Management of the Structural Funds within the Context of the Global Economic Crisis[1]

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Abstract

The member states which accessed the European Union in 2004 and 2007 progressed through similar financing cycles during the pre-accession period by applying the EU specific principles of positive conditionality. The beneficial effects of the pre-accession financing relied on specific instruments and mechanisms of economic growth and production of successful results both for the new member states and for the "old" member states. The absorption rates of the structural funds were quite low during the post-accession period in the new member states, even though the political agenda from these countries maintained this topic among its priorities.

The global economic crisis produced different contractions among the European countries, the most affected being the new member states, context which requires improving the absorption capacity of the EU structural funds granted to these countries.

Keywords: *new member states, absorption capacity, positive conditionality, structural funds, crisis*

JEL classification: M10, O11

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1. Introduction

The European Union and its member states had an outstanding influence on the modernisation and development of the neighbouring candidate countries, and of the third party countries along their common history. The conditionality, integration, harmonization and Europeanization have been the major instruments of such a partnership, and the possible future status of member has been most often the main driving factor in maintaining this cooperation. From this perspective, there has been a specific type of partnership concerning a set of criteria used for the improvement of the administrative capacity, for the development of democracy and of the market economy in the target countries, efforts backed by the European Union by financial support and knowledge.

The new member states of the European Union benefited of an important financial support during the pre-accession period and of generous allocations during the post-accession period, ensuring thus he conditions for an accelerated development which to narrow the gaps from the European average. The contraction of the European economy during the crisis should allow braking the decline of the new member states by using the funds provided by the current European mechanisms of financing.

The central question of this analysis regards the extent to which the management of the structural funds absorption, designed during the pre-accession period, is put to work under the current two fold context:

- the new member states have acquired during the reference years of their accession the full attribute of member state; they are no longer under the pressure of the reforms monitored by the European bodies and they are fully accountable for the absorption of the available funds;
- the new member states affected by the financial crisis display different traits of their administrative capacity, effects with severe implications on the absorption of the structural and cohesion funds.

2. The positive conditionality during the pre-accession period

The 12 new member states of the European Union, which accessed the EU in 2004 and 2007, were confronted in the early 90s with notable differences of development: on the one hand there were the countries which in socio-economic terms were close to the European average GDP/PPP (Cyprus 64%, Malta 58%, Slovenia 58%, Estonia 53%) and on the other hand there were the countries hovering around one third of the European average GDP/PPP (Poland 30%, Hungary 34%, Turkey 35%). Using the same terms of comparison to the European average GDP/PPP, Romania was at the lowest level in the history of enlargements.

Main economic indicators of the candidate states in 1992, related to the European average and to Luxemburg

Table 1

	GDP per capita		**GDP per capita**		**Unemployment**	**Inflation**	**Misery index**
	PPP	**% of CEE average**	**Nominal**	**% of CEE average**			
Bulgaria	4884	30	1215	6	153	913	*1066*
Czechoslovakia	7254	45	2605	12	51	85	*136*
Cyprus	10388	64	11279	53	18	65	*83*
Estonia	8587	53	2601	12	37	250	*287*
Hungary	5528	34	3593	17	98	231	*329*
Latvia	5992	37	1842	9	23	2433	*2456*
Malta	9363	58	7483	35	40	16	*56*
Lithuania	6425	40	2314	11	35	111	*146*
Romania	2797	17	1101	5	82	2104	*2186*
Slovenia	9315	58	6272	29	115	114	*229*
Poland	4842	30	2198	10	136	451	*587*
Turkey	5615	35	2722	13	83	701	*784*
Average of the candidate countries	5684	35	5684	27	73	623	*695*
EU12 average	16312	100	21312	100	93	50	*143*
Luxemburg	*24852*	*154*	*39203*	*184*	*16*	*24*	*40*

Source: Eurostat 2008, ILO Bureau of Statistics 2008, IMF 2008, Nation Master database and Groningen Growth and Development Centre an the Conference Board 2007

In 1999 there were remarkable discrepancies between the Central and Eastern European candidate countries and the nucleus of the 15 “old” member states, historical development gaps being also reported from the countries which accessed the European Union at an earlier time (Ireland, Greece, Portugal, and Spain). As it can be noticed from Table 2, the GDP per capita expressed as purchasing power parity of the candidate countries, varied between 24% (Bulgaria) and 73% (Slovenia) compared to EU15 member states in 1999. It is significant that only four Central and Eastern European countries displayed a developmental level close to that of the former candidate countries: Slovenia was getting closer to the level of Spain (from 1986), Czechia was getting closer to the level of Greece (1981), Hungary and Poland, at a lesser extent, were getting closer to the level of Portugal (Idu., 2001, pp.:6-7). The other candidate countries displayed enough large gaps of development so as to require the design of convergence policies for at least half a century.

GDP per capita at the purchasing power parity of the candidate countries

Table 2

%	**% of average EU15 GDP per capita**
Bulgaria	24
Czech	62
Estonia	38
Latvia	29
Lithuania	31
Poland	42
Romania	28
Slovakia	49
Slovenia	73
Hungary	53

*UE15=100

Source: Idu, N., 2001:6-7

Under many aspects, the conditionality of pre-accession served as the best way to explain the candidate countries that they were in the position to „take it or leave it". In this respect, Solana (2003) described the situation in a simplified manner: "We are only asking the countries which are interested to join our structures to comply with our rules and to share our values".

The Phare Program is one of the three pre-accession instruments financed by the European Union in support of the Central and Eastern European candidate countries, helping them to be ready for accession to the European Union. Launched in 1989 to support Poland and Hungary, the Phare Program was extended to the other countries in the region in order to support them throughout a period of massive restructuring and deep political changes. The Balkan countries (Albania, Bosnia-Herzegovina and the Former Yugoslav Republic Macedonia) benefited of the Phare Program until 2000; as of 2001, the financial assistance of the EU addressed to these countries materialized in the CARDS (Community Assistance for Reconstruction, Development and Stability in Balkans) Program. Phare objectives were to strengthen the public administrations and institutions so they can function efficiently in the European Union, to promote the convergence with the European legislation (acquis communautaire), to shorten the transition period and to promote the economic and social cohesion in these countries. In 1999, these orientations had been redefined by the establishment of distinct programs SAPARD and ISPA, offering the possibility to cover those areas not covered by Phare portfolio.

Within the context of this analysis it is important to have in view the fact that 2003 was the final year of programs for the new member states which accessed the EU in 2004, while the Phare Program continued in Romania and Bulgaria in 2004-2006, with a substantial increase of the financial allocations.

III.2 Phare funds by country 1990 – 2005 Total Phare commitments, contracts and payments, 1990-2005,

Table 3
in million EUR

Partner state	**Commitments**	**Contracts**	**Payments**	**Contracting rate**	***Absorption rate***
Bulgaria	2069.35	1501.1	1244.42	**72.54**	*60.14*
Croatia	77.5	NA	NA		
Cyprus	76.1	55.13	36.48	**72.44**	*47.94*
Czech	910.04	829.64	749.35	**91.17**	*82.34*
Czechoslovakia	230.49	231.82	228.88	**100.58**	*99.30*
Eastern Germany	34.49	28.86	28.86	**83.68**	*83.68*
Estonia	343.04	304.24	277.99	**88.69**	*81.04*
Hungary	1473.36	1385.73	1265.84	**94.05**	*85.92*
Latvia	419.61	364.89	331.12	**86.96**	*78.91*
Lithuania	806.27	797.38	692.87	**98.90**	*85.94*
Malta	53.81	35.98	24.94	**66.86**	*46.35*
Multi-state programs	3127.02	2398.94	1971.32	**76.72**	*63.04*
Poland	3973.89	3639.11	3211.08	**91.58**	*80.80*
Romania	3178.9	2179.03	1847.89	**68.55**	*58.13*
Slovakia	712.39	643.3	560.34	**90.30**	*78.66*
Slovenia	356.73	318.53	292.71	**89.29**	*82.05*
Turkey	***1411.95***	***693.46***	***295.65***	*49.11*	*20.94*

Source: Annex to the Report from the Commission to the Council and the European Parliament - 2005 Report on PHARE, pre-accession and transition instruments {COM(2007) 3 final} - Country sections & additional information /SEC/2007/0011/ Brussels, 12.1.2007
(1) COMMITTED BY THE EUROPEAN COMMISSION (EC)
(2) EC headquarters and Local Authorities (as reported)
[1] COM (2001) 437

Due to the absence of concrete derogation from the rule of the annual planning, one can notice the vulnerability of ensuring a continuous absorption of the funds during the post-accession period; the possible “point of saturation” in the absorption of the supporting funds might also affect the European convergence policies (Cace C., Cace S., Iova C., Nicolaescu V., 2009).

3. The structural funds intended for the new member states of the European Union

The integration of the Central and Eastern European countries in the European Union certainly produced great expectations in terms of the positive impact of the structural funds absorption by the new member states; however, the distinct mechanisms adopted by the various new member states yielded different results. The essential difference observed at the moment of the 2004 and 2007 enlargements regards the replacement of the system of conditionality functioning during the period of pre-accession by adaptation to the governing system proper to the European Union.

From this new perspective, the nature of the European policy of convergence still raises questions such as “who decides what” (Marks, 1996, p.389) or „with what effect” (Bache, 1998, p. 14).

The structural funds represent for some authors “the directing limit of a multilevel system of governing” within which the power is shared between supranational, national and sub national actors (Marks, 1993), while other analysts consider that the central governments are holding firmly their positions of leaders, playing the role of “guardians” between the pressures of the European Union and the changes in the domestic and institutional policies (Allen, 2005). Many sectors are directed influenced by the changes caused by the integration process of Romania to EU, as it happened with the SME’s sector. To succeed in these changes new leadership abilities have to be developed and expanded to a large number of employees (Năstase, 2009).

The reference to the past decades which produced massive changes in the Central and Eastern European countries shows that in parallel with the adjustments of PHARE financing (by the creation of SAPARD and ISPA), reforms have also been undertaken along four stages of structural financing (1989-1993, 1994-1999, 2000-2006, 2007-2013). The examination of the four stages revealed that the role of the national governments of the member states in making key decisions was exaggerated by the literature (in relation to the role of the European Commission). This statement is supported by some authors (Bachtler J., Mendez C., 2007, p.556) by acknowledging the fact that the architect of the reform proposals in terms of budget structure and format of the cohesion policy rules is the European Commission, even though the final referee of the financial and legal basis for the cohesion policy is the Council of Europe. The principles of concentration and programming have been implemented during the recent decades by methodologies developed by the Commission (Bachtler J., Mendez C., 2007, p.556):

a. **concentration** – during 1988-2013, the Commission was able to maintain concentrated two thirds of the structural and cohesion funds for the less developed countries and regions. Thus, using a strict criterion applied to the GDP per capita, concentration was limited spatially by covering Objective 1, financing between 22% and 28% of the European Union population, despite the two enlargements and despite the pressures of the member states to benefit of a larger coverage.

b. **programming** – the European Commission influenced significantly each stage of the reform cycle which started in 1988: it adopted both a **hard influence**, by assuming the position of playing by the strict rules, and a **soft influence**, by interpreting the rules using different mechanisms (guiding principles, working documents, aide-memoires etc.). The analysis of the programming experience shows that irrespective of the changes of rules, the Commission was able to negotiate the modifications function of the program strategies, sometimes even making major adjustments in the choice of policies, setting of the strategic priorities and supply of the working mechanisms towards the member states.

The estimates of the impact of enlargement on the present day EU are, generally, limited, given the much larger economic dimension of it. One such estimation shows that the 15 EU member states will probably earn, in the long run, an overall 10 billion euro, which is a 0.2% growth of these countries' GDP, which my create some 300,000 jobs (in the hypothesis of a constant volume of work – volume of production) (Grabbe, H. 2001).

After accession, the net EU expenditure for the new member states will be modest. According to the 2002Copenhagen agreement, by the end of 2006, there should be a maximum of 40.8 billion euro, which includes the agricultural subsidies, the investments in infrastructure and the regional aids, as well as the funds for increasing the nuclear safety, for improving the public administration and boundary security. The new member states will make contributions of about 15 billion euro to the EU budget and – because hey might not be able to make full us of the allocated funds – the net budget expenditure for enlargement, until 2006, calculated as actually paid cash, were of about 10 billion euro (some of the allocated funds, such as the structural and cohesion funds, which undergo a complicated process up the actual payment, were taken into calculation to be paid after 2006).

Expenditure for enlargement from EU budget: post-accession period (million euro, 1999 prices)

Table 4

	2004-2006
Common agricultural policy Rural development	*4682* *5110*
Structural actions	*21746*
Domestic policies of which: Existing policies Institutional construction Schengen facility Nuclear safety	*4256* *2642* *380* *858* *375*
Administration	*1673*
Special financing facility	*2398*
Temporary budget compensation	*987*
Total commitments	*40852*

Note: The budget allocation for 2004-2006 for the 10 countries which accessed the EU in 2004 (Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovenia, Slovakia, Malta). The „structural actions" include 38 million euro for technical assistance which were not allocated.
Source: European Commission.

The next programming period, 2007-2013, shows the important role which the European Union bestowed upon the policy of economic and social cohesion by the allocation of a budget of 308 billion euro (almost 35% of the overall community budget), with three major objectives (Zaman, Gh., Georgescu, G., 2009): convergence (251 billion euro – 81.5% of the structural funds); competitiveness and regional employment (49 billion euro – 16%); European territorial cooperation (8 billion euro – 2.5%).

4. Capacity of structural funds absorption

The economic growth of the Central and Eastern Europe new member states (NMS) which accessed the EU in 2004 was a clear success (Richter, Sándor, 2007, p.437): during 2001-2003 there was an average GDP growth of 3.1% (compared to 1.4% the average of the other 15 EU member states – EU 15), while during 2004-2006 the average GDP growth was 5.3% (compared to 2.2% - EU 15), highlighting an increase of 2.2 percent points between the two analysed periods (as seen I the table below).

GDP growth in the new member states which accessed the EU in 2004

Table 5

	2001-2003 average		***2004-2006 average***
A EU 15	1.4		*2.2*
B NMS - 8	3.1		*5.3*
B-A (percent points)	1.7		*3.1*
Estonia	8.6	Latvia	*10.4*
Lithuania	7.9	Estonia	*10.0*
Latvia	7.2	Lithuania	*7.5*
Hungary	4.2	Slovakia	*6.6*
Slovakia	3.8	Czech	*5.5*
Slovenia	2.9	*Poland*	*4.9*
Czech	2.7	Slovenia	*4.6*
Poland	*2.1*	*Hungary*	*4.3*

Source: Richter, Sándor, 2007:437

Certainly, the effect of the positive conditionality is obvious if we analyse the two periods, but it is difficult to quantify the actual contribution of the funds which the new member states absorbed to their global growth. However, an interesting comparative aspect revealed by the table above shows that the maximal and minimal limits of economic growth during the two periods were higher for the 2004-2006 period, which supports the "grouped" growth of the Central and Eastern Europe new member states.

The efficiency of EU funds absorption may be studied in various ways: proportion of applications related to the commitments; proportion of signed contracts related to commitments and rate of certified expenditure related to commitments. The definition of the absorption capacity depends highly on the research methodology that has been employed and on the period of analysis of the member states (Wostner, Peter, 2008, p. 1).

The operational architecture of structural funds administration at the European and national level, of the factors and mechanisms of implementation and of the diversity of the administrative systems within the European Union, refers to two basic aspects of the convergence policy: to identify the ways in which the allocated funds should be absorbed to the long term general interest of the Europeans and to avoid including them within the global vision of absorption specific to the international aid (Cace C., Cace S., Iova C., Nicolaescu, 2009).

By identifying the potential “gain” of the old EU member states, EU15, and of the new member states, studies have been conducted which try to highlight the efficient mechanisms of EU funds absorption enforced by the different member states. Thus, during 2004-2006, Ireland is regarded as the most successful country within the EU15 nucleus, while Estonia and Slovenia were noticed among the NMS (Markovič Hribernik T., Kirbiš M., Vek U, 2008, p. 1234). Ireland has a decentralised system with a few authorities for regional management and payment, while Estonia and Slovenia experimented more centralised systems at the national level.

As predictive measure to evaluate the performance of structural funds absorption, in early 2003, the European Commission published reports in which the indicators identified previously were tested in the ten candidate countries for the 2004 accession. Eight of the ten countries became EU member states in 2004, the other two (Bulgaria and Romania), becoming EU member states in 2007 (Papadopoulos, 2003, 2003a)

Absorption of the European funds (structural funds, cohesion funds, funds for agriculture and rural development) - International comparisons – in the year of accession - percents

Table 6

Country	Rate of absorption	*Net position in relation to EU budget - proportion within the GDP of each country - ("+" net absorption) ("-" net contribution)*
Czech*	41.5	*0.18*
Poland*	42.8	*0.19*
Slovakia*	41.6	*0.24*
Hungary*	42.9	*0.38*
*Romania***	*21.7 of which: 32.7 – structural and cohesion funds 3.0 – funds for agriculture and rural development*	*-0.36*

* EU accession on May 1st 2004

** EU accession on January 1st 2007

Source: European Commission, Ministry of Economy and Finance

These country studies have been conducted in order to identify the needs to supplement the institutional construction and to improve the capacity of these countries to absorb EU funds at the moment of accession. The results have revealed a surprisingly poor level of the administrative capacity in eight new member states since 2004. According to these studies, it was too early for the candidate countries which accessed the EU in 2004, and for Bulgaria and Romania too.

Results of the evaluation by main indicators and by country

Table 7

	RO	**HU**	**CZ**	**SK**	**EE**	***SLO***
Horizontal evaluation						
Management	C (72%)	B (87%)	B (75%)	C (63%)	B (87%)	*C (71%)*
Programming	C (52%)	B (80%)	B (80%)	D (40%)	B (87%)	*B (80%)*
Implementation	C (53%)	C (72%)	C (56%)	C (52%)	C (68%)	*C (52%)*
Vertical evaluation						
Structure	B (76%)	B (76%)	B (84%)	B (79%)	A(95%)	*B (74%)*
Human resources	C (51%)	C (74%)	C (71%)	D (41%)	B (82%)	*C (59%)*
Systems and instruments	*D (45%)*	*C (60%)*	*C (50%)*	*D (40%)*	*C (60%)*	*C (50%)*

Source: Evaluation of the authors for Romania and NEI, *Key Indicators for Candidate Countries to Effectively Manage the Structural Funds*, *Principal Report*, Final Report prepared by the NEI Regional and Urban Development for the EC DG REGIO/DG ENLARGEMENT, Rotterdam, February 2002.

According to MAFS the evaluation of the capacity of structural funds management may be done both on the vertical and on the horizontal. The evaluation places each country in one of the following four categories:

- category A: Strong capacity: system ready for the structural funds (at least 90% of the maximum score);
- category B: Sufficient capacity, but the weak points must be approached (75-90% of the maximum score);
- category C: Still sufficient capacity; there are different serious weaknesses which must be solved (50-75% of the maximum score);
- category D: Insufficient capacity, there is no basis for the administration of the structural funds (below 50% of the maximum score)

At the national level, the institutional factors identified in relation to the capacity of absorption are connected to the real structure of the economy, to the institutions which set the wages, to the capacity and capability of the economy, to the organisation of the political system (federal, central, etc.) and to the economic policies. Thus, the differences between the capacities of absorption differ among the countries, the national factors being only little influenced by the Commission; they are set by the legal stipulations specific to the structural funds (Cace C., Cace S., Iova C., Nicolaescu V., 2009).

The system of structural funds implementation in the Central and East European countries certainly includes the premises for success by the fulfillment of the pre-accession conditions; however, numerous aspects are not functioning in the absorption of these funds. Thus, the following critical elements of implementation can be noticed (OIR, 2003, pp.5-6):

- the long process of approval for the programmatic documents;
- even though there is a universal agreement on the necessity of monitoring, as an important dimension of accountability, there are limited records of the results produced by the monitoring system as feedback of the management process;
- the financial flows are very long and complex, often not as a result of the procedure per se, but due to the national and regional interpretations of these procedures;
- the mechanisms of financial control are in extremis at risk, but no risk management patterns have been elaborated;
- the 7% prefinancing is considered too low and too difficult to difficult to provide by the project promoters. In fact, this mechanism is reflected more through the transfer of funds within the member states or regions, rather than from the Commission to a member state;
- in a number of regions there is no record of the double accounting systems;
- too many exhaustive audits are conducted by a variety of actors;
- the non-discriminatory application of the N + 2 rule is perceived as being against innovation and quality, therefore flexibility is required in this respect. The examples might include the transnational and interregional projects which involve partners from a different number of states and regions, which requires a significant amount of coordination and adaptation to the various political, legal and administrative contexts;
- the proportionality is a coordinate of the project or program; the implementation rules are enforced in the same way both for the large and for the smaller programs and projects;
- the finalization of the previous programming periods is too long and the ex-post evaluation is no longer useful for the subsequent period;
- not enough attention is paid to provide the project promoters with concrete information on the process and to train them with the view to gain advantage in this respect.

The realist evaluations of the structural funds implementation exceed the limits of the experimental approach and it is advisable to take into consideration the fact that the results produced by the projects are influenced both by the context in which they are implemented and by the mechanisms activated in order to produce them. In consequence, it is important to analyse the hypothesis that the results ad effects of the programs are generated by the interaction and interrelations between individuals, institutions and organisations (Lion, C., Martini, P., Volpi, S., 2006, p.316), by placing them within a given context, such as the current global economic crisis.

5. The global financial crisis and the absorption of the structural funds

Most EU member states experienced difficulties in the absorption of the European funds during the early years after accession, particularly due to the lack of a long-term vision of the authorities, to the insufficient resources for project cofinancing, to the low administrative capacity at the central and local level, to the lack of inter-institutional coordination, to the failure of the public-private partnership, to the limited ability of the human resources, etc. (Zaman, Gh., Georgescu, G., 2009, p.144).

Obviously, the mentioned dysfunctions also act in Romania, with the note that the administrative system of structural funds absorption can still be activated. During the post-accession period, the pace of structural funds absorption slowed down in the new EU member states, compared to the period when they were in the posture of candidate countries. Some authors noticed that the previous experience in PHARE programs implementation is ignored once more (Arpinte, D., Baboi, A., 2009, p.46); the initiation of consistent debates on the trend of funds absorption during the pre-accession period might support the new EU member states currently in recession.

Within the context of the global economic crisis which started in 2008, one can notice that the new member states are confronted with significantly higher difficulties than the "old" member states. According to Eurostat data (6/20100), the Romanian economy shrank by 0.6% in the third quarter 2009, compared to the second quarter 2009, ranking fourth in the European Union, after Latvia (-4%), Estonia (-3%) and Hungary (-1,8%). Compared to the third quarter 2008, Romania ranked eighth within the European Union in terms of GDP decrease, with 7.1%, after Latvia, whose economy shrank by 19.3%, Estonia, cu 15,6%,Lithuania, by 14.2%,Finland, by 8.8%, Slovenia, by 8.5%, Hungary, by 7.9% and Ireland, by 7.6%.

Among the causes of this crisis, some authors noticed for Romania the poor rate of absorption of structural funds (Voinea, Liviu, 2009, p.65). Paradoxically, this observation is accompanied by "several question marks regarding the multiplying effect of these structural funds in the economy" (Voinea, Liviu, 2009, p.163), this argument being valid within the current context of the need to develop the productive capacities at the expense of the consumption. The analysis of the absorption capacity on the structural funds during the crisis should also take into consideration the level of large scale fiscal transfers that may occur due to various reasons and which may be significant in forecasting the rates of optimal economic growth (Kalman, 2002). Synthetically, these problems regard: a. administrative problems of funds absorption; b. pursuit of the profit; c. problems with time planning; d. partial information on the accomplished transfers which may cause problems to the authority; e. multiple priorities may cause sub-optimal choices; f. problems caused by the relative changes of the price induced by the transfers (Kalman, 2002, pp.5-9).

The financial crisis of the new member states determine record loans of some of the new EU member states (Romania, Hungary, Latvia) on the background of significant economy shrinkages in 2009. The austerity measures taken by the emerging economies focused on freezing/cutting the wages and pensions; limit the bonuses and the public acquisitions; shedding of budgetary staff. It was noticed that the specific elements of consolidation of the administrative capacity for the absorption of the structural funds is affected directly and indirectly by these actions. From this perspective, it is difficult, to anticipate the direction taken to achieve a more efficient absorption of the structural funds and also the way in which the economy will recover.

6. Conclusions

The economic performance recorded before the crisis broke out, correlated with the impact of the crisis on the new EU member states raise again the question of performance sustainability in terms of the fundaments of the endogenous and exogenous elements which determined the high rates of economic growth. Sustainability and continuity are important aspects within certain conditional relations when the clear economic and social progress can not be documented or acquired (for instance in the development of cooperation) (Checkel, 2000). Thus, the programmatic basis of European convergence focusing on the absorption of funds by the regions which display significant lags from the European average should be joined by other measures of coordination which to facilitate the maintenance of the effects during crisis conditions too. The successful integration of the twelve new member states expands on a short post-accession period (until mid 2008), identifying a “turning point” in which the experience of the “old” member states to get out of economic crises was not mechanically transferred to the new member states.

The problem of the “saturation point” in funds absorption should be treated in depth. Thus, several transboundary studies have shown that a given additional level of the aid, in relation to the GDP, actually has a rather low influence on the economic growth. In this respect, the “saturation point” is the functioning of different processes which are generated by the macroeconomic, institutional, socio-cultural constraints and also by restraints in other fields such as infrastructure or human capital (World Bank, 2004). The countries with “good institutions and policies” may absorb important funds in support of their economies before the benefits start to diminish. The countries with a lower capacity will reach much sooner the saturation point after which the funds for aid become unproductive. The exact causes of the dim9nishing benefits that derive from the aid are yet to be determined, but one can notice that the efficiency of the aid is closely related to the capacity of absorbing the aid.

The positive conditionality applied by the European Union during the process of pre-accession of the new member states was a lesson properly implemented in practice, but it seems to lack, at this moment, the pillars supporting it to react uniformly to the global crises. The notable discrepancies of the economic shrinkage among the EU member states, particularly among the Central and Eastern European countries, should trigger a revaluation of the efficient modalities to absorb the structural funds intended for these countries. Most certainly, the planning of the structural and cohesion policies done before the 2007-2013 cycle had stipulations and mechanisms for economic growth, situation radically configured within the process of the crisis which affects severely the new member states. The principle of solidarity involves proactive reactions from the "old" member states by making use of their experience to successfully overcome the difficulties of the crisis and to generate new ways of absorption of the structural funds by the new member states.

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