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DOCTORAL THESIS

**PERFORMANCE OF LOCAL PUBLIC FUNDS
ADMINISTRATION IN THE CONTEXT OF
SUSTAINABLE DEVELOPMENT**

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INTRODUCTION.....6

CHAPTER 1. THEORETICAL AND PRACTICAL APPROACHES TO LOCAL BUDGETS21

1.1. Conceptual issues and regulatory framework for local budgets.....21

1.2. Typology of local budgetig.....23

1.3. General local budget principles and the local budget process in Romania...25

1.4. The financial mechanism of public resources allocation in territorial profile and balancing local budgets.....29

1.5. Ensuring the financial sustainability of local budgets.....35

1.5.1. The concept of financial sustainability in local budgets.....35

1.5.2. How to measure financial sustainability.....37

1.5.3. Drivers of financial sustainability39

1.6. Budgetary constraints and opportunities in securing local public funds.....42

1.7. The role of external public audit on the management of local public funds in Romania.....45

1.8. Preliminary conclusions.....51

CHAPTER 2. COMPARATIVE ANALYSIS OF LOCAL BUDGETS IN A SAMPLE OF EU COUNTRIES52

2.1. Introductory considerations.....52

2.2. Structural analysis of budgetary indicators.....53

2.2.1. Aggregate revenues of local budgets as a share of general government revenues.....	54
2.2.2. Aggregate expenditure of local budgets as a share of general government expenditure..	55
2.2.3. Aggregate budget balance of local budgets as a share of nominal national GDP.....	57
2.2.4. Analysis of the revenue and expenditure structure of local budgets.....	58
2.3. The situation of local public debt compared to total public debt.....	66
2.3.1. Analysis of the influence of local public debt on total public debt	68
2.3.2. Study of the impact of local public debt on total public debt at EU level.....	70
2.4. Preliminary conclusions	75
CHAPTER 3. PUBLIC INTERVENTIONISM AND BUDGETARY PERFORMANCE IN THE PUBLIC SECTOR	77
3.1. Theoretical and empirical perspectives of public interventionism in the economy.....	77
3.1.1. Considerations related to the justification of public intervention in the economy	77
3.1.2. Comparative analysis of the degree of intervention of local authorities at EU level.....	84
3.1.3. The State Budgetary Reserve Fund – an instrument of public intervention to cover urgent or unforeseen expenditure.....	88
3.2. Budgetary performance in the public sector.....	92
3.2.1. Defining the concept of budgetary performance	92

3.2.2. Efficiency, effectiveness and output and outcome effects in performance evaluation	93
3.2.3. Ways and conditions for measuring sustainable budget performance in the public sector	104
3.3. Assessing local budgetary performance: measurement systems, difficulties and proposals.....	106
3.4. Preliminary conclusions	111
CHAPTER 4. ANALYSIS OF THE IMPACT OF LOCAL DECENTRALIZATION ON THE QUALITY OF PUBLIC SERVICES IN EU MEMBER STATES.....	113
4.1. Introductory considerations.....	113
4.2. Theoretical background and literature review.....	116
4.3. Description of data and indicators.....	118
4.4. Research methodology.....	122
4.5. Results obtained and discussions.....	125
4.5.1. Unit root tests.....	125
4.5.2. Application of the panel regression model and interpretation of results	126
4.5.3. Application of the threshold panel model and interpretation of results	137
4.6. Preliminary conclusions.....	141
CHAPTER 5. THEORETICAL CONSIDERATIONS AND EMPIRICAL STUDIES ON SUSTAINABLE REGIONAL DEVELOPMENT	145
5.1. Concepts, models and principles of regional development.....	145

5.2. Analysis of regional disparities at EU level.....	148
5.3. Sustainable regional development – concepts, disparities and financial mechanisms.....	155
5.4. The provision and allocation of local public funds – implications for sustainable development strategies in Romania’s regions.....	165
5.5. Preliminary conclusions.....	170
CHAPTER 6. LOCAL PUBLIC FUNDS MANAGEMENT PERFORMANCE IN THE CONTEXT OF SUSTAINABLE DEVELOPMENT	172
6.1. Proposed indicators to assess the performance of local public funds management and local sustainable development.....	172
6.1.1. Objectives and relevance of the indicators for assessing the performance of local public funds management....	172
6.1.2. Objectives and relevance of local sustainable development assessment indicators.....	177
6.2. Analysis of the indicators for assessing the performance of the local public funds management and sustainable development in Romania municipalities....	179
6.2.1. Benchmarking data on the performance of local public funds management.....	180
6.2.2. Comparative analysis of data on the degree of local sustainable development.....	191
6.3. Proposal of a composite index for assessing the performance of local public funds management in the context of sustainable development in Romania municipalities.....	200
6.3.1. Research methodology	200

6.3.2. Evaluation and interpretation of results	204
6.3.3. Model robustness check	207
6.4. Preliminary conclusions	212
SUMMARY OF CONCLUSIONS, PERSONAL CONTRIBUTIONS AND FURTHER DEVELOPMENTS	213
BIBLIOGRAPHICAL REFERENCES	229
LIST OF ABBREVIATIONS	246
LIST OF TABLES	247
LIST OF FIGURES	250
LIST OF CHARTS	251
LIST OF ANNEXES	253
ANNEXES	256

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INTRODUCTION

Motivation of the topic, its topicality and importance

Local public funds and their management is an important topic for both theoreticians and practitioners in finance, and has been addressed in a multitude of specialized papers and scientific research. Identifying ways to improve the management of local public funds is always topical, due to their role and importance in the functioning of local authorities and in increasing the quality of services provided to citizens, as well as the need to continuously adapt with progress. Local authorities are considered to be the closest to the citizens, so it is necessary for them to be aware of the needs of their communities and to respond to them by providing public goods and services that are appropriate and adapted to the needs of citizens and to the evolution of technology, in line with their remit. In the context of increasing corruption in the use of public funds, a phenomenon that generates a significant decline in citizens' trust in the capacity of public authorities, public opinion has focused its attention on the management of public resources, including by local authorities, also taking into account the fact that local budgets are an important component of the general consolidated budget system of the state, both in terms of the volume of budget indicators and in terms of the type of constitution and management of resources, being its second major component. From this perspective, we consider that on the one hand, a good management of local public funds and, on the other hand, the financial sustainability necessary to achieve sustainable development at the local level, both ensure the prerequisites for meeting the needs of communities, which is the *motivation* that led to the choice of this research topic.

At the same time, starting from the motto "plan globally, act locally", *the topicality of the research topic* is justified by the important role of local budgets in the process of achieving sustainable development, taking into account the increasing budgetary constraints faced by public budgets, the insufficiency of financial resources needed to execute development schemes, starting from the local level of public authorities and extending up to the integrated level of the European Union. Therefore, given that a challenge comes at the level of local authority structures, and that the insufficient management of local public funds under performance conditions can lead to a lack

of coherence between sustainable development policies implemented at local and national level, we believe that improving budget performance at local level helps to achieve objectives, including sustainable development, at higher administrative levels.

The importance of the research topic lies in the fact that the importance of local budgets is increasing as decentralization processes accelerate in Romania and beyond. The more decentralized a country is, the more important the role and importance of local budgets. Depending on the involvement with which local authorities realize their revenues, as well as on the economy, efficiency and effectiveness of their spending, these approaches are reflected in the impact on the consolidated general state budget and the quality of public services provided to citizens. Our scientific approach is underpinned by the fact that the efficient management of local public funds creates the necessary space for achieving sustainable development, with local authorities making a high contribution to achieving its objectives. The concept of sustainable (or sustainable) development is widely used, and nowadays society is developing by applying its principles: industry or agriculture must develop sustainably, research must support sustainable development, natural and other resources must be used rationally, etc. As a principle, sustainable development must be achieved in all areas of activity and in all forms of organization. In this respect, sustainable development is a permanent topic on the global, European and regional agendas, reaching all the way down to local authorities, with the aim of reducing and even eliminating disparities in access to resources and services for poor and marginalized communities, including future generations. It also emphasizes that each nation has the right to develop its own social and cultural values, without denying this right to other nations or future generations

The two dimensions addressed in the doctoral thesis, namely *the performance of local public funds management* and *sustainable development*, are interconnected dimensions, less studied in the literature in Romania, and the contextual approach of the two dimensions is a novel and perspective element, which gives added importance to this research topic.

Placement of the topic addressed in the context of scientific research in the field, as well as in a multi-, inter- and trans-disciplinary context

The topics covered in this doctoral thesis deal with concepts and subjects of the utmost topicality, complexity and interest, such as: local budgets - concepts, budgeting modalities and budgeting principles; financial mechanisms of resource allocation in territorial profile; financial

sustainability of local budgets; external auditing of local public funds; constraints and opportunities in providing local public funds; comparative empirical analysis of local budgets in a sample of EU countries; impact of local public debt on total public debt at EU level; instruments of public interventionism in the economy; Budgetary performance in the public sector - concepts, measurement methods, evaluation systems, difficulties and proposals; the impact of local decentralization on the quality of public services; sustainable regional development - concepts, disparities and financial mechanisms; the interconnection between local public funds and sustainable regional development; local budgetary performance and appropriate indicators for assessing budgetary performance; sustainable development and relevant indicators for assessing it at local level; assessing the performance of local public funds management in the context of sustainable development. These are all topics treated both separately, but very often addressed together in certain contexts, in order to capture and assess the influences and interdependencies between them.

In this doctoral thesis, the approach to the issue of the performance of the management of local budget funds in the context of local sustainable development aims to give the research carried out the valences of a complex research, the topics discussed intending to lead to new reasoning on the two dimensions analyzed. Therefore, the scientific research carried out involved multi-, inter- and trans-disciplinary approaches, the complexity of the subject matter involving the consultation of specialized literature from different fields, such as local public finance, auditing, economics, management, statistics and econometrics, legal and administrative sciences.

Our scientific endeavor has important theoretical and practical utilities. Theoretical utility is given by the fact that the performance of local public funds management in the context of sustainable development is still little investigated at the level of doctoral and scientific research in Romania, constituting an area of growing interest for researchers but also for local authorities. The practical usefulness is represented by the empirical research and case studies presented and amplified in value by the econometric studies carried out. The analyses cover EU Member States, regions of the EU and Romania, comparisons between states and regions in terms of local budgeting and sustainable development, as well as between county municipalities in Romania, in order to capture the effects at a level as close as possible to the citizens of the respective local communities.

Presentation of the current state of scientific research in the literature

At the level of doctoral research and scientific research in general, there is a plethora of studies on budget performance, including local budgets. But the literature is becoming limited in terms of analyzing the performance of local budget fund management in the context of sustainable development. Most of the studies identified address the integration of sustainable development objectives at the macroeconomic level, through budget planning and development strategies. However, with an increasing level of decentralization, many actions relevant to achieving sustainable development objectives rely on the efforts of local authorities. Therefore, the assessment of the current state of research in the proposed field highlights the significance and the need to study the evaluation of local budget performance in the context of sustainable development, due to the research gap encountered in the literature, particularly in Romania.

It should also be borne in mind that local planning and budgeting capacity and the tools available to local authorities differ from those available to national governments, which can lead to obstacles in managing local public funds in a way that ensures that they can perform in a way that ensures that sustainable development objectives are achieved. In practice, the increasing number of budgetary constraints requires the assessment and analysis of local budgetary resources within a framework that recognizes and suggests new patterns of efficiency in the way authorities manage local budgets, elements that are found in various studies, such as Bartle et al. (2011), Muldoon-Smith and Sandford (2021), Rutgers and Van Der Meer (2010), Rainey (2009), Wilson (1989), Johansson and Lofgren (1996), Mihaiu et al. (2010).

An important role is played by the study of ways and techniques to measure efficiency, as well as models to assess efficiency in the production and delivery of public services (since the main role of local authorities is to provide quality public services to citizens). In this context, we find a wide range of approaches, among which we mention studies such as Worthington and Dollery (2000), Barros (2007), Barrow and Wagstaff (1989), De Borger et al. (2002), Drucker (2001), Førsund (2017), Bradford et al. (1969), Mohr (1973), Rainey and Steinbauer (1999), Kerr (1975), Tolbert and Hall (2015), Boyne et al. (2003), Quinn and Rohrbaugh (1981), Connolly et al. (1980), Zammuto (1984).

Scientific concerns in measuring local budget performance divide performance measurement models into unidimensional (output-type) models that use only financial indicators, models found in the analysis of Carmeli (2002), Bătrâncea et al. (2013), Turley et al. (2015), Providence et al. (2019), Lukáč et al. (2021), but more recently and predominantly in

multidimensional (outcome-type) models that also combine non-financial indicators (social, environmental, citizen involvement in the act of governance), a significant contribution being made by the authors Kearns (1995), Kloot and Martin (2000), Melkers and Willoughby (2005), Rivenbark and Kelly (2006), Hoskins and Mascherini (2009), Zafra-Gómez et al. (2009), Walker and Andrews (2015), Mihaiu (2016), Arunachalam et al. (2017), Buijs et al. (2019), Kyriacou and Roca-Sagalés (2019), Cigu et al. (2021), Kyriacou and Roca-Sagalés (2021), Cigu et al. (2022), Onofrei et al. (2023), Manoharan et al. (2023).

The issue of sustainable development is as topical as it is intense, especially in international bodies. Among the most relevant studies and reports on sustainable development are: the Brundtland Report of the World Commission on Environment and Development (1997), the UN 2030 Agenda for Sustainable Development (2015), the Paris Agreement on Climate Change (2015), the European Commission's Report - Reflection Paper Towards 2030: Towards Sustainability (2019), the Mid-term review of the European Commission's Recovery and Resilience Facility - Strengthening our Union through ambitious reforms and investments (2024).

The relationships between the performance of public funds management by local authorities and sustainable development at the local level have been less analyzed in the literature, but the studies by Rodriguez Bolivar et al. (2016), Bercu et al. (2015), Choi (2021), Shao (2023).

Research aims, objectives and hypotheses

The PhD thesis entitled "*Performance of local public funds administration in the context of sustainable development*" aims to explore the interdependence between the performance of local public funds management and sustainable development achieved at local level.

In order to achieve this goal, the setting of main objectives, with associated specific objectives, has become a necessity imposed by the complexity of the subject matter.

Thus, a first main objective is to *examine the theoretical and practical approaches to local budgets*, the specific objectives are: outlining the main conceptual and regulatory issues related to local budgets; describing budget typologies, principles and processes; presenting the financial mechanisms of allocating public funds in territorial profile (balancing local budgets); analyzing the financial sustainability of local budgets; exploring the constraints and opportunities in providing local public funds, as well as modern methods of supervising the management of local public funds (through external auditing of local public funds).

The second main objective is centered on *conducting empirical analyses (structural and dynamic) of local budgets in a sample of EU countries*, the specific objectives pursued are: to assess the importance and heterogeneity of local budgets within general government budgets through comparative structural analysis of budget indicators, to highlight the structure of revenues and expenditures within local budgets (for the countries in the sample); to empirically analyze the influence of local government debt on total government debt and to conduct a study of the impact of local government debt on total government debt at EU level.

The third main objective focuses on *the analysis of public interventionism and budget performance in the public sector*, for which the specific objectives set are: to present the ideologies and arguments for and against state interventionism in the economy; to analyze the implications of public interventionism in the economy with effects at the local level; to define the concepts of budget performance, including by breaking down the concepts and defining efficiency and effectiveness; to present the ways and conditions for measuring budget performance; to analyze the measurement systems, difficulties and proposals for improvement in measuring local budget performance.

A fourth main objective deals with *the analysis of the impact of local decentralization on the quality of public services in EU member states*, the specific associated objectives consisting in: literature review; description of the data and indicators used; presentation of the research methodology used; highlighting the results obtained and the discussions resulting from the empirical analysis conducted.

The fifth main objective is the *study of sustainable regional development*, the specific objectives being: presentation of concepts, regionalization models and principles of regional development; analysis of regional disparities at EU level, but also at Romanian level; highlighting conceptual aspects, disparities and financial mechanisms for sustainable regional development ; analysis of the implications of local public funds (through their provision, followed by their allocation) on sustainable development strategies at the level of Romania's regions.

The sixth and last main objective is to *assess the performance of local public funds management in the context of sustainable development*, the specific objectives being: to identify and propose indicators for assessing budget performance and sustainable development at local level; to analyze the comparative analysis of indicators for measuring the performance of local public funds management and indicators for quantifying the degree of sustainable development at

local level; to propose and test a composite index for assessing the performance of local public funds management in the context of sustainable development, which will conclude the scientific approach undertaken to achieve the purpose of this research topic.

The following hypotheses were specified for conducting the research:

Hypothesis 1. The financial sustainability of local public budgets is influenced by a number of factors.

Achieving financial sustainability is closely linked to achieving financial self-sufficiency and understanding the determinants and variables affecting financial sustainability, knowledge of which is crucial for improving decision-making in local authorities.

Hypothesis 2. External public audit improves the performance of local public funds management.

The importance of external public audits, which contribute to improving the management of public resources (starting with their formation and continuing with their use) is justified by the accelerated transfer of responsibilities from the governmental to the local level, by the increasingly frequent overlap with crisis situations that put high pressure on public budgets and, last but not least, by the wide variety of users of the reports issued by supreme audit institutions (parliament, local authorities, citizens, media, credit institutions, etc.).

Hypothesis 3. There is little or no financial dependence between local public debt and total public debt at the level of EU countries.

Local and total public debt is known to have a significant impact on the financial sustainability of public budgets. Local public debt, as a component of total public debt, requires special consideration in the transition towards decentralization.

Hypothesis 4. Local authorities in developed and highly interventionist countries allocate the most significant funds to social protection, education and health spending.

The continuous process of decentralization of public services from the central to the local level, while ensuring the necessary financial autonomy, results in different interventions of local authorities in the economy in the EU countries. At the same time, the fact that local authorities are closest to the citizens, it is expected that their primary concern is to provide services in sectors that improve the quality of life (education, health, social protection).

Hypothesis 5. There is an optimal level of disaggregated local decentralization within which a state can effectively maximize the quality of its public services.

It is generally accepted that decentralization of local public spending leads to an improvement in the quality of services provided to citizens. However, some studies have shown that simply decentralizing public spending to local levels will not automatically lead to an improvement in the quality of public services, and it should be borne in mind that beyond a certain threshold, disaggregated local decentralization of public spending will not lead to an increase in the quality of public services provided to citizens.

Hypothesis 6. The development gaps between the regions of the EU Member States as well as within Romania continue to remain significant.

Reducing disparities is the main objective of regional development policies in order to achieve a relative balance between levels of economic and social progress. As a result, local authorities occupy a central place in regional development and play an extremely important role in achieving sustainable development.

Hypothesis 7. Municipalities, county capitals in Romania, register high discrepancies measured by the performance assessment of local public funds management in the context of sustainable development.

Local authorities need to manage public funds efficiently in order to deliver high-quality public services to citizens, while having a direct responsibility for promoting sustainable development at local level. The performance of local public fund management is therefore a reflection of local authorities' efforts to achieve local sustainable development objectives.

Research methodology

Within the PhD thesis entitled "*Performance of local public funds administration in the context of sustainable development*", in order to achieve the research objectives, a methodology combining theoretical and empirical research in the field of local public finance and sustainable development was used, following the main steps:

- setting the main objectives and specific objectives subordinated to the aim of the research topic;
- establishing the research area, taking into account the current problems facing local budget systems in the EU and Romania;

- data collection, processing and analysis of data from multidisciplinary sources such as: literature, expert reports, studies, specific legislation, national, EU, OECD and other recognized international databases;
- Impact studies on: local public debt; the influence of decentralization on the quality of local public services; performance evaluation of local public funds management in the context of local sustainable development;
- presentation of results, formulation of recommendations and conclusions, and dissemination of information.

The main research methods used for this approach are:

- the process of documentation and specialized analysis (related to local public finance, local administration and sustainable development), national and international literature, reports of the European Union, Eurostat, World Bank, World Bank, Economic Organization for Cooperation and Development, Romanian Court of Accounts, Romanian Ministry of Finance, Romanian Fiscal Council, National Institute of Statistics, Ministry of Development, Public Works and Administration, other governmental and non-governmental sources, both domestic and international, necessary to substantiate this scientific research, all of which are reflected in the bibliographical references;
- Investigation, which is the collection, organization, interpretation of data and review of topical reports;
- descriptive method, used to describe theoretical concepts related to local budgets (local budgeting principles, budgeting processes, typology of local budgeting), public interventionism in economics, modern monetary theory, public budget performance, regional development (regionalization models, general principles of regional development policies) and sustainable development;
- interdisciplinary research method, based on the use of knowledge derived from a diverse range of disciplines, including, but not limited to: public finance, economics, management, legal and administrative sciences, statistics and econometrics;
- graphical and statistical methods, using Excel software to process data, analyze and present the structure, dynamics and fluctuations of specific indicators;

- econometric methods, such as simple linear regression, panel and panel threshold regressions, constructed using the econometric programs Eviews 10, Eviews 12 and Gauss 10 used in the case studies;
- the comparative method, used to identify similarities and differences between local budget indicators in different European countries, between the indicators analyzed between different regions of the EU and Romania, as well as between the county municipalities in Romania.

Data processing methods

The main *data processing tools* used for scientific research are:

- reading sheets, used for systematizing significant, adequate and relevant information from the study of literature and legislation specific to the research topic;
- spreadsheets, used for the collection, centralization and systematization of data on indicators of local budgets, regional development and sustainable development, which are then used for econometric modelling;
- tables, figures and graphs, which present in a summarized, compact and evolutionary form information on the indicators analyzed.

The processing of the quantitative data, which were mainly extracted from official databases of Eurostat, the Economic Organization for Cooperation and Development, the Romanian Court of Accounts, the National Institute of Statistics, the Ministry of Development, Public Works and Administration, as well as from various official reports of domestic and international governmental institutions, was carried out using the econometric software Eviews 10, Eviews 12 and Gauss 10, which are recognized and commonly used in the field of public finance.

The main *forms of quantitative data analysis* using econometric modeling are:

- simple linear regression analysis, which analyzed the relationship between variables;
- panel and threshold panel data analysis, which analyzed the effects of the independent variables (mixed measured) on the dependent variable.

At the same time, the quantitative data on budget performance and local sustainable development were used to construct a composite index, the Index of Local Sustainable Performance (IPLS), using the Shannon entropy method.

Results achieved

The work is based on multiple theoretical perspectives of the concepts but also on numerous practical approaches, through various comparative analyses and case studies carried out through specific indicators of local budgets and sustainable development, both at the level of EU Member States, development regions, and county municipalities in Romania.

Some of the results obtained during this scientific endeavor were disseminated both through participation in scientific conferences (national and international) and through the publication of scientific papers that addressed the issues discussed during the PhD thesis. A summary of the most important results is presented below:

- systematization of the variables with significant impact, negative or positive, on the financial sustainability of local budgets, considered particularly useful to be taken into account in the annual and multi-annual budgeting of public funds;
- a complex definition of the concept of budgetary performance, achieved by decomposing and defining the concepts of efficiency and effectiveness and implicitly the effects of output (measuring efficiency) and outcome (measuring effectiveness), and a critical analysis of models for assessing effectiveness in the sphere of public services;
- identification and justification of relevant and appropriate indicators to assess the performance of local public funds management and local sustainable development;
- analysis of the impact of local public debt on total public debt at EU level, showing that there is no strong and direct statistical link between the growth of local public debt and total public debt;
- analysis of the degree of intervention by local authorities at EU level, using specific indicators, with the results showing that local authorities in developed countries are more interventionist, and the funds allocated by them are prioritized to finance education, health and social protection, while authorities in developing and weakly interventionist countries prioritize funds to support spending on economic actions or general public services;
- presenting the evolution of the Budget Reserve Fund at the disposal of the government, as well as the evolution of the local allocations of the amounts from this fund, raising the alarm, in particular on the "generic" allocations, without a precise and transparent destination of the amounts;

- Extensive and robust econometric research on the impact of the influence of local decentralization on the quality of public services in EU member countries, revealing that simply decentralizing public spending will not automatically lead to an improvement in the quality of public services;
- identifying a threshold value up to which the level of decentralization can positively influence the quality of public services;
- The quantification of regional development disparities at EU and Romanian level has highlighted the existence and perpetuation of these disparities;
- Comparative analysis of data on the performance of local public funds management, as well as data on local sustainable development at the level of county municipalities in Romania, the centralization and systematization of the indicators used highlighting marked differences between the top 15 municipalities and the last 15 ranked municipalities;
- Building and testing a composite index for assessing the performance of local public funds management in the context of sustainable development (IPLS) at the level of county municipalities in Romania.

Doctoral thesis content

The doctoral thesis, although a complex research, but without considering it to be exhaustive, has the following structure: introduction; six main chapters; conclusions, personal contributions and final recommendations drawn on the topic, research limitations and further research directions.

The introduction summarizes the main defining elements, which position and support, within the scientific research, the topic addressed, elements such as: the motivation, topicality and importance that were the basis for the choice of the topic; the integration of the topic treated in a multi-, inter- and transdisciplinary context from the research point of view; mentioning the current state of knowledge with the most representative bibliography; clarification of the purpose, objectives and research hypotheses; specification of the research methodology; the results obtained.

The first chapter, entitled "*Theoretical and Practical Approaches to Local Budgets*", presents and analyzes the various elements that allow highlighting the complexity and importance of local budgets, by presenting the concept of local budget, both through the prism of the meanings found in the literature and through the existing regulatory framework, as well as aspects of local budgeting typology, principles and stages of the local budgetary process, ways of balancing local

budgets, considerations on the financial sustainability of local budgets, budgetary constraints and opportunities, as well as practical aspects of the supervision of local public funds management (external audit).

The second chapter, focusing on "*Comparative analysis of local budgets in a sample of EU countries*", deals with the heterogeneity of local budgets, determined by the different sources of revenues they encompass as well as the broad categories of expenditures they have to provide for as a result of the continuous decentralization of responsibilities from the central to the local levels, carrying out an empirical, structural and dynamic analysis of local budgets in Romania in comparison with some EU countries, namely France, Denmark, Sweden and Finland, taking into account the similarities with Romania (countries characterized by unitary budgetary systems), but also the differences (countries with a high level of development). Given the fact that both local public debt and total public debt are considered to have a significant influence on the financial sustainability of public budgets, an important role was given to the analysis of the influence of local public debt on total public debt.

Chapter no.3, entitled "*Public interventionism and budgetary performance in the public sector*", deals with theoretical and practical aspects of state interventionism in the economy, an important role being given to analyzing the degree of intervention of local authorities at EU level and also as a form of intervention, a distinct attention was paid to the analysis of how the amounts from the Budget Reserve Fund available to the government (BRF) are allocated to local authorities in Romania. As budgetary performance in the public sector is a particularly complex concept, we proceeded to define the concepts of budgetary performance, its dimensions in terms of efficiency and effectiveness in producing outputs and outcomes, followed by the presentation of empirical techniques for measuring efficiency and models for assessing the effectiveness of public services. The importance of measuring budget performance at the local level has made it necessary to review the literature in order to provide an overview of the measurement methods used, the methodologies used in data analysis and the main conclusions drawn from the studies. At the same time, the measurement of public budget performance according to the type of indicators used led to the identification in the specialized literature of two unanimously accepted measurement models, which are classified into unidimensional and multidimensional models, the characteristics of each model and the indicators used being presented in a separate section. As is only natural, we have

paid attention to the obstacles to the measurement of public budgetary performance, as well as to recommendations to help improve the process of quantifying it.

Chapter no.4 entitled "***Analysis of the impact of local decentralization on the quality of public services in EU member countries***" has become necessary and particularly important given the fact that decentralization of public spending to local levels is an increasingly common process. Decentralization of local public spending is also expected to lead to an increase in the quality of services provided to citizens, which led us to study the influence of local decentralization on the quality of public services in EU member countries and to determine an optimal level of decentralization highlighted in this chapter, which adds depth to the results by providing a threshold value up to which local decentralization can positively influence the quality of public services. The results obtained are robust and scientifically supported, while also setting the stage for future research on the detailed observation of influence linkages.

Chapter no.5 entitled "***Theoretical considerations and empirical studies on sustainable regional development***", presents the concepts, models and principles of regional development and analyzes the existing disparities at both interregional (between regions within the European Union) and intra-regional (between regions within EU Member States) levels, analyzed through specific indicators. In an even more applied sense, regional development analyzed through the prism of sustainability is a permanent topic on the global, European and regional agenda, reaching down to local authorities. Thus, a separate section has been devoted to defining the concept, assessing progress and differences between EU Member States, together with financial resources to support sustainable regional development. At the same time, starting from the specificity of Romania, i.e. the fact that regionalization in Romania is built on the model of *regionalization through local authorities*, a separate attention was given to the role of local authorities in achieving sustainable development and focused on the interconnection between the management of local public funds and sustainable regional development.

Chapter no.6 "***Performance of local public funds management in the context of sustainable development***" starts with the proposal of indicators to quantify the performance of local public funds management on the one hand, and sustainable development at local level on the other hand, relevant and appropriate indicators, grouped by dimensions and creating the premises for building a composite index for assessing the performance of local public funds management in the context of sustainable development at the level of county municipalities in Romania. The

proposed indicators have been examined by performing comparative data analysis for both dimensions, ranking the municipalities according to the results recorded by each municipality. However, in order to be able to spatially and temporally assess the performance of local public funds management in the context of sustainable development in the Romanian county municipalities, an essential role was played by the construction of the Sustainable Local Performance Index (SLPI), the results obtained proving to be robust and allowing a classification of municipalities into four performance categories.

The end of the doctoral thesis presents the final conclusions and considerations, as well as the results obtained from the research, in accordance with the aim, the objectives set and the hypotheses formulated, proposals and recommendations for capitalizing on the research results are expressed, the research limits are specified and further developments and directions for further research in the field studied are formulated.

SYNTHESIS OF CONCLUSIONS, PERSONAL CONTRIBUTIONS AND FURTHER DEVELOPMENTS

The doctoral dissertation aimed to complement the work carried out so far by specialists in the field on the quantification of local budget performance and to provide valuable contributions by bringing the assessment of local public funds management performance in the context of sustainable development, a context still little addressed in the literature. During the research, conclusions, personal contributions and recommendations formulated after analyzing the research objectives were presented.

Conclusions and personal contributions can be summarized as follows.

The **first main objective** of this PhD thesis was to *examine theoretical and practical approaches to local budgets*. In order to achieve this main objective and the proposed specific objectives, by reviewing the literature, we have achieved a more complex understanding and presentation of the concept of local budget, which in terms of content can be analyzed distinctly: as a document, as a legal act, as a set of financial flows and as a managerial and fiscal policy instrument. In the context of the growing concerns about the management of public resources, including local ones, an important role has been assigned to the identification and presentation of the budgeting methods used, making a comparative analysis of the advantages and disadvantages of each budgeting method, in our view, program-based budgeting best responds to the current

needs of the authorities, but also of the citizens. The analysis of the mechanisms for balancing local budgets in Romania highlighted the fact that local budgets are still heavily dependent on transfers from the state budget. This shortage of local resources should be a warning signal for all levels of government to prevent financial difficulties caused by possible future crises. The importance of ensuring the financial sustainability of local budgets, led us to identify variables with a negative or positive impact on sustainability, those with a negative impact could be warning signals to help policy makers to prevent syncopation and promote early actions related to sustainability in their public policies, confirming the research hypothesis formulated on this secondary objective. High attention was paid to constraints but also to funding opportunities, with the result that the most important resource, although still insufficiently accessed in Romania, is non-reimbursable external funding, especially in terms of financing local public investments to create safe, sustainable and resilient communities. The supreme audit institution in Romania (the Court of Accounts of Romania) has a particularly important and beneficial role in overseeing the management of local public funds, both in terms of financially quantifiable effects (through the financial and compliance audits carried out) and in terms of less financially quantifiable effects in the short term, but with a strong impact in the long term (in particular on improving the quality of public services provided to citizens), through the performance audits carried out, confirming the research hypothesis formulated in this case.

The second main objective, which was centered on carrying out *empirical analysis of local budgets in a sample of EU countries*, was achieved by going through the associated specific objectives. The comparative structural and dynamic empirical analyses of the countries in the sample, carried out by means of indicators aggregated and integrated into the European system of accounts, showed that the Scandinavian group of countries (Denmark, Sweden and Finland) have a high level of both *local financial autonomy* and *decentralization* (Denmark with an average of over 60%, Sweden close to 50% and Finland over 40%), with France and Romania at the opposite pole. Interesting results were obtained from the analysis of the indicators represented by the expenditure of local budgets by functions as a share of total expenditure, the analyzed data covering the period 2012-2020 and being selected those expenditures by functions that represent at least 10% of total local public expenditure, recorded by at least one of the five countries analyzed. Thus, it was found that Denmark, Sweden and Finland prioritize the largest amounts for spending on the health and social protection of citizens (consistently above the EU average for

both expenditure functions), while Romania and France allocate the largest amounts of their local budgets to spending on economic actions and to financing general public services. In terms of the share of local public debt in total public debt, Romania has the lowest level of indebtedness (with an annual average of 5.5% over the period 2012-2021, even below the EU27 average in each of the years presented), followed by France, Finland, Denmark and Sweden with the highest (peaking at 34.9% in 2019, almost 5 times higher than the EU27 average in the same year). Given that public debt, both at the local and consolidated level, is considered one of the determinants or factors with a significant influence on the financial sustainability of public budgets, the influence of local public debt on total public debt was calculated, resulting in most cases (i.e. Romania, Denmark, France, and Finland), a low influence of local public debt on total public debt. At the same time, the study of the impact of local public debt on total public debt at the EU level revealed that there is no strong statistical link between the growth of local public debt and total public debt, confirming the research hypothesis.

The **third main objective**, focused on analyzing *public interventionism and public sector budget performance*, was accomplished by going through the specific objectives and testing the research hypothesis. Following the presentation of the pros and cons of public interventionism in order to determine its implications, the comparative analysis of how local public authorities in EU Member States intervene in the economy through two widely used indicators (*local budget revenue share in GDP* and *local budget expenditure share in GDP*), revealed significant differences, namely a high degree of interventionism by local authorities in highly decentralized countries (particularly the Scandinavian countries: Denmark, Finland and Sweden), while in a number of 17 countries, local authorities (including those in Romania) show a low level of interventionism. At the same time, from the perspective of the spending areas that local authorities prioritize, the analysis revealed that local authorities in developed and strongly interventionist countries allocate the most significant funds to social protection, education and health (being concerned with providing services *closer to* citizens), while local authorities in emerging and weakly interventionist countries allocate funds to support spending on economic actions and general public services, confirming the research hypothesis. Last but not least, and also as a form of state intervention, a distinct attention was paid to the analysis of the way in which the amounts from the Budget Reserve Fund (BRF) available to the government are allocated to local authorities in Romania. The main warning signal is the *share and destination of the amounts allocated from the*

BRF, in the sense that the share of the amounts allocated from the BRF to local budgets, generically representing "*payment of current and capital expenditure*", has been on a permanent upward trend since 2016 (with a slight decrease in 2017), reaching 96.3% of the total amounts allocated to local budgets in 2022. The use in the issued government decisions of the general phrase "*payment of current and capital expenditures*", when these allocations should be made strictly to cover urgent or unforeseen expenses (situations to be clearly specified at the time of allocations), leads to a lack of transparency and a high degree of subjectivity, with some local authorities being able to benefit from considerable amounts at the expense of others, as long as this method does not justify any criteria in the allocation of funds. In conclusion, the Budgetary Reserve Fund at the government's disposal is increasingly being "criticized" as a "parallel budget", given the fact that it does not ensure transparency in allocation and, moreover, allocations to the local level are not related, in most cases, to urgent or unforeseen situations (being increasingly frequently earmarked for the payment of current and capital expenditure). At the same time, significant allocations are made precisely at the end of the budget year, which may suggest that these sums are allocated as a disguised form of covering possible arrears.

The definition of budget performance, being a particularly complex concept, required a breakdown of the concept by defining efficiency and effectiveness and implicitly the effects of output (measuring efficiency) and outcome (measuring effectiveness), all the more so as increasing the efficiency and effectiveness of public spending is vital for maintaining fiscal discipline, required by the Stability and Growth Pact, but also for achieving the objectives of sustainable development assumed by the 2030 Agenda. Given that even the definition of efficiency raises many difficulties, in order to clarify the concept, it was necessary to distinguish between technical efficiency (which includes quantities) and allocative efficiency (which includes prices), taking the two forms of efficiency together determines the extent of economic efficiency. Local authorities need to provide transparent assessments of the efficiency of the activities carried out, so by reviewing the literature we identified the use of frontier efficiency measurement techniques, which are considered to be well-developed and statistically advanced theoretical methods for determining economic efficiency. Accepting that effectiveness is essentially the ability to 'do the right things' and that the achievement of these things is primarily assessed by citizens through their perception of the public services accessed, a major focus has been placed on organizational effectiveness which contributes directly to improving the quality of public services provided. In this regard, out

of 5 conceptual models analyzed (using different criteria of effectiveness), in our opinion, a combination of the *objective model* and the *multiple constituents model* is an appropriate solution for measuring the improvement of the quality of public services. An important step has been to review the literature on local authority performance measurement models, a main conclusion being that the reviewed studies for the period 2019 - 2023 show an increased focus on measuring service quality (multidimensional models), limiting the strict analysis of financial reporting (unidimensional models), which can become speculative, to the detriment of the social objectives that local authorities have to fulfill. The process of measuring budget performance is hampered by a number of obstacles, which is why, once identified, we have consequently put forward some proposals to help improve the quantification of public budget performance in general and local budget performance in the subsidiary.

The fulfillment of **the main objective no.4**, which deals with the analysis of the *impact of local decentralization on the quality of public services in EU member states*, was achieved by reaching the associated specific objectives and confirming the proposed research hypothesis. Thus, starting from the general acceptance that the decentralization of public spending to local levels leads to an improvement in the quality of public services, the research carried out aimed to provide new insights in terms of assessing the concrete effects of local decentralization, pursued through COFOG functions (in the fields of education, health and social protection), as well as other expenditures (the remaining expenditures totalized across the 7 out of 10 COFOG functions), thereby contributing to a deeper understanding of how different sectors experience different levels of impact and resource allocation, providing nuanced perspectives that go beyond general analyses of decentralization. At the same time, the literature review highlighted that there is no consensus on indicators to assess the quality of public services and the degree of local decentralization, which led us to justify and include in our research design those variables (dependent, independent and control) that led the empirical analysis conducted to be more precise and reliable. In order to define the relationship between the growth of local decentralization and the quality of public services in EU member countries, the research methodology used was the panel regression model, panel data analysis involving three model approaches, which were applied individually and compared with each other, the fixed effects model being the most appropriate for the sample of data used in the study, and then its validity was checked. The results showed that simply decentralizing public spending will not necessarily and automatically lead to an improvement in the quality of public

services. Thus, although it was found that decentralization generally improves the quality of services, it still negatively affects the health sector and social protection spending, suggesting a sector-specific dynamic that has not been explored in depth in previous work.

Starting from these findings, a high value of the research undertaken within this objective is brought by the novelty of determining an optimal level of disaggregated local decentralization within which a state can effectively maximize its public service quality, by applying the threshold panel regression model, testing the robustness of the model and interpreting the results. The results demonstrate that the relationship between the intensity of disaggregated local decentralization and the quality of public services is not linear and when local expenditures exceed the identified threshold value, the additional expenditures constitute a waste of resources, reducing the increase in the increase in the quality of public services. Providing a threshold value up to which the level of decentralization can positively influence the quality of public services adds depth to the fulfillment of the main objective #4 of the PhD thesis, and by understanding the sectors that benefit from local decentralization and identifying the most efficient levels of spending, governments can increase their ability to design fiscal policies that optimize public service delivery.

The realization of the **fifth main objective**, which concerned *the study of sustainable regional development*, was achieved by first defining the concepts, models and principles of regional development and analyzing regional disparities. Considering that the central objective of regional development policies aims at reducing disparities, the analysis of regional disparities at the EU level as well as at the Romanian level, highlighted the fact that there are still significant economic and social inequalities both between its Member States (interregional) and internally (intra-regional), confirming the research hypothesis formulated. Thus, at the interregional level, the analysis of the *GDP per capita (PCS)* indicator for the year 2022 shows the existence of significant disparities at the EU level, with the gap of the indicator between the poorest region (Mayotte in France) and the richest region (Southern in Ireland) being almost 10 times. It also showed that the 15 richest regions are located in Northern and Western European countries (Ireland, Luxembourg, the Netherlands, Belgium, Denmark, Germany, the Czech Republic, the Netherlands, Denmark, Germany and Belgium), while the 15 poorest regions are predominantly in Eastern European countries (Bulgaria, Hungary, Romania), but also in France and Greece. A similar distribution was also found when analyzing the *HDI* indicator, with the highest HDI values

being found in Northern and Western European countries (Denmark, Sweden, Germany, Ireland) and the lowest in Eastern European countries (Slovakia, Hungary, Romania and Bulgaria).

At the intra-regional level, the disparities between Romania's regions, analyzed as an average over a 10-year period (2012-2021) through the indicators *Regional GDP per capita (current prices)* and *Net monthly average nominal monthly wage income*, show marked differences especially between the region including the capital (Bucharest-Ilfov) and the other regions, but also between the West Region (which after Bucharest-Ilfov Region records the best values of both indicators) and the North-East Region (with the worst values of the indicators). At the same time, the analyzed gaps between EU Member States in terms of sustainable regional development, measured for the level reached in 2022 through the *ODD* and *LNOB* indices, show that the maximum (Finland, Sweden, Denmark) and minimum (Romania, Bulgaria, Cyprus) scores are similar for both indices. At around the mid-point of the implementation period of the 2030 Agenda, the *SDG Index* (which is the universal barometer for assessing the degree of achievement of the 17 *SDGs*) shows that the average index score for the EU is 71 points, an average raised by the progress made by Finland, Sweden and Denmark, while Romania, Bulgaria and Cyprus are at the bottom of the ranking. As the achievement of sustainable development is conditional on the provision of financial resources, the analysis of financing through the *ODA* mechanism (a mechanism that operates at global level) shows that the EU, although not yet having reached the 0.70% *ODA/GNI* target of 0.70% in 2017 (the target will be 0.58% in 2022), remains the main donor, providing 43% of global *ODA* to developing countries. The two major sources of financing for sustainable development at EU level, the *ERDF* and the *RRF*, provide the synergies needed to achieve the *SDGs*, with a higher mid-term level of accessions from the *RRF*, with an EU average of 35%, as a result of the fact that EU countries have chosen a 'ring-fencing' approach, with absorption of funds targeted first to *RRF* resources and then to the *ERDF* (with some substitution effects between the two instruments). This approach is due to the fact that the *FRR* is an instrument designed and based on performance (on the achievement of institutional reforms) as opposed to the *ERDF* (whose allocation is made solely on the basis of *GDP per capita*), but it is also due to the obstacles reported by Member States in accessing the two sources of funding simultaneously. Last but not least, in view of the growing budgetary constraints in financing sustainable regional development, governments must also take into account other stakeholders with financial resources,

such as the national and international private sector, represented by companies and financial institutions.

Bearing in mind the important role that local authorities play in the implementation of the *National Strategy for Sustainable Development of Romania 2030*, motivated by the fact that the degree of success depends, first, on ensuring adequate financial autonomy, followed by the allocation of public funds for sustainable investments, the analysis of the dynamics of the indicator "*Degree of financial autonomy*" carried out over a period of ten years at the level of the seven development regions, by excluding the influence of the Bucharest-Ilfov region (which registers distorting values in the case of *own revenues* taken into account in the calculation of the indicator, due to its advantage of being a capital region), revealed that the average of the indicator oscillated between the lowest value of 36.9% in 2015 and the highest value of 47.4% in 2022, which still shows a high degree of dependence of local budgets on the state budget, insufficient financial resources obtained through own efforts and consequently multiple obstacles to achieving sustainable regional development at a sustained pace. The Center and West development regions have been permanently above the annual average of the indicator, while the North-East, South-West Oltenia and South Muntenia regions (since 2015) have been permanently below the average of the indicator every year. The allocation of local public funds for investment led to the analysis of the indicator "*Investment capacity*", with the regions most involved in the development of investments and which were permanently above the annual average of the indicator being the North-West and South-West Oltenia regions. The annual average of the indicator ranged between the lowest value of 17.1% in 2017 and the highest value of 32.4% in 2020. At the same time, starting with the reporting year 2022, the investments made by local authorities from the funds allocated by the NRRP represent a huge opportunity in achieving sustainable development, a perspective in which the monitoring of access and use of these funds can complement and represent a future framework for assessing the performance of local public funds management in the context of sustainable development.

The **sixth main objective**, which was to *assess the performance of local public funds management in the context of sustainable development*, was achieved by reaching the specific objectives proposed, including by testing and confirming the research hypothesis formulated. Thus, indicators were identified and proposed to quantify the two dimensions, i.e. the performance of local public funds management and local sustainable development, aiming to cover both

dimensions in terms of objectives, relevance, time horizon, data availability and accuracy, as well as the most direct link between the performance of local public funds management and the local authorities' own efforts in achieving local sustainable development.

The centralized analysis of data on the performance of local public funds management (using 10 indicators of income, expenditure and administrative performance) and local sustainable development (using 8 economic, social and environmental indicators), carried out at the level of the 40 county municipalities in Romania (except Bucharest), shows that Sibiu, Cluj-Napoca, Oradea, Arad and Slatina have very good positions in terms of both local public funds management performance and sustainable development, while Vaslui has the greatest difficulties in both dimensions. At the same time, the municipalities of Râmnicu Vâlcea and Pitești are most often positioned in the middle of the ranking of the indicators related to both dimensions analyzed.

Constructing the composite index for assessing the performance of local public funds management in the context of sustainable development (IPLS) has become necessary and particularly useful to measure the performance of local public funds management in the context of sustainable development in the county municipalities in Romania, by performing spatio-temporal analysis using different sets of variables and data in order to test the robustness of the proposed model. The findings validate that the suggested model generates reliable estimates in different time intervals and taking into account new variables, providing robust and valuable information for the evaluation. Subsequently, county municipalities were grouped into four performance categories according to the IPLS value, respectively:

- Municipalities performing very well: Sibiu, Cluj-Napoca, Baia Mare, Brasov and Constanta;
- Good performing municipalities, exemplifying: Oradea, Miercurea-Ciuc, Târgu-Jiu, Timișoara, Arad, etc;
- Medium-performing municipalities, exemplifying: Slatina, Alba Iulia, Craiova, Tulcea, Pitesti, Targu Mures, Iasi, etc;
- Municipalities underperforming: Vaslui, Giurgiu and Botoșani.

The main theoretical and conceptual contributions of this PhD thesis are:

- we have defined the local budget from a more complex perspective, which encompasses a multitude of meanings, starting from that of a document presenting revenues and expenditures for a given period, then as a legal act of approval of public funds by local authorities, used as a way

of presentation and use of financial resources and used as a managerial and local fiscal policy tool;

- we analyzed the main modes of local budgeting in use, presenting the advantages and disadvantages of each mode of budgeting, which led us to the approach that program-based budgeting responds most effectively to the current needs of both the authorities and the public;
- we have presented the mechanisms for balancing local budgets, identifying principles of good practice in the design and application of these mechanisms, principles whose observance ensures a better and fairer application of these mechanisms;
- we systematized and presented the variables with a significant impact, negative or positive, on the financial sustainability of local budgets, considered particularly useful to be taken into account in the annual and multiannual budgeting of public funds;
- A more complex definition of the concept of budgetary performance was achieved by breaking down and defining the concepts of efficiency and effectiveness and implicitly the effects of output (measuring efficiency) and outcome (measuring effectiveness), and by carrying out a critical analysis of models for assessing effectiveness in the sphere of public services;
- The various ways of measuring local budget performance led us to systematize these methods by reviewing the literature, highlighting the fact that in recent times, research has focused predominantly on the use of multidimensional models that combine financial and non-financial indicators (such as social, environmental indicators, or citizen involvement in governance);
- we have identified, justified and systematized relevant and appropriate indicators to quantify the two dimensions, namely the performance of local public funds management and local sustainable development.

The main empirical contributions of this PhD thesis are:

- the evolution of the amounts allocated for balancing local budgets, as well as the share of balancing amounts in the total revenues of local budgets in Romania;
- the impact of the activity of the Court of Accounts of Romania on the audited local budgets was analyzed, resulting in a beneficial effect as a result of the decrease over time in the amounts of deviations from legality and regularity;
- we conducted empirical comparative structural and dynamic empirical analyses of local budgets in Romania, compared to a sample of EU member states, through specific indicators;

- Using the econometric simple linear regression method, we analyzed the impact of local public debt on total public debt at the EU level, showing that there is no strong and direct statistical link between the growth of local public debt and total public debt;
- we have analyzed the degree of intervention of local authorities at EU level through specific indicators, with the results showing that local authorities in developed countries are more interventionist, and the funds allocated by them are prioritized to finance education, health and social protection, while authorities in developing and weakly interventionist countries prioritize funds to support spending on economic actions or general public services;
- The evolution of the Budget Reserve Fund at the disposal of the government was presented, as well as the evolution of local allocations of the Budget Reserve Fund, raising an alarm signal in particular on "generic" allocations, without a precise and transparent destination of the amounts;
- the extensive and robust econometric study on the impact of the influence of local decentralization on the quality of public services in EU member states revealed that simply decentralizing public spending will not automatically lead to an improvement in the quality of public services; the novelty of providing a threshold value up to which the level of decentralization can positively influence the quality of public services adds depth to the study;
- The quantification of regional development disparities at EU and Romanian level has highlighted the existence and perpetuation of these disparities;
- Important gaps also exist in terms of sustainable regional development, which is why we have analyzed the progress of EU Member States in achieving the SDG and UDI indicators, together with the progress in accessing funding mechanisms for sustainable regional development;
- As sustainable development in Romania's regions is conditioned by the management of public resources, we quantified how local public resources are secured and then allocated, resulting in high discrepancies between development regions;
- we proceeded to the comparative analysis of data on the performance of local public funds management, as well as data on local sustainable development at the level of county municipalities in Romania, centralizing and systematizing the indicators used, highlighting sharp differences between the top 15 municipalities and the last 15 ranked municipalities.
- we built and tested a composite index for assessing the performance of local public funds management in the context of sustainable development (IPLS) at the level of county

municipalities in Romania, proving the robustness of the proposed model, the IPLS values leading us to group these municipalities into four different performance categories.

The results of the research have been capitalized throughout the doctoral training, the scientific approach being concretized through participation in national and international conferences, as well as the publication of scientific articles in prestigious journals in the country and abroad.

The papers presented at the conferences and the scientific articles published are:

- Candale Virgil. The public-private partnership in Romania, between opportunities and challenges. The situation in the European Union, The 28th International Economic Conference of Sibiu (IECS), "Lucian Blaga" University of Sibiu, 28.05.2021;
- Candale Virgil Candale, Ocolișanu Andreea. Budgetary Performance In The Case Of Local Public Authorities, A Target To Reach, But More Than That, A Must, International Conference Knowledge Economy - Challenges of the 21st Century, University "Constantin Brâncoveanu" Pitesti, 26.11.2021. The article has been published in Management Strategies, Year XIV, no. 1 (55) /2022, journal edited by "Constantin Brâncoveanu" University of Pitești, Independența Economică Publishing House, p. 13-19.
- Ocolișanu Andreea, Candale Virgil, Agârbiceanu Marcela Simona. (2021). The Role of The Public Investment Policy In The Funding Of Sustainable Development, Analele Universității "Constantin Brâncuși" din Târgu Jiu, Seria Economie, vol.5, 220-227, 2021, ISSN 2344 - 3685/ISSN-L 1844 - 7007;
- Ocolișanu Andreea, Candale Virgil. Current Challenges in Allocating Financial Resources for Public Investment, The 28th International Conference The Knowledge-Based Organization, "Nicolae Bălcescu" Land Forces Academy Sibiu, 16-18 June 2022, Sibiu, Romania. The article was published in Conference proceedings, eISSN 2451-3113, Vol. XXVIII, No.2, 2022, DOI: 10.2478/kbo-2022-0047.
- Candale Virgil. The intervention of local public government in the economy - a comparative analysis at the EU level, International Conference: "Intelligent analysis and prediction of economic and financial crime in a cyber-dominated and interconnected business world", Faculty of Economics and Business Administration Cluj-Napoca, 29-30 september 2023 ;

- Oprean Marius Ioan, Candale Virgil. Performanța managerială în administrația publică locală din România, în perioada crizei COVID 19, prin prisma instituțiilor supreme de audit, The 31st International Economic Conference of Sibiu (IECS), "Lucian Blaga" University of Sibiu, May 23 - 25, 2024;
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Based on the findings, conclusions and our own contributions to the research carried out, we have formulated the following *recommendations* to contribute to increasing local budgetary performance in the context of sustainable development, recommendations on:

- defining SMART objectives for local authorities and communicating them on an ongoing basis to stakeholders (citizens, politicians, academics, credit markets, etc);
- identification, reporting and periodic assessment of qualitative indicators to measure local budgetary performance, given that mandatory reporting is regulated by the current legal framework in Romania only for some strictly financial indicators;
- objective selection of performance measures and targets proposed by local public managers (chief authorizing officers, public administrators of administrative-territorial units) and implementation of a performance management system to validate the proposed performance measurement framework;
- reforming public services, with a focus on measures to reduce the size and cost of the public apparatus, while strengthening meritocracy, regular training and performance appraisal of employees linked to the predefined SMART objectives of local authorities;
- Increasing the role of active citizenship by consulting and involving citizens in local governance (e.g. by introducing separate budget lines to select the most interesting projects proposed by citizens in the community concerned);
- Accelerate e-government measures by further implementing the roll-out of online access to services and the development of one-stop-shops to improve the quality of local public service delivery;

- building citizens' trust by increasing transparency, improving open data legislation, public procurement and the functioning of anti-corruption authorities;
- Raising the awareness of the political environment and obtaining its support in the implementation and continuity of administrative reforms, including the administrative-territorial reorganization of Romania, taking into account the objectives of reducing the existing and long-standing zonal disparities and given the large number of administrative-territorial units, a situation that causes multiple disadvantages in the management of local public funds and leads to the provision of poor quality public services;
- intensify efforts to implement the National Recovery and Resilience Plan (NRRP) in line with the established milestones and targets, as well as with the implementation timelines;
- taking into account periodic evaluations (including peer review) and implementing the recommendations of external audits carried out by the Court of Accounts of Romania, as modern, qualified and established tools for improving the results of the audited entities' budgets.

The limitations of the research are given by the fact that the topic addressed in this doctoral thesis is a particularly complex one, a complexity derived on the one hand from the increasingly accelerated decentralization processes initiated towards local government levels (processes that differ from one country to another), and on the other hand from the challenges encountered in achieving sustainable development at a sustained pace, given the increasing budgetary constraints caused by the succession of crisis situations (financial crisis, pandemic crisis, energy crisis caused by the nearby military conflict, etc.).

A first and perhaps the most restrictive limitation is the unavailability of databases (especially for Romania) containing indicators for assessing local budgetary performance, a limitation that made the indicators used in this thesis require considerable effort in data processing and construction, thus limiting the number of their use. This limitation led to another one, namely that although most of the indicators analyzed were constructed for a reasonable period of ten years, restricting the time span to this period may not fully reflect very precisely delineated developments and trends.

The methodology used in terms of the documentation process and specialized analysis by reviewing the literature, studies and reports necessary to substantiate the present scientific research, may be a limitation due to the large amount of existing information that could not be

contained in a single research paper. The sample used in the empirical study investigating the influences between local government debt and total government debt (in particular the time horizon), may constrain the extrapolation of the findings, as it may not capture all trends comprehensively, remaining a possible direction for future research.

Also, although the empirical study on the influence of local decentralization on the quality of public services at the EU level provides us with a much better understanding of this phenomenon, including the strength of the relationship between decentralization of local public spending and the quality of public services, the insufficient sample size available may be a reason for the lack of statistical significance for these independent variables, as they may not fully capture long-term trends or recent developments in fiscal decentralization and the quality of public services.

Thus, the inherent limitations found during the research carried out, not only require, but even call for a continuation, a completion and further development of the thematic approached, these limitations may also constitute research perspectives in future work.

Taking into account the complexity of the research, the results obtained but also the limitations encountered along the way, further research creates new perspectives and study opportunities, the *main research directions* being:

- to study the influences between local public debt and total public debt by extending the time horizon in order to substantiate the preliminary results obtained;
- Further empirical research on the influence of decentralization of local spending on the quality of public services in EU member countries, introducing new variables as data become available;
- designing new composite indicators to assess the performance of public funds management at the local level, incorporating additional financial (e.g. local public debt, liquidity, equity indicators) and non-financial indicators, and testing these indicators in the context of sustainable development at the Romanian level, as data become available;
- to carry out a study on the impact of the efficient management of local public funds on sustainable development in EU regions, in view of the central objective of EU policies to reduce regional disparities;
- Empirical assessment of the contribution of local public investments made through the NRRP on sustainable development realized at local level.

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