

## Use of financial analysis in comparing projects and policies for investments in local governance

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### Abstract

The use of financial analysis to assess the inputs and outputs of government projects, makes it possible to take better decisions regarding efficient allocation of limited resources, in front of which is faced the local governance. The choice of investments that will be selected, must be carried out in such a way as to ensure the most efficient use of economic resources and a higher extent of benefits for citizens. It is important that the investor, Municipality, achieve a surplus as high as possible, because it would lead to the fact that can be offered more investment for the community with a higher performance. The main role of local government consist in the efficient management of this budget, management which would guarantee maximum utilization of taxpayer money and spending of budget funds only for projects that improve the quality of life of citizens and contribute to rasing the level of income. The main aim of the government remains minimizing risk and maximizing investment income.

The methodology used in the paper is first related to: the study of foreign literature on theoretical and practical treatment related to the use of financial analysis comparing the projects and policies to be invested in local governance, secondly, will describe the steps through which passes the selection of investments to be carried out by the municipality, and if this is a way to ensure efficiency and effectiveness in the use of funds?

Results of the study can help central and local government to focus more attention on using the most efficient methods related to selection and better management of funds for public investment.

This paper aims to conclude that performing a detailed analysis of the projects and policies to solve them, which provide a more efficient allocation of resources, thereby bringing benefit to the entire community.

**Keywords:** Public investment, local governance, economic development, projects, financial analysis.

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