

PARTICULARITIES OF PUBLIC FUNDED PROJECTS IN THE CONTEX OF SUSTAINABLE DEVELOPMENT

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Abstract: *In the administrative systems, decisions reflect the peculiarities established by public authorities, unlike the private sector where work impersonal market forces. The finality of public investment project appears after the manifestation of the will of local administration bodies, before the actions taken and to select a single solution from the available options. Even if usually is used the leitmotif often insufficient allocation of financial resources to local authorities consistently, is observed poor management of this. Even if public organizations are non-profit in the future and the public sector should use methods and techniques specific private sector resource management.*

Key-words: *public projects, sustainable development, public funds*

1. PUBLIC INVESTMENTS AND SUSTAINABLE DEVELOPMENT

At the community level, the investments are based on social needs and refer to those needs felt by citizens and that cannot be met by individual action, but only through the efforts of all its members. In many specialize papers have discussed these 'social needs', differing mainly those related to ensuring community defense against invaders and domestic law enforcement. Subsequently, strengthening organization has determined growing of decisional power of leader and strengthening financial power of state. Over time, the state has evolved since diversification collective needs of its members, thus becoming the modern state and executive decision-making power required to achieve public goods necessary to meet those needs.

Once accepted the presence of the public sector is trying his intervention efficiency by finding the best answers on areas of intervention, extent or volume of work and modalities of public action. The meaning of the concept of public service is activity organized by the municipalities, town, city and county, designed to meet the public interest, under the legal regime of public law. If the private sector is characteristic ensuring competition, stimulate interest and increase the quality of goods and services distributed supply of goods and services through the public sector has the main advantage that it allows control of the distribution of government policy, and their normal fair. If in private sector is not possible the subsidize, in case of poor communities, government can subsidize some of the costs of public services.

The state was faced with the difficult choice between freedom and control from the moment of its emergence to the present. The difficulty arises when the choice to opt for modern society or self-determination. Inability of successive governments since 1990 to the present, the institutions involved, developing and implementing strategies, policies and programs consistent and realistic economic severely damaged the interests of Romania and on sustainable development. It is an undisputed fact that, macroeconomic policies developed exerts a profound impact on investment activity and hence locally and on meeting the priorities set out in the general interest of citizens. Consequently, the administrative choice is influenced by political factors and this element is the substantive difference between public and private investment.

Local authorities are becoming more involved in the development of local public investment to improve the quality of life of that community. This is based on the tendency in many countries registered decentralization, which involves giving greater responsibilities to local and regional authorities. They know best as interest in the areas they control and will do everything possible to achieve local development objectives. This reflects also the emphasis on community involvement in achieving the priorities for the development of their areas. If the economy of the past centuries was dominated by the classic type of development nowadays must think of a new kind of

economic growth. This is sustainable, required to use Earth's natural resources, conventional energy forms and / or unconventional , while protecting and preserving our environment, so as to ensure an adequate level of well-being not only in the short or medium term, but long term. Therefore, development is sustainable if it will respond to the current needs identified, of society.

2. CHARACTERISTICS OF PUBLICLY FUNDED PROJECTS

Any *public project* will be characterized by a number of features which distinguishes it from private projects which are given specific activity, service priorities, design staff involved in the management of human communities [Stoian, 2010]. In support of our statement, you can invoke the following:

A) Financial resources. Unlike the private sector where the manager decides the structure of funding sources by establishing legal restrictions, in the public sector, public investment is financially dependent of specific funding namely *public funds*. The sources of this are the following budget allocations: the state budget; state social insurance budget; special funds budget; state treasury budget; budgets of public institutions fully / partially financed from the state budget, state social insurance budget and special funds budget, the budget of public institutions financed from own revenues, budget funds from foreign loans or state-guaranteed external grants budget [Gyorgy & Tatu & Stoian, 2009].

This characteristic can lead to the elimination of a specific project at a time if there is a sufficient budgetary resource, even if the other conditions are met. The major difficulty can be removed if local governments are concerned to have access to funding opportunities offered by the capital market, especially the European Community funds provided by the World Bank. The default condition is to develop projects technically feasible and definite benefit for the citizens of the village and meet predefined eligibility criteria donor. Thus, after coverage of financing needs distinguish:

- full self-financing projects that (investment effort is recovered from the operation during the project life cycle, for example we can think of investment projects on construction of facilities and leisure complexes to attract tourists);
- projects that need financial support even generate some income, partially covering the costs, for example we can refer to investments in culture through theaters redevelopment or refurbishment of the gym in order to obtain performance
- projects that need financial support because it generates total revenues from exploitation, we refer to the goals of education, health, etc.
Depending on the specific issues of public investment, stakeholders pass economic efficiency analysis of secondary in relation to the

assessment of basic social and environmental criteria, and are based on cost.

B) Lack of legal and procedural framework for conducting public investments. The currently we have a law of public investment to integrate all the procedural conduct of the investment process, but a set of rules coexist looming regulatory and legal framework governing the performance of the investments financed by public funds. The existing provisions are in a continuous transformation process and harmonization with EU legislation. The duties and powers interpreter's investment programs in the local government sealed the Public Finance Act, so that the Government, Ministry of Finance, authorizing officers has specific tasks in the management of the Budget. Main credit approval have powers of investment projects, within certain limits defined values, and monitoring of programs, which will submit periodic monitoring reports to the Ministry of Finance [Voinea, 2011].

C) The privatization of public services/actions. In the modern conception, the management of public service is made by assumption entities from private sector entities. The need for private sector involvement services segment is a consequence of existing scarce resources and means the equipment old and outdated government. The method of achieving this goal is that the public entity to attract renowned partners who have financial and technological capabilities and operational execution. In choosing of the decision to privatize a public service must take into account the clustering of public investment projects, such as:

- projects with industrial character, with high technical and technological complexity (such as power / wind station, treatment and distribution water station, treatment plants / processing waste);
- projects in transport and communications infrastructure urban / suburban (subway, streets, highways, urban

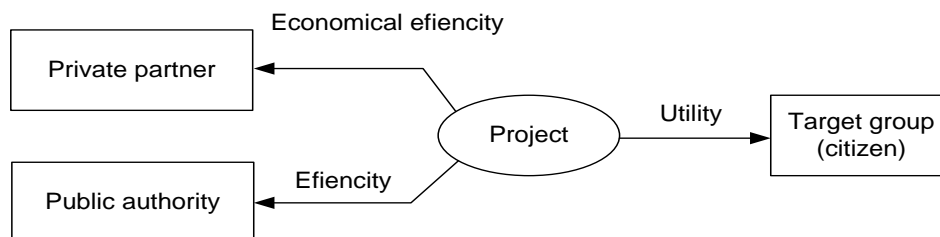
transport systems, communication lines, power transmission, etc.);

- urban, plants urban character, public of services;
- defense and security projects;
- cultural-administrative investment, education, health, leisure, religious or sporting sector;

D) Public-private partnership. Seemingly, contradictory and irreconcilable issues characterize a public investment in public-private system. In addition to public-citizen partnership entity appears and "private partner" with the vision of the free market system and governed by the law of profit. For private investors, the attraction of the public sector are actually earning opportunities, public project efficiency becomes unattractive if the study does not guarantee a positive acceptable amount of specific indicators based on risk. The traditional relationship citizen - public entity, the project must satisfy simultaneously public leader interests and expectations of citizen. If in campaign promises are many, minimum professional decency requires that the mayor's future business strategy to include even one of ambitious projects, otherwise there is risk of further sanctions from the electorate. Therefore, these projects are direct references to the available resources.

The established between the result of a project actions and resources is the effectiveness of the action team that carried out, but must go and meet the expectations of the public (i.e. citizens feel utility project). It is important that public investment projects to life "just on time", i.e. to fit the conditions of performance, time and cost, because any deviation decreases its effectiveness. For citizen is important is not the grandeur of public work, as far as feel tangible effect on his life. The new concept of public projects in public-private partnership should be a guarantee of citizen's chances of success in serving the customer, because the basis of its assessment criteria are very effective, as shown in Figure 1.

Picture no. 1. The expectations of the main players of project



Source: Marian Stoian, "Public Investment Management", ASE, Bucharest, 2010, p 152

From the figure, we see that the private partner appears with his personal interest and therefore local governments seeking to attract such partners in their projects must demonstrate, at the stage of validation that he will meet the partner gain, not to be have to provide other facilities stimulation. In the event attracting external funding partners, the evaluation of public investment project is more complex, unlike the private sector.

E) Specific risks. Projects of public investments are influenced by the specific risks at the level of territorial entity, thru his social or ecological impacts. Due to prevailing environmental peculiarities of conducting their stakeholders are placed in public investment decision making doeth hot unscheduled actions, which often result in the suspension or postponement of projects included in funding due to budget Local quite poor. Appropriate delay / ceasing to finance public investment if the area were storms, floods, landslides [Stoia, 2008].

F) Non-economic profit. Unlike the private sector, public sector projects include economic and non-economic projects that are customized forms-assessment methodology, taking into account the evaluation criteria and the complexity.

G) Correlation of a plurality of targets. A public investment project seeks to meet immediate and future

needs of some local authorities delineated. Therefore, the coordination of such a project is very difficult, must take account of a multitude of purposes that have different degrees of importance. You must also take into account the sometimes overlapping economic purpose antithetical to the political, social or environmental often. A public investment project can be stopped with the official motivations reasonable criteria economically or ecologically, but really does not fit the political ambitions subjective opinion of Edil (ie games and projects are subject to conflicts of interest between different poles). Sometimes there is no clear definition of the objectives of the project or there is a state of confrontation between competing objectives such as evaluation objectives and management techniques must be adapted to meet the social needs time. Analysts public projects have a difficult task in cuntificarea social or environmental gains or costs because it is always subject to Assessment of social and environmental criteria such as: improving the differences between different regions, increasing the supply of jobs, balanced and fair allocation resources, creating one solid social surplus, providing natural background exploitation and exploration ensure compliance with current area GDP growth. Implementation of a public project involves the development of a higher social welfare existed before start

the action through direct and indirect benefits. In the private sector, projects are governed by the laws of the free market economy where the primary is profit, but recently started to focus and comprehensive evaluation that takes into account non-economic factors.

H) Promote at the level of community. Research and system is substantiation criteria evaluation of public investment projects have a special attribute, leading to personalize their indispensability at the design stage or the community as a result of geographical pluralism and public areas.

I) Simple technology. As a distinguishing feature from the private sector, public sector projects have a relatively low degree of technical complexity and often involve the investment effort (except industrial services projects involving technical complexity and high specific investment in equipment and technical installations). If the projects in the private entrepreneur has several alternatives which will choose based on studies substantiating the one that leads to profitable commercial projects in education, health and culture will focus on making the decision to solve problems social, environmental and environment.

J) The multitude of effects. In the establishing moment of a public investment project from the socio-economic point of view is need to consider at the same time, the direct and immediate consequences and the consequences of widespread mobilization that occur in community life by changing levels of education, health, convenience degree of obtaining income, unemployment, etc. A fundamental reality is the synergy of public investment projects, which means, "their combined result is superior effects and even different from the ones they produce each of them separately." Generally, the synergy is considered to obtain a positive impact for the area, but it is sometimes possible to obtain a negative synergy with effects contrary to the wishes of the promoters and beneficiaries of the project, especially if the project is both resource consumption and effects generator [Porojan & Iftimoaie, 2008].

K) The secondary objectives. Unlike the private sector where projects always relate to profit, public sector There are specific projects to undergo multiple objectives and cultural diversity, and therefore have defined the main objective and sub-objectives based on single donors,

3. CONCLUSIONS:

As the management activity of the local authority to be effective, it must fit into the concepts of sustainable economic development. This is done only if the local government and community manage in consensus the existing resources and enter into a commitment to partnership with the private sector to create jobs and stimulate economic activity in a well defined economic area. Knowing the specificity of public sector projects is a prerequisite for ensuring the quality of substantiation for the complex of objectives: opportunities, feasibility and efficiency.

The public project is characterized by a number of features gives by the activity specific, service priorities, de concept of the personnel involved in management of human communities. In addition, it is difficult to materialize the theoretical concepts in concrete and utility works, commercial or leisure that improves people's lives. This is because the city is not only a human conglomerate, but also one of social interests, economic and political. For example, it is known that the private sector will always advocate for investment objective to improve the business environment and help to increase the competitiveness and efficiency of the free market while the rest of society will agree the repercussions those measures quality of life, in ensuring the safety of citizens and property, providing a richer social environment. Investments can be made to meet public interest objectives at the local level, either for the purposes of the current activities of government.

Local investment activity is governed by the strategy of sustainable socio-economic development, adopted by the local government in a predetermined order to achieve efficiency, effectiveness and social impact desired and expected, and multi-year public investment program shows exactly connection between development strategy and annual budgets. Now when there are so many problems with funds from the state budget and local budgets for any investment should know the actual price paid. The high degree of detail of economical information reduces the risk of erroneous assessments and provides complete information to managers about the project.

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always considering the constraints and risks that may arise along the way.

L) Bivalent economic and financial analysis. Projects in the public sector include an economic analysis of the benefits of both the target group and the originator of the public entity, which requires the analyst to possess the ability to project these particular forms of covert effect effects of economic, cost savings, revenue growth, etc.. Therefore, the public project will include both an economic and a financial analysis.

Economic analysis will be based on component "economy", focusing on economic results from studies of socio-economic and environmental aspects of the community, although it is very difficult to quantify the effects. If attracting public private partner in the project, should look reiterated from the beginning that he is sovereign over its share capital only and should not claim to have facilities and opportunities fiscal, financial or legal, yet these elements may be a contribution to business success started. Under the same layout should be levied and public works relating to public utilities and related infrastructure, and which are then used by the private sector in the area.

Financial analysis that highlights the project's capacity to efficiently use resources allocated should be made especially for public projects, because it is "public money". Citizen contribute to public funds through taxes they pay, and should be properly informed on the spending, the usefulness and effectiveness of destination towards which these funds. I believe that, especially right now when there are so many problems with funds from the state budget and local budgets in any new investment that is intended to achieve, you have to know the actual price paid for local people to address the need . The high degree of detail of economic information and reduce the risk of erroneous assessments provide complete information about the project managers. Reality shows that there are significant differences between public investment projects financed from European funds and other types of projects, but I will try to discuss this in the section related to EU funds raised as a source of financing for public investment.