

THE ROLE OF INVESTMENTS IN THE METROPOLITAN DEVELOPMENT OF PITESTI MUNICIPALITY

Sebastian Ene

Constantin Brâncoveanu University – Pitesti Calea Bascov no.2A, George_sene@yahoo.com

Mihaela Ioneci

Constantin Brâncoveanu University – Pitesti Calea Bascov no.2A

The metropolitan development represents a present issue in Romanian local communities. Romania's 1st January 2007 integration imposes a new model of economic and social development at the level of the local community. Sustainable development gets new connotations, the role of investments and community policies become the main pillars in achieving local strategic objectives.

Pitesti, a city that intends to launch a new type of development, initiated a series of activities and investments meant to contribute decisively to the accomplishment of all its goals.

Key words: social development, sustainable development, investments, development, minimax principle.

Sustainable development, a new type of post-industrial development, has been argued worldwide for over 30 years (Stockholm Conference on the Environment in 1972). On the other hand, the reference moment is represented by the United Nations Conference on Development and Environment held in Rio de Janeiro in 1992. At that time, an official document (Agenda 21 and Rio Declaration) mentioned for the first time the name and the concept of sustainable development.

Sustainability gets today new connotations (economic, ecological, social and cultural, moral and spiritual, as well as temporal). Regardless the applicability area, sustainable development cannot be done without investments. The role of an investment is that of intensifying the capacity of an economy, social and cultural sector or field. An investment implies an allocation of resources on economic principles so that the tension between needs and the possibilities of accomplishing them should be diminished at maximum. A fundamental investment on efficiency-based criteria reflects the application of a fundamental economic principle that contemporary economy should take into account: the minimax principle (minimum consumption of resources with maximum results).

National statistics place Pitesti and the neighboring areas among the most attractive economic, social and investment-related places. Located in a transit region, Pitești was firstly developed as a market town, and then it became one of the country's largest cities. Its economic, financial and human potential is represented by its area (4,100 hectares), by its population of more than 170,000 inhabitants, by the large number of economic agents, by the regional branches of various banks and insurance companies, etc.

The large development of Pitesti Municipality also implies a local economic development promoted by the local authorities. This attracted and will attract investors by the facilities it offers: urban infrastructure (road, water, and sewerage), social services, secondary and higher education, development of neighboring areas, environment protection etc. Sustainable economic development will have effects upon the entire local community: public authorities, private sector, and community.

A SWOT analysis of the main features of Pitesti emphasizes a series of aspects that support the metropolitan development of the city.

Strong points:

- a diversified industry with large development potential;
- increasing population not due to the birth rate but to the migration towards rural areas or less developed urban ones;
- a modern infrastructure;
- a relatively large number of pre-school educational institutions;
- the existence of some multinationals representative at international level;

- the existence of two universities that provide qualified labor force;
- an active preoccupation of local authorities for a local sustainable development;
- Pitesti – Bucharest motorway;
- the population’s purchasing power exceeds the country average;
- unemployment rate under the country average;
- foreign investment exceeding the country average.

Weak points:

- limited land area for real estate investments;
- various congested crossroads that create long waiting time;
- relatively low capitalization of some small enterprises;
- activity restructuring at S.C. Rolast S.A., S.C. Arpechim S.A.;
- insufficient green spaces;
- an insufficient number of playgrounds;
- poorly developed tourism;
- the non-arrangement of the Arges river for nautical sports;
- the low usage of the city belt road.

Opportunities:

- using various structural funds for a social and economic development;
- using various lands of Dobrogeanu Gherea, Turcești, Zamfirești, Balotești, Stadionului, Trivale for real estate development;
- building some road passages in the congested areas of the city;
- extending the industrial platform by creating the Development Area of Pitești which should include its neighbouring villages;
- relatively qualified labor force.

Threats:

- taking over the main economic responsibilities by the neighboring areas of Pitești due to their unexploited territorial potential;
- the foreign capital migration to more attractive areas;
- the qualified labor force migration to Bucharest or to the European Union;
- the incapacity of the current road infrastructure to face any future development.

There were permanent preoccupations for a smooth development of Pitești at the level of the local officials, mainly in the last 8 -10 years. The efforts were intensified in 2005-2007, when important amounts from the local public budget were directed towards important investments. The following sectors were taken into consideration:

1. Investments in primary and secondary education;
2. Investments for culture, entertainment and religion;
3. Investments for housing, public services and development;
4. Investments for environment protection;
5. Investments in general economic, commercial and work activities;
6. Investments in transportation;
7. Investments regarding public order and national safety.

From the analysis of the expenses and incomes budget we found out that in 2007 they were directed to cover all investment expenses of over 43 billion lei, an important amount of money for the local level.(anexa 1)

The efforts that aim at the sustainable development of Pitesti Municipality as European Metropolis are meant to reduce the differences between our city and other similar cities in the European Union.

Setting up the investment strategic objectives implies identifying investment needs and also continuing the developing projects, so that they can support the citizens' real needs.(anexa 2)

An important problem is the identification of financing sources that could let put into practice all our proposed objectives. Undoubtedly, local public authorities will finance a part of the projects costs from their own sources (the local budget), but we have to use at maximum the capacity offered by the structural funds. Literally, any investment objective can be financed with European funds.

The main investment objectives proposed in 2007 – 2013 are:

1. **Investments in road infrastructure** – Possible sources of financing: the local budget by its contribution to the project and the Regional Operational Program – AXA 2.
2. **Development and extension of the water network and the sewerage system** – Possible sources of financing: the local budget by its contribution to the project and the Regional Operational Program – AXA 1 and 2; POS MEDIU – AXA 1.
3. **Projects with impact on the environment and entertainment activities** - Possible sources of financing: the local budget by its contribution to the project – POS MEDIU – AXA 1, 2, 3, 4.
4. **Modernization of the city public transportation** - Possible sources of financing: the local budget by its contribution to the project - POR AXA 2.
5. **Investments in the public lighting network and in the electricity network** - Possible sources of financing: the local budget by its contribution to the project- POS – CCE AXA 4.
6. **Investments in education and human development** - Possible sources of financing: the local budget by its contribution to the project – POS – DRU.
7. **Investments in developing the administrative capacity** - Possible sources of financing: the local budget by its contribution to the project- POS – DCA.

There is no doubt that the accomplishment of investment-based strategic objectives proposed above will lead to a harmonious development of Pitesti Municipality and will turn it into a modern, European city. The finance sources should not represent a big issue since we previously showed that there various possibilities to finance these projects with structural funds. The only thing that we have to do is to put into practice all our initiatives, to prove willingness and capacity to access such funds.

Bibliography:

1. www.primariapitesti.ro
2. www.unctad.org
3. www.europa.eu
4. www.fonduri-structurale.ro

The categorised evolution of public investments in 2005 – 2007

Investments	2005 (thousand)	2006 (thousand)	2007 (thousand)
Investments regarding public order and national, public authorities and external activities	430.9	620	2444
Investments for the secondary education development	11	1285	866
Investments for culture, entertainment and religion, social assistance	0	3085	13989 150 ----- 14139
Investments regarding housing, jobs and public development	34299.5	6754	12192
Investments in environment protection	1113	1670	2227
Investments in general commercial, economic, job-related activities	60.2	22570	160
Investments in transportation	3802.2	2138	11694
Total of investments	39717.8	38172(38122)	43723

SOURCE: ACCORDING TO INVESTMENT-RELATED PROGRAMS IN PITEȘTI

A survey developed in Pitești Municipality regarding investment-related projects revealed the following priorities:

No.	Investment projects for the development of Pitești Municipality	Percentage
1	Parking	10,8%
2	Underground passage in the area of Podul Viilor and Bascov intersection	10,8%
3	Parks and green spaces	8,8%
4	Playgrounds	6,9%
5	Bio-warehouse	5,9%
6	Health	5,9%
7	Water cleaning	4,9%
8	Housing for the youth	4,9%
9	Road infrastructure	3,9%
10	Traffic planning	3,9%
11	Public transportation	3,9%

No.	Investment projects for the development of Pitești Municipality	Percentage
12	Infrastructure in neighboring areas	2,9%
13	Heating	2,9%
14	Tourism	2,9%
15	House constructions	2,0%
16	Finalizing civic center	2,0%
17	Culture-related projects	2,0%
18	Environment protection	2,0%
19	Other Houses of Culture	1,0%
20	Modern sewage	1,0%
21	Canteens for school kids and poor people	1,0%
22	Kids hostel with lower tax	1,0%
23	Open-air cinema	1,0%
24	Opening of commodities traffic on the city belt-road	1,0%
25	Deviating railway traffic outside the city	1,0%
26	Small industry	1,0%
27	New jobs	1,0%
28	Urban-related projects	1,0%
29	Social protection	1,0%
30	Rehabilitation of main streets	1,0%
31	Re-usage of old factories	1,0%

Source: made by the author according to information