

## STUDY ON PUBLIC-PRIVATE PARTNERSHIP AND ITS IMPORTANCE

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**Abstract:** *The solution of public-private, cooperation, in various forms, between public authorities and business environment, in order to ensure the funding, construction, renovation, management, maintenance of an infrastructure or providing a service, is not a novelty. It is a solution embraced by most EU member states for infrastructure development, construction of schools, hospitals, but also for social services (especially in partnership with non-governmental organizations) or security (in partnership with private security companies and security).*

**Key words:** *importance, public-private field, partnership*

### INTRODUCTION

The concept of public-private partnership expresses a way of cooperation between the public and private sector, for example NGOs, business associations or companies for the provision of some quality public services.

It was used first in the UK and U.S., and in the 80s was introduced in Germany in approaches of urban development planning. Major issues of community interest can be addressed effectively in the frame created by the public-private partnership.

Also, partnership systems have a long tradition in France through collaboration between the authorities and the private sector regarding the concession (concession) public goods, since the end of the XIX century and the start of the XX century, period in which has formed the French doctrine of public services. In the U.S. we also met forms of partnership in the construction of railways in the second half of the XIX century. [9]

### MATERIALS AND METHODS

The authors of the paper were used as methods of work: data collection, processing, analysis, observation and their interpretation. This work was a part of the research during the contract POSDRU/159/1.5/S/132765.

### RESEARCH RESULTS

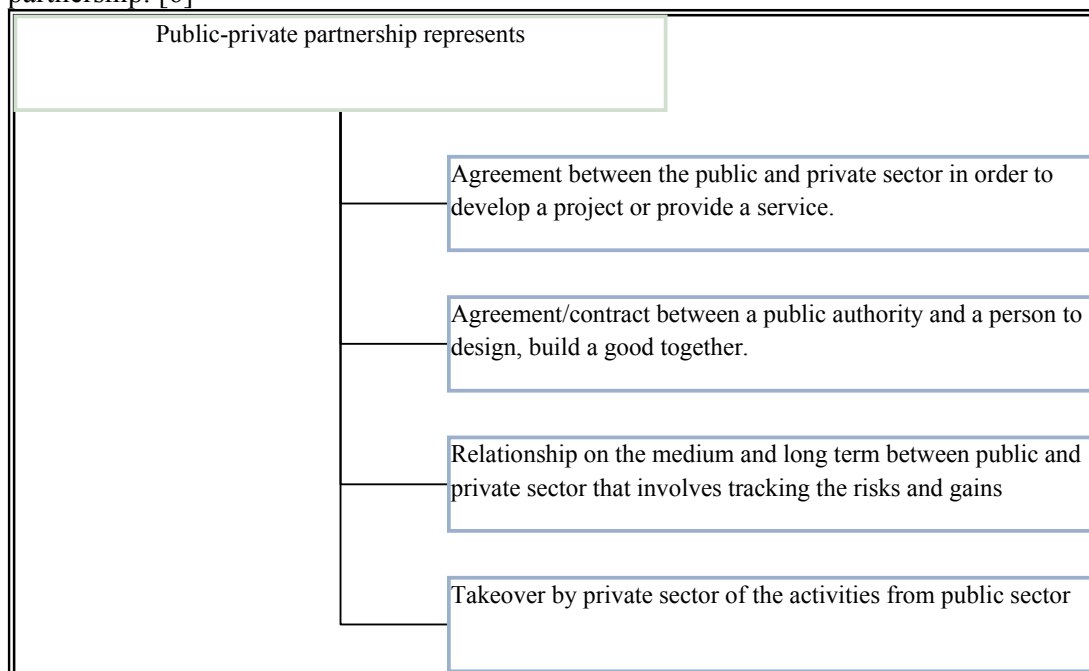
In Romania the first public-private partnership structures were formed ad-hoc at national level, since the mid-90s during the development of national or sectoral strategies and also as institutional structures such as the Tripartite Commission and the Economic and Social Council. [8]

Public-private partnership is:

1. Agreement between the public and private sector in order to develop a project or provide a service that is traditionally provided by the public sector.
2. Agreement/contract between a public authority and a person to design, build a good together with the operation of services related to that good or only for some of the operations related to the operation of that property, or to transfer an interest or opinions of interest on a good to a private person.

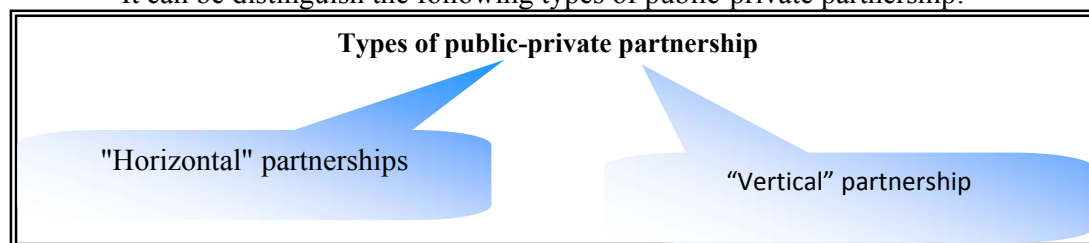
3. Relationship on the medium and long term between public and private sector (including community and voluntary sector) that involves tracking the risks and gains and using multisectors functions, finance expertise to provide a service.

4. Takeover by private sector of the activities from public sector in any form (partnership or acquisition of shares), using Private Finance Initiatives or other, "arrangements", and concession of public services, maintenance, construction of "necessary infrastructures", including the sale of public services or other forms of partnership. [6]



**Figure 1. Defining Public-Private Partnership**

It can be distinguish the following types of public-private partnership:



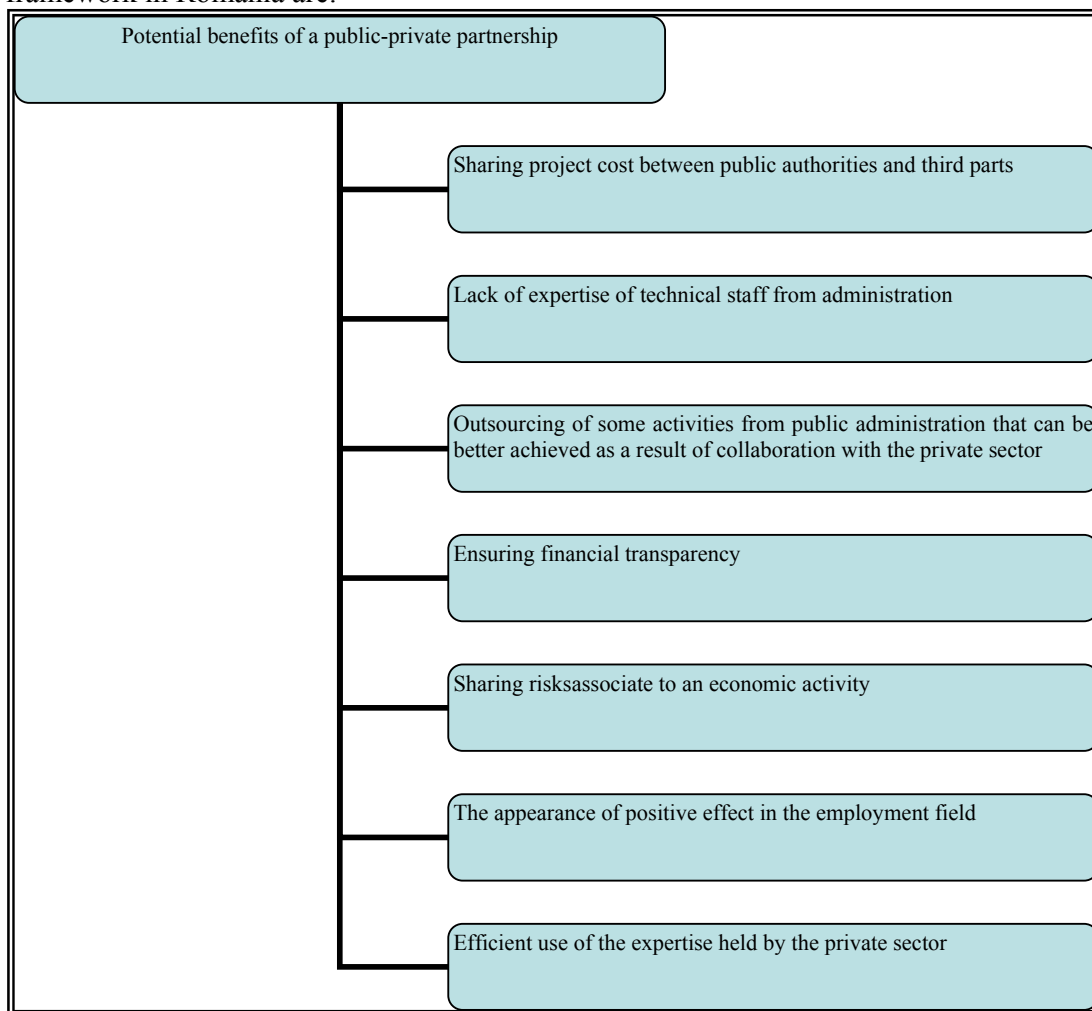
**Figure 2. Types of public-private partnership**

"Horizontal" partnerships, realized at local level between the authority of local public administration from the base level with civil society and/or business community and witch is realized for: public-private partnership generally understood as a medium for a long term relationship between the public and private sector (including voluntary and community sector), which involves sharing the benefits and risks, using of skills, expertise and multisectoral funding to generate effects of policies that serve the public interest: [7]

- Implementation by the private sector of some actions by any type funded by the public sector for employment and local development;
- More investment in infrastructure;
- Operation of a public service in private system;
- Taking under any form of activities from public by private operators.

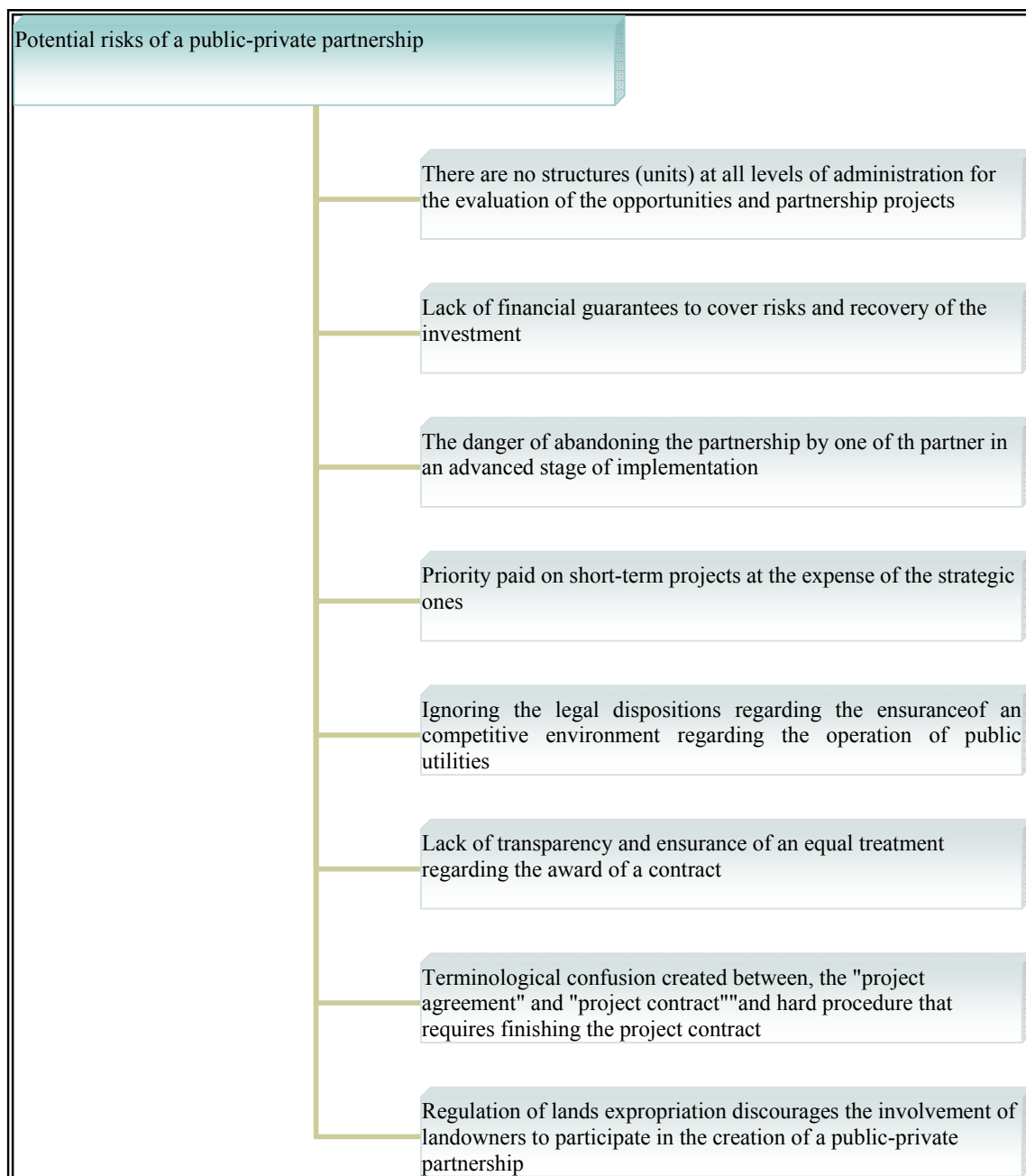
"Vertical" partnerships, which are closed between different levels of public administration (the base and higher levels) and private sector. These partnerships play an essential role in projects funded from pre-structural and structural funds for regional and local development.

Potential benefits of a public-private partnership, taking into account the legal framework in Romania are:



**Figure 3. Potential benefits of a public-private partnership**

Potential risks of a public-private partnership, taking into account the legal framework in Romania are:



**Figure 4. Potential risks of a public-private partnership**

Romania needs public-private partnership formula. The special importance has the fact that at such partnerships level it can be established contacts, can organize themselves in various types of associations or to join some existing ones. [2,3]

*At European level* there is also already formed networks:

- Financed by the European Union through the European Commission which brings together: groups constituted on the LEADER principle, administrations, interested partners

active in rural development, (this being the European network for rural development led by European Commission).

- Formed to follow the adaptation and implementation of the communautaire Acquis in various fields (they initiate and complete projects in various areas of importance to the proposed target area such as the Association WWF - Eco Carpathian Region seeks the creation of a network of biodiversity Danube - Carpathian).

*At national level* there are many types of networks:

- NRDN (National Network for Rural Development) which consists of the most important rural actors including the LAGs established by the LEADER principle (public-private partnerships).

- Networks constituted with a target purpose, Example Mountain Forum - the goal being the development of Romanian mountain economy (affiliated to Euro-Montana).

In some EU countries, the functioning of this type of partnership is very successful, which is reflected in the strong development of the rural area.

For Romania and not only it is necessary the adoption of urgent measures:

1. Adoption of a national legislation in the field complete and coherent in the field of institutional public-private partnerships;

2. Establishment of a central body, which must: to promote public-private partnerships, identifying projects that can be implemented through public-private partnership, assistance accorded to contracting authorities during the selection of the private partner or monitoring the implementation of public-private partnership during the project (for example: PPP Task Force in the United Kingdom, Italy, Germany and Greece);

3. Eventual, according to Greek model, the establishment of an interministerial commission for public-private partnership.

## CONCLUSIONS

Changes in the agriculture sector are only some of the factors affecting rural area and seeking to implement a program oriented through building and recovery of local resources (physical, human and financial) through the development and implementation of local development strategies.

These strategies can be achieved in the most competent and effective way rural areas by the most important actors living and working in this space, who know local resources, the needs of the population and they are involved in rural development: NGOs foundations, associations, local councils, municipalities, civil society (list remains open for all players that rural area).

In order to develop a comprehensive multisectoral development strategy, which contains development projects from all fields of activity (agriculture, forestry, various branches of the local economy and even interfere projects) it is necessary the creation of partnerships by those actors.

These will be public-private partnerships (being formed by the representatives of public structures, private and civil society) that will have as purpose:

- Identification of local needs;
- Achieving local development strategies;
- Procedures to implement the strategy;
- Establish the priorities for projects achievement from the strategy;
- Developing a financing plan;
- Finding funding sources;

- Management of the project through the final stage.

Sure is the fact is that public-private partnership is just beginning in Romania, but it can have a very important contribution in rural development, not only in financial terms but also by creating new jobs, new work practices, injecting a new vitality for rural economy, etc. Development of the public-private partnership is necessary in rural areas both economically and socially.

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