to a large and

¹In spite of the availability of these resources, the government may not have yet the full capacity to absorb the entire amount. This is an important element, especially given the past disbursement absorption rate in Romania, which has been reported to be below expected earmarked targets. See IMF, "Romania: Selected Issues and Statistical Appendix," January 2001.

Box 3.1

The EU Accession Criteria, Romania's Medium term Economic Strategy and the EU's Overall Assessment (2000-2004)

There are four sets of accession criteria for the EU. First, political criteria which aim at achieving stability of institutions guaranteeing democracy, the rule of law, human rights and respect and protection of minorities. Second, economic criteria aiming at having in place a functional market economy as well as the capacity to cope with competitive pressures and market forces within the Union. Third, the ability to assume the obligations of membership (adoption of the *acquis*). And, fourth, the existence of an administrative and judicial capacity to apply the *acquis*. The first three are part of the 1993 Copenhagen European Council, and the last one is a more recent addition made by the EU members.

Romania's Medium-Term Economic Strategy called for the creation of a smooth-functioning market economy compatible with EU principles, norms, mechanisms, institutions and policies together with a macroeconomic scenario underlying the economic strategy. Four broad intermediate objectives were identified. First, the clarification of ownership rights. Second, the adoption of the missing economic regulations to fill existing legal gaps and inconsistencies. Third the improvement of financial discipline. And fourth, the reduction of the informal sector.

The EU Assessment so Far?

"Macroeconomic stability has improved in 1999 and early 2000, largely due to strict fiscal and monetary policies, but it cannot yet be considered as secured. Indeed, while modest growth has resumed in early 2000, inflation has remained high and the sustainability of the fiscal situation is still doubtful. The current economic recovery can be attributed, to a large extent, to the acceleration of EU growth and to other external factors. Its sustainability will depend upon improvements in domestic market conditions and economic policies resulting in higher, better quality, investment. However, investments in 1999 and 2000 have fallen, in a climate of uncertainty about the prospects for sustainable recovery."

Source: European Commission. "2000 Regular Report from the Commission on Romania's Progress Towards Accession," November 2000.

wealthy market that will allow free movement of Romanian goods, services, capital, and people. However, at the same time the EU accession process and its over-emphasis on economic and *acquis* achievements, has also put pressure on other activities critical to human development. For example, in the short-term, the slow recuperation of GDP may force decision-makers to choose to tighten the fiscal budget even more, and thus key human development services and expenditures could be compromised. Furthermore, there is no institutional or good governance

mechanism in place yet to guarantee that whatever eventual level of GDP expansion is reached, this would be distributed equitably. What is worse is that the very same anticipation factors for the EU accession, the deadlines and pre-requisites have already created a growing mixed sense of frustration and anticipation across all sectors of the population, but in particular among the more vulnerable and excluded sectors of society. Thus a strategic response is needed to implement the EU accession process, while at the same time mitigating human development costs.

What can Romania do to make the EU Accession Process work for Human Development?

Any acknowledgement of success in the EU accession process would be dampened if there were no changes and results on the domestic human development front

It is said that the strength of a chain equals that of its weakest link. Any acknowledgement of success in the EU accession process would be dampened if there were no changes and results on the domestic human development front. As the EU looks positively at Romania's efforts and progress so far in the fulfillment of the pre-conditions for future accession, two critical questions arise. First, to what extent is the process of EU accession prioritizing human development concerns? And second, to what extent are provisions for good governance being made as part of the overall EU accession strategy? These questions are central to how UNDP-Romania envisions the implications of the EU accession process and to the way in which it proposes to tackle the principal human development challenges ahead.

main challenge today in Romania's EU accession process is to create a system of governance that is capable of responding effectively to the challenge at hand. That is, a system of governance that can effectively generate and implement a strategic economic response, while channeling the advantages of economic integration to all social groups, especially the poor and the vulnerable.

A comprehensive strategy, like the MTES, needs to be annually produced and implemented. But the response would have to go beyond this, as the annual strategy would have to encourage not only the stabilization of the economy, but also explicitly the generation of pro-poor growth to reduce growing inequalities and enhance human capabilities in Romania. In addition, the government has to continue to strengthen and create effective alliances and partnerships with all development actors and stakeholders. Similarly, the response from Romania to the EU accession process will need to have the capacity to reconcile a package of political, economic and social policies. This is imperative, since by 2007 there needs to be a clear signal to the EU that income and living standards are converging. Should such a convergence fail to materialize, it would signal to the EU authorities that Romania is not ready to take up the challenge of accession.

Integration combined with globalization are mainly driven by market forces to open national borders to trade, capital and information, overwhelming the capacity of governments to create benefits for people. The process of economic integration can bring many long-term benefits to Romania with regard to competitiveness, private an entrepreneurial sector development, market opportunities, trade, technology development and innovations. However, the process in itself does not guarantee increased levels of human development.

Many activities, needs and priorities that are critical to human development cannot be provided automatically by the forces of the EU accession process. Neither can this happen when the state in its relentless effort to fulfil EU accession preconditions, utilizes resources which would otherwise go towards investing in people and their current needs. Experience around the world suggest that when economic integration processes go too far in dominating human development outcomes, the opportunities and benefits of these processes can spread unevenly, probably leading to the concentration of wealth in a selected group of people to the exclusion of others. This is why from the perspective of human development the

One specific way of complementing the MTES would be to devise a human development strategy that strengthens the links between economic growth and human development. On the one hand, the strategy would highlight how economic growth can promote human development and on the other, how human development can promote economic growth. The idea would be to develop strong links, so that economic growth and human development reinforce each other. Hence, any economic response from the Romanian government to make the EU accession process work for human development will have to have two key objectives. First, equitable wealth distribution; and second, optimal use and

The process in itself does not guarantee increased levels of human development

This is why from the perspective of human development the main challenge today in Romania's EU accession process is to create a system of governance that is capable of responding effectively to the challenge at hand

prioritization of valuable resources. In essence, this will have to be a response that both promotes economic growth for human development and encourages human development for economic growth.

There is no universal recipe for combining growth with the expansion of human development opportunities. However, there are some factors that are generally thought to influence a positive link between economic growth and human development, such as macroeconomic stabilization, market conversion policies, institutional development, environmental protection and job creation. To ensure that these links work efficiently and effectively in the direction of growth and human development, policy makers need to understand how the links connect. Discovering the mutually reinforcing relationships between growth and human development can have far-reaching implications for outcomes. Given that the sequence of the links may vary according to country and context, it is important to analyze how well-developed human capabilities and well-distributed opportunities can ensure that economic recovery, growth, performance and expansion are not lopsided and that their benefits are equitably shared. For Romanian policy makers, more than the sequencing of policies, the key to the economic response to make the EU accession process work for human development will be to strengthen the links between economic growth and human development.

Promoting Economic Growth for Human Development

Stabilization and Growth

The starting point for the government is to successfully manage macro-economic stabilization by increasing output, lowering inflation and reducing the public deficit. Once such first task is accomplished, economic growth can then be put into a human development perspective. Economic

recovery is, under the present circumstances, the most important source for resuming the course of human development in Romania. As was previously mentioned, there are strong reasons to believe that in the near future a new cycle of economic growth will emerge and be sustained. Institutional maturity, good governance and coherence are expected to follow in the coming years. It is hoped that these improvements will generate a more stimulating economic environment and severely reduce the size of the so-called 'gray economy', with its elements of criminality, corruption, profiteering and abuse.

As can be seen in Table 3.1, the Romanian GDP structure is slowly recovering amidst other signs that such recovery is still fragile. For example, after experiencing productivity declines early in the transition, the industry and service sectors are beginning to show signs of recovery, although agriculture continues to be a cushion sector for self-employment and livelihood. Also between 1995-1999, investments have slowly recovered, but still represent a share of the GDP that is below regional standards. During the same period employment rates have shown a declining trend, although the share of private employment has increased in all three sectors. Similarly, human development levels have remained erratic, and if any advance has occurred during this period, it was limited. In addition, as can be seen in Table 3.2, there are other additional signs that economic performance recovery in Romania is still fragile. For example, the rhythm of GDP growth has been sluggish since 1999. Between 1995-1999, production indicators in industry and agriculture also show erratic and declining trends. During the same period the balance of the current account has experienced a consistent deficit, while the external debt has grown consistently, showing a slight reduction of about 10% in 1999. Similarly, foreign direct investment inflows have been erratic and show a declining trend, while inflation has been relentlessly high.

Any economic response from the Romanian government to make the EU accession process work for human development will have to have two key objectives. First, equitable wealth distribution; and second, optimal use and prioritization of valuable resources

There is no universal recipe for combining growth with the expansion of human development opportunities. However, there are some factors that are generally thought to influence a positive link between economic growth and human development

The starting point for the government is to successfully manage macro-economic stabilization by increasing output, lowering inflation and reducing the public deficit

Table 3.1
Romania: Selected Output Indicators

Indicator	1995	1996	1997	1998	1999
Sectoral Share of GDP (%)					
- Agriculture & Forestry	20	19	18	15	14
- Industry	33	33	31	27	28
- Construction	7	6.5	5	5	5
- Trade	10	12	11	14	13
- Other	30	29	34	39	40
Investment by Sector in billions of lei at current prices					
- Agriculture	1,420	2,427	2,890	4,088	8,571
- Industry	5,402	9,187	19,772	27,568	28,935
- Construction	679	1,310	3,676	4,227	4,669
- Trade	1,144	2,071	3,868	7,220	2,959
- Other	2,007	1,802	2,741	2,711	7,313
Total Employment in (of which in private sector) (%)					
- Agriculture	35 (90)	36 (91)	38 (93)	38 (94)	N/A
- Industry	33 (26)	34 (28)	32 (35)	31 (42)	N/A
- Services	32 (34)	30 (33)	30 (37)	31 (42)	N/A
Unemployment Rate (%)					
	9.5	6.6	8.9	10.4	11.5
Human Development Index					
	0.759	0.762	0.761	0.762	0.764

Source: National Institute for Statistics and Economic Studies

The low savings rate has also been a major constraint on economic growth in Romania over the last decade

The low savings rate has also been a major constraint on economic growth in Romania over the last decade. The improved fiscal management is apparent in the increase in government savings in current prices from 3,986 billion of lei in 1993 to 86,639 billion of lei in 1999. But the low level of non-government savings has been a key constraint, as it registered a negative trend from a growth of 874 billion of lei in 1993 to a deficit of -2,755 billion of lei in 1999. The gross domestic savings as percent of GDP has also been declining and experienced since 1993 a downturn, from 24% in 1993 to 15.5% of GDP in 1999. In order to understand even better the impact on growth of these indicators, it is necessary to add the growing external borrowing trends, the debt service payments that come with it and the burden on the limited resources.

As can be seen, economic growth can be affected by a number of factors, from initial

conditions, institutions, policy choices, external shocks, and also by the levels of human development. In the case of Romania, demographic variables have also limited economic growth during the last decade. For instance, negative population growth, the increase in the population of over 65 years of age and the decline in the rate of economically active population have all had a negative effect on economic performance. The absence of coherent monetary and fiscal policies, a weak financial system, and an oversized government, have all also been conducive to economic decline.

Institutional Factors & Good Governance

The transition experiences of neighboring Central European countries such as Poland, Hungary and the Czech Republic suggest that a recovery in economic growth was achieved only after the economy was

Table 3.2
Romania: Selected Economic Indicators and Factors for the Business Environment

	1995	1996	1997	1998	1999
Gross Domestic Product					
- Annual rhythm (%)	7.1	3.9	-6.9	-5.4	-3.2
Industrial Production					
- Annual Variation (%)	9.4	6.3	-7.2	-17.0	-8.0
Agricultural Production					
- Annual Variation (%)	4.5	1.3	3.4	-7.6	5.5
Net Real Average Wage					
- Annual Variation (%)	12.6	9.5	-22.7	6.8	-0.7
Work Productivity on Employee in Industry					
- Annual Variation (%)	13.7	7.5	-1.8	-6.2	3.7
Balance of Current Account					
- US\$ million	-1,774	-2,571	-2,137	-2,968	-1,303
External Debt					
- US\$ million	5,482	7,209	8,584	9,231	8,262
Foreign Direct Investment Inflows					
- in million €	N/A	207	1,071	1,812	977
Foreign Investors currency capital					
- US\$ million	2,563	3,139	3,464	3,649	4,038
Inflation Rate (%)					
- Level at the End of the Period	27.8	56.9	151.4	40.6	54.8

Source: National Institute for Statistics and Economic Studies, The National Romanian Bank

stabilized and inflation was brought down substantially. However, once growth has resumed and macroeconomic management has been solidified, institutional factors become paramount in providing a path towards economic growth affecting human development. A comprehensive approach towards good governance can include institutional reform, policy consistency and the participation of various non-governmental sectors. This needs to be driven by strong political will to advance the reforms and a consensus to not only rally around the strategy, but also to make the necessary adjustments along the way or periodically. Good governance policies would have to be aimed at building the market system, including property rights and a more transparent financial sector, with a more comprehensive approach towards privatization and the modernization of the industrial base. In addition, a strong rule of law and reducing or curbing corruption could contribute to economic growth by providing

a fair, rule-based context in which business and individuals can invest and grow.

There is already in Romania measurable progress in the direction towards good governance and of having some of the many necessary institutions, institutional arrangements and policies to encourage growth and distribute it. For example, private sector share in GDP has grown from 35% in 1993 to more than 60% in 1999, although by sector, agriculture as opposed to industry and service, has acquired a better share during this period. Similarly, private ownership rates have rallied since 1993. The agricultural sector in 1999 registered 97% of private ownership, construction 78%, services 73% and industry only 49%. Also according to data from the State Ownership Fund, the rate of privatization in Romania is moving forward. The number of companies being privatized since 1993 has consistently increased every year and reached an accumulated number of more than 7,000 by

Once growth has resumed and macroeconomic management has been solidified, institutional factors become paramount in providing a path towards economic growth affecting human development

Table 3.3
Romania's Evolution of Export and Imports to and from the EU -1995-1999 (in % of Total)

Exports (FOB)					
Products	1995	1996	1997	1998	1999
Agricultural	3.7	3.5	3.3	2.7	3.8
Mineral and chemical	8.0	8.0	5.2	4.0	2.5
Textiles	31.2	33.4	36.0	36.4	36.1
Footwear and related products	9.3	10.3	11.0	11.1	11.8
Common metals	17.0	14.8	16.5	15.8	12.1
Electric equipment	7.8	8.7	8.6	10.2	12.1
Other	22.9	21.2	19.3	19.8	21.7
Total	100	100	100	100	100
Imports (FOB)					
Agricultural	8.7	7.5	7.6	6.6	7.2
Mineral and chemical	13.7	14.2	13.1	11.7	11.6
Textiles	19.6	19.3	22.8	23.1	26.6
Footwear and related products	1.7	1.8	2.2	2.3	2.6
Common metals	5.7	6.5	5.8	5.9	6.1
Electric equipment	28.8	29.3	27.6	27.0	26.4
Other	21.8	21.3	20.9	23.4	19.6
Total	100	100	100	100	100

Governmental action has also made considerable progress in liberalizing market, trade and foreign exchange systems

Amongst the Central and Eastern European countries, Romania is the largest exporter of clothing products to the EU

the first semester of 2000. For example, 264 companies were privatized in 1993, while 1,401 were privatized in 1999 – a sevenfold increase. More than 70% of the companies privatized since 1993 in Romania were small, 23% medium and 4% were large. However, in 2000 the State Ownership Fund held more than 8,000 companies for privatization, but the process slowed down due in great part to the electoral process.

Alongside generating conditions for private sector activity in Romania, governmental action has also made considerable progress in liberalizing market, trade and foreign exchange systems. In general, during the last five years the structure of exports and imports has remained without significant changes, except that export activity has shifted from capital- and energy-intensive industries to labor-intensive manufactured goods with a low added value. As can be seen in Table 3.3, Romania's exports to the EU have been steadily increasing. Exports in 1999 were € 5.8

billion (a growth of 12% compared to 1998). Over the same period, imports from the EU leveled off at € 6.3 billion. As a result, the trade deficit with the EU decreased substantially. Amongst the candidate countries, Romania was in 1999 both the EU's 6th largest destination for exports and its 6th largest source of imports. However, when the relatively large size of Romania is taken into consideration, the level of trade with the EU remains low. And, when weighted on a per capita basis, EU trade with Romania (both imports and exports) is the lowest amongst all candidate countries. In 1999, Italy was Romania's largest trading partner, with 34 % of total bilateral trade between Romania and the EU followed by Germany with 28% and France with 10%. As can also be seen in Table 3.3, light manufactures (textiles, clothing and footwear) make up 50% of Romania's exports to the EU. Amongst the Central and Eastern European countries, Romania is the largest exporter of clothing products to the EU.

Another indicator of the liberalization of markets and trade is the direction of Romania's trade, which has gradually diversified. For example, 49% of Romania's exports in 1993 went to developed countries, although Germany was featured prominently as a leading destination. On the other hand, 51% of Romania's export in 1993 went to developing countries, of which China and Russia featured prominently. By 1999, 72% of Romania's export went to developed countries, and while Germany and Italy still featured prominently receiving as much as 40% of total exports, France, the United Kingdom and the United States showed growing potential for Romanian exports. Similarly, in 1993 close to 58% of imports to Romania came from developed countries and 42% from developing countries. In 1993, among the developed countries Germany's products featured prominently in Romania's import structure, while among the developing countries Russia stood prominently in the import structure. By 1999, close to 69% of imports to Romania came from developed countries, while 31% from developing countries. In 1999, Germany and Italy combined had more than one-third of the share of imports into Romania, but France, the United Kingdom and the United States also showed increasing potential.

Two more indicators reflect progress and potential in Romania's liberalizing market, trade and foreign exchange dimension. First, Romania's foreign exchange market transactions have shown since 1996 significant increases in total volume, daily average volume and total volume between banks. For example, according to the National Bank of Romania, the total value of foreign exchange market transactions grew almost five times from 1996 to 1999, the daily average volume also grew almost five times during the same period, and the total volume of transactions between banks grew almost twenty-one times since 1996. Second, the stock of direct foreign

investment in Romania also shows expanding indicators. For example, foreign capital grew by 40% between 1997 and 1999, while during the same period the number of foreign investors grew from about 53,000 in 1997 to more than 65,800 in 1999².

More private capital flows, investment and production inputs can help Romania grow and enhance human development. But empirical evidence from various countries around the world suggests that such link is not automatic. In order to sustain long-term flow of inputs for economic growth, good governance plays a critical role. Providing incentives for investment, enhancing industrial policy, and implementing pragmatic labor and technology policies as part of a government's response, would tend to reinforce sustainability of economic growth.

Environmental Protection & Management

In addition to macroeconomic stabilization, market conversion policies, and institutional factors, the future economic growth in Romania may also be affected by the degree of environmental degradation that accompanies such process. If degradation levels are consistently high it could undermine growth in the medium and long terms. For example, environmental degradation can put pressure on the economy, its recovery and performance through poor health and reduced agricultural productivity. In the long run, attending to the quality of the environment and the efficiency of resources use is likely to boost investment, resource accumulation and growth. It is clear, then that economic growth and environmental protection have to go together, because additions to productive capacity, especially in the industrial sector, could take advantage of cleaner technologies and speed replacement of highly polluting technologies.

More private capital flows, investment and production inputs can help Romania grow and enhance human development. But empirical evidence from various countries around the world suggests that such link is not automatic

²IMF. "Romania: Selected Issues and Statistical Appendix." January 2001.

Romania has still a long way to go to guarantee the necessary compatibility between economic growth and environmental protection

Box 3.2

Environment: Overall Assessment by the EU

The status of approximation in Romania is still very low. However, over the last year, sectoral approximation strategies were finalized and several emergency ordinances aimed at transposing the *acquis* were issued. Romania should build upon the progress it has made by accelerating its transposition process in 2001.

In 2000, several environmental accidents occurred in Romania. The most serious one was Baia Mare's cyanide spill, which was followed a few months later by other environmental incidents originating from the same industrial site. It proved the limited capacity of the environmental institutions in Romania to manage cases of industrial pollution and the serious environmental problems existing in Romania, emphasizing the need to significantly increase the resources devoted to environmental protection. The Ministry of Waters, Forests and Environmental Protection as the main authority responsible for environmental policy, including legal drafting and enforcement, needs to be reinforced, and must strengthen its co-ordination with line Ministries involved in environmental matters.

Important efforts are also needed in order to reinforce the monitoring and laboratory equipment at local and central level. The availability of reliable and accurate analytical information is an essential prerequisite for an effective system of inspection and enforcement of environmental legislation. A realistic cost assessment and investment plan for implementing the heavy investment directives in the sectors of water, waste and air should be urgently elaborated. The cost of compliance with the environmental *acquis* has only been roughly estimated but, according to a study financed by the Commission, their order of magnitude is approximately € 20 billion. A rational use of all the financial resources available is essential as well as the promotion of financial instruments related to the efficient use of natural resources and the respect of the "polluter pays" principle. In this context, the establishment of an operational Environmental Fund should be considered a top priority.

Source: European Commission. "2000 Regular Report from the Commission on Romania's Progress Towards Accession," November 2000.

Romania has still a long way to go to guarantee the necessary compatibility between economic growth and environmental protection. Up to recent years, environmental issues have been neglected as the economic and social problems were given priority. However, as the country prepares its eligibility for the *acquis*, the environmental problems and standards have been given new priority. The key areas to be addressed during the next years are related to waste water treatment, solid waste management and improvement of air quality. For these purposes, the EU has allocated ISPA funds for the Ministry of Waters, Forests and Environment Protection. Thus Romania must modify its legislation

according to the stricter EU standards, strengthen its institutional capacity at all levels to enforce these laws and build its capacity to design and evaluate sustainable development initiatives. The 1999 EU Regular Report on the progress of Romania towards accession, already stressed the very little progress made by Romania in the field of environment, and its weak institutional capacity to implement environmental programs.

The EU also observed in its later Regular Report of 2000 that Romania had introduced several reforms to reinforce good governance capacity for environmental protection (see Box 3.2). Nonetheless, from

the very basic issue of enhancing the coordination between the national level, which sets policy and legislation, and the existing forty-two local Environmental Protection Agencies, which are responsible for monitoring and enforcement, to the more complex issues of financial mechanisms, much more remains to be done in Romania in favor of environmental protection and management. Resources in this area are still way below EU standards, averaging a budget allocation of only about 1.5% of GDP per year.

According to the EU, in contrast to previous years, since 1999 Romania has made some progress with preparing strategies in line with *acquis*. For example, the National Action Plan for Environmental Protection was updated in November 1999, most of the sectoral strategies have been finalized and several legal acts have been issued. However, the lack of specific cost assessments and the corresponding financial plans for the implementation of main directives seems to still be problematic. Also, a framework law establishing an environmental fund was adopted in May 2000. The fund is intended to act as an economic instrument to support the development of major public investments in the environment. However, according to the EU the law remains very general and will require extensive secondary legislation and possibly even amendment before becoming operational. The law for the ratification of the Aarhus Convention, regarding the free access to information and public participation in decision-making and access to justice for environmental matters, has also been adopted but additional secondary legislation is also needed to ensure future implementation of these provisions.

In the year 2000, Romania adopted several laws to protect its natural resources and habitats. For example, there are new laws that harmonize Romanian legislation with the *acquis* on the conservation of natural habitats and of wild fauna and flora, and on the conservation of wild birds. Other laws have ratified international conventions and agreements on

the conservation of several endangered species. Some progress has also been noted in pollution control and management, such as an ordinance for the technical and methodological framework for environmental protection inspection and another emergency ordinance on the obtaining, testing, using, and trading of genetically modified organisms by modern technologies. Legislation related to the commercial regime and user restrictions of substances that deplete the ozone layer has also been adopted.

Concerning waste management, several ordinances were adopted, specifying that future regulations on waste oils, used batteries, packaging and waste packaging, incineration of waste, sludge, waste shipments and landfills of waste would be eventually introduced by the Government. No significant progress has been made to date in sectors like noise and nuclear safety and radiation protection. Substantial draft legislation is under preparation in the water quality and air quality sectors.

Income & Asset Distribution

When macroeconomic stabilization, market conversion policies, institutional and environmental factors are in place and have affected positively economic growth in Romania, the path from economic growth to human development enters a different and more difficult stage. **Economic growth begins to be translated into human development when distribution of income changes with growth and when income, assets and access to opportunities allow people to share in the growth. This is the most delicate and difficult of the challenges** for a few key reasons. First, in aiming at achieving EU living standards Romania would not only have to raise rapidly its GDP, but also its distribution among different sectors. Among the candidate countries to the EU, Romania has the second lowest income level, 70% less than the EU average, and the level of the population below the standard poverty line is by far the highest reaching more than 40% (see Chapter 1).

In the year 2000, Romania adopted several laws to protect its natural resources and habitats

Economic growth begins to be translated into human development when distribution of income changes with growth and when income, assets and access to opportunities allow people to share in the growth. This is the most delicate and difficult of the challenges

Economic growth has the potential to enhance human capabilities and enlarge people's choices

Second, poverty in Romania, like in many other countries, is regarded as a multidimensional problem, which goes beyond the lack of adequate income. As was shown in Chapter 1, Romanians are also experiencing a declining trend in most of the basic human capabilities to lead a worthwhile life owing to a lack of opportunities and choices for human development. These basic capabilities include leading a long and healthy life, being educated and knowledgeable and being able to freely participate in the economic activities of the society.

Thus, any income distribution scheme to share in the growth, would need to engage these two challenges by operationalizing a response that addresses the following major forms of deprivation:

- Lack of income to cover basic life needs (both food and non-food)
- Lack of decent employment
- Lack of access to productive resources (such as land, capital and credit)
- Lack of access to basic social services, such as education and health
- Lack of social protection
- Social exclusion and lack of freedom

Economic growth has the potential to enhance human capabilities and enlarge people's choices. But for this potential to be realized, there must be a steady expansion in opportunities to enable people to make improved choices. And for people to have greater freedom to choose among different ways of living, the opportunities need to be more equitably distributed, between men and women, rural and urban areas, regional and local governments.

Translating economic growth into human development implies a complex set of reinforcing and countervailing policies. These can include policies that affect change

in household economic activity and spending, in GDP allocated to public and private spending on health and education, in quality and results of education, in the demand for labor, and the participation of women in the labor force. However, the main bridge between economic growth and expanding human development opportunities is job creation. Employment, work or any way that secures a livelihood, is the most fundamental of all economic opportunities, because it provides people income that enables them to establish command over a range of goods and services, needed to ensure a decent standard of living.

Job Creation

Therefore, when macroeconomic stabilization, market conversion policies, institutional development and environmental protection have been achieved, ensuring that economic growth expands employment opportunities becomes a top policy objective in the path from economic growth towards human development. In Romania, as can be seen in Table 3.4, like in many countries, the employment /unemployment situation has deteriorated dramatically over the past five years and very few jobs have been created, shrinking people's opportunities and perspectives. Unemployment affects more than 1 million people and there are another 4 million or so people from the economically active population looking for work. Millions of others are employed only part-time or sub-employed. The incidence of long-term unemployment over the past five years has decreased slightly in the "6 month or more" category, but the absolute rate for unemployment in the "12 and 24 months and more" has remained steady. Similarly, the size and costs of unemployment benefits as a percent of the general consolidated budget has increased from 2.3% in 1995 to almost 4% in 1999, as well as the expenses of the unemployment fund from 1.4% in 1995 to almost 3% in 1999 respectively.

The scope and depth of unemployment in Romania also shows interesting trends. As can be seen in Table 3.5. the rate of

Translating economic growth into human development implies a complex set of reinforcing and countervailing policies

The incidence of long-term unemployment over the past five years has decreased slightly

Table 3.4
Romania: Unemployment Indicators

	1995	1996	1997	1998	1999
Registered unemployed ¹⁾					
- number	998,432	657,564	881,435	1,025,056	1,130,296
Unemployment rate %	9.5	6.6	8.9	10.4	11.5
Incidence of long term unemployment (% from the total number of unemployed ³⁾)					
- 6 months and more	70.4	64.7	59.2	62.0	59.3
- 12 months and more	47.0	50.2	46.7	46.3	43.8
- 24 months and more	26.0	29.9	24.8	24.4	21.4
Sizes and costs of the passive and active steps					
- % of unemployment benefits from the expenses of the general consolidated budget	2.3	1.7	3.5	3.8	3.7
% of expenses from the unemployment fund	1.4	14.8	11.2	2.2	2.7
Number of unemployed included in the training program	22,794	20,409	23,575	27,157	30,559

1) Unemployed registered with the National Agency for Employment and Vocational Training (NAEVT), at the end of the year;
2) Benefit for professional integration included;
3) In accordance with BIM criteria
Source: *The National Institute for Statistics and Economic Studies*

unemployment for women during the last five years, has been higher than the overall rate, although the share of women in the total number of unemployed has experienced a declining trend from 55% in 1995 to 47% in 1999. The weight in the total of young unemployed, aged 25 and under, increased to 50 in 1996, but had declined to 39% by 1999. Similarly, the weight of unemployed women in the total unemployment rate increased to 50% in 1996, declining to 42% in 1999. In Romania, people long accustomed to secure and full employment suddenly faced increasing insecurity as the public sector reforms generated unemployment and the private sector created few new jobs.

The ideal scenario: sustained economic growth contributing to expansion of employment opportunities, reducing

unemployment and spreading productivity gains in the form of income among the growing number of employed may be difficult to attain in Romania in the short-term. However, one thing is clear; economic growth will be a major determinant of expanding opportunities, but this is not the end of the story. Empirical evidence around the world suggests that the quality of growth determines the quality of the expansion. Thus if the growth pattern does not favor sectors in the economy with high potential for job creation and productivity increases, the quality of growth will be spurious. Similarly, when there is no synergy between growth and improvement in the skill of workers, the quality of growth will be limited.

Thus whether economic growth in Romania will expand opportunities for job generation

The rate of unemployment for women during the last five years, has been higher than the overall rate, although the share of women in the total number of unemployed has experienced a declining trend from 55% in 1995 to 47% in 1999

The ideal scenario: sustained economic growth contributing to expansion of employment opportunities, reducing unemployment and spreading productivity gains in the form of income among the growing number of employed may be difficult to attain in Romania in the short-term

Table 3.5
Romania: Scope of Unemployment (1995-1999)

	1995	1996	1997	1998	1999
Unemployment Rate (%)	9.5	6.6	8.9	10.4	11.5
Rate of women's unemployment (%)	11.4	7.5	9.3	10.4	11.4
Women as share in the total number of unemployed (%)	56.2	54.1	48.6	47.3	46.9
Weight of young unemployed (age under 25) in total (%)	43.8	50.3	46.1	44.6	38.9
Weight of unemployed women in total (%)	49.6	50.4	46.3	42.8	42.0

Source: The National Institute for Statistics and Economic Studies

So in pursuing the EU accession process, Romania has several alternatives: between growth that generates employment and growth that generates little or none at all, between growth that raises income and growth that suppresses it

Accelerating growth and sustaining it at a relatively higher level are also essential for poverty reduction in Romania

and contribute to human development will depend not just on the EU accession process, or on the rate of growth but also on its pattern. That is, what is produced by Romania, by whom, and how, on the composition of output and the technology used, on the organization of production, and on the distribution of such productive assets such as land and financial capital. All these will affect the amount and kind of employment generated, and all are responsive consistent and balanced (with market and equity considerations) policies, in spite of periodic democratic changes in government.

So in pursuing the EU accession process, Romania has several alternatives: between growth that generates employment and growth that generates little or none at all, between growth that raises income and growth that suppresses it, between growth that improves working conditions and growth that does not, and between growth that secures livelihoods and growth that makes life even more precarious. In short, Romania can respond to the EU accession process by opting for a type of economic growth that improves the quantity and quality of work opportunities, one that promotes human development and is pro-poor.

Pro-Poor Growth

As was already mentioned, there is no magic formula for combining growth with the expansion of employment opportunities to promote human development. Some of the factors that are generally thought to influence a positive link between economic growth and human development, such as macroeconomic stabilization, market conversion policies, institutional development, environmental protection and job creation, have already been analyzed in previous sections. However, accelerating growth and sustaining it at a relatively higher level are also essential for poverty reduction in Romania. The MTES has already estimated an average growth rate of 4%-6% for Romania during 2000-2004, as well as low inflation around 10%. If realized, both could provide a favorable context for pro-poor growth. It would enable restructuring of the economy to take place on the basis of growth rather than a recession, also increasing the likelihood that comprehensive reforms of the economy could be carried out. However, providing greater support to particular economic sectors, such as agriculture and small and medium enterprise development, or to particular depressed regions would also contribute to making the character of growth

more pro-poor. Poverty reduction efforts could be based more explicitly on the interdependence between economic and human development policies, rather than relying exclusively on human development policy and assistance. The acceleration of economic growth could be regarded as the basis for widening the reach for human development. On the other hand, certain human development policies, such as investment in education and health, could be used to have a large impact on improving labor productivity and thereby promoting economic growth.

The main aim of the pro-poor macroeconomic policies could be to channel more productive resources to the poor. This could involve focusing efforts and support towards sectors or geographical regions that can have the greatest direct impact on poverty. It could also involve policies to provide more equitable access to resources and to mitigate the rise of income and wealth inequality. Some possible initiatives in this direction can be:

- Providing greater support to agricultural development and to rural development in general. This would imply speeding up the consolidation of property rights in order to put critical productive assets into the hands of poor people and enable them to invest in its development and improvements. It could also entail implementing complementary measures, such as physical infrastructure, micro-credit and technical support. Also, once rural output is stimulated, local demand for non-agricultural products would increase and stimulate rural industry (the SAPARD pre accession EU funding could also be used in this type of initiative).
- Promoting small and medium enterprise development to increase job generation. This can also have an impact in simplifying the process and speeding up the licensing of small and medium enterprises and stimulate economic growth. It would also encourage micro credit (the PHARE pre accession EU funding could also be used in this type of initiative).

- Targeting an investment strategy to the more backward or depressed regions of the country. Financing of small-scale investment in social facilities, such as schools, health facilities and community centers, can take place. Also, community-based economic infrastructure, such as access roads, market places, and local communication systems would be promoted (The Social Investment Fund could be used in this type of initiative).

Public Expenditures for Human Development

By contributing to economic growth, governmental action can also add to the material resources for human development. Human development has great intrinsic value and in itself warrants supportive governmental action. **Markets by themselves are neutral to human development, thus to rectify the so-called market failures, government acting on behalf of society can offset any potential costs for human development.** The level of social spending is viewed by the human development paradigm to be an extremely important factor in ensuring a satisfactory standard of living. As was already briefly analyzed in Chapter 1, during the decade of transition, public social spending in Romania was, if expressed in percentage points of the GDP, considerably lower than the efforts of other countries in transition. Needless to say, Romania is also far from the level of social commitment of most EU countries (Table 3.6).

These data suggest that the effort invested in social programs in a difficult transition period was not only undersized but was in itself a source of excessive social and human costs associated with the transition process. If the issue is analyzed from the angle of direct social transfers of funds (pensions, unemployment benefits, social allowances, children's allocations), Romania also is ranked relatively low among other countries in transition in Central & Eastern Europe (Table 3.7). Since 1990, policy makers in Romania continued

Markets by themselves are neutral to human development, thus to rectify the so-called market failures, government acting on behalf of society can offset any potential costs for human development

These data suggest that the effort invested in social programs in a difficult transition period was not only undersized but was in itself a source of excessive social and human costs

Table 3.6
Public Social Spending in Romania, in a GDP ratio, as Compared to Other countries in Transition & EU countries

Selected Countries	GDP Ratio in %
Hungary (1994)	32.3
Slovenia (1995)	29.5
Poland (1993)	29.4
Ukraine (1995)	29.0
Estonia (1995)	27.0
Latvia (1995)	26.7
Slovakia (1993)	26.0
Czech Republic (1994)	25.5
Albania (1993)	20.3
Lithuania (1994)	19.3
Moldavia (1995)	19.0
Bulgaria (1995)	18.3
Belarus (1993)	17.1
Romania (1998)	16.6
Average for countries in transition (1993)	21.2
Average for European countries in transition (1994)	27.0
Average for CIS countries (1994)	19.6
Most the EU countries	Over 30

Source: C. Zamfir (coordinator), 1999 (Note: Figures quoted date to 1993 – 95, for which comparable data were available. With the exception of the countries struck by a sharp economic crisis after 1994, public social spending in the other countries has not altered significantly.)

Over the past years in Romania, the modest funding allocated to the social sector was channeled without an adequate strategic framework

the patterns of previous decades and chose a marked orientation towards direct social transfers, rather than choosing a more comprehensive approach that prioritized allocation.

Over the past years in Romania, the modest funding allocated to the social sector was channeled without an adequate strategic framework. Thus, social spending has not necessarily been supporting the most needy or poorest sectors, but instead it has been mostly offsetting the loss of financial subsistence among salary earners. The set of social benefits in Romania consists of programs such as minimum wage, unemployment benefit, subsistence allowance, pensions and child allowances. Throughout the decade, all of these have

experienced declining trends, expressed as average salary ratios and in funding flows. For example, the social insurance system is overwhelmed as it has to provide a minimal social security to a large and growing segment of the population, mainly the elderly (formerly salary earners), who use it as a retirement pension. This dichotomy illustrates the dilemma being faced by the social spending structure in Romania. A potential financial crisis of the security system seems to have been generated not by the aging of the population, like in most developed countries, but mainly by factors specific to transition periods. One of them is the early retirement policy for the purpose of alleviating the pressure of unemployment, another is the drastic decrease in the number of salary earners and, as a direct

Table 3.7
Direct Social Transfers to Population in Countries in Transition

Selected Countries	in GDP % ratios
Poland (1993)	18.9
Hungary (1993)	17.6
Slovenia (1993)	16.9
Slovakia (1993)	13.6
Czech Republic (1993)	13.2
Latvia (1993)	13.1
Bulgaria (1993)	12.8
Romania (1998)	11.8
Belarus (1993)	10.1
Estonia (1993)	9.1
Ukraine (1993)	8.8
Albania (1993)	7.6
Lithuania (1993)	7.8
Moldavia (1994)	6.7

Source: C. Zamfir (coordinator), 1999

consequence, of taxpayers. Reasonable social compensation is also being provided for other types of incapacity to work, such as medical leave, maternity leave, and a generous two-year child care leave. There is no explicit governmental effort yet to target vulnerable groups, although an Anti-Poverty Strategy is being developed with the assistance of UNDP.

Social spending for education and health enjoyed, especially during the first years of the transition period, a closer attention from policymakers. However, later on as was already shown in Chapter 1, attention dwindled. It has been already indicated in Chapter 1, that spending for these sectors, expressed in GDP ratios, is much below regional averages and even lower by EU standards. This has had an impact on both the education and health sectors. Although substantial improvements were made in the area of education during the past 10 years, lack of adequate levels of spending in education may have created some potential areas of concern. For example, quality control of pre-school education, school dropouts at all levels but especially in the secondary level and enrollment rates

especially among the Roma (see Box 3.3). Adequate vocational schooling is also reaching a critical point, which has even prompted the EU to highlight it in the 2000 Regular Report of Romania's Accession. Last but not least, the link between education and development is weak. **Not only is education loosing the capacity to promote and forge social integration within individuals, families or communities, but also its capacity to deliver efficiently the necessary skills needed for an emerging market economy .**

There has been progress made in spending in the health sector as well, but access to medical services is still limited to some sectors. The most recent study on the health care system in Romania reveals that in spite of the 1997 Health Insurance Law, which made insurance membership mandatory, some segments of the Romanian population may not be regularly attending preventive medical care, owing to a number of related factors. For example, the regress of medical coverage in the rural areas curtailed the access of rural dwellers to medical services. Growing poverty is another contributor to the lower opportunity to access medical aid, due

Not only is education loosing the capacity to promote and forge social integration within individuals, families or communities, but also its capacity to deliver efficiently the necessary skills needed for an emerging market economy

There is a strong need to move from a passive and implicit recognition of human development needs, to an active and explicit action plan

Box 3.3

Education Among Roma Families in Romania

School attendance of children (7 – 18 years of age)

- 20 % never enrolled in a school
- 10 % abandoned school while in primary education
- 8% abandoned school while in secondary education
- 2% abandoned school while in high school
- 60% are attending school at present

Literacy among children (10 – 18 years of age)

- 23% have no reading skills
- 17% are hardly able to read
- 60% are able to read well

Source: Social and economic Status of Gypsies, 1998. Institute for the Quality of Life Research, coordinated by Catalin Zamfir si Marian Preda

to collateral costs people fear they would have to sustain. Liberalizing the prices of medicines has also reduced the access to treatments of absolute necessity. The frequency of primary health care consultation has decreased since 1990 from 3 to 2.3 times a year. The current medical insurance system, is reportedly also generating certain disparities in access to certain groups, such as the self-employed, farmers, pensioners and the unemployed, who have to pay a 7% contribution fee in order to use the system. Erratic trends in collected revenues since 1998, may indicate a certain reluctance to pay the insurance fee, while private expenditures (out-of-pocket) represented in 1999 almost one-third of health expenditures. With salary earners growing fewer in number, and with independent entrepreneurs, and particularly poor farmers, growing more numerous, the chance to insure themselves for appropriate medical assistance has diminished considerably. Another factor affecting accessibility to health services in Romania may be the very same legal framework of social assistance, which makes it difficult

for poor people to qualify for social assistance. Most of the poor make desperate efforts to earn their subsistence, which prevents them from qualifying for social benefit allocation. Consequently, neither do they qualify for the budget-funded health insurance, nor can they afford to pay for such insurance from their meagre resources³.

As Romania implements its MTES and advances on the path towards EU accession, much thought needs to be given to the link between economic growth and human development. There is a strong need to move from a passive and implicit recognition of human development needs, to an active and explicit action plan. The lesson from the last 10 years is that, human development must accompany the transition process, and be reflected in increased investment in people, in effective institutional mechanisms that give people the opportunity to share in the growth, in a strategy to prioritize human development and in a rational allocation of international aid towards human development.

³See European Observatory on Health Care Systems. *Health Care Systems in Transition; Romania, 2000.*

Promoting Human Development for More Economic Growth

Economic growth to promote human development must be a policy priority. However, it is as important to encourage human development in order to promote economic growth. The many ways in which human development contributes to economic growth have already been emphasized by many studies conducted by UNDP, the World Bank and even the European Commission. The development of human capabilities is an end in itself. Investing in people may not add greatly to the rate of productivity, but it can contribute to human development, which in turn, has an impact on economic performance. For example, Romania would be in a better position to close the widening gap of production with EU countries by improving the capacity of workers and managers to use higher levels of appropriate technology, as well as by having a healthy work force. Human development is an outcome that has intrinsic value, and its worth could multiply when family and community relations are enriched; when skills are strengthened and translated into productivity and wages; when people have access to assets, like business ownership; when disadvantaged groups see their opportunities expanded; and when resources are reproduced in capabilities, employment, research and development and quality of productivity.

Participation & Decentralization

As was already elaborated in the 1993 and 1997 UNDP global *Human Development Reports*, when people are empowered or when their basic capabilities are enhanced, the window of opportunity to participate in the events and processes that shape their lives opens wider. Participation can take many forms, such as self-help mutual support groups, community associations, non-governmental organizations and civil society just to name a few. The implications of widespread participation are profound and

embrace every aspect of both human development and the EU accession process in Romania. For example, markets need to be reformed to offer everyone access to the benefits they can bring. Governance needs to be decentralized to allow greater access to decision-making, and community organizations need to be allowed to exert growing influence on the pre-accession funding from the EU.

Democratic institutions are often charged of being remote from the daily realities that affect people in processes such as transition and economic integration. Decentralization is often recommended as one solution. Decentralization can be a powerful mechanism to achieve human development goals, in that it could respond to the needs of local communities, by assigning resources and decision making to local elected officials. Decentralization has to be seen more as a means of improving public sector efficiency or institutional building and of translating human development into economic performance (See Box 3.4). Decentralization can make state institutions more responsive to poor people, especially if it promotes partnerships. The pace and design of decentralization efforts would have to be decided by the Romanians, but it could be one mechanism to translate human development into economic performance.

Participation and decentralization can strengthen the context for human development to affect economic performance in three ways. First, in fostering a democratic process that permeates all major levels of decision-making in Romania from the central, intermediate through the local one. Second, it would give citizens systematic access to information so they can on the one hand hold their public officials and politicians accountable, and on the other so they can have a sense of ownership of the process. And third, it would encourage civil society organizations and non-governmental organizations to become more actively involved in development issues as partners to the government and other development

Romania would be in a better position to close the widening gap of production with EU countries by improving the capacity of workers and managers to use higher levels of appropriate technology

The pace and design of decentralization efforts would have to be decided by the Romanians, but it could be one mechanism to translate human development into economic performance

It might not be enough just to generate jobs. The objective should also be to improve the wages and productivity of the work force, by progressively adopting technologies and moving to sectors requiring high skills

actors (i.e., donors, private sector, EU pre-accession programs). Ultimately, participation and decentralization could encourage an enabling institutional environment for the link between human development and economic performance to develop and strengthen.

Skills & Knowledge

It might not be enough just to generate jobs. The objective should also be to improve the wages and productivity of the work force, by progressively adopting technologies and moving to sectors requiring high skills. Romania needs to climb the ladder of wage and productivity could be enhanced through skill improvements and the progressive expansion of employment in higher productive sectors. These new jobs need to be matched by new skills. Job generation and human capabilities must advance together.

As was already shown in Table 3.1, Romania's share of agriculture in GDP is

14% compared with 2.3% in the EU. Today farmers represent by far the largest share of the economically active population in Romania, about 40% or ten times the comparable level in the EU. Preparing for integration requires increasing the supply of highly skilled labor, improving research and development activities and an industrial policy to ensure that jobs are available for young university graduates to acquire skills and experience.

In an increasingly globalized world, Romania's human development could also benefit from EU accession by capturing the transfer of knowledge and know-how that come with it. A special focus should be placed on providing technology so that knowledge transfer can take place. Opening up, as it has been happening, Internet services to different groups must be a priority. In this vein, special programs to provide access to Internet, directed to institutions of higher learning, secondary schools, primary schools and government at all levels, could be an important tool in

Preparing for integration requires increasing the supply of highly skilled labor, improving research and development activities and an industrial policy to ensure that jobs are available for young university graduates to acquire skills and experience

Box 3.4

Advantages & Disadvantages of Decentralization

The degree to which public services are decentralized affects the way that government expenditure is translated into human development. Decentralization, widely advocated to improve access to services, has been extended in many countries.

In principle, decentralization has advantages. One is efficiency: decision-makers who live locally are likely to know more about local conditions, so they should be able to match resources and needs more precisely. Another is accountability: when decision-makers live and work in close contact with users, they are exposed to more effective scrutiny and are under greater pressure to deliver the goods. There are also more opportunities for local people to participate in planning services, and to pay for some of them through local taxes.

Experience also shows that local governments tend to give a higher priority than central governments to human development. This may reflect the functions that have been delegated to them. But it may also reflect local preferences. The weakness often arises from a shortage of skills, as local officials have little responsibilities and thus receive less training than national officials do. Moreover, local elite often seize the power that devolves to the lower levels-to the detriment of the poor. But a more general brake on decentralization is that central governments have been reluctant to release to the local level either funds or decision-making power.

Source: UNDP. Human Development Report 1996. New York: UNDP, 1996.

bringing new objectives and ideas to both the current and future labor forces, as well as political leaders.

Promoting Entrepreneurial Initiatives

When people strive to improve and/or sustain their human development, it forces them to search for the most effective way of using available resources. **Effective utilization of entrepreneurial skills and investment could have an impact on economic growth.** The greater the number of Small and Medium Enterprises (SMEs), the more diversification, competitiveness and innovation. However, the lack of an adequate regulatory and incentive system, could also have adverse effects on the development of SMEs and their consolidations as a powerful asset for human development.

During the past decade, like in many countries in the region, SME development has been somewhat restricted in Romania. Nonetheless, SMEs already make up the vast majority of private business operating in Romania, and because of their size and adaptability they can become an important source of employment generation as the EU accession process moves forward. SMEs,

can also be a key source of innovation, entrepreneurship and productivity growth. SMEs, by being owned privately, create a unique group of people who have strong interest in stability, growth and healthy market economy. For these reasons, SMEs are a great human development means to enhance economic growth.

As can be seen in Table 3.8, the ineffectiveness of the legal framework and the difficult climate for SMEs grow all seem to be impeding faster development of SMEs in Romania. Parallel to promoting macroeconomic stabilization, growth and low inflation, the government must double its efforts to remove potential barriers or to enhance the context where SMEs can fully flourish and develop. For example, business licensing procedures and any tax and regulatory constraints need to be removed. **Also, credit needs to be made available for SMEs, using micro-credit or micro-financial schemes that are less bureaucratic, do not require as much collateral and do not discriminate against women or ethnic minorities.** Finally, SMEs would benefit from curbing corruption levels, as this may prevent potential entrepreneurs from taking the perceived risks associated with SMEs, and force them to choose the gray or black economies.

Effective utilization of entrepreneurial skills and investment could have an impact on economic growth

Also, credit needs to be made available for SMEs, using micro-credit or micro-financial schemes that are less bureaucratic, do not require as much collateral and do not discriminate against women or ethnic minorities

Table 3.8
Obstacles Facing SMEs in Romania (results of Survey Responses)

<ul style="list-style-type: none"> • Only 31 of 100 SMEs were prepared to offer trade credit to customers • Only 21 of 100 SMEs obtained bank credits in past years • 39 of 100 SMEs were asked for unofficial payment for telephone connection • 25 of 100 SMEs were asked for unofficial payment for business registration • 21 of 100 SMEs were asked for unofficial payment for fire and sanitary inspections • 17 of 100 SMEs were asked for unofficial payment for tax inspections <p><i>Source: Based on World Bank. The Road to Stability and Prosperity in South Eastern Europe, Washington DC, 2000.</i></p>
--

Like in most countries, women in Romania generally do not enjoy the same opportunities as men

The EU accession process for Romania is more than a range of opportunities and advantages. It is also about human development, good governance, and the capacity to respond to the challenge of fulfilling the *acquis*

Opportunities Expanded

In every society some sectors experience exclusion. Equalizing opportunities and expanding them through and for economic growth is another way that human development can contribute to economic performance. Like in most countries, women in Romania generally do not enjoy the same opportunities as men. In Chapter 1, the GDI for Romania was shown to be lower than its HDI, reflecting lower achievements in human development for women than men. In 1995, UNDP introduced the Gender Empowerment Measure (GEM), as a way to capture gender inequality in key areas of economic and political participation and decision-making. The GEM thus focuses more on women's opportunities rather than their capabilities. Every year since 1995, UNDP has ranked countries according to the GEM. In the latest ranking of 70 countries, most of the EU and candidate countries were ranked among the top 25. Romania is ranked among the last 15 at No. 58.

As can be seen in Table 3.9, some of the components of the GEM explain Romania's

low ranking. Women's parliamentary participation in 1999 was 5.6%, a figure below world average, below EU average and below average in the Central & Eastern and CIS region. The participation of women in high-level governmental decision-making positions was 26% in 1999, while the average in the EU is more than one-third. Women's earnings in Romania average 82% of men's. Thus expanding access to jobs and to productive assets for women must be a priority to translate human development into economic growth. Access to opportunities must also be made more open for three other groups: the old, the young and the disabled.

The message throughout this report has been that the EU accession process for Romania is more than a range of opportunities and advantages. It is also about human development, good governance, and the capacity to respond to the challenge of fulfilling the *acquis*. Many of the policies analyzed above, whether it be to link economic growth to human development or vice-versa, cannot be implemented unless there is an explicit recognition that the EU process of accession is a multidimensional challenge. And with that comes greater

Table 3.9
Romania Gender Empowerment Measure (GEM)

	1995	1996	1997	1998	1999
Parliamentary participation (%)	4.0	5.3	5.3	5.6	5.6
Leaders and higher rank civil servants in public administration and economic and social organisations ¹⁾ (%)	28.2	29.1	26.0	24.2	26.3
Intellectual and scientific occupations ¹⁾ (%)	46.2	49.9	49.7	49.7	49.5
Women as share in the total population ¹⁾ (%)	51.0	51.0	51.0	51.1	51.1
Women as share in the civilian active population ²⁾ (%)	46.3	47.0	46.5	47.2	48
Women's average income versus average salary earning in the non-agricultural sectors (%)	79.2	80.8	74.5	78.5	81.9
- GDP per inhabitant, in US\$	6095	6595	6422	6153	6000
Index of women's participation within the social life	0.397	0.421	0.409	0.405	0.412

¹⁾Estimated on the basis of the results of the 1996 European Comparison Programme. Source: Labor Force Survey in Households (AMIGO) - March 1994, 1995, quarters IV 1996, 1997, 1998, 1999.
²⁾Data result from the workforce balance

complexity in the strategies to respond, because there are so many factors to be taken into account. The way to deal with this complexity is not only to have available pre accession resources, political support from EU country members or a generic recipe for success. The government is obliged to maintain a proactive role in this process, not only to provide public goods and services and physical infrastructure, but also in promoting human development.

Through the political and democratic leadership of the state and government, the EU accession process needs to be thought not as an end in itself, but as a means for prosperity . The process will succeed when a link between the EU accession strategy and human development has been forged; when there are mechanisms working effectively at various levels of government to monitor who is benefiting from the process and the EU pre-accession funds; when partnerships between government and civil society have been strengthened to create a sense of transparency and ownership of the process; when people are encouraged to participate in the monitoring and supervision of EU funded and other donor projects to facilitate and build consensus; and when there is a move to decentralize authority for decision-making and implementation of pre-accession projects to intermediate, regional or local governments. **Simultaneous action, in favor of both EU accession and human development, can create a new dynamic**

for change in Romania that will make it possible to tackle human deprivation and create a just society that is competitive and productive.

In summary, key to the economic response of Romania to make the EU accession process work for human development will be governmental policy action in two areas:

Promoting economic growth for human development:

- Economic stabilization and growth
- Institutional factors and good governance
- Environmental protection & management
- Income and asset distribution
- Job creation
- Pro-poor growth
- Public expenditures for human development

Promoting human development for economic growth:

- Participation & decentralization
- Skills and knowledge
- Promoting entrepreneurial initiatives
- Opportunities expanded

The EU accession process needs to be thought not as an end in itself, but as a means for prosperity

Simultaneous action, in favor of both EU accession and human development, can create a new dynamic for change in Romania that will make it possible to tackle human deprivation and create a just society that is competitive and productive



The Road to the European Union & Human Development

CHAPTER 4

**4.1 Romania's Strategy for the EU Accession
Process and Desired Outcomes**

4.2 Agenda for Action

The Introduction and the last three chapters have all provided an overview of Romania's arduous transition to a market-based economy and to a more dynamic democratic and inclusive political system of governance during the last decade. At the same time, they have analyzed Romania's human development progress and setbacks during the transition period. Most importantly, in light of Romania's recent invitation to be a candidate country to join the EU, all previous sections have put into perspective the implications of this process for human development. Two main conclusions can be drawn from the analysis in previous sections. First, that the country's poor economic performance during most of the last decade has had an adverse impact on human development, which continues to show further signs of deterioration. And second, that despite the fact that there are some recent hopeful signs of a much needed economic recovery, the course towards human development progress in Romania is still fraught with uncertainties.

In the context of these paradoxes, Romania has accelerated its response to the EU accession process. Against this backdrop the NHDR 2000 for Romania sought to expand the understanding of the implications of the EU accession process in Romania's human development. The overarching goal of the Report was not to assess the EU accession process, rather to analyze how the EU accession process could be consistent with much needed human development goals. The Report encourages the EU accession process and it also recognizes the power of economic integration to bring economic and social benefits to the Romanian society. However, as it has done in the past, the 2000 NHDR also champions an agenda for Romania's most vulnerable people by highlighting the human cost of the transition process and shedding light on the possible adverse effects of the EU accession process on people, especially the poor.

The Report expressed concern in three key human development areas for the EU accession process.

- The functional coalitions across political sectors, traditional political lines and civil society to move public policy in ways that meet not only the requirements of the EU, but also the human development aspirations of the Romanian people. Throughout the entire EU accession process, it is imperative to make state institutions more responsive to people's needs.
- The empowerment of people and social sectors to participate in the events, activities and programs of the EU accession process. That is, the importance of removing social barriers and building social institutions to accompany the complex accession process.
- The promotion of pro-poor economic

growth to expand people's assets and tackle inequalities.

These three key human development concerns would need to be dealt with, as part of a much bolder multi-dimensional strategy to achieve EU membership with a human face. At the same time the complex and lengthy process of accession would need to be managed with vision and strategy. Thus as the process of EU accession moves forward, the challenge for Romanian policymakers from a human development perspective is twofold: to build on current strategies, but also to enrich their design and implementation by recognizing human development as a goal and means of consolidating the transition process and enlisting public support for implementing the accession strategy.

As the previous chapters have shown, human development policy in Romania must have a wide range of objectives. As important as raising the per capita income, is to improve health services, to expand educational opportunities, to give people assets, to promote greater participation in public life and to create a clean environment. Also, previous chapters have shown that human development policies in Romania will have to be interdependent, and that no single policy will make a difference by itself unless they are part of an integrated and well-thought out human development strategic package with well-defined synergies and policies. Finally, the previous chapter clearly showed that good governance plays and will continue to play a vital role in Romania's human development.

Thus, the EU accession process for Romania is not only about policies, goals or even the implementation of a strategy. Processes and synergies to implement the strategy, to achieve goals and to design and implement policies will be as important. Policies, goals and strategies that are not the product of a process that promotes consensus building, participation and transparency could be hard to sustain and be effective over time.

The EU accession process can create ample development opportunities for Romania, but can also hinder human development if managed improperly. Because of these complexities and implications, the EU accession process for Romania has to be conceptualized as having three key policy dimensions for governmental action: human development, good governance and economic response (Figure 4.1). The strategic articulation, synergy and interaction of these three policy dimensions could ensure that governmental action and the path of Romania towards EU membership will be bounded by three human development outcomes: (1) equity, (2) productivity and sustainability and (3) empowerment.

The country's poor economic performance during most of the last decade has had an adverse impact on human development, which continues to show further signs of deterioration.

Despite the fact that there are some recent hopeful signs of a much needed economic recovery, the course towards human development progress in Romania is still fraught with uncertainties

Human development policy in Romania must have a wide range of objectives. As important as raising the per capita income, is to improve health services, to expand educational opportunities, to give people assets, to promote greater participation in public life and to create a clean environment

Romania's Strategy for the EU Accession Process and Desired Outcomes

There is no denying that achieving the goals and targets for Romania's EU accession will take time. Nor will progress towards these goals be smooth or automatic. As was said earlier, there is no universal recipe to combine growth and human development advances. Experiences in the region suggest that while EU accession processes have led to sustained economic progress and determined reform implementation efforts, the expected human development results were not necessarily achieved automatically. There are three lessons for Romania here:

- Strong institutions and good governance, policy consistency, balanced policy (between market/EU and human development considerations), policies subjected to public debate to promote ownership of the process and a strong sense of transparency from the government to facilitate consensus, have made the difference in translating overall economic achievements into human development.
- Similarly, experience suggests that it takes time to achieve the public trust and support required for the necessary reforms and costs associated with the acquis. Extraordinary political and consensus-building efforts will

be needed to create the conditions for economic stability, growth and prosperity.

- A stronger and longer-lasting commitment to human development is also an essential condition to overcome the legacy of governmental inefficiency and declining living standards.

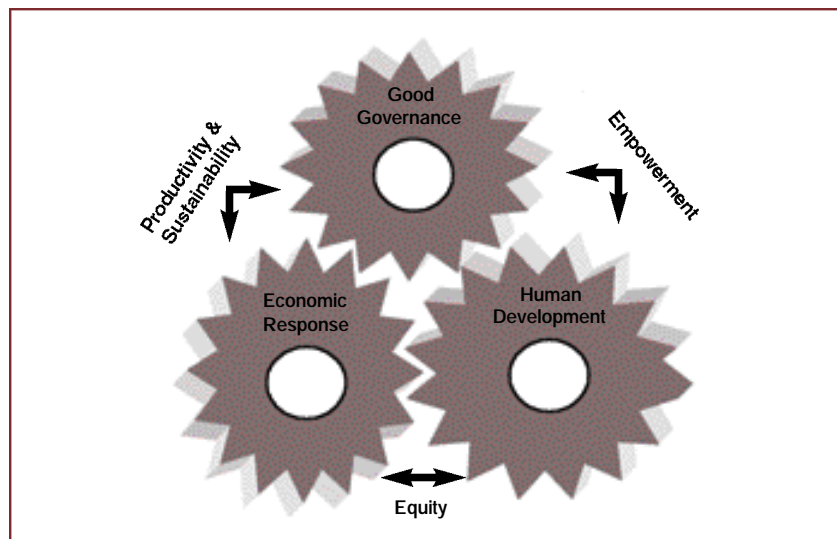
Without taking these lessons into account and setting them in the Romanian context, the Medium Term Economic Strategy (MTES) for Romania's EU accession may not be as effective in achieving the necessary human development goals needed for the EU accession. Government performance in the past decade clearly indicates that reform efforts in Romania have been hesitant and attempts at building consensus and public support inadequate to bring about partnerships, dialogue and understanding among different sectors of society. This type of government performance needs to be replaced with a more comprehensive approach that includes institutional reforms, policy consistency and popular participation. As was highlighted throughout the Report, there are signs of progress on both the socio-economic and governance fronts. Nevertheless, it is

Achieving the goals and targets for Romania's EU accession will take time

Government performance in the past decade clearly indicates that reform efforts in Romania have been hesitant and attempts at building consensus and public support inadequate to bring about partnerships, dialogue and understanding among different sectors of society

Success for Romania of European integration with a human face will be contingent on a credible and predictable path

Figure 4.1
Romania: Proposed Strategy for the EU Accession Process and Desired Outcomes



unlikely that sustained growth will materialize immediately and that a virtuous circle of increased human development and security can be established solely on the basis of the EU accession process anchored in Romania's weak system of governance. **Success for Romania of European integration with a human face will be contingent on a credible and predictable path.** Such a path could lay the foundations for a more realistic set of expectations and provide both incentives for needed reforms, and necessary caution for prospects and results. Sustained commitment to human development principles, such as empowerment, equity and productivity with sustainability, could facilitate political and social changes and open a window frame for the formulation and implementation of strategic human development policies. Politically, a credible commitment to human development could also give a strong incentive to move forward good governance reforms to bring public policy closer to the Romanian people, the ultimate beneficiaries of the EU accession process. **The tridimensional strategy for Romania's EU accession process featured in this report, is built upon the assumption that a credible commitment to human development is a critical ingredient of the overall process.** Aiming to achieve through the EU accession process the essential components in the human development paradigm-- empowerment, equity and productivity with sustainability-- would be a distinguishable element from the more traditional model that assures growth trickles down into human development advances. Thus it is important to understand each of these human development outcomes in their proper perspective and potential.

Good Governance and Human Development for Empowerment

The human development paradigm can not be fully compared with a traditional welfare model, because its focus is on development

by the people, who must participate in the activities, events and processes that shape their daily lives. Empowerment is understood as people being in a position to exercise choices. It assumes a democratic process in which people can influence decisions about their lives. Empowerment requires human development progress so people can acquire the necessary assets and capabilities to live long and healthy lives, to be knowledgeable and to have access to the resources needed for a decent standard of living. **It means decentralization of power so that real governance can be brought to the doorstep of every Romanian.** It means that all members of civil society, particularly non-governmental organizations, can fully participate in making and implementing decisions.

The empowerment of people requires governmental action on several fronts. For example investing in the education and health of the people so they can be in a better position to take advantage of both the market and EU opportunities. Also ensuring an enabling context or environment that gives everyone access to productive and investing opportunities, such as land, credit, training and technology and information. And, it implies empowering women and men, Romanians and minorities, the wealthy and particularly the poor, people from the capital and urban areas, as well as from the rural and poorer areas.

Human development includes the expansion of income and wealth, but it also includes many other valued and valuable aspects. As such, when people feel empowered and when they see real opportunities for human development, they will also demand better government to sustain and expand the opportunities. Thus the link between good governance and human development in relation to empowerment works in both directions. When empowered people feel they have more choices to participate in the decision-making process, their active participation in the democratic process can force public

The tridimensional strategy for Romania's EU accession process featured in this report, is built upon the assumption that a credible commitment to human development is a critical ingredient of the overall process

It means decentralization of power so that real governance can be brought to the doorstep of every Romanian

Human development includes the expansion of income and wealth, but it also includes many other valued and valuable aspects

If the EU accession process is to enlarge people's choices in Romania, people must be able to enjoy equitable access to opportunities

Credit systems and schemes need to be devised, small and medium enterprises supported and promoted and entrepreneurial initiative and creativity would need to be encouraged and rewarded

Thus equity is a powerful concept that lies not only at the heart of the human development paradigm, but it is also imbedded in the philosophical foundations of the EU

administration, legal institutions and public service delivery to be more efficient and accountable towards the citizenry. Also empowered people will tend to work towards removing any social and institutional barriers that stand between their aspirations and expected results. Thus a legitimate demand for sound and responsive government institutions could not only benefit human development but also economic growth.

Human Development and Economic Response for Equity

If the EU accession process is to enlarge people's choices in Romania, people must be able to enjoy equitable access to opportunities. The EU accession process without equity would restrict the choices of many sectors in Romania. In human development, equity is understood in terms of equity of opportunities, in spite that equal opportunities can often lead to unequal results. Still, as was persuasively demonstrated in the global *Human Development Report 2000*, equity in access to political and economic opportunities must be regarded as a basic human right in a human development paradigm¹.

Equal access to opportunities is based on the common philosophical foundations of life claims of everyone. In the human development paradigm, people are not valued because they can produce only material goods. Instead people are valued because human development assumes that all individuals in a society must be enabled to develop their human capabilities to the fullest and to put those capabilities to the best use in all areas of their lives. In the EU's development philosophy equity is put at the center, to give priority to defending the interests of the most disadvantaged and poorest sectors of society. Therefore, an important ingredient of the EU accession process for Romania must be to explicitly recognize and operationalize equity as a desired goal.

By focusing on two policy dimensions -- human development and economic response-- governmental action can affect synergies, interactions, and strategies, in such a way as to promote equity. For example, in Romania the distribution of productive assets may need to be refined, accelerated and evaluated to ensure equity. The distribution of income may require extraordinary efforts to design and implement progressive fiscal policy aimed at transferring income to all, but especially the poor. If there are fiscal restrictions because of commitments to international lending institutions, the government must find other more innovative ways to promote equity in income distribution. For example, credit systems and schemes need to be devised, small and medium enterprises supported and promoted and entrepreneurial initiative and creativity would need to be encouraged and rewarded.

People consistently emphasize the centrality of material opportunities, such as health services, roads and infrastructure, jobs or livelihoods, credit, electricity, market for their products and educational and knowledge opportunities. Economic growth will be crucial for generating these opportunities, but the pattern or quality of growth will be as important for expanding market and economic integration opportunities. The government must design mechanisms and utilize them to create or expand opportunities and if necessary to compensate the potential losers of the EU accession process.

Thus equity is a powerful concept that lies not only at the heart of the human development paradigm, but it is also imbedded in the philosophical foundations of the EU. While Romania's EU accession strategy aims at restructuring, invigorating and standardizing the Romanian economic model, it will need to incorporate in this strategy human development goals as a central tenet to promote equity.

¹See, UNDP. *Human Development Report 2000*. New York; UNDP, 2000, particularly Chapter 4.

Economic Response and Good Governance for Productivity with Sustainability

An essential part of the human development paradigm is productivity, as is for the overall success of the EU accession process. Productivity requires not only an enabling environment for macroeconomic activity, private sector development and capital formation, but also investment in people. **When people are treated only as means of development, it obscures the centrality of people as the ultimate end of development.**

This is why the volume, quality and structure of employment, its diversification and the increase in the productivity of work will be crucial aspects of an economic response to make the EU accession process work for human development. In addition, for productivity to reproduce and expand, the government will have to ensure that overall growth and human development processes are broadly based, ensuring that vulnerable sectors are drawn into and benefit from growth.

Likewise, the next generation deserves the opportunity to enjoy the same or better well being that people enjoy at present, a right that makes sustainability an integral part of productivity. However, sustainability cannot only be related to the management and renewal of natural resources. It is the sustainability of human opportunities that lie at the center of policy concern. It means sustainability of all forms of capital, physical, financial, social and environmental. Depleting any of these would mortgage the chances not only for a successful EU membership in the medium-term, but for increased productivity and sustainable growth.

The role of good governance in ensuring the conditions for productivity with

sustainability will also be paramount.

The government must have the necessary institutional, legal, and financial resources to promote sustainable production, including environmental management and protection activities. However, government must also amass the necessary capacity to increase production, use it to advance human development and to reproduce the same or a better level of human development in the future. Thus the relationship between good governance and economic response is dynamic and has to meet the challenges of EU accession and human development. It cannot be a static synergy that responds only to pre-set cues or blueprints. The relationship between good governance and economic response is about increasing production and distribution, sharing development opportunities between present and future generations and ensuring equity in access to opportunities.

Thus the policy implications of the dynamic synergy between good governance and economic response are profound, since productivity with sustainability does not mean sustaining present levels of poverty and human deprivation in Romania. In the eve of the start of the EU accession process, the present is "hopeless and unacceptable" to a growing majority of Romanians. This situation must be changed before it is sustained into the next generation. What the synergy between good governance and economic response must ensure is sustainable life opportunities and not human deprivation. Productivity with sustainability will be the result not only of economic recovery, increased capital inflows, job creation and market oriented reforms, but also of a concerted effort by the government to manage the EU accession process, reduce financial and investment insecurity, protect people during periods of adjustment, narrow economic and social disparities and prioritize and optimize resources.

When people are treated only as means of development, it obscures the centrality of people as the ultimate end of development

The role of good governance in ensuring the conditions for productivity with sustainability will also be paramount

Thus the policy implications of the dynamic synergy between good governance and economic response are profound, since productivity with sustainability does not mean sustaining present levels of poverty and human deprivation in Romania

Agenda for Action

While the NHDR 2000 has proposed a comprehensive approach, ultimately the Romanian government will have to set priorities based on resources and what is institutionally feasible

The EU accession process is an important opportunity for Romania, and the outcome will have lasting impact into the 21st century. There is no blueprint for implementing the EU accession strategy. Romania needs to prioritize its own mix of policies reflecting the national and local realities. While the NHDR 2000 has proposed a comprehensive approach, ultimately the Romanian government will have to set priorities based on resources and what is institutionally feasible. However, tangible progress towards human development must be achieved even if other aspects remain unchanged. Also governmental action is going to be necessary in all three dimensions -- human development, good governance and economic response.

The action of the government and its partners (i.e., international organizations, NGOs, private sector) will be essential. However, the actions of the government, to create conditions of stability, in expanding opportunities, in managing costs and setting the vision and the direction, will be crucial. Here are the 4 areas of action to make the EU accession process work for human development:

1. Strategic implementation of the EU accession process, prioritizing goals and optimizing resources

The quality of governmental action people possess or have access to during the EU accession process will directly contribute to human development and have the powerful effect of creating the necessary conditions for people to escape poverty. Institutions, institutional arrangements, mechanisms, people's participation and dialogue could enable people to have opportunities for economic and human development, just as their lack can prevent

this from happening. Expanding and strengthening good governance with improved synergy, a human development strategy and political will to negotiate and compromise can have an impact on economic performance in Romania. Public action will be essential for economic performance. Effectively using the redistribute power of the State and involving multiple agents (the State, private sector and civil society) at this stage is crucial for Romania. Key elements for governmental action are, the promotion of participation, rule of law, transparency, responsiveness of institutions, consensus building, effectiveness and efficiency, accountability, and strategic vision. In addition the government must:

- ❖ Give itself a new role, i.e. its governmental machine should be fundamentally reformed to enhance its capacity not only do identify what to do, but also how to make it happen.

- ❖ Focus public action and programs not only on the requirements of the EU accession process, but also on human development priorities.

- ❖ Increase the capacity of the State, at all levels, to identify, analyze and reduce poverty.

- ❖ Incorporate explicitly human development needs and poverty reduction strategies at the core of the governmental development strategy.

- ❖ Rationalize the functional and organizational structure of the public sector to improve resource allocation.

- ❖ Streamline and re-dimension public administrative entities and continue to privatize public enterprises.

The quality of governmental action people possess or have access to during the EU accession process will directly contribute to human development and have the powerful effect of creating the necessary conditions for people to escape poverty

- ❖ Improve public management systems to make public programs, as well as EU and other donor supported programs, more efficient and accountable.

- ❖ Promote the involvement of civil society and non-governmental organizations in planning, monitoring and evaluation of public programs and policies.

- ❖ Continue to curb corruption.

- ❖ Enhance policy analysis capacity within the public sector, especially in relation to evaluation of programs, policies and options, cost and benefit analysis, prospective analysis and risk analysis.

2. Emphasize in the EU accession process, both management of human development and achievement of concrete results

The EU accession process can have the potential to enhance human development in Romania and enlarge people's choices. But this potential has not been realized yet for Romania, because over the last decade there has not been a steady expansion of human development opportunities, to enable Romanians to make improved choices and for them to have greater freedom to choose among different ways of living. Perhaps the most revealing trend in the Romanian human development profile over the last decade has been the increase of poverty, vulnerability and human insecurity. Thus the EU accession process has to make its primary goal to improve human development, by committing to equalize and expand opportunities. Managing human development issues in Romania means a complex set of actions aimed at monitoring the human development profile, measuring impact and adjusting or re-orienting policies respectively.

To this goal, the government must:

- ❖ Incorporate a human balance sheet into the MTES, with more disaggregated data to learn more about poverty, disparities, functional illiteracy, vulnerable groups and priority sectors.

- ❖ In the MTES express targets in human needs, and monitor and analyzed impact of macro-economic goals and EU accession policies on human development.

- ❖ Develop explicit policy guidelines to ensure that growth is distributed equitably, including delivery mechanisms to create employment and livelihoods, as well as to redistribute productive assets.

- ❖ Give consideration to decentralizing the human development strategy, to involve community and civil society participation and promote non-governmental involvement. Pilot demonstration projects at local and regional levels to measure cost-effectiveness and impact of decentralization.

- ❖ Maintain an annual and comprehensive set of human development indicators, including disaggregated data to better target regions, counties, municipalities and groups and sectors with policies and initiatives.

- ❖ Commitment to basic human development goals and build consensus on specific and explicit targets. For example these goals can be:

- Reduce the proportion of people living in poverty

- Make progress towards gender equality by eliminating disparities

- Improve health care services in both quality and access

- Adapt educational system to 21st century needs and potential technological and knowledge demands

Rationalize the functional and organizational structure of the public sector to improve resource allocation

Managing human development issues in Romania means a complex set of actions aimed at monitoring the human development profile, measuring impact and adjusting or re-orienting policies respectively

The provision of basic social services must be seen as a means of empowering people and tackling the multi-dimensionality of poverty

➤ Foster and secure energies and partnerships for human development among government, communities and the private sector

3. Prioritize public expenditures for human development and to reduce poverty

The provision of basic social services must be seen as a means of empowering people and tackling the multi-dimensionality of poverty. This will require several actions by the government. For instance:

- ❖ Willingness and capacity to raise adequate revenues and devote a significant share of those revenues to human development, not to military spending, non-essential subsidies to the non-poor or loss-making public enterprises.

- ❖ The allocation and management of human development spending to support asset formation, especially human and infrastructure.

- ❖ Increasing transparency and participation in annual budget exercises to prioritize and optimize resources and improve accountability.

- ❖ Increase the percentage of public expenditure earmarked for human development sectors, such as health, education and social security.

- ❖ Increase the percentage of social expenditures devoted to basic social services, such as basic education, health care and nutrition

- ❖ Use alternative methods that complement the poverty line analysis when allocating resources

- ❖ Ensure poor communities or sectors to be included in the design and management of human development policies and programs

- ❖ Seek synergy between different human development policies and donor supported activities

4. Transform the role of the State and build an enabling State

Much of the success of the EU accession process for Romania and its implications will depend on the context created by governmental action. The State has a central role, not just through its commitments to the EU process, but through its capacity to influence outcomes on many other elements of society. For instance, the Romanian State will be influential in setting the direction of social services, prioritizing areas for pre-accession funds and choosing the best industrial policy, as well as enlisting the public's support. Building a solid foundation of effective organizations and enabling institutions must be a priority in order to remove possible bottlenecks and obtain the desired results. In this context key actions are:

- ❖ Establish clear general rules of the game for the EU accession process, from the synergy, articulation and interaction of formal laws, informal norms and practices, and organizational structures.

- ❖ Secure and well-defined rights for all to private property and impartial enforcement of contracts and curb corruption.

- ❖ Strengthen political institutions of democracy to be able to compete in complex markets and to develop credible systems of property or contract enforcement.

Much of the success of the EU accession process for Romania and its implications will depend on the context created by governmental action

- ❖ Strengthen the capacity of the State to use its power wisely and strategically in order to capture foreign and domestic investment opportunities and manage the growth of new private firms, promote consensus and dialogue among different sectors of society, allocate resources and evaluate the impact of government and donor driven projects and development initiatives.
- ❖ Re-dimension the role of the State in the economy by streamlining its productive role, improving the capacity of the judicial system to enforce laws and contract and strengthening its human development role. The idea behind it is to decrease the possibility of the State being a necessary partner in private investment.
- ❖ Promote macroeconomic and human development policies that are pro-poor and pro-equity.
- ❖ Encourage public-private partnerships, by creating an adequate space for NGOs and engage them in policy dialogue.
- ❖ Promote judicial activism to strengthen legal frameworks in favor of economic, social and political rights, and if necessary to amend laws, to do away with biases and make justice more accessible to poorer and more vulnerable sectors.
- ❖ Promote civic education, as people need to understand how their political system works or could work, and to ensure accountability and transparency.



T echnical Notes

1. Calculation of Human Development Indices

1.1. Human Development Index (HDI)

The Human Development index (HDI) includes three basic components: longevity, education level and standard of living. Longevity is measured by life expectancy at birth. The educational attainment is calculated as an arithmetical mean between adult literacy (two-thirds weight) and enrolment ratio at all education levels (one-third weight). The standard of living is measured by GDP per capita in USD, at purchasing power parity (PPP).

In calculating the 1999 HDI for Romania, the following steps have been taken. First, values have been established for each component, as follows:

- Life expectancy \downarrow 69.7 years
- Adult literacy rate \downarrow 97.2% (15 and over)
- Enrolment rate in the educational system \downarrow 64.9%
- GDP per capita at purchasing power parity \downarrow US\$ 6,000

Second, each component is then compared to the minimum and maximum levels established by the UNDP methodology. That is, 25 to 85 years for life expectancy; 0%- 100% for adult literacy rate; 0% to 100% for enrolment rate at all education levels; and US\$ 100 to US\$ 40,000 for GDPper capita. Then, the value of GDPper capita is adjusted on a decreasing scale. For Romania in 1999, GDPper capita (PPP) was estimated at US\$ 6,000, in line with the new International Comparative Program Round of 1996 (replacing the former one of 1993), coordinated by the United Nations Commission for Europe, Eurostat, OECD, World Bank and Austrian Central Statistical Office.

For any component of the HDI individual indices can be computed according to the general formula:

$$\text{HDI} \downarrow \frac{\text{Actual value} - \text{minimum value}}{\text{Maximum value} - \text{minimum value}}$$

Treatment of Income

Constructing the income index is a little more complex. Income enters into the HDI as a surrogate for all the dimensions of human development not reflected in a long and healthy life and in knowledge. In a nutshell, income is a proxy for a decent standard of living. The basic approach in the treatment of income has been driven by the fact that achieving a respectable level of human development does not require unlimited income. To reflect this, income is discounted in calculating the HDI according to the following formula:

$$W(y) \downarrow \frac{\log y - \log y_{\min}}{\log y_{\max} - \log y_{\min}}$$

Illustration of the HDI Methodology for Romania

- Life expectancy index: $(69.7 - 25) / (85 - 25) \downarrow 0.745$
- Enrolment educational rate: $(97.2 - 0.0) \downarrow 0.972$
- Education attainment index, computed on the basis of the previous indices: $(2 \times 0.972 / 0.649) / 3 \downarrow 0.864$

- GDP per capita index: $(\log 6000 - \log 100) / (\log 40000 - \log 100) = 0.683$

The HDI is calculated as an average of the three basic indices, each having an equal weight:

- $(0.745 / 0.864 / 0.683) / 3 = 0.764$

Differences between HDI values from 1995-1999 and HDI in the NHDR 2000

The HDI methodology has evolved and experienced improvements of various sorts. For example, starting with the 1995 global *Human Development Report* the educational attainment index is determined on the basis of the "gross enrolment rate," instead of the "average number of years in education." As far as the maximum real GDP per capita in US\$, several values were used during the previous years. For example, the 1995 Report used US\$ 5,448 (PPP), the 1996 Report US\$ 6,040, the 1997 Report US\$ 6,154 and the 1998 Report US\$ 6,311 respectively. All of these values were estimates agreed on the rounds of the International Comparative Program (1993).

The HDI computed from the 1995 to 1999 National Human Development Reports (NHDRs) for Romania, followed a different methodology than the one being used in the present NHDR 2000. Thus, HDI values reported in previous NHDRs will have different updated values in the 2000 NHDR, since it follows a new and updated methodology. For example, the GDP per capita index (PPP) in US\$ was computed using the same methodology as the previous year, but on the basis of the GDP value at purchasing power parity as resulted from the comparative round of 1996. In addition, Romania's PPP for the comparative previous years were also calculated using the new methodology using the PPP of the reference year t (i.e., 1996) applying the difference of deflation in Romania's GDP and the deflation country GDP – comparative basis (Austria) in the year t/i .

1.2 Gender Related Development Index (GDI)

The Gender Related Development Index (GDI) uses the same variables as the HDI. The difference is that GDI adjusts the average achievement of each country in life expectancy, educational attainment and income in accordance with the disparity in achievement between women and men. For this sensitive adjustment a weighting formula that expresses a moderate aversion to inequality, setting the weighting parameter, equal to 2. This is the harmonic mean of the male and female values.

The GDI also adjusts the maximum and minimum values for life expectancy, to account for the fact the women tend to live longer than men. For women the life expectancy variables are 27.5 and 87.5, while for men they stand at 22.5 and 82.5 years respectively.

Calculating the index for income is fairly complex. Values of per capita GDP in US\$ (PPP) for women and men are calculated from the female share (S_f) and male share (S_m) of earned income. These shares, in turn are estimated from the ratio of the female wage (W_f) to the male wage (W_m) and the percentage share of women (ea_f) and men (ea_m) in the economically active population. When data on the wage ration are not available, a value of 75% is used. The estimate of female and male per capita income in US\$ (PPP) are treated in the same way as income is treated in the HDI and then used to compute the equally described income index.

Female share of the wage bill $i = \frac{(W_f/W_m) \times ea_f}{[(W_f/W_m) \times ea_f] + ea_m} \times Sf$

It is now assumed that the total GDP in US\$ (PPP) of Romania (Y) is also divided between women and men according to Sf, the total GDP in US\$ (PPP) going to women is given by (Sf x Y) and the total GDP in US\$ (PPP) to men by [Y - (Sf x Y)].

Per capita GDP in US\$ (PPP) of women is Yf $i = Sf \times Y/N_f$, where Nf is the total female population.

Per capita GDP in US\$ (PPP) of men is Ym $i = [Y - (Sf \times Y)]/N_m$, here Nm is the total male population.

Treating income the same way as in the construction of the HDI, the adjusted income for women, W(yf), is given by:

$$W(y_f) = \frac{\log y_f - \log y_{\min}}{\log y_{\max} - \log y_{\min}}$$

The adjusted income for men, W(y_m), is given by:

$$W(y_m) = \frac{\log y_m - \log y_{\min}}{\log y_{\max} - \log y_{\min}}$$

The equally distributed income index is given by:

$$\{ [\text{female population share} \times (\text{adjusted female per capita in US\$ PPP})^{-1} + [\text{male population share} \times (\text{adjusted male per capita in US\$ PPP})^{-1}] \}^{-1}$$

The Indices for life expectancy, educational attainment and income are then added together with equal weight to derive the final GDI value.

Illustration of the GDI Methodology for Romania

In determining the 1999 GDI the following steps were taken:

- The index of life expectancy at birth is computed on the basis of:

Indexed life expectancy:

- female $(73.3 - 27.5) / 60 = 0.763$
- male $(65.5 - 22.5) / 60 = 0.717$

Equally distributed life expectancy:

$$[0.511 \times 0.763^{-1} + 0.489 \times 0.717^{-1}]^{-1} = 0.740$$

- The educational attainment index is computed on the basis of two indicators: female and male adult literacy indices, and female and male gross enrolment rate (at all education levels).

Indexed adult literacy:

- female $(95.6 - 0) / (100 - 0) = 0.956$
- male $(98.7 - 0) / (100 - 0) = 0.987$

Indexed gross enrolment rate (at all education levels):

- female $(64.8 - 0) / (100 - 0) = 0.648$
- male $(63.1 - 0) / (100 - 0) = 0.631$

• Educational attainment index is a combination of adult literacy (two thirds) and gross enrolment rate (one third):

- female $(1/3 \times 0.648 + 2/3 \times 0.956) = 0.853$
- male $(1/3 \times 0.631 + 2/3 \times 0.987) = 0.868$

Equally distributed education attainment index:

$$[0.511 \times 0.853^{-1} + 0.489 \times 0.868^{-1}]^{1/1}$$

• Index of proportional income shares is computed using the definition of total salary

$$V_f = (0.785 \times 0.742) / [(0.785 \times 0.742) + 0.528] = 0.412$$

Distribution of total GDP per capita by gender is based on total population (P = 22.5 million), female population (PF = 11.5 million), male population (PM = 11.0 million) and total GDP at PPP = 6153 x P = 6153 x 22.5 million = 138460 million
 total GDP female = $V_f \times$ total GDP at PPP = 57096 million
 total GDP male = total GDP at PPP – total GDP female = 81364 million
 GDP/capita female = total GDP female/PF = 57096/11.5 million = 4969 US\$ (PPP)
 GDP/capita male = total GDP male/PM = 81364/11.0 million = 7389 US\$ at (PPP)
 Gender proportional income shares are computed using the minimum and maximum values of GDP per capita by gender:

- female: $(\log 4969 - \log 100) / (\log 40000 - \log 100) = 0.562$
- male: $(\log 7389 - \log 100) / (\log 40000 - \log 100) = 0.719$

Calculation of equally distributed income index

$$[0.511 \times 0.652^{-1} + 0.489 \times 0.718^{-1}]^{1/1} = 0.683$$

• The gender related development index (GDI) is computed as an arithmetical mean of the three indices: life expectancy, educational attainment and equally distributed income:

$$1/3 (0.740 + 0.861 + 0.683) = 0.761$$

1.3 The Gender Empowerment Measure (GEM)

The GEM uses variables constructed explicitly to measure relative empowerment of women and men in political and economic spheres of activity.

The first two variables are chosen to reflect economic participation and decision-making power; women's and men's percentage share of administration and managerial positions and their percentage shares of professional and technical jobs. These are broad, loosely defined occupational categories. Because the relevant population for each is different, a separate index for each is calculated and then both are added. The third variable, women's and men's percentage shares of parliamentary seats, is chosen to reflect political participation and decision-making power.

For all of these variables the methodology of population-weighted (1 -) averaging to derive an "equally distributed equivalent percentage" (EDEP) for both sexes taken together. Each variable is indexed by dividing the EDEP by 50%.

An income variable is used to reflect power over economic resources. It is calculated in the same way as for the GDI except that unadjusted rather than adjusted GDP per capita is used.

The three indices, for economic participation and decision-making, political participation and decision making and power over economic resources are added together to derive the final GEM.

Illustration of the GDI Methodology for Romania

- The participation in political (parliamentary) decision making is computed using parliamentary representation by gender (5.6% female and 94.4% male). Indexing the variables leads to the following:

$$(0.489 \times 94.4^{1-} + 0.511 \times 5.6^{1-})^{1/1} = 10.37 \text{ (EDEP \%)}$$

$$\text{The political decision making index: } 10.37 / 50 = 0.207$$

- The economic decision making index is computed on the basis of the percentage shares of administrative and managerial position (24.2% female and 75.8% male) and the percentage shares in professional and technical jobs (49.7%female and 50.3%male). The two variables were indexed as it follows:

Computing EDEP for administrative and managerial positions in the public administration and in the social-economic units:

$$(0.489 \times 75.8^{1-} + 0.511 \times 24.2^{1-})^{1/1} = 36.28$$

$$36.28 / 50 = 0.7255$$

Computing EDEP for specialist with intellectual and scientific occupations:

$$(0.489 \times 50.3^{1-} + 0.511 \times 49.7^{1-})^{1/1} = 49.99$$

$$49.99 / 50 = 0.9998$$

Calculation of the economic decision making index: $(0.7255 + 0.9998) / 2 = 0.863$

The index for share of earned income is computed using the percentage of women in total population (51.1%) and in the civilian active population (47.2%), the female salary versus male salary in non-agricultural sector (78.5) and unadjusted real GDP per capita (US\$ 6,153). Using the same method of calculation as for GDI, the result is the following:

GDP per capita female at PPP = US\$ 4,969
 GDP per capita male at PPP = US\$ 7,389

These two values shall be used to calculate the specific indices: GDP per capita female at PPP respectively GDP per capita male at PPP.

GDP per capita female at PPP index: $(4969 - 100)/(40000 - 100) = 0.122$
 GDP per capita male at PPP index: $(7389 - 100)/(40000 - 100) = 0.183$

The equally distributed income index is computed as follows:

$$(0.489 \times 0.183^{1-} + 0.511 \times 0.122^{1-})^{1/1} = 0.146$$

• The female participation index is computed as an arithmetical mean of the three indices: political decision making participation, economic decision making participation and equally distributed income:

$$(0.207 + 0.863 + 0.146) / 3 = 0.405$$

1.4. Human Poverty Index (HPI)

The HPI measures deprivations in four dimensions of human life: longevity, knowledge, decent standard of living and social exclusion. The first deprivation is related to survival or vulnerability to death at a relatively early age. The second related knowledge or being deprived of the world of reading and communication. The third relates to a decent standard of living in terms of overall economic provisioning. And the fourth relates to non-participation or exclusion.

In constructing the HPI, the deprivation in longevity is represented by the percentage of the people not expected to survival age of 60 (P_1); education attainment deprivation is measured in the adult (aged 15 years and over) population who are functional illiterate as defined by the OECD (P_2); the deprivation from a decent standard of living is the share of population living below the income poverty line, set at 60% of the median disposable household income (P_3); and the fourth deprivation is non-participation or exclusion, measured by the rate of long-term (12 months of more unemployment of the labor force (P_4).

The poverty index is determined as follows:

$$HPI = [1/4 (P_1^3 + P_2^3 + P_3^3 + P_4^3)]^{1/3}$$

2. Sources of Data

Throughout the Report and the Statistical Annex various indicators are used. These are meant to reflect the multiple aspects of human development in Romania. The National Institute of Statistics and Economic Studies has made most of the data for these indicators available to UNDP. The Ministry of Finance, Ministry of Health, Ministry of Education, Ministry of Labor and Social Protection, Ministry of Justice and other Government bodies also made data available. Data answering to the objectives of human development meet both national and regional requirements.

3. Selected Definitions of Statistical and Human Development Terms

Abortion rate , the average number of abortions per woman during their reproductive life, at the current incidence of abortion

Adult literacy rate , percentage of people aged 15 and over having attended or graduated school or able to write and read without having graduated from school

Average caloric intake , computed on the basis of daily average food consumption per physical person

Average schooling rate , average number of school years among people aged 15 years and over

Civilian occupied population , persons that have an income generative occupation within one of the national economic sectors, being employed in an economic or social activity on the basis of labor contract or self employed, in order to earn income such as wages, payment in kind etc (excludes the armed forces)

Demographic dependence , the relation between population defined as dependent (under 15 years and over 65 years)

Discouraged population , inactive persons, available to work in the next 15 days who declared they were searching for a job but in the last 4 weeks, failed to obtain a job for the following reasons:

- they were not aware of the vacancies or failed to find relevant information
- they felt professionally unfit to work
- they did not believe they stood any chances to find a job due to their age, or had already failed to find a job

Dwelling, constructive unit formed of one or more rooms for living, commonly provided with annexes, functionally independent, with separate access used, in principle, by one household.

Economically active population , persons fit to work and who constitute available labor force that produces economic goods and services (during the reference period) in the national economy. It includes both the active occupied population and the unemployed.

Economically inactive population , persons indifferent of their age, which do not carry out an economic-social activity and that find themselves in one of the following situations: pensioners, household persons, maintained by the state or by other persons or who maintain themselves using other source of income other than work (rent, interest etc.)

Economic dependence , inactive and unoccupied population (unemployed) per 1000 active occupied persons

Enrolment rate , percentage of pupils enrolled at a certain education level whether or not they belong in the relevant age group for that level, as a percentage of the population in the relevant age group for that level

Fertility rate , the average number of children that would be born by a woman during their reproductive life, at the current incidence of fertility

Gender disparities , a set of estimates where all female related data, is expressed as a share in the relevant male related data, considered at a level of 100

Gross domestic product (GDP) , the main synthetic indicator of the National Accounts System that measures the final results of the resident goods and services producers

Gross domestic product per capita at purchasing power parity , using official exchange rates to convert national currency into US\$ cannot measure the relative internal purchasing power of the currency. GDPper capita in US\$ is therefore calculated on the basis of purchasing power parity (PPP) as converting factor; the PPPis the result of 1996 comparison work within the European Comparison Program.

Gross disposable household income , includes the gross surplus of household operational income as well as net income resulting from the redistribution process

Higher education , third level of education (International Standard Classification of Education -- ISCED levels 5, 6 and 7) where the minimum admission requirement is successful completion of secondary education

Household , the group of two or more persons usually related that live together and share the housekeeping related responsibilities. People living together and doing the housekeeping by their own are considered households of one person. In defining the types of households by activity, the professional status of the declared head of the household was taken into account

Infant mortality rate , number of deaths of infants under the age of 1 per 1000 live births

ILO unemployed definition ,¹ persons aged 15 years and over whom, during the period of reference, fulfil all of the following conditions:

- do not have a job and do carry out no income generative activity
- are searching for a job and, in the last week have resorted to various search methods
- are available to start work within 15 days, if a job opportunity appears

Labor resources occupation rate , represents the ratio between occupied civilian population and total labor resources

Labor replacement rate , population under the age of 15 years in relation to a third of the population aged between 15 and 59 years

Labor participation rate , of the working age population (15-64 years) – working age activity in relation to the total working age population

Labor resources , the segment of the population holding the physical and intellectual capacity to accomplish a useful activity within the national economy. This includes the working age population as well as economically active persons below and over the working age

Life expectancy at birth , the number of years a newborn would live if the present mortality pattern remained the same

Maternal mortality rate , number of deaths among women due to pregnancy-related causes per 100,000 live births

Natural growth , number of live births minus number of deceased

Occupied population , persons aged 15 years and over who for minimum of 1 hour² during the period of reference, carry out an economic or social activity producing goods or services in order to earn income such as wages, payments in kind or other benefits

Population with access to installations and utilities , persons within households who live in dwellings provided by public or private installations and utilities (in their homes or in the building they occupy)

¹According to the criteria set by the International Labour Office

²Minimum 15 hours for self employed and unpaid family workers in agriculture

Pre-school education , the first stage of organized education corresponding to level 0 of the International Standard Classification of Education (ISCED)

Primary education , education at first level (ISCED level 1), its main function being to provide basic elements of education

Registered unemployed , persons 18 years of age and over, fit to work which cannot be employed due to the lack of available jobs (Law no.1/1991, republished in 1994) and who are registered with the labor force and unemployment offices

Rural-urban disparities – a set of estimates where all rural are expressed as share in the relevant urban data, considered at a level of reference of 100

Secondary education , second education level, based on minimum four years of previous training and consisting of: gymnasium (ISCED level 2) and the second cycle (ISCED level 3); it provides general and/or specialized education

Support allowance beneficiaries , former beneficiaries of unemployment benefit who, lacking means of living receive financial support (support allowance) until re-employment, but no longer than 18 months since the termination of the legally established period for the unemployment benefit

Total household consumer expenditure , includes all expenditure with consumed food and non-food products, those for the services and counter-value of consumption of own produced food and non-food products

Total nominal household income , includes financial and income in kind consisting of:

- counter-value of consumption of own produced food and non-food products (from production, stocks, labor, gifts etc.)
- counter-value of goods and services that are free of charge or at discount price, from public or private enterprises (excluding the wages rights in kind)

Under-occupied population , persons who have a place to work (are occupied), but who independent of their will, worked less than normal working hours and are in search of full time activity or additional activity or are available within 15 days for such an activity

Unemployment assistance beneficiaries , persons whose labor contract has been terminated by the employer on grounds other than related to the respective person or at person's request, provided that by reintegration they don't interrupt their work experience; short time employees, graduates who, within the first post graduation year were employed but did not benefit by full specific professional integration assistance; other people who, by law, qualify for unemployment benefit

Unemployed benefiting from financial support , persons registered with the territorial occupation and professional formation agencies (registered unemployed) receiving unemployment benefit, integration allowance or support allowance

Unemployed who do not benefit from financial support , persons registered with the territorial occupation and professional formation agencies who do not benefit from unemployment benefit or support allowance

Unemployment rate , the ratio between unemployed and active population (unemployed plus occupied population)



Statistical Annex

Statistical Annex Human Development Indicators at National Level

Table 1. Human Development Index (HDI)

	1995	1996	1997	1998	1999
Gross Domestic Product (GDP) per inhabitant:ROL, current prices USD at purchase power parity *)	3180444	4817827	11218246	16365103	23231587
Adult literacy rate (%)	96.9	97.0	97.0	97.1	97.2
Gross enrolment rate at all education levels (%)	61.6	62.0	62.9	63.9	64.9
Life expectancy at birth (years)	69.4	69.1	69.0	69.2	69.7
Index- GDP	0.686	0.699	0.695	0.688	0.683
- education	0.85	10.853	0.856	0.860	0.864
- life expectancy	0.740	0.735	0.733	0.737	0.745
Human Development Index (HDI)	0.759	0.762	0.761	0.762	0.764

Table 2. Gender-related development index (HDI)

	1995	1996	1997	1998	1999
Life expectancy at birth (years):	69.4	69.1	69.0	69.2	69.7
Women	73.4	73.1	73.0	73.3	73.7
Men	65.7	65.3	65.2	65.5	66.1
Adult literacy rate (%)	96.9	97.0	97.0	97.1	97.2
Women	95.4	95.5	95.6	95.6	95.7
Men	98.7	98.7	98.7	98.7	98.7
Gross enrolment rate at all education level (%)	61.6	62.0	62.9	63.9	64.9
Women	61.9	62.5	63.5	64.8	65.9
Men	61.3	61.6	62.3	63.1	64.0
Gross Domestic Product (GDP) per inhabitant USD at purchase power parity					
Women	4854	5399	4946	4969	
Men	7385	7839	7959	7389	
Gender-related development index (HDI)	0.758	0.762	0.760	0.761	...

Table 3. Index of women's participation in social life

	1995	1996	1997	1998	1999
Parliamentary participation (%)	4.0	5.3	5.3	5.6	5.6
Leaders and higher rank civil servants in public administration and economic and social organisations ¹⁾ (%)	28.2	29.1	26.0	24.2	26.3
Intellectual and scientific occupations ¹⁾ (%)	46.2	49.9	49.7	49.7	49.5
Women's share of the total population ¹⁾ (%)	51.0	51.0	51.0	51.1	51.1
Women's share of the civilian active population ²⁾ (%)	46.3	47.0	46.5	47.2	...
Women's average income versus average salary earning in the non-agricultural sectors (%)	79.2	80.8	74.5	78.5	81.9
- GDP per inhabitant, in USD	6095	6595	6422	6153	6000
Index of women's participation within the social life	0.397	0.421	0.409	0.405	...

*) Estimated on the basis of the results of the 1996 European Comparison Programme

¹⁾Source: Labor Force Survey in Households (AMIGO) - March 1994, 1995, quarters IV 1996, 1997, 1998, 1999.

²⁾Data result from the workforce balance

NATIONAL HUMAN DEVELOPMENT REPORT

Table 4. Profile of Human Development

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Life expectancy at birth (years)	69.6	69.8	69.8	69.5	69.5	69.4	69.1	69.0	69.2	69.7
Population per doctor	555	551	536	565	567	565	552	546 ¹⁾	530 ¹⁾	486 ¹⁾
Average Daily Consumption ²⁾ per Inhabitant										
- calories	3053	2846	2771	2972	2886	2933	2953	2933	2959	...
- proteins	98.8	92.9	90.1	96.3	95.1	95.9	94.7	95.8	97.5	...
Gross enrolment rate at all levels of education (%)	62.4	58.5	60.3	60.4	61.3	61.6	62.0	62.9	63.9	64.9
Gross enrolment rate in higher education (%)	10.6	12.5	20.2	22.7	22.7	20.9	22.2 ³⁾	22.7 ³⁾	25.4 ³⁾	28.0 ³⁾
Employees in Research & Development										
- total staff	78270	81423	77155	75648	65422	64138	62297	57714	57125	...
- researchers	36082	37512	36630	39582	35335	35094	31783	30663	30723	...
researchers per 1000 inhabitants	1.55	1.62	1.61	1.74	1.55	1.55	1.41	1.36	1.37	...
TV sets per 1000 inhabitants	190.9	195.9	200.4	201.6	201.8	224.7	231.6	233.7	247.8	...
GDP per inhabitant										
- USD. at purchase power parity	5706	5087	5068	5259	5628	6095	6595	6422	6153	6000

1) Including private sector.

2) Data concerning daily average consume per inhabitant, expressed in calories and proteins has been calculated for 1990-1995, according with the methodology of calculating food balance

3) Including post-secondary and foremen schools

Table 5. Human Development Related Deprivation

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Children aged 7-14 not attending school (%)	8.9	9.5	9.3	8.7	8.1	6.7	5.6	5.0	3.0	3.2
Illiterate adult proportion (%)	-	-	3.3	3.3	3.2	3.1	3.0	3.0	3.0	3.0
Mortality										
- infant (per 1000 live birth)	26.9	22.7	23.3	23.3	23.9	21.2	22.3	22.0	20.5	18.6
- aged 0-4 per 1000 inhabitants	6.2	4.9	5.1	5.2	5.5	5.0	5.3	5.3	5.0	4.6
- maternal (per 100000 live birth)	83.6	66.5	60.3	53.2	60.4	47.8	41.1	41.4	40.5	41.8
Proportion of underweight live births (%)	7.1	7.9	8.2	10.9	8.6	8.8	8.9	9.2	9.0	8.7
Registered unemployed ¹⁾										
Number of unemployed	-	337440	929019	1164705	1223925	998432	657564	881435	1025056	1130296
Unemployment rate (%)	-	3.0	8.2	10.4	10.9	9.5	6.6	8.9	10.4	11.5
Women's unemployment rate (%)	-	4.0	10.3	12.9	12.9	11.4	7.5	9.3	10.4	11.4
Women's share of the total number of unemployed (%)	-	61.8	60.6	58.9	56.6	55.2	54.1	48.6	47.3	46.9
Percentage of:										
- unemployed receiving unemployment benefits ²⁾	-	78.8	64.9	47.2	41.2	31.8	30.8	49.7	39.3	34.2
- unemployed receiving support allowances	-	-	25.8	44.3	46.1	45.8	39.4	24.7	38.1	39.5
- redundant workers receiving severance payments according to the Government Ordinance No.98/1999	-	-	-	-	-	-	-	-	-	3.4
Percentage of unemployed not receiving unemployment benefits (%)	-	21.2	9.3	8.5	12.7	22.4	29.8	25.6	22.6	22.9

1) NAET recorded unemployed by the end of the year.

2) Including the support for professional integration

R O M A N I A 2 0 0 0

Unemployed ILO ³⁾	0	1995	1996	1997	1998	1999
Number of unemployed	971023	967924	722957	736534	773028	822007
Unemployment rate (%)	8.2	8.0	6.2	6.4	6.8	7.2
Rate of women's unemployment (%)	8.7	8.6	6.9	6.5	6.5	6.7
Weight of young unemployed (age under 25) in total (%)	45.8	43.8	50.3	46.1	44.6	38.9
Weight of unemployed women in total (%)	49.7	49.6	50.4	46.3	42.8	42.0

Inflation	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Average annual rate of inflation (%)	5.1	170.2	210.4	256.1	136.7	32.3	38.8	154.8	59.1	45.8

³⁾Source: Labour Force Survey in Households (AMIGO), March 1994 and 1995, quarters IV 1996, 1997, 1998, 1999

Table 6. Health

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Mortality rate (per 100,000 inhabitants) by cause:										
- circulatory diseases	627.0	658.2	707.7	712.3	709.9	736.1	786.0	761.5	738.6	737.0
- tumors	142.1	144.7	153.0	158.9	162.2	165.5	170.3	173.6	174.6	177.0
- respiratory diseases	97.3	91.3	94.0	79.7	80.6	75.8	86.2	77.6	70.8	74.0
Infant mortality rate (per 1000 live births)	26.9	22.7	23.3	23.3	23.9	21.2	22.3	22.0	20.5	18.6
Maternal mortality rate (per 1000 new-born)	83.6	66.5	60.3	53.2	60.4	47.8	41.1	41.4	40.5	41.8
Percentage of persons aged 5 and above who stand no chance to live to the age of 60	18.0	18.1	18.3	19.1	19.7	20.2	20.9	21.1	20.9	18.8
New cases of infections and parasitic diseases ¹⁾ (per 100,000 inhabitants):	2839.7	2717.3	2870.6	3172.9	3713.0	3728.6	3038.9	3163.6	3403.6	...
- of which: TB	64.6	61.6	73.4	82.5	87.3	95.0	98.6	95.8	101.2	104.1
AIDS cases (per 100,000 inhabitants)	5.0	7.4	9.8	11.6	13.8	16.4	19.7	22.8	25.5	27.1
- of which: children	4.7	6.9	9.2	10.8	12.8	15.0	17.7	20.4	22.4	23.5
Population per doctor	555	551	536	565	567	565	552	546 ²⁾	530 ²⁾	486 ²⁾
Population per medical assistant	176	184	183	186	175	177	177	185 ²⁾	183 ²⁾	189 ²⁾
Hospital beds (per 1000 inhabitants)	8.9	8.9	7.9	7.9	7.7	7.6	7.6	7.4 ²⁾	7.3 ²⁾	7.3 ²⁾
Medical examination per capita in local health clinics	2.8	2.5	2.7	2.7	2.7	2.6	2.7	2.5	2.3	2.2
Number of private health centers:										
- medical centers, total	-	...	...	1979	1917	2650	3347	3636	3637	3820
- dental centers	-	...	...	1755	1946	2422	2761	3033	2973	3405
- laboratories ³⁾	-	706	930	1122	1241	1337	1510
- pharmacies	-	...	...	2096	2247	2648	3028	3284	3605	3859
Public expenditure on health share of GDP (%)	2.9	3.3	3.3	2.7	3.1	2.9	2.8	2.6	3.1	3.9
Annual average consumption ⁴⁾ of alcohol (liters per capita)	7.6	8.0	9.0	8.6	8.7	9.0	8.9	9.3	8.1	...

¹⁾In local health clinics.

²⁾Including private and joint sectors.

³⁾Medical and dentistry.

⁴⁾Consumption supply in alcohol equivalent 100%

NATIONAL HUMAN DEVELOPMENT REPORT

Table 7. Education

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Gross enrolment rate (%) in:										
- primary education	90.8	92.4	93.8	96.9	99.7	99.5	99.1	97.5	99.8	100.0
- gymnasium	91.4	88.9	86.1	86.5	84.3	86.7	86.4	92.3	94.3	93.9
- secondary education ²⁾	90.7	76.1	65.7	63.7	66.1	68.6	69.1	68.6	67.8	69.4
- higher education	10.6	12.5	20.2	22.7	22.7	20.9	22.2 ¹⁾	22.7 ¹⁾	25.4 ¹⁾	28.0 ¹⁾
Enrollment rates in pre-school education (%)	54.5	51.9	53.3	50.2	55.2	58.4	60.4	62.8	64.2	65.2
Rate of continuation into secondary education (%)	-	-	88.4	98.0	93.6	94.6	93.5	95.4	95.9	92.5
Number of pupils and students per:										
- 100 persons aged 6-23	62.4	58.5	60.3	60.4	61.3	61.6	62.0	62.9	63.9	64.9
- 1000 inhabitants	185.9	175.3	175.4	174.4	175.7	176.6	178.1	178.2	178.0	176.4
Number of pupils and/or students per teaching staff in:										
- primary education	18	17	16	16	15	15	15	15	15	15
- gymnasium	21	20	20	20	21	20	20	19	19	19
- secondary education	14	14	13	12	11	11	11	12	12	13
- higher education	24	19	17	16	15	15	15	14	13	13
	15	15	19	20	19	16	16 ¹⁾	16 ¹⁾	17 ¹⁾	19 ¹⁾
Pupils in secondary technical education as share in the total enrolment in high schools / vocational schools (%)	84.8	75.5	70.3	67.3	67.3	67.5	68.3	67.8	67.4	62.3
Students in technical universities (including Chemistry, Mathematics and Physics) as share in the total number of students (%)	62.5	57.5	37.0	30.9	27.4	28.1	27.0	27.4	27.6	27.2
Students in private universities as share in the total number of students (%)	-	-	26.5	30.7	31.0	25.4	26.4	30.7	31.9	28.8
Pupils enrolled in special education for children with disabilities										
- total	42502	43616	45007	46816	49608	52139	52503	52433	52430	50785
- in primary education and gymnasium	29652	30365	31670	33085	35358	36362	36704	36953	37423	36729
Pupils enrolled in primary and secondary education with teaching language other than Romanian (%):5.0	4.6	4.6	4.6	4.6	4.5	4.3	4.3	4.4	4.3	4.4
- of which: Hungarian language	4.6	4.6	4.6	4.6	4.5	4.3	4.3	4.4	4.3	4.4
Public expenditure on education, share of GDP (%)	3.0	3.6	3.6	3.2	3.1	3.4	3.6	3.3	3.3	3.2
Expenditure on higher education as share of total public expenditure on education (%)	8.8	12.0	12.5	11.7	14.0	14.2	17.8	15.9	19.0	16.7

¹⁾Including post-high and foremen education.

Table 8. Violence and crime

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Prisoners										
- total	37112	60883	69143	83247	95795	101705	104029	111926	106221	87576
- per 100,000 inhabitants	160	263	303	366	421	448	460	496	472	390
Proportion of the total number of prisoners of (%):										
- women	11.5	10.7	10.3	10.7	12.2	10.9	10.6	10.9	10.9	10.4
- minors	5.3	6.2	6.6	8.3	9.5	9.6	10.0	10.5	10.5	10.0
- repeat offenders	5.6	5.7	5.7	6.1	7.8	9.5	10.5	10.7	12.7	13.8
Number of inmates in prisons and juvenile institutions										
- total	27519	22799	25515	23899	23411	25714	23419	27256	38095	38818
- per 100,000 inhabitants	119	98	112	105	103	113	104	121	169	173
Homicide cases (per 100,000 inhabitants)	4	6	7	5	6	6	6	7	6	6
Rape cases (per 100,000 women)	7	11	11	8	7	9	8	9	7	6
Theft and robbery (per 100,000 inhabitants)	78	123	158	175	211	227	220	229	210	164
Economic crime (per 100,000 inhabitants)	2	1	1	1	2	1	1	1	1	¹⁾
Suicide cases (per 100,000 inhabitants)	9.0	9.3	11.6	12.2	12.7	12.3	12.5	12.7	12.6	12.2
- of which women	4.7	4.5	4.9	5.0	5.1	4.6	4.3	4.2	4.2	4.4

¹⁾Under 0,5.

Table 9. Employment ^{*)}

	1990	1991	1992	1993	1994	1995	1996	1997	1998
Occupied civilian population (thousands)	10839.5	10785.8	10458.0	10062.0	10011.6	9493.0	9379.0	9022.7	8812.6
- of which women	5001.3	5059.0	4887.8	4646.7	4669.5	4303.9	4357.4	4178.3	4163.2
Occupied civilian population in the private sector (%)	9.2	33.6	41.0	43.8	49.2	50.7	51.5	57.5	61.8
Occupied civilian population (%) in:									
- agriculture, total	29.1	29.8	33.0	36.0	36.5	34.5	35.5	37.6	38.1
of which, private sector	23.3	80.4	85.2	86.7	89.2	89.7	90.5	93.3	94.2
- industry, total	43.5	39.9	37.1	35.8	34.4	33.6	34.3	32.0	30.7
of which, private sector	1.6	5.8	11.3	14.3	21.0	26.2	27.6	35.3	42.4
- services	27.4	30.3	29.9	28.2	29.1	31.9	30.2	30.4	31.2
of which, private sector	6.2	24.1	29.0	26.3	32.2	34.5	32.9	36.5	41.4
Occupied civilian population in public services (%):									
- health	3.0	2.9	2.9	3.1	3.3	3.5	3.6	3.5	3.6
- education	3.8	4.0	4.1	4.3	4.4	4.6	4.7	4.7	4.8
- public administration	0.8	0.9	1.1	1.2	1.3	1.4	1.3	1.4	1.5
Number of employees (thousand persons)	8142.2	7483.5	6627.4	6385.3	6200.6	6047.7	5893.9	5399.1	5181.6
Employees as share of the total occupied civilian population (%)	75.1	69.4	63.4	63.5	61.9	63.7	62.8	59.8	58.8
Employees in private sector as share in the total occupied civilian population in the private sector (%)	5.4	8.8	10.6	16.5	22.6	28.4	27.8	30.1	33.3
Female employees as share in the total number of employees (%)	41.7	42.8	42.3	42.0	42.8	43.6	44.1	44.4	45.8
Economic dependence ratio (%)	1139.6	1114.9	1178.1	1260.8	1268.6	1386.6	1407.7	1496.6	1551.9
Labour force occupation ratio (%)	82.0	82.5	79.6	76.1	75.6	71.5	70.1	67.3	66.0
Labour force replacement ratio (%)	116.3	113.0	110.1	106.3	102.8	98.9	95.7	93.1	89.8
Real wage index (1990=100)	100.0	81.7	71.3	59.4	59.4	66.5	72.7	56.3	58.2
Expenditure for active employment measures, % of the unemployment fund expenditure	-	2.8	1.5	1.1	1.4	14.8	11.2	2.2	2.7

^{*)}Under 0.5.

Table 10. Participation in the labour force

	1994	1995	1996	1997	1998	1999
Active population ¹⁾ in total population	52.2	53.4	51.4	51.4	50.2	50.6
- women	47.3	48.5	45.6	45.9	44.5	45.2
Labor participation rate among the active population (age 15-64) (%)	69.7 ²⁾	71.1 ²⁾	70.1	69.4	67.6	67.6
- women	63.1 ²⁾	64.7 ²⁾	62.7	62.2	60.1	60.4
Participation rate among young population (age 15-24) (%)	48.7 ²⁾	49.3 ²⁾	49.4	47.0	44.2	42.6
- women	41.7 ²⁾	42.8 ²⁾	42.6	40.7	37.6	34.9
Participation rate among the aged (over 50) (%)	47.1	50.5	46.1	47.4	45.6	46.9
- women	40.9	44.7	38.9	40.6	38.5	40.4
Structure of active population by professional status ³⁾ of which:						
- employees	62.9	60.6	61.7	59.8	59.4	58.0
- employers	1.2	1.3	1.2	1.3	1.2	1.0
- self-employed	17.1	20.7	18.6	19.3	19.9	21.0
- non-paid family worker	14.0	13.4	15.0	16.4	16.4	17.1

¹⁾Information not available for 1999.

²⁾Active population includes occupied population and unemployed. Source: Labour force survey in households (AMIGO), March 1994 and 1995, 4th quarter of 1996, 1997, 1998, 1999.

³⁾Minimum age is 14 years.

³⁾Classification of the unemployed was based on their professional status as the last working place.

NATIONAL HUMAN DEVELOPMENT REPORT

Table 11. Unemployment

	1991	1992	1993	1994	1995	1996	1997	1998	1999
Registered unemployed ¹⁾									
Number of unemployed	337440	929019	1164705	1223925	998432	657564	881435	1025056	1130296
Unemployment rate (%)									
- total	3.0	8.2	10.4	10.9	9.5	6.6	8.9	10.4	11.5
- men	2.2	6.2	8.1	9.0	7.9	5.7	8.5	10.4	11.6
- women	4.0	10.3	12.9	12.9	11.4	7.5	9.3	10.4	11.4
Unemployed service beneficiaries as share of total registered unemployed (%):									
- beneficiaries of unemployment benefit ²⁾	78.8	64.9	47.2	41.2	31.8	30.8	49.7	39.3	34.2
- beneficiaries of support allowance	-	25.8	44.3	46.1	45.8	39.4	24.7	38.1	39.5
- beneficiaries of compensatory payments under GO NR. 98/1999	-	-	-	-	-	-	-	-	3.4
Expenditure with unemployment services. % in overall budget expenditure	0.8	1.8	2.5	2.6	2.3	1.7	3.5	3.8	3.7
Average unemployment benefit to net average earning ratio (%)	42.9	29.6	28.0	35.8	30.2	29.6	39.3	32.4	36.7 ³⁾
Numb. of unemployed undergoing retraining	10460	37432	49470	25478	22794	20409	23575	27157	30559

¹⁾Unemployed registered with labour Force and Unemployment Offices, at the end of the year.

²⁾Including benefits for integration into the labour force.

³⁾According to criteria of the International labour Organisation.

124

	1994	1995	1996	1997	1998	1999
Unemployed ILO ³⁾						
Number of unemployed	971023	967924	722957	736534	773028	822007
Unemployment rate (%)						
- total	8.2	8.0	6.2	6.4	6.8	7.2
- men	7.7	7.5	5.6	6.3	7.1	7.7
- women	8.7	8.6	6.9	6.5	6.5	6.7
Unemployment rate among young people (age 15 - 24) (%)						
- total	22.5	20.6	19.4	19.0	20.8	20.4
- men	20.2	18.8	16.6	17.3	20.1	20.2
- women	25.7	23.1	23.1	21.4	21.7	20.6
Incidence of long term unemployment (as share in total unemployed) (%):						
- 6 month and over	58.8	70.4	64.7	59.2	62.0	59.3
- men	53.0	69.6	62.9	54.1	63.3	58.0
- women	64.6	71.1	66.4	65.2	60.2	61.1
- 12 months and over	45.3	47.0	50.2	46.7	46.3	43.8
- men	39.6	46.2	48.0	41.4	46.5	41.6
- women	51.0	47.9	52.3	52.9	45.9	46.8
- 24 months and over	22.9	26.0	29.9	24.8	24.4	21.4
- men	18.9	25.8	28.8	22.5	24.8	20.0
- women	27.1	26.2	31.1	27.5	23.8	23.5
Under-occupied⁴⁾ people in active population (%)						
- women	2,8	2,9	3,1	2,1	2,1	0,2
Discouraged people in active population (%)	4,1	2,3	2,3	2,4	2,8	3,0
- women	5,6	3,3	3,0	2,7	3,3	3,9

³⁾According to criteria of the International labour Organisation.

⁴⁾The scope of active population was changed since 1999 according to ILO standard definitions.

Table 12. Demographic profile

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Total population on 1 st July (thousands persons)	23206.7	23185.1	22789.0	22755.3	22730.6	22681.0	22607.6	22545.9	22502.8	22458.0
Annual population growth rate (%)	0.24	-0.09	-1.71	-0.15	-0.11	-0.22	-0.32	-0.27	-0.19	-0.20
Birth rate (per 1000 inhabitants)	13.6	11.9	11.4	11.0	10.9	10.4	10.2	10.5	10.5	10.4
Mortality rate (per 1000 inhabitants)	10.6	10.9	11.6	11.6	11.7	12.0	12.7	12.4	12.0	11.8
Natural growth rate (per 1000 inhabitants)	3.0	1.0	-0.2	-0.6	-0.8	-1.6	-2.5	-1.9	-1.5	-1.4
Marriage rate (per 1000 inhabitants)	8.3	7.9	7.7	7.1	6.8	6.8	6.7	6.5	6.5	6.2
Divorce rate (per 1000 inhabitants)	1.4	1.6	1.3	1.4	1.7	1.5	1.6	1.5	1.8	1.5
Infant mortality rate (per 1000 live births)	26.9	22.7	23.3	23.3	23.9	21.2	22.3	22.0	20.5	18.6
Total fertility rate	1.8	1.6	1.5	1.4	1.4	1.3	1.3	1.3	1.3	1.3
Total abortion rate	6.08	5.29	4.35	3.61	3.24	3.04	2.73	2.08	1.61	1.52
Number of abortions per live births	3.15	3.15	2.66	2.34	2.15	2.12	1.97	1.47	1.14	1.11
Proportion of population aged 0-15 (%)	25.3	24.7	24.2	23.5	22.8	22.2	21.5	20.9	20.5	18.8
Proportion of population aged 65 and above (%)	10.4	10.7	11.1	11.4	11.7	12.0	12.2	12.6	12.8	13.0
Demographic dependence ratio (%)	51.4	50.8	50.4	49.6	48.8	48.1	47.4	47.0	46.9	46.6
Internal migration, departures (thousands people)										
- total	786.5	262.9	293.2	240.2	266.7	289.5	292.9	302.6	276.2	275.7
- urban	170.4	79.7	111.5	96.1	117.4	135.8	148.9	156.6	150.5	157.8
- rural	616.1	183.2	181.7	144.1	149.4	153.7	144.0	146.0	125.7	117.9
Departure rate (per 1000 inhabitants)	33.9	11.3	12.9	10.6	11.7	12.8	13.0	13.4	12.3	12.3
Number of emigrants (thousands persons)	96.9	44.2	31.2	18.4	17.1	25.7	21.5	19.9	17.5	12.6
Proportion of population aged 26-40 in the total number of emigrants (%)	26.4	24.6	32.7	30.8	34.4	42.4	38.8	40.6	30.7	33.7
					1960		1995		2000	
Population (thousand people) (on 1 January)					18403.4		22681.0		22455.5	
					1960 - 1995		1995 - 2000			
Average annual population growth (%)					1.4		-0.3			

Table 13. Women and capabilities

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Female life expectancy (years)	72.7	73.1	73.2	73.2	73.3	73.4	73.1	73.0	73.3	73.7
- 1970=100	104.5	105.1	105.3	105.3	105.5	105.5	105.2	105.0	105.5	100.3
Total fertility rate:										
- level	1.8	1.6	1.5	1.4	1.4	1.3	1.3	1.3	1.3	1.3
- 1970=100	63.4	54.1	52.4	49.7	48.6	46.2	44.8	45.6	45.4	44.9
Maternal mortality rate (per 100000 new born)	83.6	66.5	60.3	53.2	60.4	47.8	41.1	41.4	40.5	41.8
Gross enrolment rate (%) in										
- primary school	90.5	91.8	91.7	88.6	91.1	91.3	92.1	96.6	98.8	99.0
- secondary school	90.8	82.9	77.9	70.5	71.2	72.9	73.8	80.0	81.4	82.6
Trends in gross enrolment rate 1980=100 (%)										
- primary school	93.2	93.6	93.5	90.3	92.9	93.1	93.9	98.5	100.7	100.9
- secondary school	87.0	79.5	74.7	67.6	68.3	69.9	70.7	76.7	78.0	79.2
Female students per 100000 women										
- number	774	843	950	1006	1039	1463	1534	1566	1811	2044
- 1980=100	106.0	115.5	130.1	137.8	142.3	200.4	210.1	214.5	248.1	280.1
Proportion of illiterate adult women (%)	...	...	5.0	5.0	4.8	4.7	4.6	4.6	4.5	4.3

NATIONAL HUMAN DEVELOPMENT REPORT

Table 14. **Participation of women in the economic life**

	1990	1991	1992	1993	1994	1995	1996	1997	1998
Proportion of women in:									
- civilian occupied population	46.1	46.9	46.7	46.2	46.6	45.3	46.5	46.3	47.2
- active population	46.1	47.4	47.9	47.5	47.7	46.3	47.0	46.5	47.3
Women in the total number of employees:	41.7	42.8	42.3	42.0	42.8	43.6	44.1	44.4	45.8
- workers	38.7	36.7	37.3	36.4	37.0	37.7	37.9	38.6	39.1
Women in the total civilian occupied population in sectors such as:									
- agriculture	55.7	54.3	54.5	52.8	52.8	49.5	52.0	51.2	51.3
- industry	43.2	43.0	41.7	41.4	41.2	41.1	41.3	40.8	41.8
- trade	58.8	57.2	54.9	51.8	54.0	53.4	53.4	52.7	51.9
- financial, banking and insurance services	65.4	72.1	66.9	67.7	68.9	69.6	66.5	69.8	70.1
- education	67.1	67.6	67.0	66.4	65.5	67.0	66.8	61.7	66.9
- health and social assistance	72.9	72.8	74.1	73.7	73.6	74.7	75.6	75.3	76.1

	1994	1995	1996	1997	1998	1999
Women in the total occupied population ¹⁾						
Women in the total occupied population by professional status:						
- employees	41.1	40.5	41.8	42.3	42.9	43.8
- employers	24.8	27.4	23.3	21.5	25.6	19.1
- self-employed	41.7	43.1	35.8	34.8	33.1	32.0
- unpaid family workers	73.4	74.8	70.6	71.6	71.0	71.2
- members of agricultural firms or co-operatives	55.9	46.2	40.0	38.7	27.4	34.9
Women in the total occupied population by groups of occupations:						
- high officials and managers	26.8	28.2	29.1	26.0	24.2	24.6
- intellectual based occupations and scientists	46.1	46.2	49.9	49.7	49.7	49.9
- technicians, foremen and assimilated	59.9	60.2	59.3	61.6	60.8	62.9
- civil servants	75.6	74.9	75.6	71.9	72.5	73.7
- services and trade staff	75.7	71.8	72.4	74.5	73.4	72.9
- farmers and qualified agricultural, forestry and fishery workers	56.6	56.1	53.1	53.3	51.9	51.5
- trades-people and skilled craftspeople, machinery and installation maintenance staff	29.9	27.9	27.2	26.9	27.6	27.3
- other	27.0	26.3	26.8	26.7	28.8	27.8

¹⁾Source: Labour force survey in households (AMIGO), March 1994 and 1995, 4th quarter of 1996, 1997, 1998, 1999.

Table 15. Gender disparities

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Life expectancy at birth (years)										
- women	72.7	73.1	73.2	73.2	73.3	73.4	73.1	73.0	73.3	73.7
- men	66.6	66.6	66.6	66.1	65.9	65.7	65.3	65.2	65.5	66.1
Gross enrolment rate in secondary education ¹⁾ (%)										
- women	89.7	76.5	67.2	65.6	67.9	70.0	69.3	69.7	69.0	70.8
- men	91.6	75.8	64.4	61.8	64.4	67.3	68.9	67.5	66.6	68.0
Gross enrolment rate in higher education (%)										
- women	9.9	11.6	20.2	22.9	23.3	21.6	23.4 ²⁾	24.4 ²⁾	27.9 ²⁾	30.8 ²⁾
- men	11.2	13.4	20.3	22.5	22.2	20.3	21.1 ²⁾	21.0 ²⁾	23.1 ²⁾	25.2 ²⁾
Occupation rate for labour resources (%)										
- women	79.0	81.0	77.5	72.8	73.0	67.1	67.1	63.3	63.5	...
- men	84.8	83.8	81.5	79.1	78.1	75.6	73.0	71.2	68.5	...
Employees as share in the active population (%)										
- women	67.9	60.7	51.5	50.3	49.5	54.3	55.1	52.0	51.0	...
- men	81.3	73.2	64.4	62.8	60.4	60.5	61.9	56.7	54.1	...
					1994	1995	1996	1997	1998	1999
Unemployment rate ³⁾ (%)										
- women					8.7	8.6	6.9	6.5	6.5	6.7
- men					7.7	7.5	5.6	6.3	7.1	7.7
Unemployment rate among young people (15-24) (%)										
- women					25.7	23.1	23.1	21.4	21.7	20.6
- men					20.2	18.8	16.6	17.3	20.1	20.2
Incidence of long term unemployment (over 12 months) (%)										
- women					51.0	47.9	52.3	52.9	45.9	46.8
- men					39.6	46.2	48.0	41.4	46.5	41.6
Average gross salary in October (Lei)										
- women					178938	270544	415325	853832	12318201781439	
- men					227648	342399	546315	112068615384332149957		

¹⁾Secondary, vocational, apprenticeship and re-education.

²⁾Superior (public and private) and post-secondary; foremen.

³⁾According to ILO criteria.

Table 16. Proportion of people living under the poverty threshold by total number and types of household

Types of household	Poverty threshold			
	60% of the average expenditure/person			
	1995	1996	1997	1998
Persons living in poverty in total households:				
of which in households of:	25.27	19.85	30.81	33.82
- employees	21.28	16.33	27.28	29.65
- employers	4.01	2.75	8.68	10.12
- farmers	51.88	41.03	55.07	57.36
- unemployed	54.15	46.57	60.36	59.78
- pensioners	17.80	13.97	22.62	25.61
Persons living in poverty in total households:				
of which in households made up of:	25.27	19.85	30.81	33.82
- 1 person	5.12	3.52	5.50	7.01
- 2 persons	8.10	4.84	10.90	12.87
- 3 persons	15.16	11.29	20.88	24.00
- 4 persons	22.64	17.84	30.55	35.46
- 5 persons	39.05	30.71	47.50	51.86
- 6 or more persons	58.07	50.60	66.17	68.19
Persons living in poverty in total households:				
of which households in:	25.27	19.85	30.81	33.82
- urban areas	19.01	15.27	25.41	28.21
- rural areas	32.75	25.32	37.28	40.53

NATIONAL HUMAN DEVELOPMENT REPORT

Table 17. Structure of people living in poverty in 1998

- % -

	Poverty threshold	
	60% of average expenditure per adult	
	1997	1998
Total people living in poverty	100.0	100.0
of which in households of:		
- employees	42.2	39.0
- employers	0.2	0.2
- farmers	16.3	16.2
- unemployed	9.7	11.1
- pensioners	24.3	25.9
Total people living in poverty	100.0	100.0
of which in households made of:		
- 1 person	1.2	1.4
- 2 persons	6.2	6.7
- 3 persons	15.0	15.6
- 4 persons	25.5	27.6
- 5 persons	21.1	20.1
- 6 and more persons	31.0	28.6
Total people living in poverty	100.0	100.0
of which households in:		
- urban area	45.0	45.5
- rural area	55.0	54.5

Table 18. Human poverty index

	1995	1996	1997	1998
Proportion of people with no chance to live over the age of 60 (%)	22.5	23.1	23.3	23.6
Proportion of illiterate adult population (age over 15) (%)	3.1	3.0	3.0	2.9
Poverty rate based on a threshold of 60% of the average expenditure/person (%)	25.27	19.85	30.81	33.82
Long term unemployment rate (%)	3.75	2.36	1.83	3.52
Human poverty index	19.04	17.15	21.89	23.50

128

Table 19. Creation and utilization of Gross Domestic Product

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Gross Domestic Product (billion Lei, current prices)	857.9	2203.9	6029.2	20035.7	49773.2	72135.5	108919.6	252925.7	368260.7	521735.5
Gross added value as share in the Gross Domestic Product (%) in:										
- agriculture, forestry, fishery	21.8	18.8	19.1	21.0	19.9	19.8	19.2	18.0	14.6	13.9
- industry and construction	45.9	42.2	43.1	39.0	42.7	39.5	39.7	36.1	32.8	32.6
- services	26.5	34.8	40.6	36.9	33.7	36.0	36.6	38.4	43.0	43.5
Share in the Gross Domestic Product of (%):										
Final consumption	79.2	75.9	77.0	76.0	77.2	81.3	82.6	86.4	86.7	84.3
- by households	65.0	60.1	62.2	63.2	63.2	67.3	69.1	73.6	72.2	69.6
- by public administration	13.3	15.1	14.3	12.3	13.7	13.7	13.1	12.3	14.0	14.7 ^{*)}
- by private administration	0.9	0.7	0.5	0.5	0.3	0.3	0.4	0.5	0.5	-
Gross fixed capital formation	19.8	14.4	19.2	17.9	20.3	21.4	23.0	21.2	19.4	18.5
Exports	16.7	17.6	27.8	23.0	24.9	27.6	28.1	29.2	23.7	30.1
Imports	26.2	21.5	36.2	28.0	26.9	33.2	36.6	36.2	31.8	34.3
Gross savings	21.7	26.9	24.5	26.9	24.9	19.9	18.4	14.3	...	...
State budget expenditure	24.5	24.4	27.0	21.5	22.0	22.0	21.8	21.1	21.1	20.5
Private sector contribution to the Gross Domestic Product	16.4	23.6	26.4	34.8	38.9	45.3	54.9	60.6	61.0	61.5

^{*)} The final consumption of the public administration includes the final consumption of the private.

NATIONAL HUMAN DEVELOPMENT REPORT

Table 22. **Urbanization**

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Urban population (%)	54.3	54.1	54.3	54.5	54.7	54.9	54.9	55.0	54.9	54.8
Urban population growth rate (%)	2.4	-0.5	-1.5	0.3	0.2	0.2	-0.4	-0.1	-0.5	-0.4
Population in cities of more than 75.000 inhabitants										
- % of total population	9.2	9.1	9.1	9.1	9.1	9.1	9.0	9.0	9.0	9.0
- % of total urban population	16.9	16.8	16.7	16.7	16.6	16.5	16.4	16.3	16.3	16.3
Population in cities of more than 2.000.000 inhabitants										
- % of total population	14.4	13.3	14.0	14.1	14.2	14.3	14.3	14.4	14.3	14.3
- % of total urban population	26.4	24.6	25.8	25.8	25.9	26.0	26.1	26.1	26.1	26.1
The largest city: Bucharest										
- population (thousands)	2127.2	2107.2	2065.7	2066.7	2060.6	2054.1	2037.3	2027.5	2016.1	2011.3
- growth rate (%)	4.4	-0.9	-2.0	0.1	-0.3	-0.3	-0.8	-0.5	-0.6	-0.2
						1960	1995	2000		
Urban population as share in the total (%)						32.1	54.9	55.0		
						1960-1995	1995-2000			
Urban population average annual growth rate (%)						2.15	-0.25			
						1970-1975	1990-1999			
Average annual population growth rate in Bucharest (%)						1.49	-0.60			

Table 23. **Rural-urban disparities**

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Rural population (%)	45.7	45.9	45.7	45.5	45.3	45.1	45.1	45.0	45.1	45.2
Life expectancy at birth (years) - total	69.6	69.8	69.8	69.5	69.5	69.4	69.1	69.0	69.2	69.7
- rural	68.7	68.9	68.8	68.8	68.7	68.5	68.0	67.8	68.1	68.6
- urban	70.3	70.4	70.5	70.0	70.0	70.0	69.8	69.8	70.1	70.6
Population aged 0-14 (%)	25.3	24.7	24.2	23.5	22.8	22.2	21.5	20.9	20.5	18.8
- rural	25.5	25.0	22.3	21.8	21.5	21.3	21.1	20.9	21.0	19.8
- urban	25.1	24.4	25.8	24.8	23.9	22.9	21.9	20.9	20.0	17.9
Population aged 65 and over (%)	10.4	10.7	11.1	11.4	11.7	12.0	12.2	12.6	12.8	13.0
- rural	14.0	14.3	15.1	15.5	15.9	16.3	16.5	17.0	17.2	17.4
- urban	7.4	7.7	7.8	8.0	8.2	8.5	8.7	9.0	9.2	9.4
Demographic dependency rate (%)	51.4	50.8	50.4	49.6	48.8	48.1	47.4	47.0	46.9	46.6
- rural	60.4	60.0	55.4	55.6	55.9	56.4	56.7	57.6	58.6	59.3
- urban	44.7	43.7	46.4	44.9	43.5	41.9	40.5	39.3	38.5	37.6
Birth rate - total (‰)	13.6	11.9	11.4	11.0	10.9	10.4	10.2	10.5	10.5	10.4
- rural	14.3	12.9	12.9	12.7	12.7	12.3	12.0	12.4	12.4	12.3
- urban	12.9	11.0	10.2	9.6	9.3	8.9	8.8	8.9	9.0	8.9
General fertility rate - number of live births per 1000 women at fertility age (15-49)	56.2	48.7	46.6	44.3	43.3	41.1	39.9	40.6	40.6	40.2
- rural	70.5	63.7	62.1	60.7	60.6	58.2	56.3	58.1	58.2	57.9
- urban	46.7	39.2	36.7	33.9	32.5	30.7	29.9	30.2	30.1	29.7
Infant mortality rate - total (‰)	26.9	22.7	23.3	23.3	23.9	21.2	22.3	22.0	20.5	18.6
- rural	29.7	25.8	25.7	26.4	27.2	23.9	25.6	25.0	23.3	21.5
- urban	24.1	19.6	20.8	19.7	20.1	18.2	18.5	18.5	17.3	15.2
Enrolment rate in primary education and gymnasium (%)	91.2	90.5	90.7	91.4	91.9	93.3	94.4	95.0	97.0	96.8
- rural	78.4	76.2	86.3	87.8	90.1	91.0	92.7	94.5	97.7	97.1
- urban	102.5	103.2	93.8	93.7	93.1	94.8	95.6	95.4	96.0	96.4
Number of pupils per teaching staff in primary education and gymnasium - total	17	17	16	15	15	15	15	15	15	15
- rural	14	14	13	13	13	13	13	13	13	13
- urban	20	19	18	17	17	17	16	16	16	17
Population per doctor - total	555	551	536	565	567	565	552	546 ¹⁾	530 ¹⁾	486 ¹⁾
- rural	1094	1189	1192	1245	1356	1426	1461	1475	1525	1698
- urban	393	379	386	410	382	378	372	360	345	306
Population per medical assistant	176	184	183	186	175	177	177	185 ²⁾	183 ²⁾	189 ²⁾
- rural	555	590	591	603	523	555	557	584	568	651
- urban	112	116	119	122	113	113	113	119	117	119
Subscriptions per 1000 inhabitants										
radio - total	129	122	113	105	187	196	185	181	177	160
- rural	96	90	84	78	140	165	147	148	129	127
- urban	156	149	138	128	226	221	215	208	215	187
television - total	157	155	155	153	178	184	182	178	175	165
- rural	103	101	102	102	118	130	126	121	126	123
- urban	202	200	200	196	228	228	228	225	215	200
Average living space per capita (m ²) - total - on 31 December -	10.6	11.3	11.4	11.5	11.6	11.7	11.8	11.9	12.0	12.1
- rural	10.3	11.5	11.6	11.7	11.9	12.0	12.1	12.3	12.4	12.5
- urban	11.0	11.2	11.3	11.3	11.3	11.4	11.5	11.6	11.7	11.8

1) Including the private sector

2) Including the private and joint sectors

Table 24. Energy consumption and resources ¹⁾

	1992	1993	1994	1995	1996	1997	1998
Primary energy resources (thousands tons c.c.) - total ²⁾	74929	75431	74491	82301	82450	75342	68437
of which:							
• coal (including imported coke)	17782	16208	16918	17765	17605	16617	13629
• natural gas	29892	28782	26520	27493	27748	22775	21391
• crude oil	19804	21794	22713	23256	20802	19169	18471
• hydro-electric energy	1983	1939	1825	2146	2214	2281	2467
• nuclear-electric energy	-	-	-	-	362	1409	1384
Internal energy consumption (thousands tons c.c.)	65888	65979	62073	70323	71971	65026	58564
Consumption by population	9219 ³⁾	9506 ³⁾	9158 ³⁾	12600	15175	13823	13450
Average annual internal energy consumption per capita (kg c.c.)	2891	2900	2731	3101	3183	2884	2603
Imported energy as share in total energy consumption (%)	35.1	33.1	37.8	39.5	37.3	39.4	37.0
Average annual end consumption of electric energy per capita (KWh)	1795	1731	1676	1751	1859	1717	162.6
GDP (Lei. 1989 prices) per KWh used	14.7	15.5	16.6	17.1	16.8	17.0	...

1) Data recalculated in the system of final energy, used by the European Union member countries and most of the countries worldwide.

2) Including recovered energy.

3) Excluding energetic products produced and consumed in households.

Table 25. Natural resources

	1990	1991	1992	1993	1994	1995	1996	1997	1998
Total land area (thousands ha)	23839.1	23839.1	23839.1	23839.1	23839.1	23839.1	23839.1	23839.1	23839.1
Forests as share in total land area ¹⁾ (%)	28.0	28.0	28.0	28.0	28.0	28.0	28.1	28.1	28.0
Agricultural land (%)	39.6	39.5	39.3	39.2	39.2	39.2	39.2	39.2	39.2
State property as share in the total land area ²⁾ (%)	51.6	52.3	51.8	52.0	51.6	50.1	50.0	51.1	51.0

1) Forests and woodland

2) 1990-public sector.
1991-1997-public and joint sectors.

Table 26. Environment

	1990	1991	1992	1993	1994	1995	1996	1997	1998
Pesticides on agricultural land (kg/ha)	3.5	1.8	1.7	1.6	1.5	1.4	1.2	1.0	0.9
Expenditure with environmental protection (million Lei, current prices)	...	21815	67635	238825	516727	956166	1496580	3661575	5709864
% of total expenditure with environmental protection (%) on:									
- pollution control	...	...	84.6	87.4	86.9	84.3	86.0	88.4	88.0
- protection of natural environment	...	...	3.0	5.4	5.4	9.7	9.6	7.0	6.3

Table 27. Defoliation among main species of trees, by defoliation class 1998

	Forest area (thousands hectares)	Defoliation class (%)				
		non-affected	slightly affected	moderately affected	severely affected	totally affected
Total	6227	66.2	21.5	10.9	0.9	0.5
- coniferous trees	1868	70.6	20.4	8.0	0.6	0.4
- broad-leaved trees	4359	64.7	21.9	11.9	1.0	0.5

Human Development Indicators at District Level

Table 1. Human development index (HDI)

Statistical regions	1998 Gross Domestic Product per inhabitant at purchase power parity (USD)	Life expectancy at birth (years) 1996-1998	Adult literacy rate % 1998	Gross enrolment rate at all education levels 1998/1999	Human development index (HDI) 1998
Romania	6153	69.2	97.1	63.9	0.762
REGION 1-NORTH-EAST	4522	69.3	97.1	60.6	0.741
REGION 2-SOUTH-EAST	5957	69.2	97.1	60.1	0.755
REGION 3-SOUTH	5329	68.9	95.3	58.7	0.742
REGION 4-SOUTH-WEST	5476	69.2	95.8	62.5	0.750
REGION 5-WEST	6485	68.5	97.9	67.5	0.766
REGION 6-NORTH-WEST	5442	68.3	97.3	64.3	0.751
REGION 7-CENTER	6095	69.9	98.6	61.8	0.766
REGION 8-BUCHAREST	11731	70.9	98.9	83.9	0.833

Table 2. Human Development Indicators

	Life expectancy at birth (years) 1997-1999 (%)	Adult literacy rate (%) 1998	Gross enrolment rate at all educational levels 1998/1999	Life expectancy index 1996-1998	Education index 1998
ROMANIA	69.7	97.1	63.9	0.737	0.860
NORTH-EAST	70.1	97.1	60.6	0.739	0.849
Bacau	69.9	97.1	58.7	0.743	0.743
Botosani	69.0	95.3	57.2	0.717	0.726
Iasi	70.1	97.3	70.1	0.735	0.882
Neamt	70.2	97.7	56.9	0.748	0.741
Suceava	70.7	98.0	58.3	0.753	0.848
Vaslui	70.3	96.1	56.7	0.735	0.730
SOUTH - EAST	69.6	97.1	60.1	0.737	0.748
Braila	70.1	97.8	59.6	0.747	0.751
Buzau	70.9	96.1	59.0	0.758	0.837
Constanta	68.3	97.8	63.4	0.715	0.863
Galati	69.8	97.2	60.7	0.742	0.850
Tulcea	67.6	96.1	55.9	0.703	0.827
Vrancea	71.0	96.7	57.2	0.757	0.835
SOUTH	69.6	95.3	58.7	0.731	0.831
Arges	70.9	97.8	63.3	0.758	0.863
Calarasi	68.5	93.3	56.4	0.712	0.810
Dambovit	69.7	95.7	60.5	0.740	0.840
Giurgiu	68.1	90.0	52.3	0.708	0.774
Ialomit	68.6	94.8	54.4	0.718	0.813
Prahova	70.2	97.9	59.6	0.747	0.851
Teleorman	69.4	91.3	55.9	0.733	0.795
SOUTH - WEST	69.6	95.8	62.5	0.736	0.847
Dolj	69.3	95.6	69.2	0.732	0.868
Gorj	69.7	96.7	61.1	0.733	0.848
Mehedinti	70.0	95.5	58.8	0.738	0.833
Olt	69.1	95.0	58.2	0.728	0.827
Valcea	70.6	96.3	60.7	0.750	0.844
WEST	69.1	97.9	67.5	0.725	0.878
Arad	69.3	97.6	62.4	0.727	0.859
Caras - Severin	68.6	97.5	61.4	0.718	0.855
Hunedoara	68.8	97.8	62.5	0.720	0.860
Timis	69.6	98.3	78.1	0.737	0.916
NORTH - WEST	68.7	97.3	64.3	0.722	0.863
Bihar	67.6	97.3	65.4	0.705	0.867
Bistrita - Nasaud	70.1	97.4	55.8	0.753	0.835
Cluj	70.5	98.3	77.4	0.752	0.913
Maramures	68.6	95.9	60.6	0.723	0.841
Salaj	68.7	96.8	59.7	0.715	0.844
Satu Mare	66.7	97.5	55.8	0.687	0.836
CENTER	70.1	98.6	61.8	0.748	0.863
Alba	70.1	98.0	64.3	0.745	0.868
Brasov	70.5	99.2	66.0	0.755	0.881
Covasna	70.7	98.5	55.8	0.760	0.843
Harghita	70.3	98.7	53.9	0.750	0.838
Mures	69.2	97.9	58.2	0.730	0.847
Sibiu	70.2	98.8	67.3	0.752	0.883
BUCHAREST	71.5	98.9	83.9	0.765	0.939
Municipality of Bucharest	71.9	99.4	89.0	0.770	0.959
Ilfov	69.1	95.2	48.6	0.727	0.797
URBAN	70.6	99.0	79.1	0.752	0.924
RURAL	68.7	94.8	43.6	0.718	0.777

Table 3. Gender related development index

	Life expectancy at birth (years) 1997-1999		Gross enrolment rate at all educational levels (%) School year 1998/1999	
	Women	Men	Women	Men
ROMANIA	73.7	66.1	64.8	63.1
NORTH-EAST				
Bacau	73.3	66.7	60.5	57.0
Botosani	73.4	65.0	59.7	54.8
Iasi	73.6	66.8	72.7	67.6
Neamt	73.9	66.8	58.2	55.6
Suceava	74.0	67.6	59.6	57.1
Vaslui	73.6	67.2	58.8	54.8
SOUTH - EAST				
Braila	74.7	65.9	60.7	58.6
Buzau	75.0	67.2	58.9	59.2
Constanta	72.6	64.4	63.5	63.4
Galati	74.0	66.0	61.4	60.1
Tulcea	71.7	64.0	56.8	55.1
Vrancea	74.6	67.7	59.0	55.4
SOUTH				
Arges	74.8	67.2	63.2	63.5
Calarasi	72.3	65.0	56.3	56.5
Dambovita	74.0	65.7	60.5	60.4
Giurgiu	72.3	64.2	51.5	53.0
Ialomita	73.0	64.6	55.0	53.8
Prahova	74.3	66.3	59.6	59.7
Teleorman	73.4	65.8	56.4	55.5
SOUTH - WEST				
Dolj	72.7	66.2	68.8	69.7
Gorj	73.6	66.2	60.7	61.4
Mehedinti	73.3	66.8	57.7	59.8
Olt	73.0	65.5	59.0	57.3
Valcea	74.5	66.9	60.5	60.9
WEST				
Arad	73.2	65.4	67.5	67.6
Caras - Severin	72.4	65.0	61.0	61.8
Hunedoara	72.9	65.1	62.0	62.9
Timis	73.6	65.7	78.4	77.7
NORTH -WEST				
Bihor	71.8	63.8	65.3	65.5
Bistrita - Nasaud	73.7	66.8	57.9	53.7
Cluj	74.1	67.0	79.8	75.1
Maramures	72.5	65.0	61.9	59.4
Salaj	72.2	65.5	60.4	59.1
Satu Mare	71.3	62.5	56.8	54.9
CENTER				
Alba	74.4	66.3	65.1	63.6
Brasov	74.4	66.8	65.3	66.6
Covasna	74.9	66.9	57.7	54.0
Harghita	74.8	66.3	55.1	52.8
Mures	73.5	65.2	58.8	57.6
Sibiu	74.6	66.2	68.0	66.7
BUCHAREST				
Municipality of Bucharest	75.3	67.6	86.2	81.7
Ilfov	73.4	65.0	46.4	50.7
URBAN	74.4	66.9	80.5	77.8
RURAL	72.9	64.9	43.4	43.8

NATIONAL HUMAN DEVELOPMENT REPORT

Table 4. Profile of human deprivation

	Unemployment rate ¹⁾ (%)	Female Unemployment ¹⁾ rate (%)	Proportion of unemployed ¹⁾ who did not benefit from unemployment services (%)	Children aged 7-14 who did not attend school (%)
	1999	1999	In 1999	School year 1998/1999
ROMANIA	11.5	11.4	22.9	3.0
NORTH-EAST	14.9	14.5	28.7	1.0
Bacau	12.4	12.3	7.4	1.7
Botosani	18.8	16.8	34.7	0.1
Iasi	12.2	11.8	31.5	0.4
Neamt	17.8	18.1	40.0	1.7
Suceava	13.6	14.8	36.7	2.3
Vaslui	17.3	15.0	16.2	0.7
SOUTH - EAST	13.1	13.3	23.1	3.5
Braila	17.6	15.2	37.9	3.4
Buzau	14.5	12.4	12.2	1.5
Constanta	11.3	14.5	20.1	5.4
Galati	15.2	17.2	26.7	1.9
Tulcea	12.0	11.3	19.8	6.6
Vrancea	7.2	5.6	15.4	2.4
SOUTH	11.7	10.8	16.8	3.1
Arges	10.3	9.9	34.0	1.3
Calarasi	12.0	8.7	3.8	2.7
Dambovita	11.8	11.0	7.2	3.4
Giurgiu	8.9	7.3	10.8	2.2
Ialomita	12.9	12.0	23.4	4.3
Prahova	14.3	14.9	15.2	4.3
Teleorman	9.3	7.8	15.2	2.9
SOUTH - WEST	11.8	11.5	29.1	3.0
Dolj	12.6	12.0	28.5	1.8
Gorj	14.3	14.5	30.7	5.6
Mehedinti	9.5	8.3	14.7	2.8
Olt	10.6	10.2	26.1	2.7
Valcea	11.3	11.5	39.4	3.0
WEST	12.1	12.3	25.9	3.9
Arad	8.9	8.6	27.7	4.1
Caras - Severin	10.8	11.1	3.7	3.9
Hunedoara	20.4	21.7	36.4	6.1
Timis	8.2	8.3	18.8	2.1
NORTH - WEST	9.6	9.3	20.8	3.2
Bihor	5.9	4.6	15.4	4.1
Bistrita - Nasaud	14.4	13.4	19.1	5.3
Cluj	11.4	11.7	18.9	2.6
Maramures	8.8	9.6	27.8	1.1
Salaj	14.6	14.7	21.9	3.5
Satu Mare	5.9	4.7	22.8	3.7
CENTER	10.8	11.3	15.8	6.2
Alba	11.7	14.3	13.4	2.2
Brasov	11.1	13.3	12.6	6.5
Covasna	11.8	10.5	22.2	7.1
Harghita	10.6	9.8	21.0	10.8
Mures	8.5	7.6	13.4	6.4
Sibiu	12.3	12.3	17.9	5.1
BUCHAREST	5.8	6.6	16.7	0.8
Bucharest Municipality	5.8	6.7	8.9	*
Ilfov	5.9	5.9	76.4	5.8
URBAN	-	-	-	2.7
RURAL	-	-	-	3.5

¹⁾Unemployed registered with labour force and unemployment offices.

R O M A N I A 2 0 0 0

- cont. Table 4 -

Proportion of adult population without secondary and higher education (%) 1992	Infant mortality rate (per 1000 live births) 1999	Maternal mortality ratio (per 100000 new born) 1999	Proportion of the population without electricity (%) 1992	Proportion of the population without access to running water (%) 1992	
24.6	18.6	41.8	2.0	45.6	ROMANIA
	20.9	37.7	3.5	59.2	NORTH-EAST
25.9	22.0	86.6	3.8	52.5	Bacau
36.4	20.3	-	5.2	66.0	Botosani
26.6	21.6	26.7	1.6	52.0	Iasi
26.2	21.5	14.3	3.4	57.2	Neamt
23.0	15.7	51.6	2.6	66.7	Suceava
33.9	25.3	29.3	6.2	66.5	Vaslui
	20.1	68.2	1.8	45.8	SOUTH - EAST
26.1	13.4	57.1	0.5	49.2	Braila
33.0	18.6	76.1	2.7	62.9	Buzau
20.8	23.4	117.7	0.8	23.4	Constanta
25.8	18.8	55.7	1.4	42.9	Galati
28.5	21.3	-	2.1	51.6	Tulcea
31.2	22.6	44.7	3.9	62.6	Vrancea
	19.6	45.9	1.5	61.2	SOUTH
22.4	16.7	44.3	2.0	50.1	Arges
39.3	23.7	107.8	2.2	72.4	Calarasi
29.8	16.5	16.8	1.3	66.1	Dambovit
43.6	17.1	34.2	2.1	76.2	Giurgiu
37.3	24.3	86.9	1.0	70.3	Ialomita
26.6	20.6	25.5	1.0	47.7	Prahova
42.8	20.8	47.9	1.6	72.1	Teleorman
	17.2	45.0	2.2	61.0	SOUTH - WEST
29.8	20.8	53.7	1.2	56.9	Dolj
21.6	13.8	23.7	2.3	58.2	Gorj
28.5	24.4	63.3	2.7	57.0	Mehedinti
31.3	14.5	75.4	2.1	70.2	Olt
26.7	12.3	-	3.7	62.6	Valcea
	16.0	25.9	0.8	29.3	WEST
25.1	14.2	21.5	0.7	40.3	Arad
23.7	17.7	31.5	1.1	27.0	Caras - Severin
18.6	15.6	-	0.8	22.1	Hunedoara
18.7	16.7	44.5	0.6	28.5	Timis
	19.7	39.8	3.1	44.9	NORTH - WEST
23.7	33.2	-	1.5	47.5	Bihor
25.9	14.1	48.7	5.2	55.3	Bistrita - Nasaud
19.3	12.2	49.5	1.6	28.0	Cluj
23.6	18.3	48.2	6.3	46.8	Maramures
25.4	16.6	49.5	3.4	55.1	Salaj
21.6	18.9	67.6	2.4	53.6	Satu Mare
	16.9	33.1	2.1	31.9	CENTER
22.3	16.8	24.7	4.2	42.7	Alba
11.8	19.7	17.8	0.8	13.3	Brasov
18.6	10.7	38.4	1.5	36.4	Covasna
17.9	14.7	107.0	2.9	38.7	Harghita
21.5	18.7	30.7	3.0	43.7	Mures
14.1	16.3	-	0.7	24.6	Sibiu
	12.9	28.6	0.3	14.6	BUCHAREST
15.4	19.8	20.1	0.3	14.6	Bucharest Municipality
11.8	79.1	-	-	-	Ilfov
12.5	15.2	34.1	0.4	12.3	URBAN
38.4	21.5	48.4	4.0	84.3	RURAL

NATIONAL HUMAN DEVELOPMENT REPORT

Table 5. Health

	Infant mortality rate	Maternal mortality ratio	Mortality rate by medical cause (per 100000 inhabitants) 1999		New cases of infections and parasitic diseases (per 100000 inhabitants) 1998
	(per 1000 live births) 1999	(per 100000 live births) 1999	circulatory diseases	tumors	
ROMANIA	18.6	41.8	737.0	176.7	3403.6
NORTH-EAST	20.9	37.7	742.9	161.1	5010.2
Bacau	22.0	86.6	575.8	150.4	4134.4
Botosani	20.3	-	703.1	190.3	3118.1
Iasi	21.6	26.7	522.6	152.7	9831.9
Neamt	21.5	14.3	586.5	172.0	2567.2
Suceava	15.7	51.6	612.7	171.0	5029.7
Vaslui	25.3	29.3	638.5	135.5	2747.0
SOUTH - EAST	20.1	68.2	662.4	167.2	2381.1
Braila	13.4	57.1	725.3	210.9	3628.6
Buzau	18.6	76.1	834.6	179.0	1205.1
Constanta	23.4	117.7	561.3	174.3	2288.6
Galati	18.8	55.7	568.3	145.8	2884.8
Tulcea	21.3	-	741.4	132.7	2230.6
Vrancea	22.6	44.7	668.8	153.5	2118.9
SOUTH	19.6	45.9	957.6	175.0	1895.7
Arges	16.7	44.3	705.0	157.1	1008.1
Calarasi	23.7	107.8	821.5	186.6	1894.6
Dambovita	16.5	16.8	761.6	164.3	2947.5
Giurgiu	17.1	34.2	1103.5	179.3	1147.1
Ialomita	24.3	86.9	746.3	180.1	1830.3
Prahova	20.6	25.5	730.4	185.9	1739.0
Teleorman	20.8	47.9	1171.9	179.4	2745.9
SOUTH - WEST	17.2	45.0	885.5	141.0	2868.4
Dolj	20.8	53.7	986.4	145.6	3398.9
Gorj	13.8	23.7	728.8	117.7	2819.8
Mehedinti	24.4	63.3	898.2	150.5	2648.2
Olt	14.5	75.4	934.3	155.7	1949.5
Valcea	12.3	-	788.7	130.0	3250.2
WEST	16.0	25.9	844.6	196.6	3152.9
Arad	14.2	21.5	995.0	229.7	2076.2
Caras - Severin	17.7	31.5	861.5	164.2	2886.2
Hunedoara	15.6	-	763.1	169.8	2500.0
Timis	16.7	44.5	793.6	211.1	4555.8
NORTH - WEST	19.7	39.8	805.0	174.7	4159.2
Bihor	33.2	-	909.1	195.8	3622.5
Bistrita - Nasaud	14.1	48.7	712.2	134.1	6467.8
Cluj	12.2	49.5	794.5	190.9	3475.6
Maramures	18.3	48.2	689.1	161.0	3893.2
Salaj	16.6	49.5	965.0	160.4	4488.4
Satu Mare	18.9	67.6	789.0	174.3	4500.3
CENTER	16.9	33.1	683.9	185.8	4820.5
Alba	16.8	24.7	803.8	185.4	7473.2
Brasov	19.7	17.8	545.2	184.0	3013.1
Covasna	10.7	38.4	671.5	164.7	3285.4
Harghita	14.7	107.0	741.9	158.1	3141.5
Mures	18.7	30.7	742.7	213.8	5281.4
Sibiu	16.3	-	652.4	183.1	6472.6
BUCHAREST Municipality of	12.9	28.6	648.7	230.0	2551.4
Bucharest	19.8	20.1	638.8	233.4	2343.3
Ilfov	11.8	79.1	720.4	205.3	4067.4
URBAN	15.2	34.1	517.7	171.4	3518.7
RURAL	21.5	48.4	999.5	183.0	3263.7

R O M A N I A 2 0 0 0

- cont. Table 5 -

TB cases (per 100000 inhabitants) 1998	Population per		Hospital beds (per 1000 inhabitants) 1998	Medical examinations per inhabitant in local health clinics 1998	
	doctor 1998	medical assistant 1998			
101.2	530	183	7.3	2.3	ROMANIA
103.5	657	193	7.0	2.0	NORTH-EAST
109.5	936	215	5.1	2.3	Bacau
107.2	844	186	7.9	1.1	Botosani
119.9	323	143	9.9	2.7	Iasi
104.3	878	219	5.6	2.2	Neamt
80.8	893	226	6.3	2.7	Suceava
95.0	1126	224	6.8	1.2	Vaslui
107.6	746	191	6.0	1.8	SOUTH - EAST
83.4	766	180	6.9	2.7	Braila
106.0	780	208	6.2	1.9	Buzau
117.5	560	176	6.0	2.1	Constanta
120.4	937	194	6.1	1.7	Galati
112.4	1008	195	6.0	1.3	Tulcea
90.4	782	202	4.7	1.3	Vrancea
105.9	864	228	5.6	2.0	SOUTH
97.2	655	212	5.6	2.5	Arges
123.1	1097	282	5.6	2.0	Calarasi
104.9	947	229	5.7	1.9	Dambovita
129.5	965	279	3.9	2.2	Giurgiu
108.9	1033	204	4.1	1.8	Ialomita
91.0	879	225	6.5	2.0	Prahova
118.3	866	219	5.8	1.7	Teleorman
106.3	587	195	6.6	2.1	SOUTH - WEST
121.1	418	188	6.9	2.1	Dolj
95.6	662	204	6.7	1.9	Gorj
85.5	731	204	6.9	1.8	Mehedinti
125.2	801	219	5.8	2.5	Olt
83.5	671	172	6.7	2.4	Valcea
106.3	437	164	9.2	2.8	WEST
91.8	602	176	7.9	3.1	Arad
110.2	656	173	7.7	2.1	Caras - Severin
114.1	556	158	9.4	3.3	Hunedoara
108.4	285	157	10.8	2.6	Timis
90.9	483	167	8.2	2.8	NORTH - WEST
79.1	561	169	9.1	2.9	Bihor
77.2	731	185	5.8	2.4	Bistrita - Nasaud
76.1	251	137	10.1	3.2	Cluj
118.7	745	183	8.0	2.8	Maramures
96.9	843	176	6.9	2.9	Salaj
106.4	860	196	6.0	2.6	Satu Mare
72.7	532	175	8.0	3.2	CENTER
78.6	619	182	7.8	3.1	Alba
88.3	557	180	6.6	3.2	Brasov
36.4	797	189	9.6	3.2	Covasna
49.3	694	184	8.7	3.4	Harghita
91.4	412	159	8.6	3.3	Mures
56.7	464	174	7.9	3.1	Sibiu
117.4	254	148	9.3	2.2	BUCHAREST
109.8	230	134	10.1	1.6	Bucharest Municipality
172.7	1121	544	3.4	3.0	Ilfov
98.8	344	117	12.0	2.4	URBAN
104.4	1527	569	1.6	2.1	RURAL

NATIONAL HUMAN DEVELOPMENT REPORT

Table 6. **Education**

School year	Gross enrolment rate (%)			Enrolment rate in preschool education (%)
	at all educational levels	primary education and gymnasium	secondary education (high/vocational school)	
	1998/1999	1998/1999	1998/1999	1998/1999
ROMANIA	63.9	88.4	67.8	64.2
NORTH-EAST	60.6	89.8	58.9	60.4
Bacau	58.7	88.8	59.2	65.2
Botosani	57.2	92.0	54.5	59.3
Iasi	70.1	91.1	60.5	56.2
Neamt	56.9	88.9	61.6	59.5
Suceava	58.3	88.1	58.4	62.9
Vaslui	56.7	90.4	57.5	58.2
SOUTH - EAST	60.1	88.3	64.4	61.4
Braila	59.6	88.6	66.4	70.2
Buzau	59.0	89.2	68.1	61.9
Constanta	63.4	87.2	69.5	57.4
Galati	60.7	89.7	60.7	56.9
Tulcea	55.9	85.4	60.5	79.6
Vrancea	57.2	88.8	56.8	56.0
SOUTH	58.7	88.2	65.1	58.0
Arges	63.3	89.4	77.9	64.5
Calarasi	56.4	89.0	53.6	57.4
Dambovita	60.5	87.7	65.0	52.5
Giurgiu	52.3	88.8	40.3	50.7
Ialomita	54.4	87.4	55.7	58.2
Prahova	59.6	87.5	70.8	55.3
Teleorman	55.9	87.6	63.5	65.2
SOUTH - WEST	62.5	88.0	71.9	64.5
Dolj	69.2	89.2	75.5	59.7
Gorj	61.1	86.4	69.3	68.0
Mehedinti	58.8	87.9	69.6	61.8
Olt	58.2	88.4	66.8	68.2
Valcea	60.7	87.7	76.3	66.3
WEST	67.5	87.3	71.6	67.2
Arad	62.4	86.7	69.9	70.6
Caras - Severin	61.4	87.7	66.3	73.0
Hunedoara	62.5	85.1	74.8	55.7
Timis	78.1	89.4	73.1	71.4
NORTH - WEST	64.3	87.8	67.7	72.7
Bihor	65.4	86.8	72.5	68.8
Bistrita - Nasaud	55.8	85.7	58.7	70.3
Cluj	77.4	88.7	73.5	73.6
Maramures	60.6	89.4	63.9	68.5
Salaj	59.7	87.5	72.1	81.3
Satu Mare	55.8	87.4	61.3	79.7
CENTER	61.8	85.6	69.0	75.2
Alba	64.3	89.0	74.6	72.0
Brasov	66.0	85.9	71.2	64.3
Covasna	55.8	85.3	61.8	89.6
Harghita	53.9	80.7	67.6	85.7
Mures	58.2	84.9	62.3	77.6
Sibiu	67.3	87.0	74.2	72.4
BUCHAREST	83.9	92.4	84.1	55.6
Municipality of Bucharest	89.0	93.3	90.2	56.2
Ilfov	48.6	86.6	39.9	52.5
URBAN	79.1	89.8	104.5	65.9
RURAL	43.6	86.6	14.0	62.7

- cont. Table 6 -

Graduation rate into high school /vocational school (%) 1998/1999	Number of pupils per teaching staff in			School year
	primary education 1998/1999	gymnasium 1998/1999	high school 1998/1999	
95.9	18.7	12.2	10.9	ROMANIA
94.9	18.7	12.5	10.5	NORTH-EAST
92.2	20.8	13.0	10.7	Bacau
88.6	18.0	12.0	12.3	Botosani
95.8	18.8	13.1	9.0	Iasi
101.6	18.2	12.1	11.9	Neamt
92.6	17.7	12.3	9.6	Suceava
98.8	18.4	11.9	12.3	Vaslui
95.2	20.0	12.9	10.6	SOUTH - EAST
92.8	20.5	13.5	9.6	Braila
97.6	17.3	11.2	9.9	Buzau
96.7	22.4	13.9	11.1	Constanta
99.3	21.0	13.8	10.2	Galati
91.5	18.3	12.7	10.6	Tulcea
88.2	18.9	11.6	12.8	Vrancea
90.8	19.3	12.5	11.5	SOUTH
98.8	17.5	10.9	10.4	Arges
89.1	20.1	14.9	10.5	Calarasi
91.4	18.6	12.0	11.8	Dambovita
55.1	20.3	13.1	11.6	Giurgiu
87.8	20.2	13.7	11.8	Ialomita
97.0	20.8	13.4	12.2	Prahova
88.8	18.9	11.5	12.9	Teleorman
96.1	18.5	11.7	10.0	SOUTH - WEST
97.6	18.3	11.2	8.5	Dolj
93.8	18.6	12.9	8.8	Gorj
95.1	18.8	11.8	11.1	Mehedinti
90.8	19.5	11.6	12.1	Olt
103.4	17.7	11.5	11.6	Valcea
96.7	18.0	12.6	10.1	WEST
96.4	17.6	13.1	8.3	Arad
87.3	17.1	12.4	9.6	Caras - Severin
99.3	18.2	14.6	10.8	Hunedoara
99.6	18.6	11.1	11.4	Timis
92.5	17.1	11.0	10.1	NORTH - WEST
97.5	16.9	11.3	9.3	Bihor
85.9	17.5	11.4	10.1	Bistrita - Nasaud
98.6	17.4	10.5	9.5	Cluj
90.6	18.1	11.0	9.9	Maramures
93.4	15.5	10.0	13.6	Salaj
84.5	16.7	11.5	11.9	Satu Mare
98.6	17.8	11.1	9.2	CENTER
96.5	17.2	10.4	9.1	Alba
102.7	20.0	13.0	9.1	Brasov
95.0	17.8	11.3	7.4	Covasna
99.4	14.7	10.1	8.5	Harghita
94.8	16.8	9.7	12.2	Mures
100.1	20.2	11.8	8.6	Sibiu
107.5	21.0	13.9	17.3	BUCHAREST
112.9	21.4	14.0	17.2	Municipality of Bucharest
59.4	19.0	13.5	19.1	Ilfov
136.1	20.7	13.7	10.9	URBAN
26.6	16.8	10.4	10.1	RURAL

NATIONAL HUMAN DEVELOPMENT REPORT

Table 7. **Women and capabilities**

	Gross enrolment rate in high school education (%) 1998	Life expectancy at birth (years) 1997-1999	General fertility rate (%) 1999	Maternal mortality ratio (per 100000 live births) 1999
ROMANIA	57.8	69.7	40.2	41.8
NORTH-EAST	48.6	70.1	52.1	37.7
Bacau	50.8	69.9	47.3	86.6
Botosani	46.1	69.0	57.8	-
Iasi	49.5	70.1	52.5	26.7
Neamt	47.5	70.2	46.2	14.3
Suceava	48.0	70.7	53.7	51.6
Vaslui	48.2	70.3	59.7	29.3
SOUTH - EAST	54.4	69.6	39.9	68.2
Braila	57.0	70.1	34.5	57.1
Buzau	57.1	70.9	42.7	76.1
Constanta	60.5	68.3	36.5	117.7
Galati	49.0	69.8	42.1	55.7
Tulcea	48.0	67.6	38.8	-
Vrancea	50.4	71.0	45.9	44.7
SOUTH	55.6	69.6	40.3	45.9
Arges	66.1	70.9	37.8	44.3
Calarasi	44.7	68.5	46.8	107.8
Dambovita	56.0	69.7	42.5	16.8
Giurgiu	35.6	68.1	44.5	34.2
Ialomita	51.8	68.6	45.7	86.9
Prahova	57.4	70.2	35.0	25.5
Teleorman	57.8	69.4	41.4	47.9
SOUTH - WEST	62.5	69.6	41.2	45.0
Dolj	66.6	69.3	41.1	53.7
Gorj	55.3	69.7	41.6	23.7
Mehedinti	62.5	70.0	39.6	63.3
Olt	60.0	69.1	42.8	75.4
Valcea	65.4	70.6	40.1	-
WEST	61.2	69.1	36.0	25.9
Arad	59.2	69.3	38.4	21.5
Caras - Severin	56.4	68.6	34.8	31.5
Hunedoara	64.2	68.8	33.9	-
Timis	62.7	69.6	36.5	44.5
NORTH - WEST	57.0	68.7	40.9	39.8
Bihor	63.7	67.6	42.4	-
Bistrita - Nasaud	46.8	70.1	48.5	48.7
Cluj	62.0	70.5	32.6	49.5
Maramures	50.8	68.6	44.2	48.2
Salaj	62.3	68.7	38.9	49.5
Satu Mare	53.2	66.7	47.1	67.6
CENTER	59.1	70.1	38.5	33.1
Alba	63.5	70.1	39.5	24.7
Brasov	61.5	70.5	31.3	17.8
Covasna	52.2	70.7	42.4	38.4
Harghita	60.1	70.3	41.9	107.0
Mures	54.4	69.2	42.5	30.7
Sibiu	60.4	70.2	38.6	-
BUCHAREST	75.1	71.5	26.9	28.6
Municipality of Bucharest	81.4	71.9	35.6	20.1
Ilfov	29.4	69.1	25.8	79.1
URBAN	91.0	70.6	29.7	34.1
RURAL	8.7	68.7	57.9	48.4

Table 8. Unemployment

	Number of registered unemployed 1999 - thousand persons -	Unemployment rate (%) 1999	Female unemployed as share of the total (%) 1999	Young people as share of the total ¹⁾ (%) 1999
ROMANIA	1130.3	11.5	46.9	28.2
NORTH-EAST	242.8	14.9	46.4	36.2
Bacau	36.5	12.4	45.2	26.0
Botosani	37.6	18.8	43.7	43.0
Iasi	43.4	12.2	46.9	41.0
Neamt	47.2	17.8	47.5	34.7
Suceava	42.8	13.6	52.2	35.1
Vaslui	35.4	17.3	41.1	40.0
SOUTH - EAST	163.8	13.1	47.5	27.0
Braila	28.3	17.6	40.9	29.6
Buzau	31.3	14.5	40.7	24.3
Constanta	35.2	11.3	57.7	25.4
Galati	43.9	15.2	51.0	27.0
Tulcea	13.1	12.0	46.4	27.7
Vrancea	11.9	7.2	38.8	33.5
SOUTH	173.0	11.7	43.1	28.6
Arges	32.1	10.3	45.1	33.6
Calarasi	16.2	12.0	33.6	22.6
Dambovita	28.1	11.8	43.2	29.6
Giurgiu	9.7	8.9	39.2	26.1
Ialomita	15.8	12.9	42.7	32.4
Prahova	51.9	14.3	47.0	27.3
Teleorman	19.3	9.3	39.5	28.5
SOUTH - WEST	127.0	11.8	45.9	29.0
Dolj	40.2	12.6	44.8	28.8
Gorj	25.3	14.3	49.1	25.7
Mehedinti	13.8	9.5	40.6	30.7
Olt	23.1	10.6	44.0	24.1
Valcea	24.6	11.3	49.4	37.5
WEST	112.4	12.1	47.3	22.1
Arad	18.5	8.9	43.0	20.4
Caras - Severin	17.3	10.8	48.0	20.7
Hunedoara	51.0	20.4	47.7	27.7
Timis	25.7	8.2	49.1	15.8
NORTH - WEST	126.9	9.6	46.6	23.8
Bihor	16.8	5.9	38.6	26.0
Bistrita - Nasaud	19.7	14.4	43.9	32.3
Cluj	40.2	11.4	49.7	20.4
Maramures	22.8	8.8	51.5	18.4
Salaj	17.2	14.6	48.7	26.3
Satu Mare	10.3	5.9	37.6	24.3
CENTER	130.9	10.8	49.6	28.0
Alba	23.2	11.7	57.5	27.7
Brasov	31.8	11.1	56.4	29.1
Covasna	12.7	11.8	45.3	22.0
Harghita	17.1	10.6	43.4	28.4
Mures	22.8	8.5	42.5	30.1
Sibiu	23.3	12.3	46.4	27.0
BUCHAREST	53.4	5.8	55.6	19.7
Municipality of Bucharest	47.2	5.8	56.7	19.9
Ilfov	6.2	5.9	47.7	14.7
URBAN	-	-	-	-
RURAL	-	-	-	-

1) Registered unemployed beneficiaries of cash rights.

NATIONAL HUMAN DEVELOPMENT REPORT

- cont. Table 8 -

Incidence of long term unemployment ¹⁾ (%)		Beneficiaries of unemployment services as share of total unemployed (%)			
1999		1999			
more than 6 months	more than 12 months	unemployment ²⁾ benefit	support allowance	compensatory payments	
66.8	41.3	34.2	39.5	3.4	ROMANIA
69.6	46.8	29.4	39.2	2.7	NORTH-EAST
66.6	36.9	43.1	44.6	4.9	Bacau
67.8	46.6	27.2	35.8	2.3	Botosani
76.4	53.3	26.9	39.7	1.9	Iasi
68.7	49.1	22.2	33.5	4.3	Neamt
70.5	48.4	26.4	35.9	1.0	Suceava
67.5	47.9	33.7	48.4	1.7	Vaslui
61.7	39.4	35.0	36.4	5.5	SOUTH - EAST
71.1	46.8	27.8	32.6	1.7	Braila
70.5	44.0	38.3	47.7	1.8	Buzau
55.1	33.0	45.1	32.7	2.1	Constanta
51.0	31.7	30.3	27.9	15.1	Galati
66.9	44.7	31.5	45.4	3.3	Tulcea
68.4	50.5	35.1	47.9	1.6	Vrancea
68.2	42.3	36.2	44.7	2.3	SOUTH
66.4	36.5	33.3	30.9	1.8	Arges
67.6	40.9	44.4	50.9	0.9	Calarasi
71.0	38.7	41.0	47.1	4.7	Dambovita
73.4	38.9	39.6	49.4	0.2	Giurgiu
72.9	55.2	27.5	45.8	3.3	Ialomita
66.2	43.5	35.4	48.0	1.4	Prahova
65.7	46.1	35.2	46.3	3.3	Teleorman
66.8	42.5	30.1	38.0	2.8	SOUTH - WEST
66.5	48.4	29.9	39.8	1.8	Doj
65.6	37.9	26.5	40.0	2.8	Gorj
67.0	39.7	39.6	43.0	2.7	Mehedinti
67.7	37.7	35.7	34.4	3.8	Olt
67.5	44.6	23.5	33.7	3.4	Valcea
68.9	41.9	34.2	36.5	3.4	WEST
75.9	42.2	39.5	30.5	2.3	Arad
73.4	47.0	37.3	52.8	6.2	Caras - Severin
60.8	39.5	30.0	30.7	2.9	Hunedoara
73.6	41.5	36.5	41.2	3.5	Timis
68.6	37.9	38.6	38.6	2.0	NORTH - WEST
71.8	35.7	43.1	39.1	2.4	Bihor
61.2	34.7	37.6	39.7	3.6	Bistrita - Nasaud
68.6	39.4	39.2	40.5	1.4	Cluj
77.0	43.3	33.7	36.6	1.9	Maramures
67.2	32.6	39.7	36.7	1.7	Salaj
62.3	39.8	39.5	37.0	0.7	Satu Mare
63.5	38.0	36.4	42.3	5.5	CENTER
49.6	24.9	48.2	30.6	7.8	Alba
67.3	48.6	31.8	47.8	7.8	Brasov
69.8	41.7	29.9	44.6	3.3	Covasna
64.4	36.6	36.9	37.6	4.5	Harghita
65.2	32.3	34.6	49.4	2.6	Mures
66.7	41.5	36.1	41.4	4.6	Sibiu
66.6	33.7	41.0	37.7	4.6	BUCHAREST
66.8	33.8	44.6	41.5	5.0	Municipality of Bucharest
60.2	33.6	13.3	9.1	1.2	Ilfov
-	-	-	-	-	URBAN
-	-	-	-	-	RURAL

¹⁾Unemployed registered, beneficiaries of cash rights.

²⁾Including benefits for labour force integration.

R O M A N I A 2 0 0 0

Table 9. Demographic profile

	Population (thousands) (%)	Average annual population growth rate inhabitants)		Birth rate (per 1000 inhabitants)	Mortality rate (per 1000)	Fertility rate (‰)
		1999	1980-1990 1990-1999			
ROMANIA	22458.0	0.5	-0.4	10.4	11.8	40.2
NORTH-EAST	3813.1	0.5	0.2	13.2	10.6	52.1
Bacau	750.8	0.6	0.2	12.2	10.3	47.3
Botosani	463.0	0.1	-0.1	13.7	12.2	57.8
Iasi	833.4	0.8	0.2	13.7	9.8	52.5
Neamt	585.7	0.6	0.1	11.8	10.8	46.2
Suceava	715.2	0.7	0.2	13.5	10.3	53.7
Vaslui	465.0	0.3	0.1	14.4	10.9	59.7
SOUTH - EAST	2936.6	0.7	-0.2	10.4	11.2	39.9
Braila	387.1	0.3	-0.5	9.0	12.4	34.5
Buzau	505.3	0.1	-0.3	10.3	13.0	42.7
Constanta	746.0	1.5	-0.1	10.3	9.9	36.5
Galati	642.9	0.7	-0.1	11.2	10.1	42.1
Tulcea	264.2	0.4	-0.3	10.3	12.0	38.8
Vrancea	391.2	0.4	-0.1	11.3	11.4	45.9
SOUTH	3474.2	0.1	-0.3	10.0	12.8	40.3
Arges	673.2	0.4	-0.1	10.0	10.9	37.8
Calarasi	331.4	-0.1	-0.3	11.2	13.0	46.8
Dambovita	552.3	0.3	-0.3	10.7	11.9	42.5
Giurgiu	295.4	-0.5	-0.7	9.9	16.1	44.5
Ialomita	304.7	-0.1	0.1	11.3	12.1	45.7
Prahova	857.8	0.5	-0.3	9.1	11.9	35.0
Teleorman	459.5	-0.6	-0.8	9.0	16.3	41.4
SOUTH - WEST	2405.3	0.3	-0.2	10.1	13.0	41.2
Dolj	745.2	0.3	-0.5	10.0	13.9	41.1
Gorj	395.1	0.9	0.3	10.6	11.2	41.6
Mehedinti	323.5	-0.1	-0.1	9.7	13.5	39.6
Olt	510.1	-0.1	-0.4	10.3	13.7	42.8
Valcea	431.3	0.3	0.1	9.9	11.6	40.1
WEST	2046.5	0.3	-0.9	9.5	12.8	36.0
Arad	476.6	-0.1	-0.8	9.8	14.5	38.4
Caras - Severin	355.7	0.3	-1.4	9.0	12.8	34.8
Hunedoara	526.8	0.6	-0.8	9.0	11.9	33.9
Timis	687.4	0.2	-0.7	10.0	12.2	36.5
NORTH -WEST	2849.9	0.4	-0.5	10.6	12.2	40.9
Bihor	621.8	0.3	-0.7	10.9	13.9	42.4
Bistrita - Nasaud	325.9	0.9	-0.1	12.5	10.2	48.5
Cluj	722.9	0.2	-0.3	8.6	11.8	32.6
Maramures	531.8	0.8	-0.6	11.6	11.0	44.2
Salaj	256.9	0.2	-0.5	10.3	12.8	38.9
Satu Mare	390.7	0.4	-0.8	11.4	13.7	47.1
CENTER	2646.3	0.5	-0.9	10.3	11.1	38.5
Alba	397.7	0.2	-0.7	10.1	12.1	39.5
Brasov	630.7	0.9	-1.2	9.0	9.5	31.3
Covasna	230.5	1.0	-0.4	11.3	11.1	42.4
Harghita	342.1	0.5	-0.7	10.9	11.4	41.9
Mures	601.6	0.3	-0.4	10.8	12.4	42.5
Sibiu	443.7	0.2	-1.5	10.6	10.6	38.6
BUCHAREST	2286.1	1.1	-0.5	7.7	11.3	26.9
Municipality of Bucharest	2011.3	1.4	-0.7	9.2	12.3	35.6
Ilfov	274.8	-0.9	0.4	7.5	11.2	25.8
URBAN	12302.7	2.2	-0.3	8.9	9.1	29.7
RURAL	10155.3	-1.3	-0.5	12.3	15.1	57.9

NATIONAL HUMAN DEVELOPMENT REPORT

- cont. Table 9 -

Abortions per live birth	Infant mortality (per 1000 live births) 1999	Proportion of population aged 0-14 (%) 1999	Proportion of population aged 65 and over (%) 1999	Dependency ratio (%) 1999	
1.1	18.6	18.8	13.0	46.6	ROMANIA
1.0	20.9	21.4	12.4	51.1	NORTH-EAST
0.9	22.0	20.9	11.5	48.1	Bacau
1.3	20.3	21.5	14.7	56.8	Botosani
1.3	21.6	21.3	11.1	47.9	Iasi
1.0	21.5	20.1	12.5	48.4	Neamt
0.5	15.7	22.3	12.7	53.6	Suceava
0.8	25.3	22.6	13.4	56.1	Vaslui
0.9	20.1	19.1	12.4	45.8	SOUTH - EAST
2.6	13.4	17.9	13.8	46.3	Braila
0.6	18.6	18.1	16.0	51.8	Buzau
0.8	23.4	19.1	9.6	40.2	Constanta
0.7	18.8	19.7	10.9	44.0	Galati
0.5	21.3	19.8	11.3	45.0	Tulcea
0.5	22.6	19.9	14.7	52.9	Vrancea
1.4	19.6	18.5	14.5	49.2	SOUTH
1.2	16.7	18.1	12.5	44.1	Arges
1.1	23.7	19.9	14.8	53.2	Calarasi
1.2	16.5	19.9	13.3	49.6	Dambovita
1.0	17.1	18.4	18.2	57.6	Giurgiu
2.6	24.3	20.0	13.8	51.0	Ialomita
1.2	20.6	17.6	13.5	45.2	Prahova
1.9	20.8	16.8	18.8	55.3	Teleorman
1.2	17.2	18.7	14.3	49.3	SOUTH - WEST
1.2	20.8	17.6	15.1	48.6	Doj
1.1	13.8	20.9	12.0	49.1	Gorj
0.4	24.4	18.3	15.2	50.4	Mehedinti
1.3	14.5	18.8	14.4	49.6	Olt
1.5	12.3	18.7	14.4	49.5	Valcea
0.8	16.0	15.3	12.8	44.5	WEST
0.6	14.2	17.7	14.7	48.0	Arad
1.2	17.7	18.3	13.0	45.5	Caras - Severin
0.4	15.6	18.6	11.2	42.5	Hunedoara
1.0	16.7	17.5	12.6	43.1	Timis
0.7	19.7	19.2	13.4	46.3	NORTH -WEST
0.9	33.2	18.7	13.4	47.3	Bihor
0.3	14.1	21.8	11.6	50.4	Bistrita - Nasaud
1.1	12.2	16.4	13.2	42.2	Cluj
0.7	18.3	20.9	10.3	45.2	Maramures
0.3	16.6	20.1	14.0	51.7	Salaj
0.5	18.9	20.3	10.9	45.3	Satu Mare
1.0	16.9	18.8	12.1	44.7	CENTER
0.7	16.8	18.7	13.4	47.1	Alba
1.1	19.7	17.8	10.5	39.6	Brasov
1.6	10.7	19.7	11.8	46.0	Covasna
1.2	14.7	19.4	12.3	46.4	Harghita
1.0	18.7	18.6	13.6	47.6	Mures
0.6	16.3	19.4	11.4	44.5	Sibiu
2.5	12.9	14.7	13.5	39.3	BUCHAREST
2.8	19.8	14.3	13.5	38.4	Municipality of Bucharest
0.7	11.8	17.8	13.8	46.1	Ilfov
1.2	15.2	17.9	9.4	37.6	URBAN
1.0	21.5	19.8	17.4	59.3	RURAL

Table 10. Child survival and development

	Medically assisted births - % of total births-	Underweight children - % of total live births	Infant mortality rate per 1000 live births	Mortality rate among children under the age of 5 per 1000 live births	New cases of dystrophic children under age of 3 per 1000 children under age of 3	Children in care institutions 19 May 1997	
	1999	1999	1999	1999	1998	Total	Female
ROMANIA	98.4	8.7	18.6	22.6	13.3	98872	41716
NORTH-EAST	98.2	8.0	20.9	25.1	22.2		
Bacau	97.0	9.6	22.0	27.3	22.6	3228	1518
Botosani	98.4	7.8	20.3	24.7	11.0	3183	1321
Iasi	98.5	7.7	21.6	24.7	26.0	5678	2531
Neamt	98.3	7.6	21.5	26.1	3.5	2882	1395
Suceava	98.9	7.2	15.7	20.2	21.0	3848	1653
Vaslui	98.2	9.4	25.3	29.3	24.0	1966	1009
SOUTH - EAST	98.1	8.4	20.1	24.4	15.3		
Braila	99.3	8.6	13.4	16.9	17.5	2692	941
Buzau	98.4	8.5	18.6	22.1	13.0	2436	795
Constanta	97.0	7.9	23.4	28.5	21.8	2349	1047
Galati	99.0	8.8	18.8	23.3	11.8	2837	1086
Tulcea	97.7	9.6	21.3	25.3	15.5	1337	451
Vrancea	97.7	7.8	22.6	27.1	11.3	1826	905
SOUTH	98.1	9.2	19.6	23.3	13.6		
Arges	98.6	7.8	16.7	19.7	13.2	2978	1843
Calarasi	97.1	10.4	23.7	28.3	12.1	637	271
Dambovita	98.4	9.5	16.5	18.7	13.5	2112	633
Giurgiu	97.6	10.8	17.1	19.8	11.0	648	264
Ialomita	97.7	10.0	24.3	29.5	35.6	1128	372
Prahova	98.3	8.4	20.6	25.2	4.1	2916	1116
Teleorman	98.2	10.1	20.8	24.7	17.6	1069	546
SOUTH - WEST	98.4	8.9	17.2	21.6	12.5		
Dolj	98.8	9.1	20.8	25.8	21.6	2602	1064
Gorj	98.4	7.6	13.8	16.9	4.4	988	433
Mehedinti	97.9	10.0	24.4	29.4	17.9	532	220
Olt	98.2	9.3	14.5	19.6	9.9	1915	872
Valcea	98.1	8.4	12.3	15.8	4.7	2027	709
WEST	98.8	9.1	16.0	20.8	11.5		
Arad	98.8	7.8	14.2	18.3	16.8	2200	750
Caras - Severin	98.7	8.9	17.7	25.2	7.3	1701	720
Hunedoara	98.7	10.6	15.6	19.8	13.1	1580	598
Timis	98.9	9.0	16.7	21.0	8.4	2856	1080
NORTH - WEST	98.4	8.0	19.7	23.4	10.5		
Bihor	97.7	8.6	33.2	36.7	13.7	3731	1524
Bistrita - Nasaud	98.6	7.9	14.1	18.3	1.9	1808	1046
Cluj	99.0	8.7	12.2	15.3	7.9	3052	1235
Maramures	98.8	7.4	18.3	21.5	15.4	2727	1170
Salaj	97.9	6.4	16.6	21.6	10.2	1236	491
Satu Mare	98.4	8.5	18.9	22.3	10.7	2989	1212
CENTER	98.7	10.3	16.9	21.4	9.8		
Alba	98.8	8.8	16.8	19.0	7.2	2166	836
Brasov	98.0	10.1	19.7	24.0	12.3	2618	1173
Covasna	98.6	10.4	10.7	13.8	9.1	493	201
Harghita	98.7	10.2	14.7	18.5	10.0	1227	566
Mures	99.2	11.7	18.7	24.7	7.8	2346	924
Sibiu	98.7	9.8	16.3	22.0	12.0	2743	1387
BUCHAREST	99.2	8.6	12.9	15.0	6.0		
Municipality of Bucharest	99.2	8.2	19.8	13.3	6.8	8801	3525
Ilfov	98.7	10.9	11.8	24.9	1.7	784	283
URBAN	97.6	8.5	15.2	18.4	13.0	-	-
RURAL	97.1	9.0	21.5	26.2	13.8	-	-

NATIONAL HUMAN DEVELOPMENT REPORT

Table 11. **Women's condition**

	Life expectancy at birth (years) 1996-1998	Female enrolment rate in all levels of education 1998		Women as share of civilian occupied population (%) 1998	Total number of unemployed	Total teaching staff	Women in: 1998		
		Secondary (% of fem. aged 15-18) ¹⁾	Higher (% in female aged 19-23 years) ²⁾				Health care staff	Members of parliament	Public Administr.
ROMANIA	69.2	69.0	27.9	47.2	47.3	66.9	76.1	5.3	57.3
NORTH-EAST	69.3	62.7	21.1	48.1	44.0	65.0	73.1	-	53.1
Bacau	69.6	63.3	14.6	46.0	41.0	63.2	60.9	-	57.6
Botosani	68.0	59.1	7.2	50.3	42.3	68.0	72.9	10.0	52.0
Iasi	69.1	65.3	54.1	49.4	43.8	62.4	81.8	5.9	48.6
Neamt	69.9	64.1	6.6	46.0	50.2	67.7	81.1	8.3	57.7
Suceava	70.2	60.0	12.7	48.3	47.3	67.9	69.0	14.3	54.5
Vaslui	69.1	63.0	2.8	49.6	37.0	64.6	70.7	-	48.0
SOUTH - EAST	69.2	65.8	16.2	46.5	48.0	74.3	77.2	-	57.7
Braila	69.8	67.2	15.5	49.2	38.6	72.6	79.6	12.5	54.5
Buzau	70.5	66.2	5.1	48.2	41.9	75.0	79.2	-	50.0
Constanta	67.9	71.3	23.3	43.6	58.7	79.5	77.4	-	63.2
Galati	69.5	62.9	21.7	43.2	57.1	72.0	78.4	15.4	65.5
Tulcea	67.2	62.6	6.2	49.8	45.9	72.9	77.4	16.7	55.6
Vrancea	70.4	60.4	11.9	50.7	35.6	69.5	70.9	12.5	54.5
SOUTH	68.9	65.1	10.8	46.5	45.3	68.3	74.6	-	56.9
Arges	70.5	77.0	17.6	46.8	49.2	66.9	71.1	-	54.5
Calarasi	67.7	53.5	4.1	47.6	35.0	65.3	77.1	-	57.9
Dambovita	69.4	64.5	17.4	46.6	44.5	69.2	78.9	9.1	61.5
Giurgiu	67.5	39.9	2.0	48.1	46.3	72.7	74.4	-	57.1
Ialomita	68.1	57.4	5.4	46.5	40.0	75.0	69.2	-	50.0
Prahova	69.8	71.0	10.1	44.6	49.7	67.2	75.0	11.8	65.7
Teleorman	69.0	64.1	6.3	47.6	42.2	67.8	76.4	-	48.1
SOUTH - WEST	69.2	70.4	18.0	47.3	46.8	70.0	75.5	-	53.2
Dolj	68.9	73.4	37.5	47.3	46.0	66.9	78.3	-	54.1
Gorj	69.0	67.0	12.1	48.2	48.9	80.0	78.2	-	59.1
Mehedinti	69.3	67.4	7.5	47.4	40.4	68.0	79.4	-	48.0
Olt	68.7	67.1	9.3	45.9	43.4	67.9	79.6	20.0	51.6
Valcea	70.0	74.7	8.7	48.0	50.8	70.7	66.3	-	53.8
WEST	68.3	70.7	36.4	46.0	48.7	67.5	77.7	-	56.8
Arad	68.6	70.0	22.7	44.7	45.5	65.2	77.0	-	54.8
Caras - Severin	68.1	63.3	17.5	46.7	42.9	75.4	77.6	14.3	56.5
Hunedoara	68.2	73.9	17.6	43.5	50.7	67.9	81.1	-	64.3
Timis	69.2	72.6	67.9	48.2	51.6	65.9	75.5	7.1	52.8
NORTH - WEST	68.3	69.0	31.3	48.2	48.5	62.5	75.5	-	56.6
Bihor	67.3	71.4	29.9	49.6	44.1	54.2	74.2	-	57.1
Bistrita - Nasaud	70.2	64.0	7.1	47.8	45.2	67.2	78.0	-	52.9
Cluj	70.1	75.4	72.6	47.8	56.6	55.8	73.8	-	58.8
Maramures	68.4	64.5	17.2	47.8	43.0	69.6	77.9	9.1	53.8
Salaj	67.9	71.5	4.9	47.9	50.0	71.7	75.4	11.1	58.8
Satu Mare	66.2	63.5	7.0	47.6	40.4	75.0	76.7	-	56.5
CENTER	69.9	71.1	23.1	47.2	48.9	65.1	76.4	-	61.2
Alba	69.6	74.4	22.7	46.3	51.4	67.5	72.3	-	61.5
Brasov	70.3	72.9	31.7	46.2	56.6	62.8	78.9	-	70.0
Covasna	70.6	68.2	8.5	51.2	46.7	70.6	75.0	-	53.3
Harghita	70.0	73.2	6.1	47.1	46.1	51.3	74.5	-	57.9
Mures	68.8	63.0	19.9	47.7	45.3	68.9	78.8	7.7	59.3
Sibiu	70.1	75.6	35.2	47.0	44.6	70.1	74.5	11.1	59.1
BUCHAREST	70.9	85.9	79.2	47.7	59.6	65.2	80.5	-	61.3
Municipality of Bucharest	71.2	93.4	89.3	-	47.7	60.3	64.7	80.5	16.7
Ilfov	68.6	31.7	0.2	48.0	54.2	72.2	81.8	7.1	72.2
URBAN	70.1	106.9	48.2	-	-	-	-	-	-
RURAL	68.1	13.0	0.2	-	-	-	-	-	-

1)Secondary.

2)Including post-secondary and foremen.

Table 12. Human capital formation

	Average enrolment duration (years) 1992		Secondary education graduates (% of the population aged 15 and over) 1992		Higher education graduates (% of the population aged 23 and over) 1992		Secondary education graduates ¹⁾ (% of the population at graduation age 1998)	Higher education graduates ²⁾ (% of the population at graduation age 1998)	Graduates of technical universities (% of total graduates) 1998	Employees working in research and development per 100,000 inhabitants 1997
	Total	Fem.	Total	Fem.	Total	Fem.				
ROMANIA	8.3	7.7	71.9	69.1	6.6	5.3	70.9	16.0	20.1	256.0
NORTH-EAST							63.2	11.3	22.4	110.3
Bacau	8.0	7.4	72.2	68.7	5.1	4.3	64.2	4.5	25.4	69.6
Botosani	7.0	6.3	64.1	59.9	3.3	2.6	58.2	-	-	31.1
Iasi	8.2	7.6	67.6	64.3	7.6	6.7	60.5	40.0	21.5	300.1
Neamt	7.9	7.4	71.6	68.7	4.6	3.9	66.5	-	-	73.7
Suceava	8.0	7.6	75.1	72.6	4.4	3.6	67.2	4.3	30.6	49.6
Vaslui	7.2	6.6	65.9	62.5	3.4	2.7	61.8	-	-	56.2
SOUTH - EAST							68.3	7.2	26.7	96.9
Braila	8.1	7.5	70.6	66.9	5.2	4.1	68.6	6.8	11.5	102.1
Buzau	7.4	6.7	66.2	61.6	4.2	3.2	72.8	1.1	-	65.1
Constanta	8.8	8.1	74.4	71.9	7.5	5.6	71.6	13.4	21.2	57.9
Galati	8.1	8.5	71.1	67.7	5.8	4.8	68.4	10.9	41.6	230.5
Tulcea	7.6	6.8	72.6	69.1	3.9	2.9	63.1	-	-	47.0
Vrancea	7.5	6.9	68.1	64.8	3.9	3.1	58.8	0.4	-	22.7
SOUTH							68.9	4.1	29.9	175.3
Arges	8.5	7.8	73.7	70.2	6.4	4.9	81.8	9.4	25.4	347.6
Calarasi	6.6	5.7	63.5	58.9	2.6	2.1	57.9	-	-	280.3
Dambovita	7.7	6.8	69.9	65.3	4.3	3.4	67.0	6.7	21.3	98.9
Giurgiu	6.1	5.1	62.2	58.6	2.3	1.7	41.8	-	-	61.9
Ialomita	6.9	6.1	64.0	59.3	3.2	2.6	59.8	-	-	-
Prahova	8.3	7.5	69.4	65.2	6.4	5.1	74.3	4.1	48.5	231.2
Teleorman	6.5	5.6	60.5	55.5	3.0	2.4	70.5	-	-	24.9
SOUTH - WEST							74.0	8.8	16.9	119.4
Dolj	8.0	7.2	66.9	63.1	6.5	5.4	76.0	23.8	17.5	253.3
Gorj	8.4	7.5	76.6	73.3	5.3	3.8	77.6	4.4	26.5	60.6
Mehedinti	7.8	6.9	71.3	66.2	4.8	67.4	65.4	3.5	14.5	35.7
Olt	7.4	6.6	69.5	64.6	3.7	2.9	68.6	-	-	35.6
Valcea	8.0	7.2	71.8	68.0	5.2	4.0	79.9	3.4	-	103.8
WEST							71.5	19.5	24.0	161.5
Arad	8.1	7.4	72.9	69.5	5.2	3.7	73.1	11.5	10.9	208.6
Caras - Severin	8.2	7.4	74.0	70.0	5.0	3.6	67.6	5.8	31.2	76.5
Hunedoara	8.8	8.0	78.0	75.2	6.4	4.7	77.1	7.0	57.1	127.6
Timis	8.9	8.3	75.3	74.0	8.6	6.7	68.6	40.3	21.8	200.0
NORTH - WEST							70.8	18.6	19.0	151.3
Bihor	8.3	7.7	73.6	71.0	5.5	4.0	75.9	21.5	29.2	75.4
Bistrita - Nasaud	7.9	7.3	73.2	70.4	4.5	3.4	60.8	-	-	53.9
Cluj	9.0	8.5	73.6	71.2	9.1	7.5	72.6	52.1	15.3	365.8
Maramures	8.0	7.4	76.3	74.4	5.4	4.0	68.8	4.2	24.5	88.1
Salaj	7.8	7.2	74.0	71.1	4.0	2.9	83.1	-	-	85.2
Satu Mare	8.2	7.7	77.3	75.2	4.4	3.2	64.3	-	-	86.7
CENTER							74.9	13.0	25.3	169.6
Alba	8.4	7.8	74.8	71.5	5.2	4.0	79.8	13.0	-	129.3
Brasov	9.7	9.2	81.3	80.6	8.8	6.9	76.9	20.8	39.6	385.7
Covasna	8.5	8.2	79.4	78.9	4.3	3.3	69.2	-	-	52.7
Harghita	8.5	8.1	80.0	78.7	3.8	2.8	73.2	-	-	23.9
Mures	8.4	7.9	75.9	73.1	5.0	3.9	68.4	9.3	12.0	54.9
Sibiu	9.3	8.8	80.5	80.1	7.2	5.4	80.2	23.4	26.9	225.3
BUCHAREST							82.2	56.5	15.7	1278.8
Bucharest Municipality	10.2	9.6	70.4	69.9	16.5	13.3	87.8	63.8	15.7	1257.9
Ifov							40.2	-	-	1431.4
URBAN	10.0	9.5	78.0	77.1	11.4	9.1	107.8	28.8	15.7	-
RURAL	6.4	5.7	64.8	59.2	1.3	1.0	16.8	-	-	-

¹⁾Secondary.

²⁾Excluding post-secondary and foremen.

NATIONAL HUMAN DEVELOPMENT REPORT

Table 13. Human development profile

	Enrolment in higher education ¹⁾ (% of the population aged 19-23)	Employees working in research and development	Annual number of theatre- goers per 1000 inhabitants per 100.000 inhabitants	Television subscriptions (per 1000 inhabitants)	Population per doctor	Population with access to electricity (%)	Private vehicles per 1000 inhabitants
	1998	1998	1998	1998	1998	1992	1998
ROMANIA	25.4	253.9	176.1	174.7	530	98.0	118.8
NORTH-EAST	17.9	108.6	97.3	137.8	657	96.5	69.3
Bacau	11.7	76.4	88.8	139.2	936	96.2	95.1
Botosani	4.0	32.0	232.1	125.8	844	94.8	50.6
Iasi	49.0	317.1	112.6	142.0	323	98.4	61.2
Neamt	4.7	58.3	24.3	153.0	878	96.6	75.4
Suceava	10.4	40.1	107.5	121.8	893	97.4	75.7
Vaslui	1.7	33.6	25.5	146.0	1126	93.8	43.0
SOUTH - EAST	14.5	94.8	146.5	175.4	746	98.2	112.0
Braila	12.2	66.9	113.7	207.2	766	99.5	87.9
Buzau	5.0	26.2	32.8	159.0	780	97.3	106.8
Constanta	22.7	65.0	180.7	199.9	560	99.2	161.7
Galati	20.3	269.9	90.5	163.7	937	98.6	101.9
Tulcea	4.2	50.5	23.5	163.6	1008	97.9	71.9
Vrancea	7.4	10.7	436.1	145.4	782	96.1	91.8
SOUTH	9.9	163.2	80.1	169.3	864	98.5	106.7
Arges	17.2	320.2	49.1	169.9	655	98.0	164.7
Calarasi	3.6	252.5	361.1	150.2	1097	97.8	59.5
Dambovita	15.2	76.5	-	152.2	947	98.7	111.7
Giurgiu	1.7	55.8	73.6	147.1	965	97.9	120.9
Ialomita	3.4	-	-	165.6	1033	99.0	76.2
Prahova	10.1	223.8	120.4	204.5	879	99.0	100.4
Teleorman	4.4	37.8	1.5	153.9	866	98.4	72.7
SOUTH - WEST	16.8	130.0	84.3	157.4	587	97.8	107.3
Dolj	35.8	328.8	136.8	174.4	418	98.8	122.7
Gorj	11.7	28.0	88.3	151.5	662	97.7	101.6
Mehedinti	7.3	31.6	29.3	141.6	731	97.3	112.6
Olt	6.9	14.6	39.0	142.3	801	97.9	95.3
Valcea	8.4	90.7	84.7	163.2	671	96.3	96.1
WEST	34.7	144.9	108.5	200.5	437	99.2	170.1
Arad	21.5	127.4	197.2	208.8	602	99.3	132.3
Caras - Severin	16.2	71.8	47.4	151.9	656	98.9	128.9
Hunedoara	17.6	85.6	42.1	200.6	556	99.2	105.9
Timis	65.1	241.6	130.1	220.4	285	99.4	268.2
NORTH -WEST	28.0	116.1	143.1	161.5	483	96.9	117.9
Bihor	29.1	79.1	124.0	178.5	561	98.5	113.3
Bistrita - Nasaud	4.2	43.2	-	119.4	731	94.8	111.6
Cluj	66.3	266.5	177.2	193.2	251	98.4	155.4
Maramures	13.8	45.6	112.2	125.8	745	93.7	92.5
Salaj	5.0	78.3	173.4	159.3	843	96.6	102.3
Satu Mare	3.6	79.1	292.5	161.1	860	97.6	106.0
CENTER	22.2	191.5	169.2	193.9	532	97.9	146.3
Alba	19.8	133.3	34.7	162.0	619	95.8	100.5
Brasov	34.4	505.1	139.3	209.6	557	99.2	144.9
Covasna	6.4	51.5	262.3	200.2	797	98.5	117.1
Harghita	5.0	15.7	60.2	170.7	694	97.1	109.4
Mures	17.6	61.7	329.9	201.4	412	97.0	197.0
Sibiu	33.2	181.8	151.0	204.6	464	99.3	164.5
BUCHAREST	73.7	1308.3	697.2	232.2	254	99.7	163.2
Bucharest Municipality	83.3	1304.3	792.9	232.2 ²⁾	230	99.7 ²⁾	163.2 ²⁾
Ilfov	1.1	1337.4	-	-	1121	-	-
URBAN	44.8	-	-	214.8	344	99.6	-
RURAL	0.3	-	-	125.9	1527	96.0	-

¹⁾Including post-secondary and foremen.

Table 14. Human development critical aspects

	Infant mortality rate per 1000 live births 1999	Abortion cases per live births 1999	Number of premeditated murders per 100000 inhabitants 1998	Unemployment rate (%) 1999
ROMANIA	18.6	1.1	6	11.5
NORTH-EAST	20.9	1.0	7	14.9
Bacau	22.0	0.9	5	12.4
Botosani	20.3	1.3	4	18.8
Iasi	21.6	1.3	10	12.2
Neamt	21.5	1.0	8	17.8
Suceava	15.7	0.5	4	13.6
Vaslui	25.3	0.8	11	17.3
SOUTH - EAST	20.1	0.9	8	13.1
Braila	13.4	2.6	7	17.6
Buzau	18.6	0.6	4	14.5
Constanta	23.4	0.8	3	11.3
Galati	18.8	0.7	14	15.2
Tulcea	21.3	0.5	10	12.0
Vrancea	22.6	0.5	11	7.2
SOUTH	19.6	1.4	6	11.7
Arges	16.7	1.2	4	10.3
Calarasi	23.7	1.1	12	12.0
Dambovita	16.5	1.2	8	11.8
Giurgiu	17.1	1.0	7	8.9
Ialomita	24.3	2.6	9	12.9
Prahova	20.6	1.2	5	14.3
Teleorman	20.8	1.9	3	9.3
SOUTH - WEST	17.2	1.2	9	11.8
Dolj	20.8	1.2	11	12.6
Gorj	13.8	1.1	8	14.3
Mehedinti	24.4	0.4	11	9.5
Olt	14.5	1.3	8	10.6
Valcea	12.3	1.5	5	11.3
WEST	16.0	0.8	5	12.1
Arad	14.2	0.6	5	8.9
Caras - Severin	17.7	1.2	4	10.8
Hunedoara	15.6	0.4	7	20.4
Timis	16.7	1.0	5	8.2
NORTH -WEST	19.7	0.7	4	9.6
Bihor	33.2	0.9	5	5.9
Bistrita - Nasaud	14.1	0.3	3	14.4
Cluj	12.2	1.1	4	11.4
Maramures	18.3	0.7	5	8.8
Salaj	16.6	0.3	3	14.6
Satu Mare	18.9	0.5	6	5.9
CENTER	16.9	1.0	5	10.8
Alba	16.8	0.7	3	11.7
Brasov	19.7	1.1	4	11.1
Covasna	10.7	1.6	4	11.8
Harghita	14.7	1.2	9	10.6
Mures	18.7	1.0	4	8.5
Sibiu	16.3	0.6	7	12.3
BUCHAREST	12.9	2.5	3	5.8
Bucharest Municipality	19.8	2.8	3 ¹⁾	5.8
Ilfov	11.8	0.7	-	5.9
URBAN	15.2	1.2	-	-
RURAL	21.5	1.0	-	-

¹⁾Including Ilfov district.

NATIONAL HUMAN DEVELOPMENT REPORT

Table 15. **Social instability phenomena**

	Convictions per 100000 inhab. 1998	Number of premeditated crimes per 100000 inhabitants 1998	Suicide cases per 100000 inhabitants 1999		Rape cases per 100000 women 1998	Theft and robbery per 100000 inhab. 1998	Divorces per 100 marriages 1999	Live births outside marriage per 100 live births 1999
			Total	Women				
ROMANIA	472	6	12.2	4.4	7	210	24.6	24.1
NORTH-EAST	534	7	11.3	1.9	9	219	25.5	17.0
Bacau	591	5	2.3	1.3	9	259	35.4	20.2
Botosani	523	4	14.9	5.4	6	244	21.4	13.2
Iasi	481	10	12.9	3.9	9	215	22.3	17.9
Neamt	388	8	12.5	4.0	7	162	18.0	15.8
Suceava	644	4	8.4	4.1	8	191	27.8	12.1
Valui	565	11	8.9	2.5	13	255	26.1	23.3
SOUTH - EAST	538	8	13.3	2.5	8	267	25.6	25.8
Braila	451	7	10.0	3.0	3	250	26.4	23.0
Buzau	416	4	5.1	1.9	7	186	22.8	26.2
Constanta	584	3	15.6	6.6	4	324	18.7	29.4
Galati	527	14	12.6	3.1	13	270	28.5	21.9
Tulcea	598	10	22.3	7.5	12	270	27.4	27.5
Vrancea	671	11	7.9	3.5	9	275	36.0	26.4
SOUTH	404	6	9.8	3.5	8	181	25.0	31.4
Arges	356	4	9.9	6.4	8	144	19.9	20.9
Calarasi	351	12	11.4	2.4	14	209	28.1	41.8
Dambovita	532	8	8.1	2.5	11	213	24.5	31.5
Giurgiu	166	7	15.2	5.3	6	49	18.8	42.3
Ialomita	617	9	9.8	1.9	8	350	24.5	40.2
Prahova	401	5	9.4	2.7	5	171	31.6	24.2
Teleorman	379	3	7.8	3.0	7	168	21.7	37.2
SOUTH - WEST	569	9	12.3	6.2	9	190	19.3	26.9
Dolj	472	11	11.3	8.4	9	174	16.3	33.1
Gorj	575	8	14.6	5.0	7	146	19.3	16.9
Mehedinti	833	11	9.9	2.4	15	297	26.2	31.7
Olt	542	8	14.9	6.5	11	213	16.7	30.8
Valcea	563	5	10.6	5.9	6	153	21.9	17.7
WEST	524	5	14.0	4.6	6	225	32.9	26.2
Arad	457	5	17.3	5.3	3	197	32.6	25.4
Caras - Severin	418	4	11.0	3.9	2	83	26.7	31.6
Hunedoara	608	7	15.4	4.5	8	305	49.9	22.4
Timis	562	5	12.4	4.6	8	255	22.2	26.8
NORTH - WEST	492	4	16.4	5.4	5	220	19.3	18.8
Bihor	495	5	18.2	4.4	6	229	12.7	24.3
Bistrita - Nasaud	425	3	4.0	1.2	5	153	23.1	15.0
Cluj	429	4	14.3	6.1	3	196	18.8	18.9
Maramures	557	5	14.0	4.8	3	243	21.8	13.6
Salaj	558	3	17.0	3.8	5	219	16.9	20.6
Satu Mare	509	6	30.8	11.0	7	276	24.7	19.8
CENTER	433	5	19.8	6.3	5	204	27.3	26.2
Alba	504	3	12.2	3.5	4	197	24.2	18.3
Brasov	409	4	13.5	5.0	4	219	32.8	28.1
Covasna	487	4	34.7	11.1	4	190	27.6	26.8
Harghita	411	9	38.0	12.8	-	185	20.2	26.0
Mures	421	4	22.2	6.2	6	210	24.0	29.8
Sibiu	407	7	10.4	3.5	10	201	30.8	25.7
BUCHAREST	260	3	4.4	1.7	5	165	23.1	26.3
Bucharest Municipality	238 ¹⁾	3 ¹⁾	4.9	1.9	5 ¹⁾	165 ¹⁾	25.3	24.5
Ilfov	424	-	1.1	0.7	-	-	7.2	37.3
URBAN	-	-	10.4	4.1	-	-	30.9	21.9
RURAL	-	-	14.4	4.7	-	-	15.9	25.9

¹⁾Including Ilfov district.

Table 16. Natural resources

	Total land (ha)	(% in total land area)		Proportion of private sector in the agricultural land (%) 1998
		Agricultural land 1998	Forests 1998	
ROMANIA	23839071	62.1	28.0	70.8
NORTH-EAST	3684983	57.4	43.8	79.3
Bacau	662052	49.0	42.3	82.3
Botosani	498569	77.8	11.5	78.2
Iasi	547558	69.2	18.1	78.2
Neamt	589614	48.2	44.1	80.5
Suceava	855350	40.9	53.4	81.1
Vaslui	531840	73.6	86.8	76.4
SOUTH - EAST	3576170	65.1	15.5	63.6
Braila	476576	81.0	5.0	55.8
Buzau	610255	65.9	26.8	77.5
Constanta	707129	80.0	5.0	58.3
Galati	446632	80.3	9.8	70.8
Tulcea	849875	42.5	11.2	49.8
Vrancea	485703	52.5	39.7	74.5
SOUTH	3445299	71.1	19.6	71.8
Arges	682631	50.5	42.0	72.3
Calarasi	508785	84.	4.3	60.0
Dambovita	405427	161.6	29.8	76.1
Giurgiu	352602	78.6	10.6	74.0
Ialomita	445289	84.0	5.8	69.7
Prahova	471587	59.2	32.3	74.9
Teleorman	578978	85.6	5.1	78.3
SOUTH - WEST	2921169	62.3	29.2	79.7
Dolj	741401	79.4	11.0	79.7
Gorj	560174	44.7	48.9	83.2
Mehedinti	493289	59.7	30.3	78.7
Olt	549828	80.0	10.6	78.8
Valcea	576477	42.7	50.5	80.3
WEST	3203317	61.3	32.6	62.4
Arad	775409	66.0	27.4	63.0
Caras - Severin	851976	46.9	48.1	56.6
Hunedoara	706267	49.3	44.2	75.7
Timis	869665	80.8	12.5	58.6
NORTH -WEST	3416046	60.8	30.6	71.6
Bihor	754427	66.2	25.8	68.2
Bistrita - Nasaud	535520	52.3	39.4	69.0
Cluj	667440	64.1	25.0	65.4
Maramures	630436	49.4	45.9	83.7
Salaj	386438	62.0	27.4	75.9
Satu Mare	441785	71.9	17.7	72.3
CENTER	3409972	56.7	36.4	67.8
Alba	624157	52.0	36.3	74.7
Brasov	536309	55.5	37.2	61.3
Covasna	370980	50.2	44.8	65.2
Harghita	663890	61.2	35.0	69.4
Mures	671388	61.0	32.2	75.0
Sibiu	543248	56.7	37.1	56.7
BUCHAREST	182115	63.9	14.1	72.9
Municipality of Bucharest	23787	22.7	2.6	62.7
Ifov	158328	70.1	15.8	73.4
URBAN	-	-	-	-
RURAL	-	-	-	-

.....
 NATIONAL HUMAN DEVELOPMENT REPORT

- cont. Table 16 -

Proportion of agricultural land (%) of			
Arable land 1998	Grazing and meadows 1998	Vineyards and orchards 1998	
39.2	20.6	2.3	ROMANIA
36.6	19.0	1.8	NORTH-EAST
27.8	19.5	1.7	Bacau
58.5	18.1	1.2	Botosani
45.7	19.6	3.9	Iasi
28.9	18.6	0.7	Neamt
20.8	19.7	0.4	Suceava
51.8	17.8	4.1	Vaslui
36.6	10.9	3.5	SOUTH - EAST
27.8	6.7	2.0	Braila
58.5	19.4	4.5	Buzau
45.7	8.6	3.0	Constanta
28.9	9.9	5.0	Galati
20.8	7.2	1.4	Tulcea
51.8	15.5	6.7	Vrancea
57.0	11.0	3.0	SOUTH
25.0	21.5	4.0	Arges
81.1	1.2	1.8	Calarasi
43.1	15.7	2.8	Dambovita
73.4	2.8	2.4	Giurgiu
78.2	4.1	1.6	Ialomita
31.1	22.2	5.8	Prahova
78.3	5.1	2.2	Teleorman
42.6	15.9	3.8	SOUTH - WEST
65.8	9.9	3.8	Dolj
18.4	22.3	3.9	Gorj
37.8	18.2	3.7	Mehedinti
69.6	6.5	3.9	Olt
14.6	24.6	3.5	Valcea
34.1	24.2	1.3	WEST
44.8	19.8	1.3	Arad
14.9	30.4	1.6	Caras - Severin
12.6	28.9	0.6	Hunedoara
60.8	18.4	1.6	Timis
29.6	29.4	1.8	NORTH - WEST
40.1	24.0	2.1	Bihor
18.8	31.4	2.0	Bistrita - Nasaud
26.9	36.0	1.1	Cluj
13.3	35.1	1.0	Maramures
31.5	28.5	2.0	Salaj
50.2	19.0	2.6	Satu Mare
22.5	29.4	0.9	CENTER
21.0	24.0	1.2	Alba
22.0	31.4	0.5	Brasov
23.3	36.0	0.3	Covasna
14.0	35.1	0.2	Harghita
33.1	28.5	1.3	Mures
21.4	19.0	1.6	Sibiu
60.1	1.3	2.4	BUCHAREST
19.0	2.3	1.5	Bucharest Municipality
66.3	1.2	2.6	Ilfov
-	-	-	URBAN
-	-	-	RURAL

Table 17. Environment

Air pollution 1998					
Sedimentary powders			Other polluting substances		
Locality		Frequency of exceeding maximum permitted concentrations (%)	Locality	Polluting substance	Frequency of exceeding maximum permitted concentrations (%)
ROMANIA					
NORTH-EAST					
Bacau	-	-	Bacau	NH3	0.50
Botosani	Dorohoi	8.33	-	-	-
Iasi	Iasi	35.19	Iasi	NH3	0.68
Neamt	Piatra Neamt	19.30	Savinesti	Suspended sulfate	8.60
Suceava	Suceava	12.50	Suceava	metyl mercaptan	10.70
Vaslui	Vaslui	89.00	-	-	-
SOUTH - EAST					
Braila	Braila	18.29	-	-	-
Buzau	Buzau	8.50	-	-	-
Constanta	Constanta	15.62	-	-	-
Galati	Galati	58.75	-	-	-
Tulcea	-	-	Tulcea	suspended particles	0.56
Vrancea	Focsani	16.60	Focsani	suspended particles	0.82
SOUTH					
Arges	Campulung	50.00	Pitesti	carbon oxide	9.80
Calarasi	Calarasi	29.16	Calarasi	suspended particles	10.82
Dambovita	Fieni	88.88	Targoviste	suspended particles	67.54
Giurgiu	-	-	Giurgiu	suspended particles	4.59
Ialomita	-	-	-	-	-
Prahova	-	-	Floresti	suspended particles	70.26
Teleorman	-	-	Alexandria	suspended particles	5.20
SOUTH - WEST					
Dolj	Craiova	20.80	Craiova	NO2	1.00
Gorj	Rovinari	32.82	-	-	-
Mehedinti	-	-	Drobeta	-	-
Olt	Corabia	30.77	Tr. Severin	hydrogen sulphure	0.08
Valcea	-	-	-	-	-
			Ramnicu Valcea	suspended particles	16.76
WEST					
Arad	-	-	Arad	suspended particles	70.00
Caras - Severin	Caransebes	43.33	Caransebes	suspended particles	11.46
Hunedoara	Hunedoara	49.76	Hunedoara	suspended particles	7.63
Timis	Deva	8.30	Timisoara	suspended particles	4.50
NORTH -WEST					
Bihor	-	-	-	-	-
Bistrita - Nasaud	-	-	Bistrita	suspended particles	2.83
Cluj	Turda	35.13	-	-	-
Maramures	-	-	Baia Mare	Lead	52.04
Salaj	Zalau	8.47	Zalau	suspended particles	5.48
Satu Mare	-	-	-	-	-
CENTER					
Alba	Zlatna	65.00	Zlatna	Lead	14.29
Brasov	Brasov	34.31	-	-	-
Covasna	Tg. Secuiesc	8.33	-	-	-
Harghita	Gheorghieni	77.78	Odorheiu-Secuiesc	suspended particles	16.86
Mures	Targu Mures	8.33	Targu Mures	suspended particles	28.77
Sibiu	Dumbraveni	8.33	Copsa Mica	lead and compounded	73.91
BUCHAREST					
Bucharest Municipality	-	-	Bucharest	oxidant substances	25.50
Ilfov	-	-	-	-	-

NATIONAL HUMAN DEVELOPMENT REPORT

- cont. Table 17 -

Defoliation of forests - % 1998					Fertilizers on agricultural land kg/ha 1998	Pesticides on agricultural land kg/ha 1998	
non- affected	slightly affected	moderately affected	severely affected	totally affected			
66.2	21.5	10.9	0.9	0.5	26	0.9	ROMANIA
					20	0.5	NORTH-EAST
59.8	29.4	9.5	0.8	0.5	22	0.4	Bacau
73.0	20.9	5.2	0.8	0.1	11	0.2	Botosani
31.8	41.0	24.8	1.9	0.5	20	1.0	Iasi
69.8	17.2	11.6	0.9	0.5	25	0.4	Neamt
73.6	21.1	5.1	0.1	0.1	31	0.6	Suceava
93.7	4.2	1.4	0.2	0.5	12	0.6	Vaslui
					19	1.9	SOUTH - EAST
69.2	16.7	12.2	1.9	-	23	1.1	Braila
70.7	24.2	4.9	0.1	0.1	9	1.1	Buzau
48.4	35.9	14.5	1.2	-	31	1.6	Constanta
94.7	5.3	-	-	-	19	1.1	Galati
66.4	16.4	13.5	2.1	1.6	7	0.5	Tulcea
95.0	4.5	0.5	-	-	16	8.1	Vrancea
					34	1.0	SOUTH
69.6	19.6	9.0	1.1	0.7	32	1.0	Arges
57.7	14.2	25.6	2.1	0.4	38	1.3	Calarasi
67.6	19.0	11.8	0.6	1.0	38	0.9	Dambovita
97.3	2.1	0.6	-	-	38	0.9	Giurgiu
39.0	25.0	32.0	1.3	2.7	23	0.6	Ialomita
65.6	21.4	12.0	0.8	0.2	31	1.9	Prahova
57.8	26.1	13.7	1.6	0.8	40	0.9	Teleorman
					34	0.7	SOUTH - WEST
59.5	12.5	21.3	4.4	2.3	31	0.9	Dolj
53.2	27.8	16.6	1.8	0.6	27	0.4	Gorj
46.4	31.3	19.1	1.6	1.6	25	0.8	Mehedinti
56.1	36.4	3.6	3.9	-	46	0.7	Olt
43.3	41.3	12.8	1.2	1.4	34	0.6	Valcea
					26	0.9	WEST
56.4	14.8	24.9	3.2	0.7	32	1.0	Arad
37.4	34.8	26.5	0.8	0.5	10	0.5	Caras - Severin
73.5	16.2	9.0	0.7	0.6	10	0.3	Hunedoara
62.5	22.9	13.1	1.5	-	39	1.3	Timis
					27	0.7	NORTH - WEST
34.1	52.2	13.0	0.4	0.3	38	1.0	Bihar
75.2	19.4	4.7	0.5	0.2	18	0.6	Bistrita - Nasaud
58.0	28.9	12.5	0.4	0.2	22	0.5	Cluj
92.1	6.8	1.1	-	-	11	0.3	Maramures
75.2	18.8	4.9	0.4	0.7	25	0.6	Salaj
46.4	40.9	12.1	0.5	0.1	43	1.1	Satu Mare
					21	0.6	CENTER
74.7	21.0	2.9	0.2	1.2	20	0.7	Alba
75.5	18.3	5.7	0.3	0.2	20	0.9	Brasov
68.2	21.5	9.8	0.4	0.1	34	0.6	Covasna
60.0	26.7	11.1	1.5	0.7	14	0.2	Harghita
91.9	7.0	1.0	-	0.1	29	0.9	Mures
68.7	13.1	17.1	0.7	0.4	16	0.5	Sibiu
					36	1.5	BUCHAREST
63.5	23.8	11.5	1.2	-	36	1.5	Ilfov

Including Bucharest Municipality



VANEMONDE *intrade*
Phone/Fax: 01-330.50.66

Design & production management