

## **Analysis of Public Investments Implemented in Tourism for Sustainable Development in Constanta County**

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**Abstract:** Public investments are the driving force of the positive development of the economy and the foundation of increasing of the productive potential of its. The fundamentation note of the any public investment claim immediate, medium and long term benefits significant in the socio-economical structure of the area. Public investment undertaken in Constanta County had mainly objective to increasing social and economic welfare of the community from this area. The main means of achieving this goal was to seize all financial and material resources available. Tourism is a vital economic sector for our county community because it creates, especially during the summer season, a large number of jobs. As such, the study in the Constanta County includes investment analysis implemented by local authorities in tourism, especially their impact on the welfare of residents.

**Keywords:** public investment; grants; competitiveness

### **1 Introduction**

The 2009 was a turning point in the Romanian economy, according to the world economical evolution. Thus, the Romanian economy, in line with the rest of the world, began the decline. Were dismissed individuals from both, private and government sector, decreased wages, especially decrease the profit of firms and the volume of the investments. From this reason, consider that the state by central and local authorities should take the initiative to stop economic decline and restore an upward trend. This could materialize by carrying out investments to stimulate the local economy both directly, in the short term, and indirectly, in the medium and long term. Placing on the market of works in a time when cash is limited, are true oxygen bubbles for private companies, which would continue the activity and it would create new jobs.

Public investments are the driving force behind the positive development of the economy and the foundation for increasing a productive potential. The basement note of any public investment claim immediate in the medium and the long-term benefits, significant in the socio-economical structure of the area. Public investments undertaken in Constanta had mainly objective to increasing social and economic welfare of the community in this area. The principal means of achieving this goal was to capitalizing all financial and material available resources.

Constanta County, as part of Dobrogea region, has many natural beauties and cultural-historical values and may be able to provide to the community and to the potential visitors, travel complete and complex packages of its attractions. My research stopped on tourism because it is a vital economic sector for community of our county, generating especially in the summer season, a large number of jobs. As a resident of Constanta County found, that a significant proportion of the population, and especially the young migrate to other cities, seeking better conditions of living. This think make me to insist in my research on the impact of investments in tourism on welfare of population. Therefore, in this paper I set the objective to study the ability of Constanta county government to attract cash and

use them to ensure the maintenance an adequate living standard of the community. Study regarding Constanta County includes an analysis of the impact of these investments in tourism on the welfare of residents and realization of expected effects by the authorities in sustainable development of the county.

## **2 Importance of Public Investment**

The role of investment in the company is known by worldwide, likely the permanence of investment activity in all socio-economic structures, including local government. At the community level, the investments are based on social needs and concerns those needs felt by citizens that cannot be satisfied by individual action, but only through the efforts of all its members. Local authorities become more involved in local development investments to improve the quality of life of that community. It is base on the decentralization trend registered in many countries, which involves giving greater responsibilities to local and regional authorities. They know best as interest in the areas they manage and will do everything possible to achieve objectives in the local development.

The role of local authorities involved in local development is important particularly in infrastructure projects, tourism, attracting investors (Romanian/ foreign) by providing various facilities etc. Mr. Stoian (2010) show that the main benefits appears in the community through the local development are: potential for new jobs, a positive promotion of the city, raising living standards for residents, strengthening cooperation between local governments and the private sector. Mr. Porojan (2008) show that each actors involved in local development (be it the local government, SME, community, European framework) plays an important role in improving living conditions for the entire population in the area, but this need to understand and practice the concept of sustainable development while mutations involved in all areas (economic, social and political).

## **3 Interconnection Public Investment - Sustainable Development**

The economy of the past centuries was dominated by classical type of progress. Nowadays we must think of a new kind of economic growth, that is *sustainable development*, which is required to use Earth's natural resources, conventional energy forms and / or unconventional , while protecting and preserving our environment, to ensure an adequate level of well-being, not only in the short or medium term, but in the long term. Therefore, in the opinion taken by Mr. Stoica (2005), the development will be sustainable if it will respond to the current needs, identified by society, and made with properly and timely investment.

### **3.1 Sustainable Development-Economic Development Targets**

Manifestation of concern for sustainable development, covering most of today's professionals, took place in the early 1970s after the shock of the energy crisis. Specialized literature offer the meaning of sustainable development: current needs of society must be made without compromising the ability of future generations to meet their needs. Our country at present is facing many problems, which must be solved, many of them taking the socio-economic sphere, but without affecting the needs of future generations, opinion found and to Mr. Camarda (2008).

Summarizing and reaching many approaches to early emergence of sustainable development, we can say that natural resource belongs to a generation within cause and effect, that any social unit must not be greater than the debt may incur during its life. In other words, sustainability is a property set to operate in a perpetuum mobile, forever, without exhausting resources to major. Solving this problem

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requires the involvement of all actors, because it is a multisectorial burden and with multiple stakes. At the same time, they should be addressing in a holistic ways of cooperation.

Sustainable development is actually at this moment emergency doctrine economic development should not be seen only on a short-term but have a time constant taken to infinity. Green jelly should be well respected by all communities; their actions should not be above the biosphere, the laws of physics and chemistry that have made our life on earth. Lately were discussed and adopted international conventions that apply on a large scale on biological environmental restoration, so the sustainable future development. Principal negative effects caused by previous economic activity that must be addressed by future developments are biodiversity conservation, forest protection and limiting the use of certain chemicals. This sustainable development reiterates that man and his actions are a subsystem of the ecosphere, are part of the development and living standards, the complex land, its ability and self-stabilization.

Although they seem antagonistic concepts, economic development and environmental protection must be correlated and seen together so adversely affected the environment in a certain time and space is always followed by an adjustment to match. Another element that has a negative role on sustainable development is given the explosive growth of population. Experts are very concerned because although developments of food production and population are both progressive, one is arithmetic progression while other geometric progression. In this context, the overall amount of food will always be less than the demand for world population. Finally, sustainable development must satisfy two conflicting goals: ensuring the standard of living of the population without affecting the standard of living of the biosystem. Butler (1991) indicates that the popularity created the concept of sustainable development and tourism led to the belief that philosophy can develop sustainable compliance.

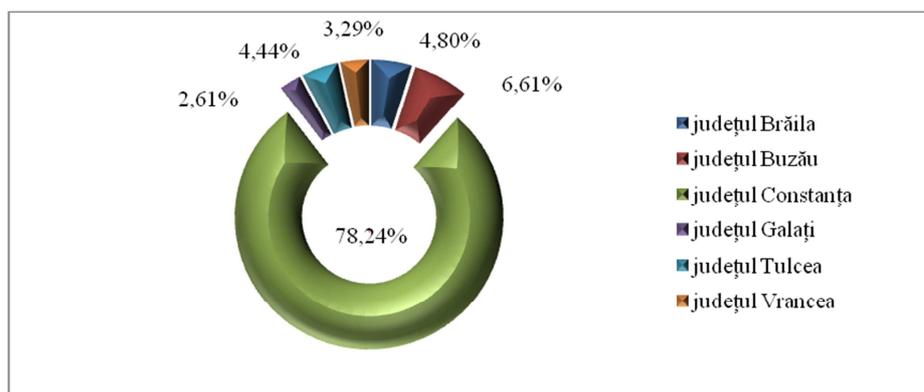
In this context and timeliness inferred role of public investment in solving problems such as environmental protection. Restoration of ecological balance where it was broken, and so on natural consequence is that in almost all areas of life will make drastic changes and for managers of administrative units will require managerial skills of excellence to be able to translate the legal and trajectories of this goal into practice and achieve the desired results of the company. Achieving the ultimate goal of sustainable development of the area can be achieved by proper exploitation official use and development policies. Like any political action, it is an attribute of the authorities of the local time.

### **3.2 Sustainable Development of Tourism**

The place of tourism in sustainable progress is given by the role of this economical activity, to “sell” physical and human environment as a product. In recent years, tourism has grown stronger because of consumer-oriented lifestyle characteristic of industrialized countries. I think it is essential that tourism to be active in sustainable development issues and to cooperate with other industries in the ensuring of quality and longevity of resources. Sustainable tourism is a necessity, and the link between tourism and the environment is stronger than in other industries. Tourism is also because of the environmental damage and a victim of them. Tourist offer is founded on natural and socio-cultural factors that define a tourist area, but is always threatened by environmental problems. For example, in Constanta County, ultraviolet rays that can cause skin cancer due to prolonged exposure to sunlight may threaten tourism supply.

Neamtu (2012) believes that tourism activity should be addressed in the context of sustainable development in terms of tracking performance on three distinct levels: economic, social and environmental. Maintaining the ecological functions of a tourist destination can be reached if one takes into account the three sides of the pyramid sustainable tourism development, namely: regional planning, maintenance and maintenance of tourism attractiveness welfare and socio-cultural identity population a long time. A responsible tourism development in our country and our county is implicitly possible sector specific vision conditions, and the performance of services in tourism.

Tourism is one of the industries that need to be involved in sustainable development as an industry resource, dependent on the natural and human potential, and cultural heritage of society. The geographical position of Constanta County offers unique natural resources in the country by the Romanian Black Sea coast, with all its cliffs, deltas, lagoons, headlands, etc. Along the coast there are a host of 13 states that have as main objective to attract as large an influx of Romanian and foreign tourists in a very short time. This is because summers on the Black Sea are of interest only in summer season (from June until August). To illustrate the economic value of this industry will present in Figure 1 a comparison tourist capacities counties in the southeast in the year 2010.



**Figure 1** Comparison tourist capacity between the Southeastern Region counties

*Source: Data provided by the Regional Department of Statistics, Braila*

#### 4 Tourism Activity in Constanta County

Constanta County has spas that serve as treatment centers providing recreational services. You can mention North Eforie (offering treatment with salt water and sludge treatment indicated for rheumatic diseases and gynecological), Costinesti (recommended resort thalaso-therapie and heliotherapy) Mangalia (which has mineral springs – sulphurous, mesothermal and radioactive), Neptun - Olimp (offers treatment for electrotherapy, hydrotherapy and mud treatment), Techirghiol (permanent spa). With all these advantages I mentioned, we are always outstripped our neighbors in this chapter that has better offers and quicker guided by the requirements. In addition to this, it should be noted the fact that between the years 2005 - 2007 Black was damaged by floods, many villages in the county with some damage. In this regard, measures have been taken in the future to prevent such unwanted effects while were conducted restoration projects coastline. County residents and specialists in the field who are closely following the situation of coastal erosion each year finds that shoreline retreats more visible to land. This problem is known as local and central level, there are many statements of what should be done to stop this phenomenon and yet the community does not see much public investment in this area. Worry grows, as it becomes increasingly difficult economic situation, tourism being a major provider of jobs.

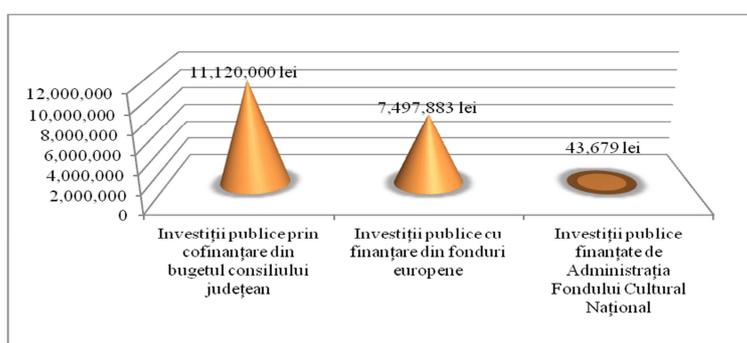
Lupu (2010) considers reducing the negative impact of tourism on the natural environment, socially and culturally sustainable tourism development was necessary in every county of our country. In order to achieve sustainable development, tourism strategy will be adapted to each region, depending on the data that individual and the main objectives of the tourism sector. Regional sustainable tourism development must be a current factors driving preoccupied Romanian tourism. At the same time, applying the concept of sustainable development in tourism is based on the understanding sustainability as a strategy to be followed in order to achieve defined objectiv. I think the regional tourism management objectives to be achieved as: establishing a tourism strategy leading to sustainable tourism development, establishing appropriate forms of tourism and the identification of

the service area to promote the offer citizens, entrepreneurs, authorities and tourists.

## 5 Analysis of Public Investment Performed in Tourism in Constanta County

Considered appropriate categories of public investment analysis conducted in tourism in Constanta County in 2008-2010, the situation shown in Figure 2. Summarized the situation of these investments can be found in:

1. Public investment made with founding of the County Council budget. Public investment for promoting tourism activities and conducting activities that involve greater attracting of tourists for the future (sustaining Association for the Promotion and Development of Tourism Seaside - Danube Delta: 895,000 € and 3,492,500 RON for specific events and support ongoing CS Power Marine Constanta: 800,000 € to ensure the smooth running of the “Class 1 Romanian Grand Prix”).
2. Public investment financed from European funds made to promote successful existing targets and the development of other novel targets that can provide an influx of tourists in the future:
  - a) public investment worth € 560.720 to establish international information network of the border region between Bulgaria and Romania (EU budget funds to cover the European Union's Phare CBC 2005 Romania-Bulgaria)
  - b) public investments targeting the same three-dimensional reconstruction and consistent with ancient cities, and even making a documentary worth € 673,000 (under the Community budget of the European Union Phare CBC 2006 Romania-Bulgaria)
  - c) public investments that aim to draw up a travel site Constanta County and print marketing products, worth 1,032,920 € (under the Regional OP2007-2013, Axis 5)
  - d) public investment worth 913,223 € for realization of thematic brochures and videos that will include key landmarks (under the Regional OP 2007-2013, Axis 5)
3. Public investment whose financial resource comes from the National Cultural Fund Administration, worth 43,679 € and aim to achieve avirtual through digitization of heritage objectives, framing everything in a completely virtual tour.

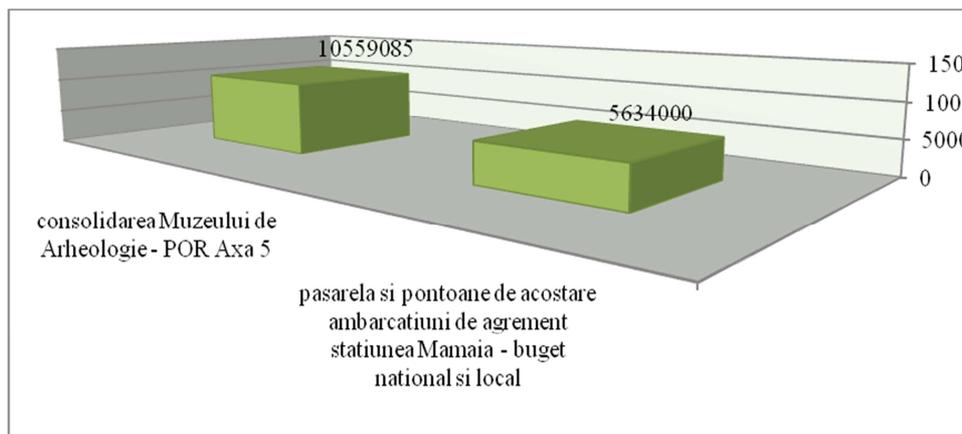


**Figure 2** The situation of public investment in tourism made in Constanta County from different funds  
 Source: County Department of Statistics Constanta and Data Processing PID Constanta

From this figure we clearly see that the vast majority of investment initiated to improve the tourism sector has the origin of the funds of the county council budget resource to the detriment of large amounts could be obtained as grant. The answer is known only team carrying out investment projects chosen for funding why not offer this resource and great coming from the European Union.

When we look at the reality of public investment required to make our county as Integrated Development Plan for Growth Pole Constanta see that there are many projects that aim to further

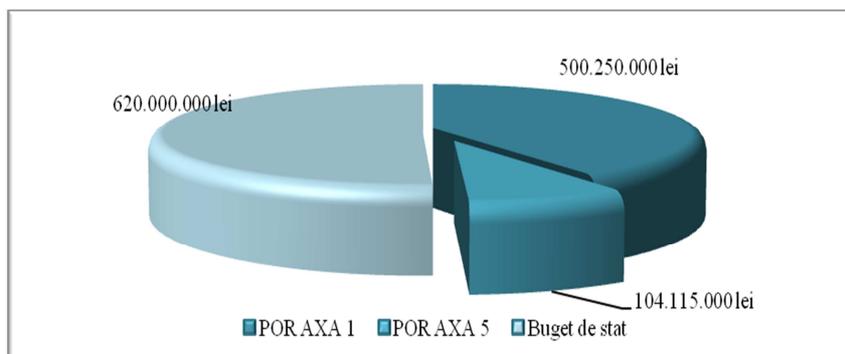
develop tourism attractiveness of different financial sources.



**Figure 3** The situation of public investment in tourism in the implementation stage at objectives and funding sources (2010-2013)

Source: *www.County Council of Constanta and data processing Constanta PID*

Studying this figure, we see that in the implementation of investments in tourism has attracted a slightly larger amount ROP Axis 5 in order to strengthen the Museum of Archaeology, in front of the central budget and local, which was made bridge. If we consider the significance level amounts attracted to what I think should be done, I hope the situation will improve considerably as European money should not be wasted while you may be attracted. In the following figure will discuss the situation of public investment in tourism in terms of different sources are expected to be raised in the immediate future, as these investment projects in various stages (SPF produced or evaluation stage) for the period 2011-2015.

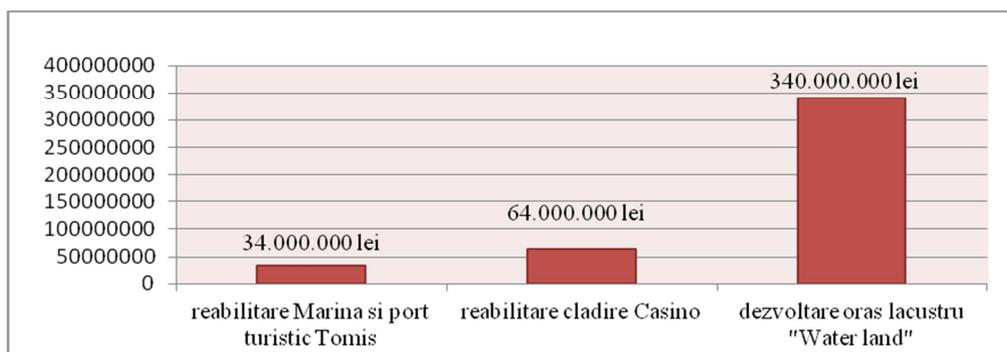


**Figure 4** Comparison of public investment in tourism expected to be made in the Constanta County from various funds

Source: *www.County Council of Constanta and data processing Constanta PID*

As of this figure is the same continuity in thinking by attracting state budget sources in one project (worth 620 million RON), to obtain European funds depositing is a multitude of projects to ROP Axis 1 and 5 (500,250,000 RON and 104,115,000 €). It remains to be seen how much of these amounts will result in sights by the end of 2015. European funds projects aimed at upgrading and tuning aimed at tourist attractions to increase the contribution of tourism proceeds.

If until now, we have analyzed the public investment made in tourism and we need to get over those made by private firms for a true picture of the situation.

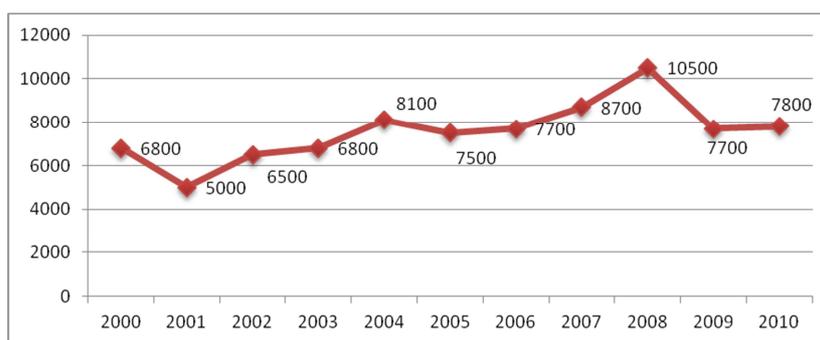


**Figure 5** Private investment in tourism in Constanta

Source: data from PID Constanta

We must say that the first two private investment occurring in the figure (the sum of 34 million RON and 64 million RON) is in the implementation stage, the people from Constanta enjoying some of their effects, and what has the third (the amount of 340 million lei) has developed SPF. Although our county has a unique tourism potential compared with other parts of our country, tourist facilities have a lot of work in terms of modern standard offered to loyal customer satisfaction and can attract foreign tourists (whose number is decreasing from year to year). Raising the standard is necessary because of competition from neighboring states data in this area (Bulgaria and Turkey). Although attracting tourists is the attribute private economic operators, public authorities are required to support market competitiveness of the private sector through the development of transport infrastructure and leisure. I sincerely hope that with leading local authorities (Bihor, Dambovita and Mehedinti) to join our County for the benefit of residents.

Sustainable economic growth in all parts of Constanta economic, socio-cultural and environment are based on the actual development of human capital. To this end created fair to raise professional skills in order to provide competitive tourist activities. All investments undertaken in Constanta in tourism were the main objective of raising living standards and creating a favorable perception of local authority representatives. In Figure 6 will examine the evolution of the active population in Constanta county tour during 2000-2010. This period does not cover the impact on residents of public investment given between 2010-2012 years.



**Figure 6** Evolution of employment in tourism in Constanta

Source: Statistical Yearbook of Constanta County 2011

The data presented in the figure we see that at the beginning of the period under study, the active population employed in tourism recorded a slight but steady increase until the end of 2008, the first year of the crisis event, but then experience a decrease sharply by the end of 2009 and some stabilization in 2010.

## 6 Conclusions

Research conducted in this paper sought to highlight ways in which local investments contribute to economic diversification and overall progress of the micro-region represented by Constanta. Wishing presentation importance of implementing effective local public investment has presented theoretical concepts related to the sustainable development of tourism interconnected. Studies undertaken work on quantitative and qualitative value of public investments made in Constanta County tourism and its impact on the local community. Although the benefits of public investment cannot be measured usually as a result of an effort, though economic society agrees that in some areas they provide a positive economic impact far superior. Public investment undertaken in Constanta was aimed mainly at increasing social and economic welfare of the community in this area. The principal means of achieving this goal was to seize all financial and material resources available. In terms of funding, in Constanta are used mainly County Council budget funds at the expense of resources available through the operational programs of the EU. This makes me wonder if the problem is to provide these rehabilitation works to firms 'desired' or failure to submit project management team to be able to obtain financing from the Structural Funds.

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