

This publication was prepared as part of the Increasing Integrity of Public Procurement in Moldova project implemented by the Institute for Development and Social Initiatives (IDIS) Viitorul in collaboration with Partnership for Transparency (PTF).



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# MONITORING MOLDOVA'S PUBLIC PROCUREMENT

Newsletter no. 9 (October 2023)

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## INTERVIEW

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## LEGISLATIVE SHORTCOMINGS IN PUBLIC PROCUREMENT CAN CREATE CORRUPTION RISKS

*- Public procurement has recently become, along with other sectors of the economy, vulnerable to corruption. Why do you think this is happening? How important is it for non-governmental organizations to keep public procurement procedures in their sights?*



Corruption in public procurement is a complex phenomenon, which is why we can't just pin it on one pretext. Firstly, it is caused by a lack of transparency and accountability. When procurement processes are not sufficiently transparent and accountable, „loopholes” are created for illicit activities: from rigging tenders, to overpricing or simulating evaluation procedures. Another factor is the weak law governing public procurement, which can create opportunities for corruption. Monitoring of public procurement procedures by non-governmental organizations is extremely important as it ensures transparency and integrity. Public procurement procedures must be transparent and fair to ensure that public resources are used efficiently and for the benefit of citizens. NGOs can play a key role in bringing to public attention possible abuses or irregularities in this area.



## IDAS AND THE MOLDOVAN MINISTRY OF FINANCE SIGNED A COOPERATION AGREEMENT TO IMPROVE THE TRANSPARENCY AND EFFICIENCY OF THE PUBLIC PROCUREMENT PROCESS

» On September 26, 2023, the [Institute for Development and Social Initiatives \(IDIS\) Viitorul](#) and the [Moldovan Ministry of Finance](#) signed a cooperation agreement that will increase collaboration on improving the transparency and efficiency of the public procurement process with the end goal of ensuring appropriate value for public money spent.

The agreement was signed in the context of the [Increasing the Integrity of Public Procurement in Moldova project](#) which IDIS implements in partnership with Partnership for Transparency. The project aims to support the reform of the public procurement sector in the Republic of Moldova and to increase the transparency and

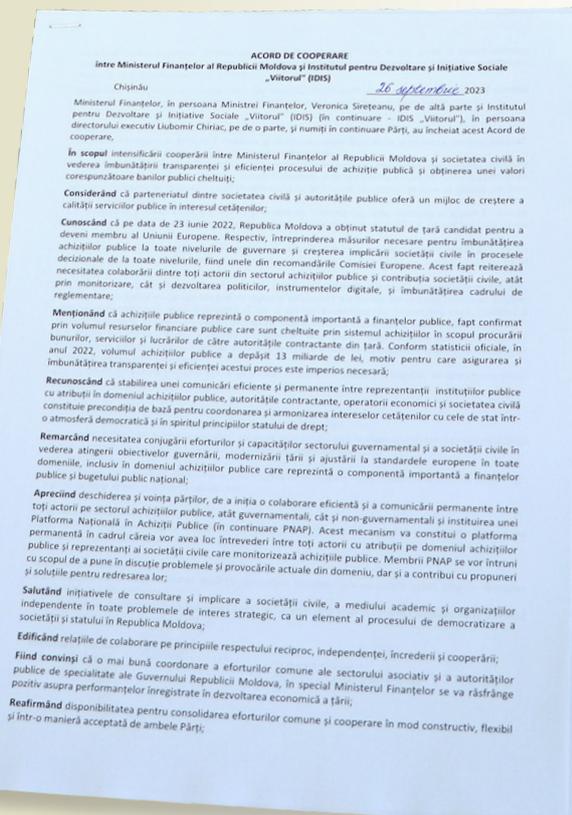
fairness of public procurement procedures by empowering citizens to hold relevant institutions accountable.

The parties to the agreement consider that the partnership between civil society and public authorities offers a means of increasing the

quality of public services in the interest of citizens. The agreement emphasizes that public procurement is an important component of public finances, which is confirmed by the volume of public financial resources that are spent by Moldovan contracting authorities through the system for the procurement of goods, services, and works. The agreement stipulates that "in 2022, the volume of public procurement exceeded 13 billion lei ( $\approx$ \$713,996,804), which is why ensuring and improving the transparency and efficiency of this process is imperative."

In June 2022, the Republic of Moldova obtained the status of candidate country to

*THE AGREEMENT RECOGNIZES that the establishment of effective and permanent communication between the representatives of public institutions responsible for public procurement, contracting authorities, economic operators, and civil society is the basic precondition for coordinating and harmonizing the interests of citizens with those of the state in a democratic atmosphere and in the spirit of the rule of law.*



become a member of the European Union and assumed the obligation to implement the recommendations of the European Commission to take necessary measures to improve public procurement at all levels of government, as well as to increase the involvement of civil society in decision-making processes at all levels. Thus, the agreement re-emphasizes the need for collaboration between all actors in the public procurement sector and the importance of civil society contribution through monitoring, development of policies, digital tools, and participation in the effort to improve the regulatory framework.

According to the agreement, the parties will organize joint meetings, roundtables, and other activities at which they will address various topics in the field of public procurement and issues that require discussions and consultations with all actors of the sector, in addition to working on finding solutions to address challenges. Additionally, the parties will ensure the systematic and organized participation of their representatives in the activities of the National Public Procurement Platform.

In addition, they will discuss reports, analyses, and other useful information and offer assistance and support in order to create a public procurement sector that generates appropriate value for public money and ensures the provision of quality public services. Also, the parties will exchange opinions, experiences, ideas, concepts, information, and analysis materials to create an effective mechanism for dialogue and collaboration of state institutions and civil society monitors and experts to support the principles of transparency and efficiency in the public procurement process.

Lastly, the parties agree on the elaboration and presentation of consolidated common positions on major topics of the public procurement process, especially on issues affecting the efficient operation and effectiveness of public procurement at the national level.

## PUBLIC PROCUREMENTS CARRIED OUT BY SOME AUTHORITIES AND CONTRACTING ENTITIES UNDER THE SUPERVISION OF SEVERAL NGOS WHICH RECEIVED FUNDING FOR MONITORING ACTIVITIES

» Five civil society organizations from the Republic of Moldova will benefit from grants worth \$115,000 for monitoring procurements carried out by central and local public authorities of the 1st and 2nd tier, as well as sectoral procurement. The grant contracts have been signed at the end of August, and the implementation of the projects started on September 1, 2023.

The organizations were selected as a result of the evaluation of the files submitted in the 2nd round of sub-grants, within a call for proposals launched in the framework of the “Strengthening integrity in public procurement” project, implemented by the Institute for Development and Social Initiatives (IDIS) Viitorul, in partnership with the American organization Partnership for Transparency. The purpose of the project is to support the reform of the public procurement sector in the Republic of Moldova, and to increase the transparency and equity of public procurement procedures by strengthening the capacity of citizens to make the relevant institutions accountable.

The selected organizations are the Association for Efficient and Responsible Governance (AGER); Association of Independent Press (API); Transparency International-Moldova (TI-Moldova); The Association for Human Rights Lex XXI (ADO Lex XXI) NGO and the Părinți Solidari Association. The project proposals have been evaluated based on evaluation criteria assessing the proposals’ relevance, impact, expertise, and the efficiency of the budgeted resources, all of



which were published in the Funding Guide of the request for proposals.

The organizations have undertaken to monitor the public procurements carried out by contracting authorities/entities including, but not limited to, the General Directorates of Social Assistance in the Northern regions, the Ministry of Labor and Social Protection, local authorities involved in the implementation of the European Village National Program, municipal departments and enterprises of the Chisinau City Hall, the five Education Directorates within the General Education Directorate of Chisinau Municipality.

The selected organizations, after carrying out the analyses, journalistic investigations, and monitoring, will formulate and submit recommendations to contracting authorities/entities, decision-makers, and control/law/anti-corruption bodies, as appropriate. At the end of the project, the selected organizations will also prepare monitoring reports.

**CAROLINA UNGUREANU,**  
**project coordinator and**  
**vice director of IDIS Viitorul said:**

"We are glad that several non-governmental organizations from all over the territory of the Republic of Moldova, for... ex. Șoldănești, Bălți, Chișinău, Orhei, Ungheni, Criuleni, Basarabescă, Cimișlia, etc., applied for the second round of our sub-granting program. It was difficult to select the winners because all the applications were good, and interesting and included proposals for monitoring activities that met our expectations. We expect to work productively with the five organizations selected to monitor public procurement at the national, central, local (APL level I and APL level II), sectoral levels, using a variety of tools, and have results and recommendations for decision-makers in view of supporting the reform of the public procurement sector in the Republic of Moldova, in order to increase transparency, efficiency and responsibility in the use of public money".



**LILIA ZAHARIA-CRAVCENCO,**  
**the executive director of TI-Moldova, stated:**

"The field of public procurement was and is a problematic one in the Republic of Moldova. For several years, civil society organizations, together with investigative journalists, have been trying to bring to the surface the irregularities and deviations resorted to by some public authorities, but also by some economic operators, who often work in collusion with the contracting authorities to commit illegalities in the public procurement process. We decided to apply to this project to monitor the procurement procedures carried out by Chișinău City

Hall and municipal enterprises. In our materials, we would like to see if there are situations when some public procurement is reported as a success of one official or another, especially since we are in an election year, the local elections are close, and some candidates could use public money in this way so as to polish his or her image".



**MARIA COVALCIUC,**  
**executive director of AGER, stated:**

"We applied for the second round of grants to have continuity in the activity we started. In the first project, we sought to make a recommendation for the amendment of Law 74/2020, namely on the utilities sector. This bill already exists at the Ministry of Finance, and along the way, we will see the related documents that will emerge and react to them if necessary. There are still things in the field that require attention. Therefore we have proposed to continue this effort, within this project, in such a way that we have tangible results".



**ALA REVENCO,**  
**president of the Părinți Solidari Association**  
**(in English, "Parents in Solidarity"), said:**

"In the municipality of Chișinău, the volumes of purchases at the level of education direc-

torates are very high, only on small value purchases more than 10 million lei (~\$2,128,247) are granted per year, and to make more than 100 small value purchases within each directorate, and small value purchases often do not have the necessary transparency, I have seen how purchases are divided, how several contracts of small value are concluded with the same economic operators in a short period of time, and it is obvious that these procedures are abused to favor someone. Our first round of monitoring had a general character, and, as we detected this problem now, we want to observe how the new regulation on small-value purchases, which has been approved, will be respected. We want to see what illegalities we can detect regarding the conduct of small value purchases and how we can improve this area".



**PETRU MACOVEI,**  
**executive director of API:**

"Monitoring public procurement is a very important process for the democratic development of the country and the fight against corruption in the country. We previously implemented projects regarding the monitoring of public procurement, through which we tried to coagulate the efforts of journalists, and local activists in monitoring. For example, we wanted to see how public procurement contracts are fulfilled in different fields. This project will be a continuation of our previous efforts. The European Village National Program is a very big investment and effort by the government of the Republic of Moldova and its donors. We believe that is important that the funding provided for the development of communities

in the country must be transparent. The contracting procedures of service providers must also be transparent. Through the planned monitoring, through the investigations that will be written, through the articles promoting the principle of transparency in the activity of LPAs, we will contribute to this".



**DIANA GROSU,**  
**president of Association for Human Rights Lex XXI (ADO Lex XXI) NGO:**

"Our organization is very dedicated to the existing problems in the public procurement sector in the north of the Republic of Moldova. Through our activity, we contribute to the reduction of corruption in the field of public procurement, as we keep an eye on public money and hold public authorities accountable. We applied for the second round of grants against the background of these circumstances. We have good results from the first round and we want to continue. Until now, only the municipality of Bălți was in our focus, in the second round we will look at the northern districts".

The first round of sub-grants took place between April 2022 and June 2023, with eight projects being implemented and financed. The second round will be implemented between September 2023 and July 2024. During the selection for the second round, two information sessions were organized, where the Funding Guide and the objectives of the grant program were presented in detail and answers to the participants' questions were provided. In total, 15 applications have been submitted (3 from the North; 10 from the Center; 2 from the South).



## THE COALITION OF MONITORS IN PUBLIC PROCUREMENT HAD ITS SECOND WORKING SESSION

» On Friday, September 29, 2023, the Coalition of Monitors in Public Procurement had its second working session. The Coalition was created by the Institute for Development and Social Initiatives (IDIS) Viitorul as part of the Increasing the Integrity of Public Procurement in Moldova project, implemented in partnership with Partnership for Transparency. At the meeting, members of the coalition addressed several topics, themes, and issues in the field of public procurement, including the National Programme on Development of Public Procurements System for 2023-2026, transparency and reporting surrounding low-value purchases, and bid rigging.

**DIANA ENACHI, the procurement expert at IDIS Viitorul,** spoke about the National Programme on Development of Public Procurements System for 2023-2026, which was approved in August 2023. She said:

*"This is the most important strategic document in the field of public procurement and has been expected since 2020. It is welcome because it shows that the government has a vision, plans, and goals.*

*It is an ambitious but necessary program. On the one hand, representatives of civil society and the government can work together to identify ways to collaborate and implement planned actions. On the other hand, it is necessary for representatives of civil society to monitor the implementation of the program, its progress at its different stages, what is being achieved, and what is not. If even sixty percent of this program*

*is achieved, we will finally see some results from the public procurement reforms that began in 2016 but which are still only a little bit visible".*



**ALA REVENCO, president of the Părinți Solidari Association (in English, "Parents in Solidarity"),** analyzed how low value public procurements are made through the MTedner system under the regulation in force since July 1, 2023.

Revenco said:

*"We have seen a fifty percent increase in the thresholds for low-value public procurement and we have seen new ideas and methods for conducting low-value public procurement. It seems like transparency is improving, but there is still much to be done. The good thing about this regulation is that it requires that small value purchases be carried out through SIA RSAP MTender, which makes them a bit more transparent. Părinți Solidari analyzed the low-value purchases carried out by the Education Department of the municipality of Chisinau and noticed that the new regulation did not change the behavior of the authorities. It is good to see more bidders for these low-value public procurements, but it remains difficult to extract automated data on low-value public procurements for civil society representatives".*

**OLGA DIACONU, project coordinator at the Association for Efficient and Responsible Governance (AGER),** presented some examples of anti-competitive practices in the field of public procurement. Diaconu said:

*"During the monitoring we at AGER*

*carried out, we identified instances where contracting authorities described specifications which were so ambiguous as to exclude some contractors from the competition. At the same time, we identified not only some instances in which the contract was awarded to contractors who submitted a non-compliant offer, but also instances of anti-competitive agreements and bid rigging in public procurements. Although we notified several state institutions about these anti-competitive practices, the institutions did not consider these events notable enough to investigate, despite the fact that they clearly indicated bid rigging. The authorities passed their responsibility for investigation from one to the other and have not determined whether or not bid rigging was actually involved".*

**CAROLINA UNGUREANU, project coordinator and deputy director of IDIS Viitorul,** addressed the members of the Coalition, stating:

*"The agenda for the Coalition's discussions can include topics that you consider necessary and important to discuss as well as items that need to be clarified. One of the objectives of the coalition is to use the experience and expertise that we have developed during our monitoring efforts to identify common problems so that we can later bring that knowledge to meetings of the National Public Procurement Platform, a forum that includes not only civil society representatives but also decision-makers. These discussions will add value to the field of public procurement".*

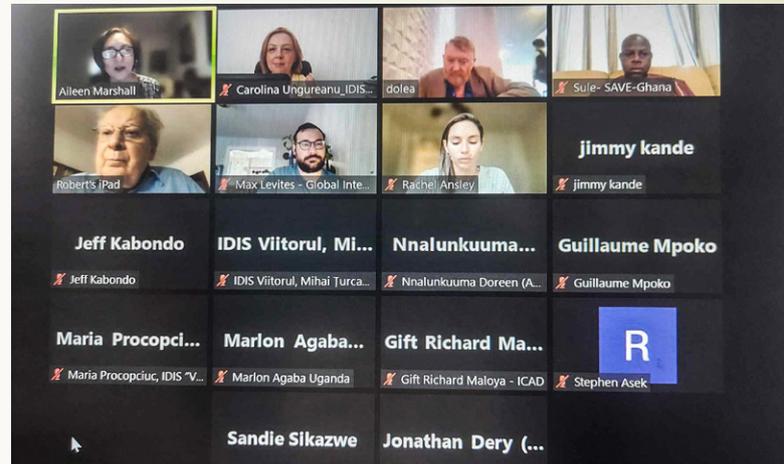
The [Coalition of Monitors in Public Procurement](#) is composed of civil society organizations, journalists, experts, and independent monitors from the Republic of Moldova who joined together in a common effort to monitor public procurement. The Coalition will be active until the summer of 2024, with the possibility of extension with the consent of the members.

## IDIS VIITORUL SHARED ITS EXPERIENCE IN MONITORING PUBLIC PROCUREMENT AT THE CIVIL SOCIETY ORGANIZATIONS FORUM IN AFRICA

» On Tuesday, September 19, 2023, the Institute for Development and Social Initiatives (IDIS) Viitorul participated in Partnership for Transparency's (PTF) Africa Committee's quarterly Civil Society Organization Forum event in Africa on monitoring public procurement, where it disseminated the experience of the organization and its experts. The event was organized by the US-based PTF, which has partnerships with various civil society organizations, including IDIS Viitorul in the Republic of Moldova.

The Forum was attended by civil society representatives from Ghana, Malawi, Senegal, Uganda, the Democratic Republic of Congo, Zambia, the United States, and the Republic of Moldova. The event was organized to give partner organizations the opportunity to share their experiences, challenges, successes and opportunities.

During the event, Carolina Ungureanu, deputy director of IDIS Viitorul and coordinator of the project Increasing the Integrity of Public Procurement in Moldova reported on the results of the IDIS Viitorul team's work with PTF, among which included: capacity building through the training program for civil society representatives on public procurement, monitoring of procurement at national, local or municipal level through the sub-grantee program, the public procurement monitoring coalition, and the elaboration of reports, analyses, and policy



recommendations. The most common challenges encountered by the CSO monitors involved in the first round of sub-granting including: the lack of transparency and cooperation on the part of contracting authorities, the lack of professionalism on the part of contracting authorities when drawing up specifications, the limited or faulty functionality of the MTender system.

During the event, Max Levites, Global Integrity Program Manager, provided information on Global Integrity's [Building Bridges for Stronger Systems](#) project and Jeff Kabondo, Governance Programs Coordinator of the African Institute for Corporate Citizenship in Malawi presented PTF's [Strengthening the Capacity of CSOs to Promote Transparency and Accountability in Public Infrastructure Projects in Malawi](#) project.

Participants also expressed interest in the following issues: the importance of constructive engagement with all stakeholders involved in public procurement, the effectiveness of multi-stakeholder groups and coalitions for monitoring public procurement, building the capacity of CSOs to engage in public procurement monitoring, and what were the biggest challenges and lessons learned.

## THE NATIONAL PROGRAMME FOR THE DEVELOPMENT OF THE PUBLIC PROCUREMENT SYSTEM FOR 2023-2026 WAS APPROVED BY THE GOVERNMENT



» Development of an efficient public procurement system - is the basic principle promoted through the [National Programme for the Development of the Public Procurement System for 2023-2026](#) approved by the Government on August 30, 2023, at the initiative of the Ministry of Finance. According to the document, the aim of the Programme is focused on establishing lines of action to develop a public procurement system capable of providing "value for money" in the use of public funds.

The main objectives set out in the Programme relate to: harmonization of national legislation with the EU acquis, re-engineering of the e-procurement system, development of mechanisms to ensure sustainability of procurement, creation of conditions for economic and social efficiency of procurement procedures, capacity building and professionalization of procurement staff. The Programme is aligned with the objectives of the 2030 Agenda for Sustainable Development that the Republic of Moldova is committed to implement. Similarly, the

Programme contributes to the implementation of the objectives of the National Development Strategy - European Moldova 2030.

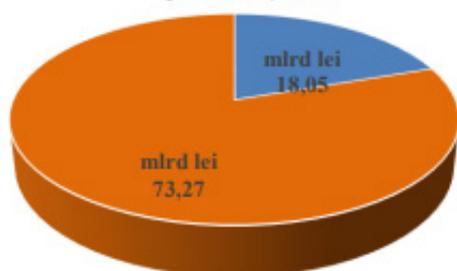
*"The Programme comes with a systemic approach, based on a well-defined logical framework of intervention in the development of the public procurement system and was developed for the implementation of the Public Finance Management Development Strategy, for setting priorities and measures in the field of public procurement, but also for supporting*

*national development policies and strategies,"* Finance Minister Veronica Sirețeanu said at the Government meeting.

The Programme Information Note states that World Trade Organization (WTO) data, on average, procurement represents 10-15% of an economy's Gross Domestic Product (GDP). The European Commission (CoE) states that, at the European Union (EU) level, more than

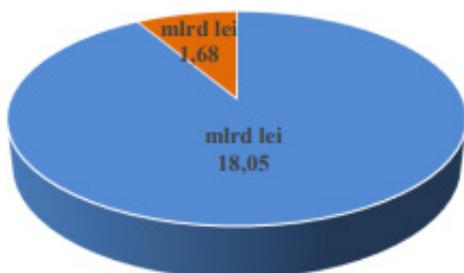
250,000 public authorities use around 14% of GDP each year to purchase services, works and goods. According to data provided by the Public Procurement Agency (PAA), public procurement as a percentage of GDP accounted for: 8.94 billion lei (~\$1,902,658,761) or 4.25% of GDP in 2019, 9.04 billion lei (~\$1,923,941,297) or 4.38% of GDP in 2020, 8.45 billion lei (~\$1,798,374,332) or 3.49% of GDP in 2021, and 13.68 billion lei (~\$2,911,450,990) or 5.02% of GDP in 2022.

Volumul achizițiilor publice comparativ cu cheltuielile și activele nefinanciare ale bugetului public național



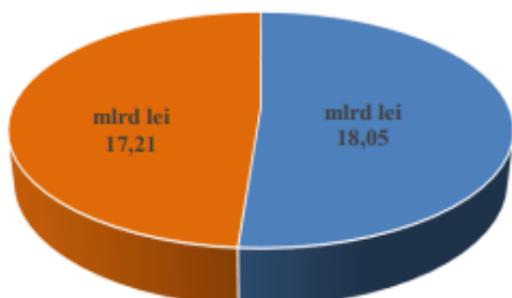
• Valoarea achizițiilor • Cheltuieli și active nefinanciare

Volumul achizițiilor publice comparativ cu deservirea datoriei de stat



• Valoarea achizițiilor • Deservirea datoriei de stat

Volumul achizițiilor publice comparativ cu cheltuielile de personal ale Guvernului general



• Valoarea achizițiilor • Cheltuielile de personal ale Guvernului

The Court of Accounts reported that in 2020, the estimated value of low-value procurement (9.01 billion lei, ~\$1,917,556,536) was equal to the total value of public procurement (9.04 billion lei, ~\$1,923,941,297), while showing an increasing trend. *"This information brings the share of public procurement (8.74%) in Moldova's GDP to a level similar to that specified by the WTO and much closer to the level of its share at the EU level. This figure reflects the impact of public procurement in promoting sustainable economic development, i.e. in achieving socio-economic benefits,"* the Information Note says.

It is also noted that in 2020, the share of public procurement (the volume of which accounted for 18.05 billion lei, ~\$3,841,497,834) in the expenditure and non-financial assets of the national public budget amounted to 24.63%. Also, the Government, for servicing the state debt, used financial means in the amount of 1.68 billion lei (~\$357,546,612), and the personnel expenditure of the General Government amounted to 17.21 billion lei (~\$3,662,724,527) (Figure 1).

*"The main attributes associated with the procurement system as a result of its development through the implementation of the National Programme include transparency, efficiency, digitization, integrity, effective planning/management, sustainability, and less bureaucracy for the benefit of the citizen,"* the document added.

## EU LAUNCHES A COMMON TOOL FOR DEFENSE PROCUREMENT

### HOW MOLDOVA AND UKRAINE WILL BENEFIT

» The European Union strengthens its defense industry through a common procurement law. MEPs voted on Tuesday in plenary session in Strasbourg to strengthen a regulation, already agreed with the Council on June 27, which establishes a short-term instrument to strengthen the European defense industry through joint procurement until December 31, 2025. The instrument will be financed with a budget of €300 million (~\$317,019,463). Ukraine or the Republic of Moldova will be eligible for additional quantities of defense products.



This instrument "will help member states meet their most urgent and critical defense needs, which have been exacerbated by transfers of defense products to Ukraine, in a voluntary and collaborative way," according to Agerpres, quoted by [Digi24](#). Joint procurement will have to involve at least three member states and should be open to participation by members of the European Free Trade Association who are members of the European Economic Area (associated countries).

The cost of components originating in the EU or associated countries must not be less than 65% of the estimated value of the finished product. The EU financial contribution to each action will be limited to 15% of the estimated value of the joint procurement contract for each consortium.

This ceiling may be raised to 20% if Ukraine or the Republic of Moldova are beneficiaries of additional quantities of defense-related products or if at least 15% of the estimated value of the joint procurement contract is allocated to SMEs or mid-cap companies as contractors or subcontractors.



"Today's vote marks a historic moment for EU defense, establishing the first EU instrument for joint procurement by Member States. It will help them replenish their stocks, increase interoperability between our armed forces, strengthen our industry and contribute to our unwavering support for Ukraine. However, in the face of a historic crisis, EDIRPA can only be a starting point for a much more ambitious

common defense agenda," said Foreign Affairs Committee co-rapporteur Michael Gahler (EPP-ED), German, after the vote, quoted in a European Parliament press release.



"We have reached a reasonable compromise that will make EDIRPA complementary to another important regulation for the defense sector: the Ammunition Production Support Act. We managed to defend Parliament's priorities, including for projects that will support Ukraine or the Republic of Moldova. Most importantly, by stepping up joint procurement of military equipment, EDIRPA will contribute to strengthening the defense capabilities of Member States," said the co-rapporteur from the Industry, Research and Energy Committee, Polish MEP Zdzislaw Krasnodębski (European Conservatives and Reformists Group - ECR).

The legislation was adopted by 530 votes to 66 with 32 abstentions. It now needs formal Council approval to become law. Russia's war of aggression against Ukraine has dramatically underlined the need to adapt the European Defense Technological and Industrial Base (EDTIB) to structural changes: stepping up EU military research and development, modernizing military equipment and strengthening cooperation between Member States in defense procurement, in order for the Union to become a relevant global player, the EP statement added.

## ASSUMPTION OF MULTIANNUAL COMMITMENTS: REGULATION APPROVED BY THE GOVERNMENT

» Multiannual commitments represent the amount of future payment obligations, subject to the fulfilment of the conditions of the contract for the procurement of goods, works and services, the period of performance of which exceeds one year, within the limits of the expenditure forecast for that purpose for the years concerned.

The [regulation](#) approved by the Government on September 6 at the initiative of the Ministry of Finance sets out the procedure and the list of goods, works, and services for which multi-year commitments are allowed, thus making it possible to extend the period of a procurement contract beyond the usual budgetary cycle.

The list of goods, works, and services eligible for the application of the provisions of the Regulation includes: preparation of normative documents in construction, preparation of technical projects and execution of works for the reinforcement of flood protection infrastructure, weapons, ammunition, weapons systems, military equipment, spare parts and accessories related to them, intervention equipment and machinery, as well as special-purpose vehicles, including for the transport of special categories of passengers.

According to the Regulation, the central public authority, based on the need for multiannual commitments, shall submit a reasoned request to the Ministry of Finance with supporting documents and calculations attached, within the limit of the expenditure foreseen in the Medium Term Budgetary Framework (MTBF) for the period concerned, and the Ministry of Finance shall examine all requests and draw up the list of central public authorities for which multiannual commitments will be allowed.

The process of making multiannual commitments will be linked to the budgetary process, with central public authorities being responsible for estimating the expenditure required for certain commitments, depending on their purpose, and for submitting expenditure proposals in the processes for drawing up the MTEF and annual budgets.

The Ministry of Finance will monitor the use of the contracts throughout the period of multiannual commitments by the beneficiary and the central public authorities will be responsible for the procurement of goods, works, and services for which they have made multiannual commitments.

Source: [Ministry of Finance](#)



## AFTER WINNING THE PROCUREMENT CONTRACT WITH THE LOWEST PRICE, THE ECONOMIC OPERATOR IS PUT IN THE SITUATION TO MODIFY THE CONTRACT, BECAUSE THE ESTIMATED COSTS DO NOT CORRESPOND TO REALITY



» In 52% of public procurement cases, the authorities award the contract to the economic operator submitting the lowest price offer. These are the data from the study „The shortcomings of the public procurement system. Abnormally low bids in works procurement procedures”, prepared by expert Vadim Turcan at the request of the National Confederation of Employers of the Republic of Moldova.

The document was presented at the end of July in the framework of the working group Reduction of Informal Employment and the Phenomenon of "Wages in the Fold" of the Economic Council under the Prime Minister of the Republic of Moldova.

The author of the study argues that after winning the procurement contract with the lowest price, the economic operator is put in the position of having to amend the procurement contract because the costs in the contract do not correspond to reality, or it resorts to carrying out work of very low



quality. "And this leads to a situation where the construction does not even manage to be completed, because it already needs repair," Pavel Caba, president of the Employers' Federation of Builders, Road Builders and Manufacturers of Construction Materials ("CONDRUMAT"), told the debate.

According to the same study, the lowest priced bid, at least in the construction sector, that wins the public tender contributes to the informal payment of wages to workers on site. That's because the bidder - the economic operator - includes in the offer a wage of only about 40% of the actual wage, but, say construction industry representatives, no worker will come to the site with such a remuneration. The experts assumed that the rest of the money could be paid "in an envelope".

"The main shortcomings attested to the acceptance of an "abnormally low tender" are: low capacity of contracting authorities to carry out due diligence at the tender evaluation stage, project documentation with insufficient quality of detail, shortcomings in building regulations and codes of practice with regard to the determination of the cost estimate, and high discretion for economic operators to determine the formation of the tender price," the author notes in the study summary.

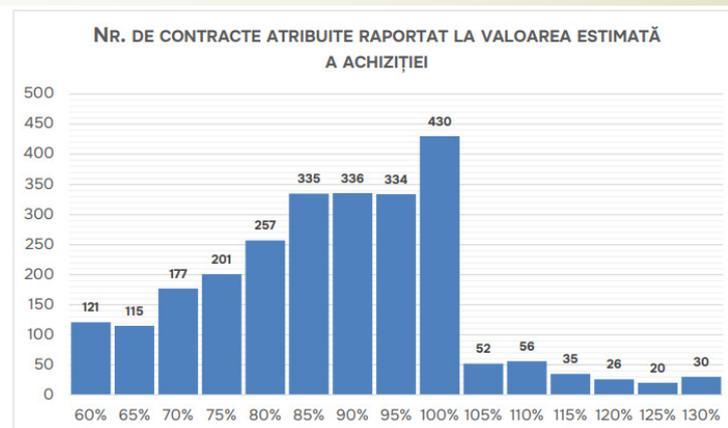


Figura nr. 4 Nr. de contracte atribuire raportat la valoarea estimată a achiziției

The expert proposes to amend the Public Procurement Act to remedy these and other sensitive points in the public procurement law. It is proposed that for public procurement of services, which concern intellectual activities, the award criterion should be the best value for money and not the lowest price, as is currently the case. The Study's recommendations will be submitted to the authorities for consideration when drafting amendments to the law, which are currently in the process, Finance Ministry representatives announced at the meeting.



The results of the study and their recommendations can be found [HERE](#).

Source of information: [Economic council under the prime minister of Moldova](#)



## HOW CORRUPTION SCHEMES ARE FINDING THEIR WAY INTO THE MEDICAL DEVICE PROCUREMENT MARKET AND WHAT SOLUTION APPLIES FROM 2016

» The medical device market involves a chain of steps in the procurement process. Even though since 2016, the process has been handed over to the Centre for Centralised Public Procurement in Health (CAPCS), there are still "tricksters" and "shysters" who make room for corruption.

Diana Ranga-Enachi, an expert from IDIS Viitorul with extensive experience in public procurement, in a [podcast](#) for [agora.md](#), brings more clarity and highlights where the average consumer can spot elements of corruption when it comes to medical equipment.

Experts have been monitoring the public procurement market since 2015, with an eye on the legality of the processes and the risks that may arise. *"We try to explain to the general public why public procurement in medicine and in any sector is important and needs to be known by everyone. This is because it is public money and it is about access and the right of each of us to health services that are paid for by the state but with taxpayers' money,"* says Diana Ranga-Enachi.

### **CAPCS - THE CENTER THAT COLLECTS REQUESTS FROM HOSPITALS AND CONDUCTS TENDERS**

Historically, the medical device procurement

process took a radical turn in 2016. That's when CAPCS was set up. Until this stage the problems in the health sector and especially in the public procurement process in the health sector were vague and non-transparent, notes the expert.

This makes CAPCS responsible for health procurement - the procurement of medicines and medical devices. The two areas are managed by different working groups.



### HOW DOES THE MEDICAL DEVICE PROCUREMENT PROCESS WORK?

These medical devices are needed by health institutions across the country. Thus, the approximately 380 medical institutions send requests with their needs to CAPCS and this is where CAPCS core role comes in: it draws up all the necessary documents, carries out the procurement procedure through an electronic system (which is also new) and ensures the award of the procurement contracts. It decides which companies are awarded the procurement contract. Moreover, CAPCS also oversees the implementation phase by concluding contracts between the parties and ensuring payments for and the delivery of medical devices.

These purchases are paid from the budgets of public institutions. However, we would like to mention one thing: public medical institutions are also allowed to purchase necessary equipment individually, as needed, but this does not apply to large purchases.

### WHERE DO CORRUPTION RISKS ARISE?

The question that arises is: where do corruption risks creep in if since 2016 a state institution has emerged to manage procurement in medicine?

*"If we are talking about medical devices, the risks of corruption arise right from the stage of planning needs and drawing up technical specifications. We are talking about parameters, technical capabilities that a medical device that the institution or hospital needs must have. It is not for nothing that CAPCS has cases where it refuses these hospital requirements or asks for them to be reformulated or changed because they are too narrow," says Diana Ranga-Enachi.*

In other words, some medical institutions make requests in which technical requirements of a device are formulated under a particular manufacturer or a company that is an importer of equipment. Specifically, the requested parameters coincide much with what an importer already has.

*"In such a situation clearly only the company that has that particular device will qualify to bid. And you end up with other risks: few competitors, lack of bids and high prices when you know you're the only one who can meet that demand," she says.*



To learn about the other signs of corruption, what cases have been identified by law enforcement officials, and how citizens can report violations,

 **LISTEN TO THE [PODCAST](#).**

Source: [www.agora.md](http://www.agora.md)

## PARENTS HAVE THE POSSIBILITY TO MONITOR PURCHASES IN EDUCATIONAL INSTITUTIONS IN CHISINAU

» The Association for Efficient and Accountable Governance (AGER), with the support of the National Endowment for Democracy, has launched a new website on the revizia.md platform - [www.educatie.revizia.md](http://www.educatie.revizia.md).

"Now, parents have the opportunity to be involved in monitoring purchases made by educational institutions attended by their children and report irregularities observed," reads a post published on AGER's official Facebook page.

The [www.educatie.revizia.md](http://www.educatie.revizia.md) page provides civil society with general information about early childhood education institutions, secondary schools, including institutions for children with visual and hearing impairments. The page, which contains an interactive map of schools

in Chisinau and its suburbs, presents data on contracts concluded by educational institutions.

At the same time, on [www.educatie.revizia.md](http://www.educatie.revizia.md), any parent can monitor how the money allocated by the state for educational institutions in Chisinau municipality is spent. The page also provides data on grade averages, subjects, teachers' teaching grade, as well as creative and sports circles in schools.

*"The project aims to identify possible errors in public procurement carried out by educational institutions, report them, and remedy them by addressing the competent authorities, thus reducing cases of corruption and illegal fee collection in kindergartens, gymnasiums, and high schools,"* the post reads.

Source: [education.revizia.md](http://education.revizia.md)

The graphic features a purple background with several elements: a laptop on the left, a map of Chisinau in the center-right with numerous orange and blue location pins indicating school locations, and logos for AGER and the National Endowment for Democracy at the bottom. The text 'educatie.revizia.md' is prominently displayed in orange and white.

**LILIA ZAHARIA-CRAVCENCO,**  
EXECUTIVE DIRECTOR OF TRANSPARENCY INTERNATIONAL-MOLDOVA,  
MEMBER OF THE PUBLIC PROCUREMENT MONITORING COALITION:

## **LEGISLATIVE SHORTCOMINGS IN PUBLIC PROCUREMENT CAN CREATE CORRUPTION RISKS**

» Transparency International-Moldova is a Chisinau-based non-governmental organization whose mission is to stop corruption and promote transparency, accountability and integrity at all levels and in all sectors of society. The project that TI-Moldova, in partnership with IDIS Viitorul and PTF, is implementing as of September 1, 2023, is aimed at exposing irregularities and abuses in procurement procedures carried out by the Chisinau City Hall and municipal enterprises. **Lilia Zaharia-Cravenco, executive director of TI-Moldova, member of the Coalition for Monitoring Public Procurement, led by IDIS Viitorul, answered a few questions related to public procurement in the sector they have set out to monitor:**

***- First of all, we would like you to briefly report on the experience your organization has in the field of public procurement. What was your previous involvement?***

In Moldova's experience, civil society and the investigative press have identified corruption, cases of abuse, or lack of transparency in the public procurement process. As a journalist who has covered issues in this area, but also from



TI-Moldova's experience, public procurement is shaky and unbalanced, so fact-based reporting is essential.

***- What led you to apply to the second round of the grant competition for civil society organizations in the field of public procurement monitoring?***

The subject of public procurement is always topical because of the significant impact that procurement has on the economy and the need to ensure transparency and efficiency in the spending of public resources. We are in an election year, with local general elections taking place, and we have been motivated to monitor

municipal procurement. Voters are interested in how public money is spent. Candidates can promise to optimize procurement processes to ensure that taxpayers' money is used efficiently.

**- Public procurement has recently become, along with other sectors of the economy, vulnerable to corruption. Why do you think this is happening? How important is it for non-governmental organizations to keep public procurement procedures in their sights?**

Corruption in public procurement is a complex phenomenon, which is why we can't just pin it on one pretext. Firstly, it is caused by a lack of transparency and accountability. When procurement processes are not sufficiently transparent and accountable, "loopholes" are created for illicit activities: from rigging tenders, to overpricing or simulating evaluation procedures. Another factor is the weak law governing public procurement, which can create opportunities for corruption. Monitoring of public procurement procedures by non-governmental organizations is extremely important as it ensures transparency and integrity. Public procurement procedures must be transparent and fair to ensure that public resources are used efficiently and for the benefit of citizens. NGOs can play a key role in bringing to public attention possible abuses or irregularities in this area.

**- What will you monitor in the coming period at the level of the municipal institutions that have been selected for monitoring?**

TI-Moldova aimed to monitor the procurement procedures planned by the Chisinau City Hall and some municipal enterprises for the second half of this year, as well as to analyze how some procedures were carried out in the first quarter of next year. After this monitoring, a report will be drawn up specifying the deficiencies found in the public procurement process carried out by the monitored entities and proposals for remedying the situation. Chisinau City Hall has adopted a

local anti-corruption plan for 2022-2025, and the report will also contain a paragraph analysing how the commitments made in the area of public procurement were implemented. It will also focus on the implementation of the recommendations of the Court of Auditors on procurement.

**- At the end of the monitoring procedures, how do you plan to inform the monitored authorities of any violations or abuses?**

In my experience as a journalist, of course, a powerful tool to raise public awareness is to mediate issues through journalistic investigations. We will organize a debate to which both journalists and representatives of the institutions concerned in the monitoring process will be invited. At the same time, in order to publicize the issue of public procurement irregularities at the national level, it is proposed to broadcast a radio program where the protagonists involved in the monitoring process will also be invited. A press conference will be organized as part of the project to increase visibility. Thus, the results of the monitoring, the journalistic investigations will be publicized through the media.

**- What would you like to see happen at the level of municipal institutions as a result of the final monitorization process?**

Our civil society knows and can investigate problems in public procurement through in-depth investigations, objective reporting, use of relevant data and statistics, and public involvement in monitoring these processes. At the municipal level, we want monitoring to put a strong emphasis on ethics and integrity in public procurement processes, drawing attention to cases of corruption or abuse. Last but not least, we want to encourage the public to become more involved in the monitoring and evaluation of public procurement, to demand accountability from the authorities and to support the necessary reforms.