

PUBLIC-PRIVATE PARTNERSHIP – POSSIBILITY TO ENSURE THE DEVELOPMENT OF COMPETITIVE RURAL ENTERPRISES

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Abstract: At the community level, there are a series of rural development initiatives, LEADER being one of them, the purpose being to encourage, at the European level, public-private partnerships and the exchange of best practices, in order to promote the rural world. The solution of public-private partnerships, namely cooperation, in various forms, between public authorities and the business environment, in order to ensure financing, construction, renovation, management, maintenance of an infrastructure or provision of a service, is not a novelty. In some countries of the European Union, the operation of this type of partnership has very good results, for the development of rural area. The purpose of this research is to propose the development of competitive rural enterprises in rural area through LAGs and public-private partnerships.

Key words: rural development, public-private partnership, rural enterprises

INTRODUCTION

The concept of public-private partnership was first used in Great Britain and USA, and in the 80s it was also introduced in Germany in urban development planning approaches and is directly connected to the LEADER approach. [12,13]

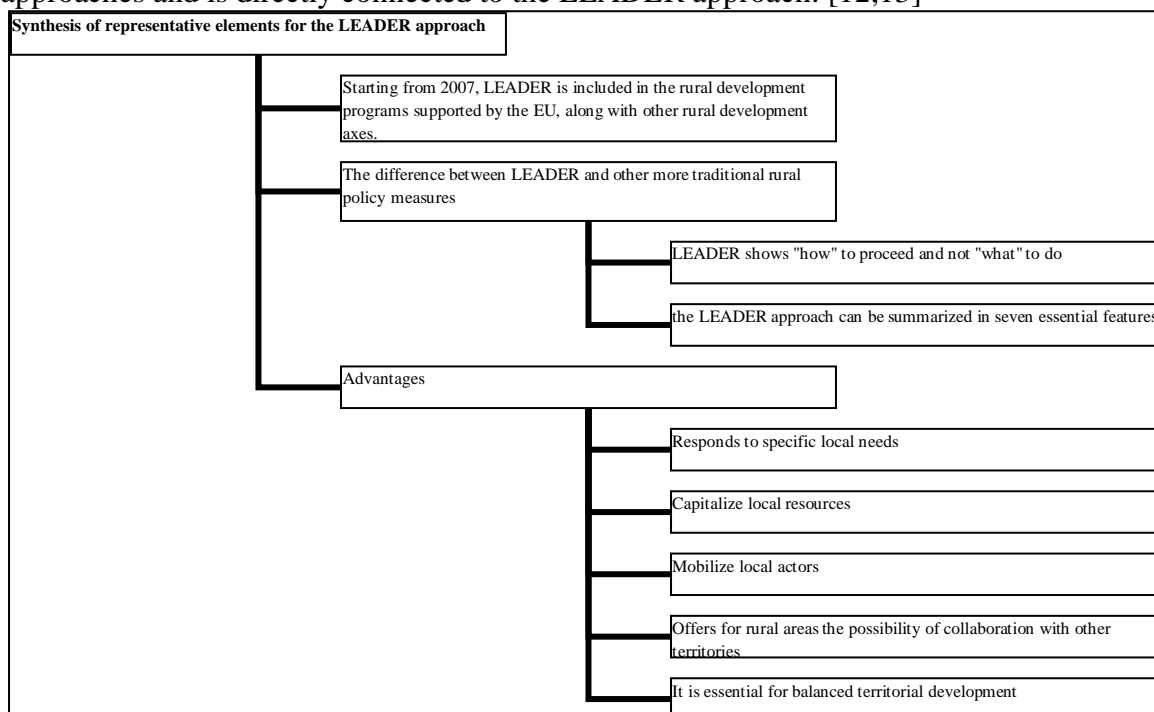


Figure 1. Synthesis of representative elements for the LEADER approach

Similar to the Irish law of 2002, the Romanian law (O.G. no. 16/2002) does not actually define the partnership, but describes the situations that a partnership covers, respectively: design, financing, construction, exploitation, maintenance and transfer of any public good, meaning of the physical infrastructure that facilitates the provision of a

contractual service, the majority approach as can be seen in the text of some foreign laws, documents, guides or reports, with the difference that in Romania a public private partnership strictly refers to the achievement of an investment in a public or private asset of the state and the exploitation of this asset, which narrows its scope of application. The topic of public-private partnership for the rural environment and beyond is a topical one in Romania.[15] The elements that normally characterize public-private partnerships are:[3,4,13]

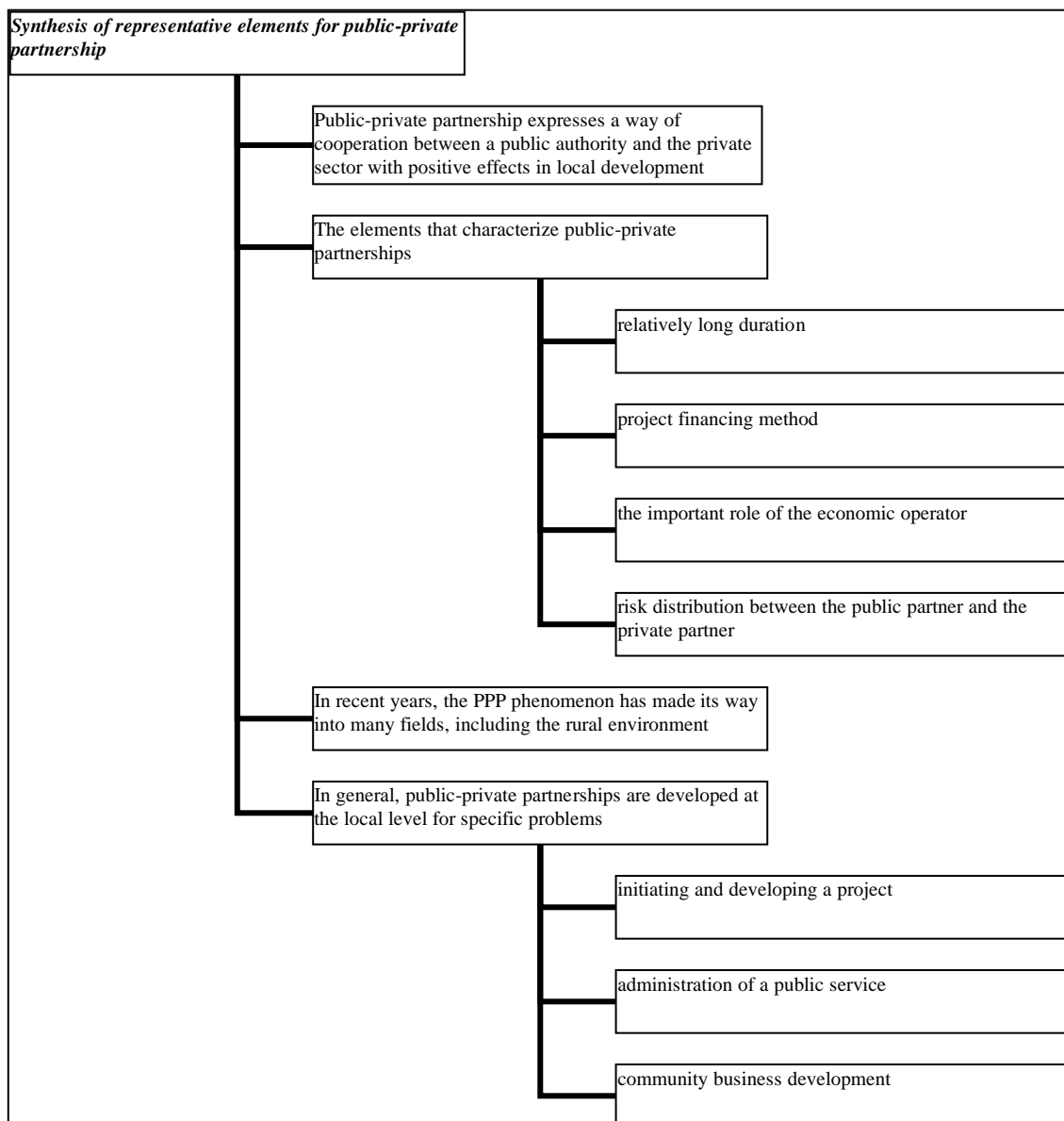


Figure 2. Synthesis of the representative elements for the public-private partnership

- the relatively long period of development, which involves the cooperation between the public and private partner regarding different aspects of a planned project.
- the method of financing the project, partly from the private sector, sometimes through complex arrangements between different actors on the economic market. However, public funds – in some cases quite substantial – can be added to private funds.
- the important role of the economic operator, who participates in different stages of the project (design, execution, implementation, financing). The public partner focuses mainly on establishing the objectives to be achieved in terms of public interest, the quality

of the services provided and the pricing policy. He also assumes responsibility for monitoring compliance with these objectives.

- the distribution of risks between the public and private partner. However, a public-private partnership does not necessarily mean that the private partner assumes all the risks, or the major weight of the risks related to the project. The exact distribution of the risk is determined on a case-by-case basis, depending on the ability of each of the parties involved to evaluate, to control and to deal with this risk.

MATERIALS AND METHODS

The purpose of this research is to propose the development of competitive rural enterprises through LAGs and public-private partnerships. Thus in order to achieve this objective several stages must be pursued: describing the relevant aspects characterising the public-private partnerships, presenting the proposals by mentioning: the area to which such a project can be applied, the main objectives pursued, also the main values and the presentation of the actors of such a proposal, using as research method the qualitative method.

RESEARCH RESULTS

We consider that proposing the development of competitive rural enterprises through LAGs [12] and public-private partnerships can be a good solution for rural area, agriculture, [8,9,11] rural development [2,6,7,10] and finally for village [1,5].

Justification of the project theme. Entrepreneurial development is poorly represented in rural areas because of limited material resources, poor education, the low level of utilities as well as the phenomenon of massive temporary migration to urban areas or abroad. To ensure the future vitality and viability of our rural areas, they will have to become more attractive to investors and residents, thus such a proposal could be a successful one. [14]

The applicability area of such a proposal. The project is proposed to be applied at the level of any villages or communes from geographical areas of the West Region that have resources possible to be exploited through various types of rural enterprises and entrepreneurial initiative/desire.

Project objectives. The overall objective of this theme is that a wider range of services and employment opportunities available locally can be provided, especially for young people and socially marginalized people. This proposal specifically targets the development of rural enterprises.

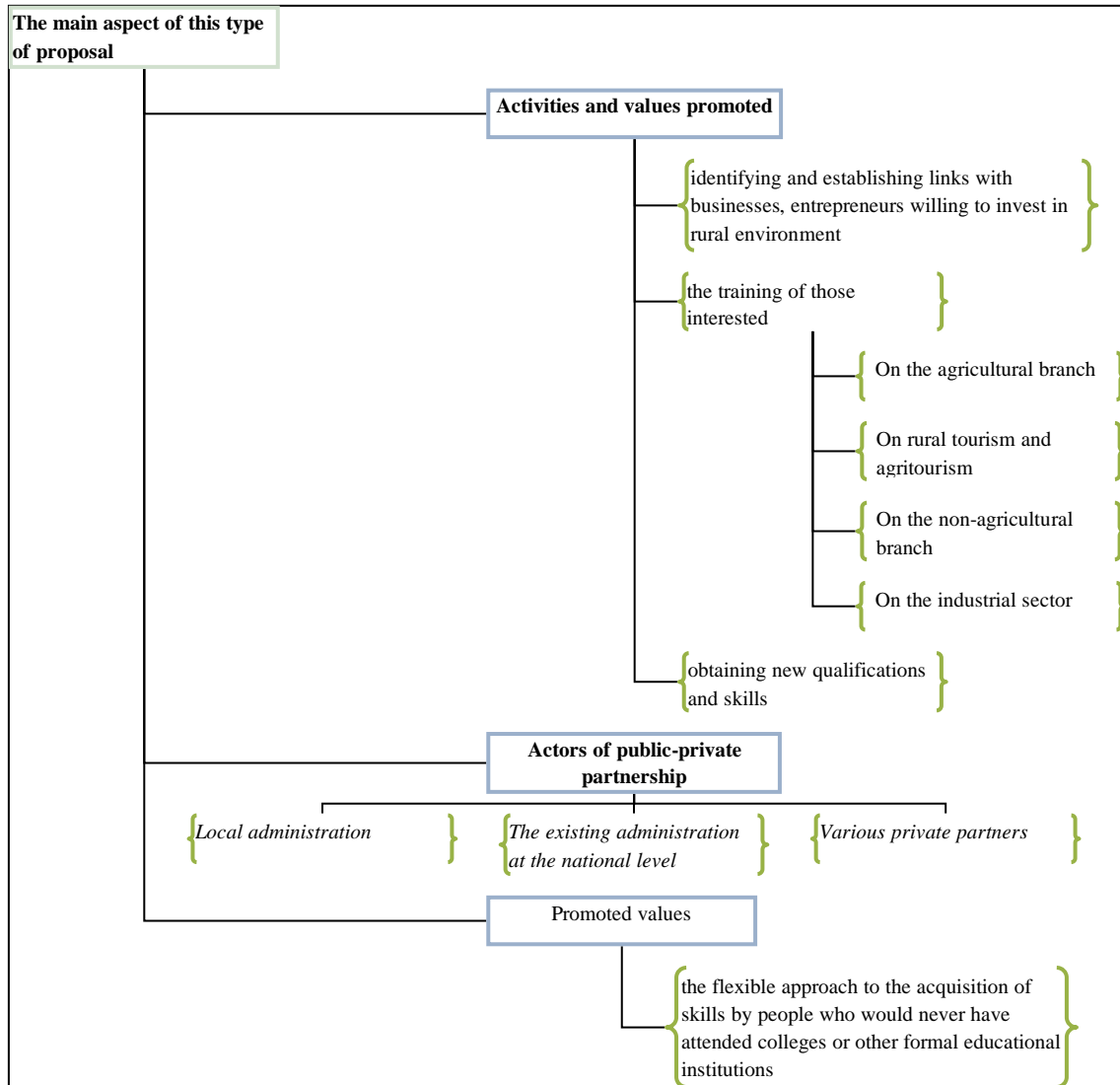


Figure 3. The development of competitive rural enterprises through LAGs and public-private partnerships. Proposal design

Table 1.

Main actors of the partnership		
Actors	Role fulfilled	The function fulfilled
Administration at local level	Sustaining the development of local community	Establishing the policies in order to sustain local development
	Sustaining the development of citizens	Ensuring support for entrepreneurs interested in investing in rural area
Administration at national level	Sustaining training	Co-interest of young people to increase the interest of returning to the rural environment
Private entities	Own interests	Capitalizing on rural resources

The proposed purpose of such a project proposal should aim:

- identifying and establishing links with existing rural enterprises, or with possible entrepreneurs willing to invest in the rural environment;

- training those interested through various business seminars, assisting existing businesses, strengthening community groups, counseling for the opening of new businesses. The potential for economic development and therefore for innovation and entrepreneurship depends partly on the typology of the region and partly on the resources available for exploitation:

- Activities based on natural resources are classified as highly endogenous: forest development, traditional agriculture and environmental protection.

- The second group includes multifunctional agriculture, regional products and agritourism. These are activities that have close links with agriculture and natural resources but seek a stronger connection with the external consumer.

- In the third group, the functional links are still present, but are becoming weaker: research, food processing and energy production (non-agricultural).

- The fourth group contains activities where there is no functional connection with agriculture, but the activities can benefit from the location in the rural environment: certain industrial sectors and services, tourism in the rural environment, without the exploitation of rural qualities (for example: amusement parks).

- obtaining new qualifications and skills.

Sustained values are: the flexible approach to the acquisition of important skills by people who would never have attended colleges or other formal educational institutions.

CONCLUSIONS

The advantages of public-private partnerships, for this paper proposals, we can say that are multiple: various solutions for private financing of public projects, cost reduction for central or local administrations, the use of know-how and private management within public projects, increased efficiency in project development, a shorter implementation period, technical innovation, and a higher level of quality of services provided.

The effects of the projects proposed to be realized through public-private partnership cannot be known immediately, but only after a period of several years and must be viewed globally. They are directly individualized through the influence manifested on two major plans:

- economically, by the fact that rural activities can contribute to the following: maintaining existing jobs in other sectors of activity; supplementing real incomes through the contribution of complementary profits;

- social, with reference to: increasing the degree of employment, especially among young people; expanding the forms of professional training.

The involvement of different entities can allow each of them to capitalize on their advantages and manage a project accessible to all community members. Furthermore, the proposal from this research is an innovative one, because local people can be trained to become agents of the implementation of the proposal. Through the implementation of the proposal, structured development groups can be formed, and the activities can be focused on objectives, the result being the creation of the capacity of the villages to create the potential for a sustainable development in the future.

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