IMPLICATIONS OF NON-REIMBURSABLE FUNDS FOR ROMANIAN LOCAL BUDGETS

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ABSTRACT: Accessing non-reimbursable funds is seen as a solution for many local public authorities to develop the necessary investments for the welfare of their citizens. The paper analyzes the involvement of different categories of local public administrations in accession of non-reimbursable funds, seen by the reflection of these funds on the local budgets and shows the incidence of this involvement on their budgets. There are analyzed many indicators, such as the capacity of the local public authority to access non-reimbursable funds, the degree of covering the revenues received from EU/other donators from own local budget revenues, the weight of the expenditures for projects financed through EU funds in the total expenditures of local budgets and the capacity of financing expenditures for projects whose financing was provided by European non-reimbursable funds by own revenues. The paper concludes with some remarks for a better accession of non-reimbursable funds by local public administrations.

KEY WORDS: non-reimbursable funds; local public administrations; local budgets; capacity of financing; fiscal decentralization.

JEL CLASSIFICATION: H70, H27.

1. INTRODUCTION

The paper seeks to identify the impact of the accession of the non-reimbursable funds for the local budgets in Romania for different categories of local public administration for the period 2011-2014. In this respect it is necessary to explain the way of organization of the local public administration in Romania.

According to the law, the administrative organization of the country is on two tiers:
the localities, that are organized as communes or towns (the most important towns are declared, in the conditions of law, municipalities), are managed by local council (deliberative) and mayor (as executive authority) and these authorities have initiatives and decide, according to the law, on all matters of local interest, excepting those that are established by law in the competency of other central or local authorities;

- the counties, that are constituted according the law by a number of localities, are managed by deliberative authorities (county council) and executive authorities (president of county council) and have distinct competency to that of local councils.

The local public administrations are financed through the local budgets, organized the same way: local budgets of localities and local budgets of the counties, each of them financing the objectives of the public administration accordingly.

The sources of revenues of the local budgets are (according to the provisions of the Law 273/2006 regarding local public finance): own revenues, consisting of: taxes, fees, contributions, other payments, other income and quotas deducted from income tax. Taxes, fees and contributions are specific for the two tiers of the local public administration; amounts deducted from certain income of the state budget ("sums"); subsidies from the state budget and other budgets; donations and sponsorships; amounts received from the European Union and/or other donors on account of payments made in advance.

So, in the own revenues are included not just sums collected on the local level, but also quotas and amounts from quotas deducted from income tax. The income tax is raised by the central government and some quotas are given directly or indirectly (through the mechanism of equalization) to local governments. Directly, local budgets of communes, towns and municipalities benefit from 41.75% (initial 47%) of income tax rose from the locality and local budgets of counties benefit from 11.25% (initial 13%) of the income tax rose from the localities of the county. Indirectly, the local budgets benefit from 18.5% of the income tax rose from the localities of the county, which are sent into an account at the general administration of public finance and are distributed in proportion of 27% to the county’s local budget and 73% of these sums to localities’ budget (80% of them according to a formula and 20% by a decision of County Council for financing projects of local development). As it is highlighted, the quotas coming from income tax were diminished during time, so this kind of revenues depends more than other own revenues by the decision of central authorities.

Regarding the non-reimbursable funds, these are reflected in the development part of the local budgets under the name of “amounts received from the European Union and/or other donors on account of payments made in advance” (revenues) and “projects funded by external grants post-accession” (spending).

The paper is organized as follows: section 2 discusses literature related to our research, section 3 evidences the data and methodology used, section 4 show the results and section 5 concludes.
2. LITERATURE

Literature treating the aspects of the local public administrations capacity to absorb EU funds is growing; it uses different methodologies and analyzes various administrative units.

As regard East and Central European experience, it can be mentioned Tatar (2010), Lorvi (2013), Wojtowicz (2014) or Latviete (2010). To analyze the Estonian local governments’ absorption capacity problems in the EU Structural Funds, Tatar (2010) conduct a survey among Estonian local governments and finds that the opinions of the local officials is that Structural Funds could be one important instrument to finance the local priorities, but the accession to such funds are undermined by the low administrative and financial capacity of the local government level. Lorvi (2013), based on a survey, analyze for the Estonian municipalities the absorption of EU Structural Funds and finds that the effectiveness of Structural Funds projects in small municipalities was lower than in large municipalities, the reasons being administrative deficiencies and financial constraints for co-financing the projects. Wojtowicz (2014) studied the role of EU structural among other sources of financing communes’ investment policy and applied for this the case study for a region of Poland. She finds that the local authorities used EU funds mostly for environment and transport infrastructure, but the main sources for local investment remains own income, although the amount of EU funds remarkably exceeds transfers from central budget. The author suggest that the situation is determined by the fact that the use of EU funds has significant limitations, determined by the stiff competition within communes in obtaining grants and a specific requirement with which the implemented investments must comply. The few researched cases by the author showed the role of catalyst for financing a greater number of infrastructure investments of EU funds. Latviete (2010) analyzed financing by structural funds in Latvia and found a direct correlation between the amount of financing and the territory development index.

On the other hand, based on West European experience, Bahr (2008), which analyzed the effectiveness of structural funds for the period 1975-1995 and for 13 countries, found a significantly positive effect of Structural Funds on growth in countries more decentralized, the proxy used for decentralization being an indicator of tax decentralization.

For Romania, some studies were made in the view that absorption of the EU funds is part of the financial management of the local governments. Rusu (2010) analyze the problem of absorption of structural and cohesion funds by the local governments from the perspective of financing local development projects and argue that strengthening local autonomy (especially financial autonomy) is essential because the access to such funds can be done just when the local budgets are solvent and demonstrate high financial credibility. Analyzing local finance management under crisis circumstances in Romania, Oprea and Cigu (2013) integrate the absorption of EU funds in the wider local finance management framework. The authors of the study note that because of the low financial capacity of many local authorities, the Government decided that for most of the operational programs (excepting projects that generate incomes) the co-financing of the local public authorities is just 2% of the
eligible value of the project. The paper suggests that for a better local financing some aspects have to be improved: local public authorities’ incentives to attract additional financial resources (including EU funds), ensuring and increasing financial credibility of the local community and local fiscal sustainability. Ionescu-Heroiu et al. (2014) use the the Glenday Indicator and/or the Giosan Indicator to evidence that developing a great number of EU funded projects could impose significant budget pressures. Gyorgy and Miricescu (2013) focus on Romanian experiences regarding the EU funds absorption by administrative-territorial units. Their analysis point out the expenditure side of the local budgets implications and focuses on the number of administrative units (by type) that accessed EU funds. They suggest some solutions, having in mind the co-financing importance, but also that of the pre-financing for development of the EU funded projects. They show that diminution of the percent of the pre-financing and legislation changes are threats for the EU projects implementation, because of the effects of these on the cash-flows of the projects. Iațu and Alupului (2011) analyze, based on existing literature, factors affecting the low absorption at administrative units’ level (counties), and using hierarchical classifications and principal components analysis they find that the capacity of local administrative units to access funds is affected especially by the policy factors. In their study developed for the period 2007-2009, Toth et al. (2010) find that the budget revenues is the most important predictor of the number of the projects submitted for evaluation, the relationship between the two indicators being a direct one.

There are also some papers concentrating on the communes experience related to accession of EU funds. Marin (2014) analyzes the role of fiscal capacity, seen as reflecting the degree of local fiscal autonomy, for the absorption of European funds of rural municipalities of Romania. The author uses administrative data, but also a qualitative research based on interviews with representatives of some municipalities and, on the other hand, with representatives of the management authorities. As result of research, the author show that poor communities managed to access more projects (as percent in the total of local communities of the quintile), and the explanations of such situation is the official scoring grid, favoring for funding requests from less developed villages, and not considering fiscal capacity of the applicant. Another important finding of this paper is that, besides own revenues, the main fiscal resources used for the management of structural funded projects are the sums allocated from state budget, either directly, either through the equalization mechanism. The sums coming from the part of 20% of the equalization part assigned by County Council are mentioned by the survey taken by the author as the main source for co-financing. Another problem suggested by the paper regards the problems raised by the cash-flow of the projects that are most affected by the small share of own revenues in the total revenues, but also by the incapacity of collecting some of their own revenues (such as penalties). Brăgaru (2011), analyzing the absorption capacity of structural funds in Romania from the administrative point of view, concludes that one of the factor causing a lower absorption capacity of Romanian local and central administration is the low financial and management capacity. Mihalache (2013) analyzed the revenues of the local budgets to identify gaps between different counties, the main features of the 100 richest local rural localities and the characteristics of the projects financed through NPDR,
measure 322 – “Village renewal and development”, in an attempt to link the characteristics of localities and their budgets to the accession of EU funds for rural areas. The study finds that “the communes close to urban centers from the developed regions can provide, largely from their own funds, the expenditures for the development of the public infrastructure, but for the poor communes the financing of the projects of local development depends on the allocations from the central budget and on the success of accessing European funds”.

Other papers are analyzing the absorption of structural funds for different administrative units and different points of view. For example, Florescu and Brezeanu (2009) analyzed some of the causes that generated low absorption of Structural Funds in 2007-2009 period, for private and public beneficiaries as a whole. Munteanu (2011) analyze the financing of the administrative-territorial units in the West Development Region through the Regional Operational Programme 2007-2013 from the perspective of the destinations of such funds and suggest that “for the purpose of carrying out certain projects of common interest, the administrative-territorial units could cooperate together or could be associated, forming partnerships or associations of inter-communitarian development”. Panaitescu (2014) use the study case for analyzing the Galati county council situation and reveal some of the most important factors affecting the access of EU funds by local administration. The conclusions remarks, on the others, that the small budgets that does not allow local authorities to obtain loans for financing or the insufficient amounts for co-financing and for VAT payments are some important obstacles on accessing EU funds.

3. DATA AND METHODOLOGY

The data used are from the database of execution of local budgets revenues and expenditures offered by Ministry of Regional Development and Public Administration on their website.

The paper uses different ratios (as described below) to highlight the importance of such funds for the Romanian local authorities in the period 2011-2014 and to emphasize some ways of improving the absorption of funds by this category of beneficiaries.

The ratios used are:

- the capacity of the local public authority to access non-reimbursable funds, determined as a percentage ratio between revenues from non-reimbursable funds and total revenue of the local budget. The indicator reflects the “level of interest of local public agencies in attracting alternative funding to invest in local development/public services, in order to meet the objectives of the local community” (Tudose, p.562);

- the degree of covering the revenues received from EU/other donators from own local budget revenues, calculated as a percentage ratio between the revenues received from EU/other donators and the own revenues of the local budget. The indicator is meant to reflect the extent by which, using funds not coming from central budget, local authorities could finance their local objectives decided freely;

- the weight of the expenditures for projects financed through EU funds in the total expenditures of local budgets, calculated as a percentage ratio between the
expenditures for projects financed through EU funds and total expenditures of local budgets, reflects the degree of which the EU funds financed projects put pressure in assuring the other tasks of local public administration;

- the capacity of financing expenditures for projects whose financing was provided by European non-reimbursable funds by own revenues was calculated as a ratio between own revenues and expenditures for such projects.

Some theoretical remarks are needed. According to the Romanian law of local public finance and the laws regarding structural and other funds coming from EU/other sources (Emergency ordinance no. 64/2009 (modified), Emergency Ordinance 74/2004 (modified), etc.), the total value of the projects developed with non-reimbursable funds is reflected in the local budgets, according to economic classification, under the chapter “projects with financing from external post-accession non-reimbursable funds”.

On the other hand, starting with 2011, the revenues coming from EU or other donators in exchange of the payments made and pre-financing of this kind of projects are reflected in the development section of the local budgets in a separate category (“Revenues received from EU/other donators in exchange for the payments made and pre-financing”); these revenues not being considered as own revenues. It has to be highlighted that on this classification line are reflected only the funds coming from structural or other non-reimbursable funds, the funds reflecting national co-financing being reflected into the section of “subsidies”.

As a consequence of the data availability, our analysis on the revenues highlights only the external financing and donations (the co-financing coming from national source is not reflected distinct in the database, so we could not analyze that) and includes not just the EU funds, but also other non-reimbursable funds (for most of the local budgets these alternative sources are negligible).

4. RESULTS

The importance of non-reimbursable funds and donations for the local budgets are reflected in table no. 1. The table draws, for different categories of local public administration, the capacity of the local public authority to access non-reimbursable financing (w1) and the degree of covering revenues received from EU/other donators by the own local budget revenues (dc1 – when we consider all own revenues, as specified by law, and dc2 – when own revenue is seen just revenues collected locally, without shared quotas and amounts deducted from shared quotas of income tax).

<table>
<thead>
<tr>
<th>Category of local public administration</th>
<th>All categories of local public administration</th>
</tr>
</thead>
<tbody>
<tr>
<td>County council</td>
<td>Municipality</td>
</tr>
<tr>
<td>2011</td>
<td></td>
</tr>
<tr>
<td>W1</td>
<td>9.68</td>
</tr>
<tr>
<td>Dc1</td>
<td>37.27</td>
</tr>
<tr>
<td>Dc2</td>
<td>390.36</td>
</tr>
</tbody>
</table>
Data on the table show that between categories of public administration are registered important divergences. Considering the capacity of the local public authority to access non-reimbursable financing, we note that this indicator vary from about 3% in the case of municipalities and towns to about 9% for communes and about 17% for county councils. Analyzing data about the degree of covering own revenues by revenues received from EU/other donators, the situation is more divergent. When we consider all the own revenues (including shared quotas and amounts deducted from shared quotas of income tax), the major importance of the non-reimbursable funds is for communes (it reaches more than 50%) and county councils (it reaches 37.27% in 2011), but for municipalities this kind of revenue remains at a limited stage (at most 8.15%). Towns are in an intermediate position, revenues received from EU/other donators covering between 5.82% and 16.35% of own revenues. Considering just the own revenues collected by the local authorities (excluding shared quotas and amounts deducted from shared quotas of income tax), the results diverge more: in the case of county councils, the non-reimbursable funds seems to be an very important source of financing (in all the years these revenues are higher than the own revenues, as considered) and also the non-reimbursable funds are of great importance for rural communities (about 100% in 2011-2013, 60% in 2014). Again, for the municipalities the degree of covering the own revenues (excluding shared quotas and amounts deducted from shared quotas of income tax) by non-reimbursable funds are the lowest (no more than 22.37%). This situation reflects that the sources for financing, especially for county councils and communes, there are insufficient to assure the financing of the local interest objectives decided non-influenced. Some explanation of this could be related to the system of own revenues, that results in a weight of the own revenues excluding shared quotas and amounts deducted from shared quotas of income tax no more than 4.5% for county councils and more than 20% for towns and municipalities, the degree of development and the responsibilities of counties and localities’ administrations.

On the other hand, the pressure of the EU non-reimbursable funds for the local budget is reflected by the expenditures made for such projects as part of the total expenditures of local budgets. Table no. 2 reflects the total expenditures involved by
the projects financed through EU funds and run by local administration and table no. 3 reflects the weight of the expenditures for projects in the total expenditures of local budgets for different categories of localities.

### Table 2. The importance of expenditures for projects financed through European non-reimbursable funds for local budgets

<table>
<thead>
<tr>
<th>Year</th>
<th>Total expenditures for projects financed through European non-reimbursable funds (lei)</th>
<th>The weight of the expenditures for projects in the total expenditures of local budgets (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>329487048</td>
<td>0.78</td>
</tr>
<tr>
<td>2010</td>
<td>1743111679</td>
<td>4.23</td>
</tr>
<tr>
<td>2011</td>
<td>4360138220</td>
<td>9.91</td>
</tr>
<tr>
<td>2012</td>
<td>4933646818</td>
<td>10.65</td>
</tr>
<tr>
<td>2013</td>
<td>5308022193</td>
<td>11.20</td>
</tr>
<tr>
<td>2014</td>
<td>4723241602</td>
<td>9.07</td>
</tr>
</tbody>
</table>

Source: author processing, based on data from Ministry of Regional Development and Public Administration

The expenditures involved by running the projects whose financing was provided by European non-reimbursable funds grew very rapidly (as show data from table no. 2) from about 300 million lei in 2009 to more than 5 billion lei in 2013. Also, the share of these expenditures in the total expenditures of the local budgets became significant, from 0.78% in 2009 this share becoming 11.20% in 2013.

But this share is also divergent between different categories of local public administration, as data in the table no. 3 shows.

### Table 3. The importance of the expenditures for projects into the total expenditures of local communities, by categories of local public administration

<table>
<thead>
<tr>
<th>Year</th>
<th>County council</th>
<th>Municipality</th>
<th>Towns</th>
<th>Communes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>1.74</td>
<td>0.53</td>
<td>0.27</td>
<td>0.40</td>
</tr>
<tr>
<td>2010</td>
<td>10.90</td>
<td>1.53</td>
<td>1.74</td>
<td>4.89</td>
</tr>
<tr>
<td>2011</td>
<td>17.18</td>
<td>4.64</td>
<td>4.85</td>
<td>14.58</td>
</tr>
<tr>
<td>2012</td>
<td>13.70</td>
<td>6.11</td>
<td>5.55</td>
<td>17.70</td>
</tr>
<tr>
<td>2013</td>
<td>14.17</td>
<td>7.50</td>
<td>10.29</td>
<td>15.64</td>
</tr>
<tr>
<td>2014</td>
<td>12.66</td>
<td>6.16</td>
<td>11.36</td>
<td>10.66</td>
</tr>
</tbody>
</table>

Source: author processing, based on data from Ministry of Regional Development and Public Administration

It could be remarked that also for the county councils and rural communities the expenditures for projects financed by EU non-reimbursable funds are most significant (reaching even more than 17% of the total expenditures in various years), municipalities spending less than 7.50% of all expenditures for these kind of projects and towns being in an intermediate position with no more than 11.36% expenditures for projects in the total expenditures.
The capacity of financing expenditures for projects that’s financing was provided by European non-reimbursable funds by the own revenues (cf) is determined according to the following formula:

\[
Cf = \frac{\text{own revenues}}{\text{expenditures for projects with non-reimbursable funds}}
\]  

(1)

This indicator will be determined also for the two cases considered for the own revenues: own revenues excepting the shared quotas and amounts deducted from shared quotas of income tax (cf1) or own revenues including the shared quotas and amounts deducted from shared quotas of income tax (cf2).

So, if the result is at least 1 it means that all the expenditures of the projects are covered by own revenues. If the indicator is smaller than 1 it means that the expenditures of the projects are not fully covered by own revenues.

Having in mind that local governments have to finance from the own revenues many other actions than such projects, we might note that this indicator should be bigger than 1.

Table 4. The capacity of financing expenditures for projects by own revenues

<table>
<thead>
<tr>
<th>Category of local public administration</th>
<th>County councils</th>
<th>Municipalities</th>
<th>Towns</th>
<th>Communes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009 CF1</td>
<td>30.45</td>
<td>111.18</td>
<td>178.06</td>
<td>87.25</td>
</tr>
<tr>
<td>2009 CF2</td>
<td>1.59</td>
<td>41.60</td>
<td>78.88</td>
<td>31.05</td>
</tr>
<tr>
<td>2010 CF1</td>
<td>2.73</td>
<td>45.05</td>
<td>29.39</td>
<td>7.58</td>
</tr>
<tr>
<td>2010 CF2</td>
<td>0.19</td>
<td>14.76</td>
<td>13.96</td>
<td>3.08</td>
</tr>
<tr>
<td>2011 CF1</td>
<td>1.49</td>
<td>14.77</td>
<td>11.19</td>
<td>2.46</td>
</tr>
<tr>
<td>2011 CF2</td>
<td>0.14</td>
<td>5.18</td>
<td>5.75</td>
<td>1.07</td>
</tr>
<tr>
<td>2012 CF1</td>
<td>1.94</td>
<td>10.13</td>
<td>9.10</td>
<td>1.89</td>
</tr>
<tr>
<td>2012 CF2</td>
<td>0.18</td>
<td>3.64</td>
<td>4.55</td>
<td>0.84</td>
</tr>
<tr>
<td>2013 CF1</td>
<td>2.08</td>
<td>8.50</td>
<td>4.98</td>
<td>2.42</td>
</tr>
<tr>
<td>2013 CF2</td>
<td>0.31</td>
<td>3.09</td>
<td>2.56</td>
<td>1.11</td>
</tr>
<tr>
<td>2014 CF1</td>
<td>2.21</td>
<td>9.85</td>
<td>4.06</td>
<td>3.21</td>
</tr>
<tr>
<td>2014 CF2</td>
<td>0.19</td>
<td>3.65</td>
<td>2.06</td>
<td>1.47</td>
</tr>
</tbody>
</table>

Source: author processing, based on data from Ministry of Regional Development and Public Administration

Analyzing data, we notice that for 2009 this indicator is bigger than 1 for all categories of local public administrations. But starting with 2010, the indicator, calculated by using own revenues excepting the shared quotas and amounts deducted from shared quotas of income tax, is smaller than 1 for the county councils (for the entire period) and for communes (for the year 2012) and close to 1 for communes in the years 2011, 2013 and 2014. For the other categories, the indicator (so calculated) is bigger: more than 3 for municipalities and more than 2 for towns. So, the municipalities seems to be the most capable to sustain development of these projects based on their own revenues and, on the other way, the county councils and communes
will be unable to develop all the projects assumed based only on the local taxes and incomes cashed directly by the local governments.

If analyze the indicator calculated by using all own revenues (including those from shared quotas and amounts deducted from shared quotas of income tax), the values are bigger than 1 for all the years and all categories of local public administration. In spite of this, it must be noted that the indicator so calculated is smaller than 2 for county councils (years 2011 and 2012) and communes (in 2012), and closer to 2 for the same categories in other years – 2010, 2013 and 2014 for county councils and 2011 and 2013 for communes. These data suggest that, when most of the projects were running, the own revenues (including shared quotas and amounts deducted from shared quotas of income tax) tend to be insufficient to cover the projects expenditures and the other expenditures assumed by the county councils and the communes. The differences between the two ways of calculating the indicator show the importance of the split revenues for a number of local public administrations, but the decision about the way of splitting the revenues is on the central authorities. This is why in our opinion the most relevant indicator is the first one, which considers just the revenues collected on the local level. Analyzing the capacity of financing we could say that without central authorities financial transfers, some of the local public administrations could not run the projects accessed. The capacity of financing expenditures for projects financed by European non-reimbursable funds by the own revenues is especially relevant when the rate of pre-financing is diminished. This was the case of Romania, where the pre-financing rate for the projects was diminished of from 30% to 10% for most of the projects developed with financing of the Structural Funds. So, in light of this, many public authorities (especially county councils and communes) don’t have the capacity of attracting more EU funds, because of their limited financial capacity that generate the incapacity to assure the co-financing or, in most of the cases, the cash-flow of the projects.

Trying to stimulate the absorption of EU funds by local governments, the Romanian central authorities modified the local public finance law so as local governments could borrow money for pre-financing or co-financing of the projects financed by EU funds, even if their indebtedness degree will exceed the limit of 30% of revenues or even if they have remaining payments at the end of the preceding year. This measure is probably used especially by municipalities or large towns, because of their bigger capacity of collecting own revenues, but not so used by communes, that will avoid to take loans because of their low own revenues.

5. CONCLUSIONS

EU funds are seen as an important source of financing some of the investment needed to improve the welfare of the citizens, so many local administrative units accessed such funds. The paper analyzes the implications for the Romanian local budgets of the accession and running of projects financed by EU funds for different categories of local public administration.

As our paper suggest, the revenues from non-reimbursable funds occupy different places in the system of the total revenues of local budgets, depending on the
category of local public administration. On the expenditures side, expenditures involved by running the projects financed by EU funds increased for the period until 2013, just 2014 registering a small decline, as a consequence of the ending of some projects. The importance of the expenditures generated by such projects in the total expenditures involved by the local public administration functioning register very diverse values, but the most important weight is for the county councils, followed by the communes and, for the last two year analyzed, by the towns. The municipalities seem to be the administrative units that are not so pressured by running such projects, opinion confirmed also by the analysis of the capacity of financing expenditures for such projects by own revenues.

Because the own revenues are the most common financial resources, along with loans, used to co-finance and to assure the cash-flow of the projects, based on the findings of the paper and of the opinions of beneficiaries, a necessary measure for stimulating the accession of the EU funds by local authorities is to increase the local financial autonomy. By an increased financial autonomy, the local authorities will be able to run in good conditions the projects and, in some cases, even more projects, so as the welfare of the localities will grow faster. Also, integrating an indicator related to the capacity of accessing EU funds into the formula regarding transfers from the state budget to the local budget could be helpful in stimulating local authorities to access such funds. Another issue necessary to be eliminated is the modifications to legislation, because these could generate important problems for the beneficiaries during the implementation of the projects.

On the same time, the local public authorities have to be aware that the running of the projects financed by EU funds generate pressures on the own budget, so it is necessary to prioritize the objectives that has to be realized and to submit on the first time applications for the priorities established.

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