

CONSIDERATIONS REGARDING THE INFLUENCE OF THE BASE LEADING RATE OVER INVESTMENT PROJECTS FINANCED BY EU FUNDS

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Abstract:

The investment process is a complex economic process that implies risks. Allotting capital resources in an investment project without using an adequate discount rate of the cash flows, which will take into account the evolution of the base leading rate of NBR (National Bank of Romania), can lead to the total or partial loss of the invested capital by the European Union, by Romania's government and by the applicants. There is a permanent concern from the experts to find an adequate indicator to calculate the discount rate of the cash flows, which will be able to provide an accurate image of the efficiency of an investment project and that will allow to make the right decision regarding the existent financing or capital investment alternatives.

Keywords: *discount rate, base leading rate, internal rate of return (IRR), net present value (NPV)*

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