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THE PECULIARITIES OF THE INCIDENCE OF NON-REFUNDABLE FUNDS IN THE EUROPEAN UNION AND ROMANIA

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In the contemporary period is cardinal, especially for the European citizens, potential and active economic agents, to be aware of the opportunities offered by the unique partnership called European Union. The allocation of funding to European Union member states and their absorption capacity is a current topic of great significance in the context of globalization, so that European cohesion implies the existence of grants and the appearance of inherent controversies. In this way, we considered opportune a comparative study between Romania and the other representative countries. So far, Romania has absorbed only 10% of the total funds provided by the European Union for the financial year 2007-2013. Given the gap with the developed countries of the Community, this percentage is not justified, drawing attention in a negative way towards Romanian state. Thus, this facet of Romania enables us to analyze the issue of low absorption rate of European Union funds. As the next trance of EU funds is coming, scheduled during the years 2014-2020, we intend to illustrate viable, propitious solutions to eradicate vicissitudes for the purpose of building a transparent and competitive environment for accessing grants.

Keywords*:* absorption, grants, community space, funding

1. Introduction

The acceding of Romania to the European Union at 1st of January 2007 facilitated its access to the Structural Funds for the development of regions less prosperous of the European Union, funds that have been proved to be beneficial for countries like Ireland or Portugal, in the first years after the acceding. Romania has received, in the six years of EU membership, with 5,7[1] billions euro more from the community budget than it has contributed. The absorption of European Union funds, however, is different from one area to another, from one program to another, and their low rate of absorption draws relentlessly the attention over Romania.

The budget of the European Union is made up of the total of expenses and incomes at the Union level. The EU expenses represent, in fact, the structural and cohesion funds allocated to the member states, and the total of incomes is conceived, as predominant weight, from the own resources collected by the member states and transferred, subsequently, to the EU budget.

Central Europe, is the region of the European Union with the biggest weight from the total of national contributions, respectively 28,55%, at the opposite side, with a contribution of only 2,02%, lies the region of East Europe.

The member states transfer to the Union budget a share from their own resources directly proportional to the level of economic development of the respective state. There are net contributing countries, subject to reductions or adjustments on own resources collected, as these amounts would have been exorbitant. Of the net contributing states we mention: United Kingdom, The Netherlands, Sweden, Germany, Austria.

Instead, the net beneficiary countries are those countries that have a low level of economic development or the ones confronted with disparities between regions or those that have entered the economic setback. They are allocated from the EU budget a significant amount of non-refundable funds in comparison with the own resources collected and transferred to the budget of the Union. The main net beneficiary countries are: Poland, Greece, Romania, Spain, Portugal.

The main funds which have been implemented in each Member State are: the European Regional Development Fund – ERDF, European Social Fund ESF and the Cohesion Fund – CF. European Union funds, according to the Official Journal of the European Union L221 (pag 3), pursue objectives such as: sustainable growth, preservation and management of natural resources, citizenship, freedom, security and justice.

Allocation issues, non-refundable funds absorption is a contemporary topic resulting in the appearance of research works among which: "The Allocation of the financial resources of the EU Structural Funds and Cohesion Fund during the period 2007-2013", or the appearance of various associations such as the Association of Consultants in Romania for Accessing European funds (ACRAFE).

2. Incomes and expenses to the EU budget

The budget of the European Union is the instrument which authorizes each year the financing for all activities and community interventions, and consists of all of the financial resources which the Union has annually for their objectives, activities and interventions achievement. Depending on it, can be observed every year the EU policy priorities and guidelines. Its evolution over time reflects the successive transformations of the European construction. In 1970, the Community budget was 3.6 billion ecu (in January 1st, 1999., 1ecu = 1 euro) and consisted almost entirely of funds for expenditure on the common agricultural policy. Today the EU budget has about 138 billion euro. You can find here all EU policies: expenses for the common agricultural policy, regional development policy, research expenses, education, training, international cooperation actions etc.

The European Union has "own resources" for financing its expenses. From a legal perspective, these resources belong to the Union. The member states collect them on behalf of the EU and transfers them to the EU budget. These are:

- **traditional own resources (TOR) -** these mainly consist of taxes imposed on imports of goods from a country outside the EU. They contribute about 12% to the total income;
- resource based on **value added tax** (VAT) **-** is a fixed rate applied to the income from harmonized VAT in each Member State. VAT-based resource accounts represent 11% of the total income;
- resource based on **gross national income** (GNI) **-** is a fixed percentage rate applied to the GNI of each Member State. Although a uniform category, it has become the largest source of income, nowadays contributing with 76% to the total income.

The budget also receives other income, such as payroll taxes paid by EU staff, contributions from non-EU countries to certain EU programs and penalties paid by companies that break competition or other laws. These various resources constitute approximately 1% of the budget.

Own resources which are predominant share in the total income of the EU budget shall comprise: traditional own resources, consisting of net levies for sugar and customs duties; VAT-based own resource (Value Added Tax); GNI-based own resource (Gross National Income); reduction for The Netherlands and Sweden; correction on benefit of United Kingdom[2].

Table no. 1 – The situation of the general budget financing on types of own resources and regions
mil. Euro

EU region	Traditional wn resources (RPT)	VAT-based own resource	GNI-based own resource	Reduction for the Netherlands and Sweden	Correction on benefit of the United Kingdom	Total national contributions	Share in the otal national ontributions (%)	Total own resources
(1)	(2)	(3)	(4)	(5)	(6)	7)=(3+4+5+6)	(8)	(9)=(2+7)
Central Europe	5.190	3.065	26.535	244	620	30.463	28,55	35.654
East Europe	267	290	1.733	16	118	2.156	2,02	2.423
North Europe	4.241	3.430	19.776	13	-3.487	19.733	18,49	23.974
South Europe	3.962	3.971	21.907	201	1.487	27.567	25,83	31.529
West Europe	5.635	3.743	22.270	-474	1.262	26.801	25,11	32.435
Total	19.295	14.499	92.221	0	0	106.720	100	126.015

Source: Official Journal of the European Union L221, page 13

Due to the fact that the division of the European Union on regions is not a very specific topic, we realized a division of the regions, as illustrated in table no. 2 in such a way that there are no serious disproportionalities between regions, as it follows:

- *Central Europe* is composed of: Austria, Germany, Poland, Czech Republic, Slovakia, Slovenia and Hungary.
- *Eastern Europe* is composed of: Bulgaria, Estonia, Latvia, Lithuania and Romania.

- *Northern Europe* includes countries like: Dennmark, Finland, Ireland, United Kingdom and Sweden.
- *Southern Europe* is composed of: Cyprus, Greece, Italy, Malta, Portugal and Spain.
- *Western Europe* includes: Belgium, France, Luxembourg and The Netherlands.

Briefly, the following figure illustrates the share of national contributions and own resources of the 5 regions:

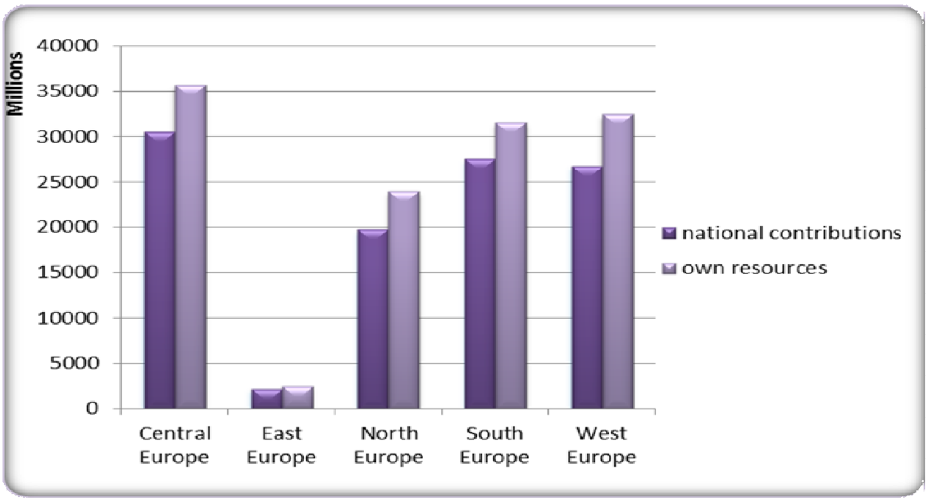

Figure no. 1 – Situation of the national contributions and own resources on regions

Central Europe has the largest share in the total of national contributions of 28,55%, at the opposite pole being Eastern Europe with an approximate weight of only 2.02%. Eastern Europe includes some of the less developed EU member countries: Bulgaria, Romania, Latvia, Lithuania[4], this being the main reason of a minor percentage of the resources collected by each state individually. Although Romania doesn't have a high degree of prosperity, yet it holds the majority share in the total national contributions for the Eastern region of the Union, respectively 1.14%, according to the Official Journal of the European Union, L221, 2012, pag. 13.

As mentioned previously, the budget of the European Union consists of national own resources. The contribution of each Member State to the budget is made in proportion to the degree of economic prosperity of each country. The exception to this rule are Austria, Germany, Netherlands, United Kingdom and Sweden that benefit of some reductions or corrections to the calculation of national contributions to reduce the amount of the net contributions of those states to the EU budget because that amount would have been exaggerated.

In addition to the countries mentioned above, the Member States France and Italy are net contributors of second rank to the budget of the European Union because the reductions that they benefit of have a modest value compared to the other corrections applied.

The EU funds return to the beneficiaries from the Member States and third countries according to the priorities established by the Union. While all the Member States benefit of funds allocated from the EU budget, the Member States less prosperous receive proportional more funds than the wealthier countries, as a result of the solidarity on which the EU programs are based, including the context of cohesion policy.

Table no. 2 – The EU budget 2012 – The figures (CA: commitment appropriations - PA: payments appropriations):

Heading	Billion €		% of total budget	% change from 2011	
	CA	PA		CA	PA
1. Sustainable Growth	67.5	55.3	45.9	+4.7	+3.2
1a. Competitiveness for growth and employment	14.7	11.5	10.0	+9.1	-0.2
1b. Cohesion for growth and employment	52.7	43.8	35.8	+3.5	+4.1
2. Preservation and management of natural resources	60.0	57.0	40.8	+2.2	+1.9
of which Direct aids & market related expenditure	44.0	43.9	29.9	+2.6	+2.5
of which Rural development, environment & fisheries	15.9	13.1	10.8	-1.3	-0.1

Heading	Billion €		% of total budget	% change from 2011	
3. Citizenship, freedom, security and justice	2.1	1.5	1.4	(*) +10.9	(*) -1.3
3a. Freedom, security and justice	1.4	0.8	0.9	+15.9	-2.5
3b. Citizenship	0.7	0.6	0.5	(*) +2.1	(*) 0.4
4. EU as a global player	9.4	6.9	6.4	+7.4	-4.0
5. Administration	8.3	8.3	5.6	+1.3	+1.3
of which for the Commission	3.3	3.3	2.3	+0.2	+0.2
Total	147.2	129.1	100		
In % of EU-27 GNI	1.12	0.98			

(*) excluding European Union Solidarity Fund

In principle, the EU budget comprises six chapters of expenses:

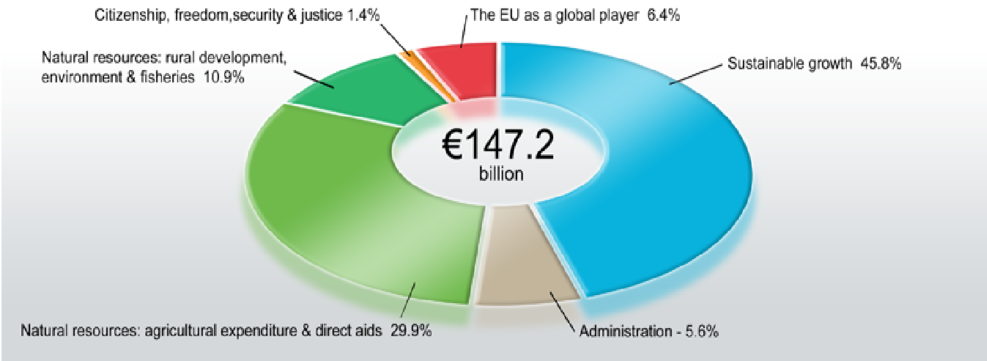

Figure no. 2 – The voted EU 2012 budget

Currently, the biggest part of the budget resources is beared towards the stimulation of the economic growth, creating new jobs and reducing differences between regions. Significant amounts are allocated also for agriculture, rural development, fishing and environment protection. Among the other fields financed from the EU budget are: terrorism control, organized crime and illegal migration.

In the proposed budget for 2013 the payments amounts to about 138 billion euro, with approximately 6% more than in 2012 and in 2014 will reach 141,9 billion euro. This addition answers to requests of the Member States with regard to the implementation of economical growth-oriented investments.

3. The absorption degree of the non-refundable funds at the European level

To represent it as eloquently we can the absorption capacity of the Member States, we have made a comparative study across 10 countries in Central and Eastern Europe.

Table no. 3–General information about the EU funds implemented in 10 countries from Central and Eastern Europe

Member State	Annual gross domestic product (PIB) (billion euro)	EU funds 2007-2013 (billion euro)	Available budget 2007-2013 (billion euro)	Contracted programs 2007-2010 (billion euro)	Paid programs 2007-2010 (billion euro)	Contracting rate	Payment rate
Bulgaria	36,0	6,7	8,0	3,0	0,8	37%	10%
Estonia	14,5	3,4	4,1	2,5	0,9	60%	21%
Latvia	18,0	4,5	5,0	3,7	1,5	76%	30%
Lithuania	27,4	6,8	7,3	5,0	2,1	68%	29%
Poland	353,7	65,3	82,1	43,5	13,1	53%	16%
Czech Republic	145,9	26,3	31,0	17,2	8,1	55%	26%
Romania	121,9	19,2	23,3	10,4	1,5	45%	7%
Slovakia	65,9	11,4	13,4	7,6	2,3	57%	17%
Slovenia	36,1	4,1	4,8	2,3	1,3	48%	27%
Hungary	98,4	24,9	29,3	15,0	4,8	51%	16%
TOTAL	917,8	172,6	208,3	110,2	36,4	53%	17%

Source: „EU Funds in Central and Eastern Europe. Progress report 2007–10", 2011, pag. 7-8

The comparative study between the 10 Member States of Central and Eastern Europe, highlights the disparities between those countries that have a similar level of economic development, but have a different system to administer funds received from the EU budget for the 2007-2013 phase.

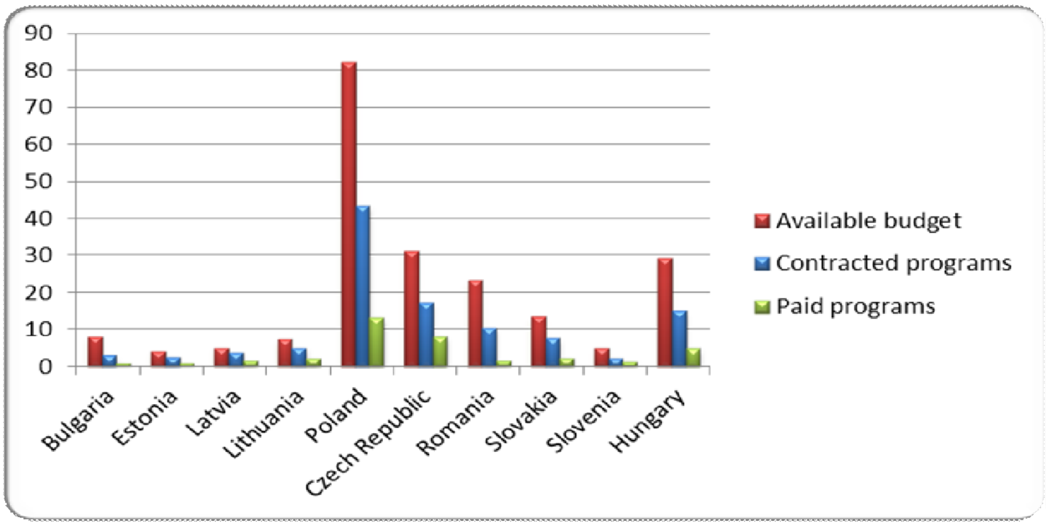

Figure no. 3 – The situation of the EU funds implementation in Central and East Europe

Following this statistics, with a payment rate of 16% and a contracting rate of 53%, **Poland** stands out in relief, EU Member State that holds until nowadays the most important rate of absorption of the EU funds from Central and Eastern Europe, this being due to the policies promoted by the Polish Government, such as: administrative division of the regions receiving funds, very well trained people in the field of EU funds and administrative organisations which are not influenced by changes occured within the Government.

Poland joined the European Union on 1st of May 2004 and starting with the previous installment 2004-2006, the country had a good rate of absorption of EU funds. In the next installment 2007-2013, Poland has contracted EU funds that were turned to the operational programs in the areas of: innovation, education, IT, higher education, health and culture[5], also there were implemented various projects to train human capital and to boost companies ' creativity.

The strategy of this state to make payments in advance from the central budget for the programs implemented in order for Poland to be later transferred the amounts concerned from the European Commission, have turned this country into an example that should be followed by other countries that have deficiencies in the absorption of funds granted by the European Union.

The same pattern of government policies was adopted and supported by the **Czech Republic**, which has a contracting percentage of 55%, and 26% for payment.

Estonia has adopted a relatively centralized arrangement of the regional policy, where the Ministry of Finance has a central role in the management and coordination of EU funds. Disparities between regions, the problem faced by Estonia led the people who administer the structural funds to start projects to support the development of human resources, the prosperity of enterprises, agriculture and, in particular, for regional progress. This State has a percentage of absorption of 60% and 21% payment rate.

In 2008, **Latvia** has received a loan from the European Commission and the International Monetary Fund, so that this Member State has introduced an effective model of pro-cyclical policy. In 2009 the activity and policy of the revised non-refundable funds management brought flatness in the programs integration, which eventually could be overcome, but the rate of contraction has reached the point of 76% and the rate of payment has reached 30%.

Remarkable for this state is the fact that, in spite of the differences between regions, cohesion policy has real effect due to the structural funds that were allocated specifically to the needs of the municipal authorities to invest in regional development.

Bulgaria's difficulties of absorption of structural funds, reflected in a contracting rate of 37% and a payment rate of 10%, were due, mainly, to the delay in building the administrative capacity, but what has damaged the power absorption of the state have been various cases of fraud and misuse of funds. However, in 2009, Bulgaria has created three new administrative structures, and the role of management and coordination of the funds was held by a Board composed of nine ministers. It was subsequently established a special unit of the Justice Ministry, with the task of supervising programs that receive subsidies from the European Union and also the implementation of the European Commission norms.

Management of structural and cohesion funds in **Lithuania** is carried out by the Ministry of Finance. Beginning with the 2007-2013 installment, the main role in the management for the funds received from the European Union is held by the local public administration institutions, thus Lithuania reached a contracting rate of 68% and a payment rate of 29%. The allocation of on-refundable funds had as main objectives: supporting the least developed regions and with serious economic and social problems, training of personnel and creating new jobs. For the 2007-2013 installment, it has been pursued the promotion of certain target areas (such as: human resources, scientific research and technological development) having the objective of increasing investment in these sectors.

Hungary joined the European Union on 1st of May 2004, but since 2006 has been made different changes to deal with the absorption of the structural and cohesion funds, thus reaching in 2007-2013 installment a contracting rate of 51% and a payment rate of only 16%. The changes introduced for the efficient management of non-refundable funds has led to the inclusion of a centralized management model for funds, and the profit-oriented companies were allowed to undertake the function of intermediate bodies. The operational programs implemented during the current installment are: economic development, the environment, infrastructure, regional programs, etc.

Like most countries mentioned above, S**lovakia** joined the EU on 1st of May 2004. This country has encountered difficulties in absorbing non-refundable funds due mainly to lack of experience and qualified personnel and poor administrative capacity. Also, the regions with self administration have had trouble in the implementation of operational programs because of a lack of experience in the field, and there is no planning at regional level. However, Slovakia has managed to have for the 2007-2013 installment a contracting rate of 57%, and the rate of payment of 17%.

At the beginning of the implementation of EU funds, **Slovenia** has faced serious problems, which, however, were outdated. Due to the positive experiences of the first installment, Slovenia has maintained the same system of managing structural and cohesion funds for the next period to which have been added some simplification measures, thus for 2007-2013 installment, this country has managed to take a percentage of contracting rate of 48% and payment rate – 27%.

The management politics of Slovenia for non-refundable funds is based on separate institutions with the role of the managing and paying authority. Thus, the Government Office has the role of managing EU funds, and the paying authority is represented by the Ministry of Finance. The main objectives which have been pursued and implemented within this installment are: human resources development, regional development and infrastructure.

4. The issue of low absorption rate of Romania

4.1. Romania – net beneficiary state of the non-refundable funds

In the period 2007-2013, as an EU member, Romania benefits of 19.7 billion euro, amount allocated to the cohesion policy to reduce the differences between it and the developed countries of the European community.

Romania is a net beneficiary of the EU funded programs, that collect own resources and contribute to the EU budget, according to the Official Journal of the European Union L221, 2012, page 13, with about 1.14%. In order not to lose the support of the European Union, Romania is forced to absorb by 2015 about 16.5 billion euro from the cohesion funds and 5.7 billion euro from funds for rural development[8].

In 2008, Romania received 2.6 billion euro, being the tenth country in the size of the amount allocated, first coming France, Spain and Germany. A large part of the amount received from the EU budget was directed to agriculture, environment and regional development. In the same year, Romania has occupied a leading position for the highest amount allocated from the category of all Member States - EU as a global actor. This was because to the amount of funds allocated there were added also the amounts received by pre-acceding programs.

Also, because of the existence of difficulties in absorbing non-refundable funds in the first years of EU membership, both Romania and Bulgaria have received some compensation for the period 2007-2009 as two types of funding: funding for Schengen Facility and funding for cash facility. For the period specified above, to Romania had been allocated compensations in the amount of approximately 600 million euro[9].

In 2011 the EU spent 2.66 billion euro in Romania. Of this amount, 1.69 billion (64%) were agricultural expenditure. Regional policy accounted for 26% of expenditure (700 million) below the EU average of 36%. In 2011, Romania was one of the few countries that have received funding through the Instrument for Pre-Accession: 129 million euro, which represents 5% of total EU expenditure in Romania.

In 2012, Romania continued to be net beneficiary state for non-refundable funds, receiving 5.7 billion more than it contributed to the EU budget. The target for this year was to spend about 1.9 billion euro from the funds allocated without allowing compensations between different operational programs.

After 6 years of EU membership, according to "EU Funds in Central and Eastern Europe 2007-10 Progress Report", 2011, pp. 7-8, Romania continues to have one of the lowest pay rates within the 10 countries from Central and Eastern Europe by only 7% and the 45% contracting rate remains below the average of the 10 states. In the negotiations for the new installment of funds, Romania has as main objective to obtain a financial benefit as big as possible. This requires the introduction of policies that allow growth capacity to absorb structural and cohesion funds.

Regarding the development of the member countries of the Community, we took as a reference the Human Development Index (HDI) for each state, as shown in the Human Development Report of the United Nations Development Program.

HDI can have values in the range [0,1]. Top place is taken by the Netherlands while Romania is set on one before last of the 27 member countries , with a HDI of 0,781[10], surpassing only Bulgaria.

However, according to the classification of the Human Development Report, Romania is in the second category of development called "high human development" together with Bulgaria, the other EU countries falling within the first category called "very high human development".

Given this difference it is required the quantification of all the opportunities offered by the EU to reduce existing disparities in a way more alert and responsible.

The financial support received from the membership and until 2013 is reflected by the existence of structural instruments. The latter are represented by the structural and cohesion funds, namely:

- European Regional Development Fund (ERDF)
- European Social Fund
- Cohesion Fund

Until nowadays it was absorbed a rate of 9.72% of the amount of such funds through the operational programs, according to the Ministry of European Affairs.

Table no. 4 – The situation of the projects submitted, approved, contracted and the payments performed during 2007 – 18th of January 2013

Operational program	Projects submitted	Projects approved	Contracts/ Financing decisions	Payments to the beneficiaries (total million lei)
POS Transport	155	93	87	1 884,76
POS Environment	635	366	347	4 056,02
PO Regional	8 230	3 690	3 326	6 490,56
POS Human Resources Development	10 378	3 016	2 449	5 511,49
POS Economic Competitiveness Growth	15 187	3 664	2 535	2 692,83
PO Administration Capacity Development	1 371	420	420	244,74
PO Technical Assistance	130	114	106	144,96
TOTAL	*36 086*	*11 363*	*9 270*	*21 025,36*

In addition to the Structural and Cohesion Funds, the Romanian state disposes, during years 2007-2013 of three complementary funds:

- European Agricultural Fund for Rural Development (EAFRD)
- European Agricultural Guarantee Fund (EAGF)
- European Fisheries Fund (EFF)

Absorption of these additional funds is encouraging, given the fact that through the National Rural Development Program there have been accessed about half[11] from the agricultural resources made available to the EAFRD, until 11.22.2012, according to the report of the Managing Authority for PNDR[12]. As for the level of accessing the European Fisheries Fund through the Operational Program for Fisheries (POP), one can say that is far from the strategic objective established, the rate being of only 19, 78%, according to the Managing Authority for POP[13].

4.2. Shortcomings encountered by applicants in accessing funds in Romania

The most commonly invoked vicissitudes of the Romanian economy in the absorption non-refundable funds are the following:

a. The main reason that is stated in terms of the slow process of absorption of European funds is the bureaucracy. In this sense, those interested in accessing grants are skeptical about during extensive and prolonged process that should go to achieve investment objectives. To improve procedures for accessing funds requires that each Managing Authority to establish in a coherent way the documents to be submitted with the request for reimbursement, and the invoices that have a value less than 1000 RON to be verified by sampling[14].

b. Shortcomings of the existing institutional framework, the insufficient involvement of society on line of advocacy[15] and the responsibilities of the Romanian state for establishing the responsible authorities, for training and motivation of competent personnel have mainly financial and time constraints, and they redound at last on the final beneficiaries.
c. *The lack of experience of the beneficiaries.* Most entities that converge to structural and cohesion funds of EU funding have in common that they are the first experience of this kind, so that they are not familiar with methodological rigor of Europe, are forced to adapt on the fly during the project whether they have or not the desired maturity. To support them there are many consulting companies that offer their services in exchange for fees set according to the fullness of the project and contractual conditions agreed between the parties.
d. *Changes occured in completing the files.* The existence of uncertainties regarding the exact launch date for the application forms, deadlines for submitting the files, should be considered by the eligible applicants because the latter have to be within the time limits imposed by the subsequent changes of the necessary documentation.
e. *The disparities of the processing terms for the reimbursement requests.* Due to this shortcoming, the beneficiaries may not have come to a standstill if they don't dispose of the additional funds with which they cover existing charges until the reimbursement by the Managing Authority for the accesing program. Therefore, entities shall not reach to honor obligations to employees, suppliers, banks, endangering their fair view of the company.

Incomplete aspects of theon-refundable funds absorption mentioned are not restrictive, but rather a guide for those interested in this contemporary issue.

5. Another facet of the non-refundable funds

Another feature related to the existence of non-refundable funds is the appearance of controversy regarding their benefit brought to Romanian society.

On the one hand, the fact that all efforts are directed towards facilitating the absorption of European funds is not new, especially that there is only one year left to access about 90% of the total of funds.

On the other hand, there are certain views of specialists in finance, such as conf. univ. dr. Cristian Paun at the Academy of Economic Studies Bucharest, that the non-refundable funds would only be benefit not only for the Romanian society. In this respect we mention the following prejudices with considerable impact on public:

- European funds are perceived in public opinion as financial resources allocated free of charge to eligible applicants, but in reality it was not anything free because the funds would come from resources collected from the state budget, then transferred back to the EU budget and then distributed to Romanian society.
- The financial resources revolve around the state as the latter's involvement in the economy by establishing the priorities of development brings about a depletion of the initiative for the competitive as well as for the final consumer.
- The projects undertaken by private applicants are more likely to be eligible as they create more work places compared to the economic benefits brought. In case the expected profit of the financial plan would be considerable, the project would not receive the non-refundable funds, being suitable rather to be financed by private entities.
- Lately, there is noted a trend of the economic agents to try to reduce the competitive pressure by accessing European funds, which is regarded by some as a form of state interventionism, thus supporting the existence of European institutions. This is reinforced in Romania by the existence of taxes also, duties facilitated by the overwhelming bureaucracy.

These assumptions may be subject to a sweeping debate on a contemporary issue of great interest to the status of a developing country, member of the European Union, such as Romania.

6. Conclusions

Non-refundable funds are an expression of solidarity between Member States and a commitment to the income redistribution.

The Structural and Cohesion Funds are, after agricultural spending, the largest component of the budget of the European Union, with a percentage of 34% of the total commitment credits. They require investments in the physical and human capital to enhance the economic and social cohesion between the Member States and improving disparities between countries.

As noted in the study, the cohesion policy didn't have the same impact in all Member States. These discrepancies were produced in particular by: the existence of certain limits to full mobility of factors of production, the development of a sector could lead to the annulment of the evolution for another sector, EU funds have been implemented as ineffective because they were improperly managed, or were employed in bad investments. Also, in order that the regional operational programs have the desired effect, they must be integrated in regions that already have a basic industrial structure.

Following the evolution of the ten Member States of Central and Eastern Europe, Poland stood out because of policies adopted. High absorption capacity of non-refundable funds and efficient use of European funds have been eloquently demonstrated by growth during the crisis. Also, Poland, along with Italy, received additional funding from the European Union because they had the highest rates of absorption of funds.

Low absorption rate of the Romanian state, coupled with the shortcomings encountered in order to access EU non-refundable funds and the inherent controversies occurred related to the influence of community organizations, will contribute directly to taking measures by focusing all incident factors on this contemporary issue.

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