

Management of Public Acquisition in the Context of Public-Private Partnership

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Abstract

With Romania's integration in the European Union it has been compelled to align its national legislation with the European one. This change also applies in regards with public acquisitions where legislation change implies facilitating free movement of merchandise.

The means of public acquisitions which Romania was using before joining the European Union can no longer be used in the current context. Thus, current legislation must be adapted to European specific requirements while keeping the national and regional particularities.

The acceptance of public-private partnership, successfully implemented in many European countries, is one direction in which public acquisition performances can be enhanced. Public-private partnership benefits derive from accepting the provider (private organization that provides goods and services) - beneficiary connection (public organization purchasing goods and services) as a partnership in which the seller-buyer relationship is seen as a win-win relationship with repetitive nature (over a long period of time).

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JEL classification: M10

Introduction

Public procurement is an important component of public management, in particular because of economic and financial implications. Making specific procurement transactions involves a financial effort of the organizations supported and attention on compliance with legal constraints, economic and logistics.

Procurement management is considering, first, a thorough organization of the procurement process steps based on a forecast of material requirements related to the organization. However, procurement management is also considering developing an annual procurement program that includes the main data on resources and materials required to be purchased (V. Patulea, 2005).

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Planning and programming is based on prediction, due to its proactive characteristics - this plan shall be developed in the last quarter of the previous calendar year for which the plan is elaborated.

2. Management of public procurement

Procurement Management, to draft procurement plan, shall consider (I.P.P.B., 2004):

- Identify needs;
- Estimated value;
- Rank;
- Choice of procedure;
- Identification of funds;
- Develop schedule;
- Completion and approval of the program.

Procurement plan amendment may be made during the year for which it was developed, but requires financial resources and the need to clarify if the changes are structural.

The initial development plan and its subsequent amendments must take into account the needs of material and technical equipment necessary to conduct properly the business of the public organization.

Resource materials and technical equipment shall be sized in organization structure and specific volume. Thus, to a degree of detail, necessary resources are centralized in a summary table.

In the stage of establishing the necessary material resources to establish the following elements (I.P.P.B., 2004):

- ◆ Description of goods and services required;
- ◆ Justification of need products and services;
- ◆ Time or period when resources are needed;
- ◆ Estimated value of goods and services needed including specific costs of acquisition;
- ◆ Benefits that are obtained from their use;
- ◆ Chain of goods and services (the award of a degree of their importance).

After establishing the necessary material resources and equipment, one can start establishing how resources will be purchased. Providing material resources is, in general, the following procedures:

- Direct Purchase
- Offer request
- Open public auction (with or without preselection)
- Limited public auction
- Competitive dialogue
- Negotiation (with or without prior publication of a contract notice).

Procurement management requires, in this case, choosing the best option, which brings a high degree of efficiency (subject to legal restrictions).

Currently, legislative constraints for procurement of goods and services in public-private partnership (public-private partnership under Law no. 178/2010 and GEO No. 39 published in Official Gazette no. 284 of April 21, 2011) limits the maximum amount of contracts of goods and services to 125,000 Euro (excluding VAT).

In addition to legal constraints, there are following restrictions on the management of public institutions should consider the provision of material resources:

- Budgetary restrictions consider: - the amounts allocated can be changed very slowly, through the changes and re-approval, the unused amounts in the budget difficult call "lost", but at the same time there is possibility to take advantage of certain government support programs.

- Pressure of the taxpayer is found in at least two aspects: - at the taxpayer's ordinary "expects" certain services as a result of charges and political forces resulting from all elections by the taxpayer' will.

- The increasing of the purchaser. If government usually no specific organizational structure and exclusive for this activity. Because of this worker who does not have to consult and who should be managed professionally. This requires a good knowledge of law and economic management issues.

- Organizational rigidity means there are fewer opportunities to restructure due to approval procedures and political pressures. Also the possibilities of low pay, cannot be achieved by hiring highly qualified staff, internal training priority wanting a solution.

- Rigorous foundation of consumer needs in that budget allocations are hard to change on the one hand, and on the other characteristics of consumer needs will be reflected in the specification and cannot be changed only under restrictive laws.

- Transparency is determined that public money is spent, and the taxpayer should be informed accordingly. This transparency may create, however, difficulties in supply because suppliers will avoid such beneficiaries may create certain difficulties in maintaining confidentiality and privacy.

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Procurement through public-private partnership designed to lead to increased satisfaction with the interests of public, community and improving public standing.

Public-private partnership aims to strengthen links with the public environmental organizations from the private sector to cooperate by providing a longer period of time.

Public-private partnership is designed to lead to increased competition between operators, aimed at marketing of products or services within their portfolio of public organizations. Public-private partnership requires a long-term approach to the relationship between business and public organizations (A. Androniceanu, 2008).

To ensure the success of public-private partnership, as happens in other EU countries, it is necessary to ensure a high degree of decentralization. This entails increasing managerial responsibility at lower levels of public organizations, especially because of the growing importance of negotiations in the procurement process.

Negotiations are held with business partners that can meet the requirements of efficiency and public partnership in question. If negotiations are successfully completed, proceed to the drafting of tender documentation relating to:

- establish the technical documentation
- establishment of contractual terms;
- establish minimum qualification requirements and selection criteria;
- setting of forms, patterns and annexes.

Negotiation may take place after prior publication of a notice or may be omitted such a notice.

Procurement management in the context of public-private partnership requires a change in attitude, increased freedom of action and decision. This can result in a significant improvement in activity of public organizations, particularly in the area of public procurement through better use of available funds (O. Puie, 2006).

Relevant to obtain results but must be competent to appoint a management team that can exploit the benefits of public-private partnership (M. Năstase, 2010). Otherwise, resources will be made with low efficiency, which will entail a slower development of the welfare of the citizens who benefit from services offered by the public organization concerned.

In terms of the administrative system used in a public institution, public procurement management can opt for a horizontal or vertical partnership (I.P.P.B., 2004).

Horizontal partnership involves the management of public procurement to consider the purchase, local goods and services in order to allow an increase in the employment of local labor and local private sector development. And acquisitions are envisaged aimed at developing local infrastructure and the operation of public services to private partners.

Vertical partnership involves the procurement management to consider collaboration with private partners to purchase goods and services with regional impact. In this case requires a close collaboration with public entities and higher, because the major impact they have this kind of acquisition particularly financially.

Whatever type of partnership is chosen, the management of public procurement are subject to large projects is considering several steps (I.P.P.B., 2004) and the model shown in Table 1 and Table 2.

Table 1. Model of stages of acquisition of goods and services in the context of public-private partnership

NO.	STAGE	STAGE DESCRIPTION
1.	decision	this stage is considering the decision to accept a partnership with a private partner for the purchase of goods or services necessary for the public organization
2.	preparing the study that bases the acquisition of goods and services through public-private partnership	this study includes technical and economic information on goods and services subject to the partnership
3.	announcement of intent	this announcement includes information on the initiating organization, information about the partnership concerned and the criteria underlying that partnership
4.	establishing the evaluation committee	is a step which is determined by an evaluation committee on the basis of competence and objectivity. Commission members must have technical, economic and legal knowledge
5.	meetings with potential partners	dialogues and negotiations with potential partners who can enter into a partnership. The purpose of these meetings is to clarify the public-private partnership to target
6.	evaluating letters of intent	intends to partner choice based on the analysis of letters of intent sent by private organizations aimed at this partnership, which was drawn up following publication of the notice of intent. Following this assessment is made an evaluation report which will help the decision to accept a partner or another
7.	negotiation	intends to negotiate the technical, economic and legal. This step aims at choosing the best for the organization. Try to use the balance of power possible to achieve a maximum in the public interest
8.	selection and partnership agreement	final step is to choose partners from the private sector for the purchase of goods or services. After selecting the private partner will form a contract agreement that the acquisition of goods and services covered by public organization.

Table 2. Simplified model of stages of acquisition of goods and services in the context of public-private partnership

NO.	STAGE
1.	initiating public-private partnership project by publishing notice of the attached selection and by the public partner
2.	selection of private investors through "open procedure" or "competitive dialogue"
3.	project agreement signed with private investors selected for competitive dialogue procedure
4.	negotiating with private investors select which signed the project for competitive dialogue procedure

Regardless of the number of steps that are included in the model accepted for purchase and use of public organization management has the following objectives (Guv. Rom., 2011):

- a) ensure continuous supply, service and public works unit as needed;
- b) avoid waste by standardizing and rationalizing the actions of procurement activities with material resources and services;
- c) careful selection of private partners depending on the requirements and improve the efficiency of public organizations;
- e) obtain advantages in terms of quality, price and terms on which products are offered by private partners;
- f) ensure effective coordination of physical activity with other activities at public institutions.

Conclusions

Public-private partnership has been working for many years in developed countries. Its implementation requires, however, in Romania, and requires a transitional period of adjustment for both the public and private environment. This orientation is required because these organizations on the management of commercial relationships are based on the principle of partnership, with significant differences from standard seller-buyer ratio.

The main advantages offered by this partnership in public procurement is determined to cut costs, improve the technical characteristics of goods and services covered by the partnership due primarily negotiations aimed primarily commercial term report.

At the same time, the potential is harnessed and private sector experience in the procurement of goods and services that best meet the needs of the organization is involved and other criteria beyond the financial. However, private sector organizations have a greater flexibility and a greater capacity for action which allows them to better exploit the opportunities that arise in the goods and services.

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