

## At their third meeting, NPPP members discussed the situation of low-value public procurement one year after the entry into force of a new regulation

The members of the National Platform for Public Procurement (NPPP) met for the third time on Thursday, September 26, 2024, to discuss low-value procurements (LVP). This meeting occurred one year after the adoption of the new regulation, GD 870/2022, which governs low-value procurements. During the meeting, the Institute for Development and Social Initiatives (IDIS) "Viitorul" and A.O. "Părinți Solidari" presented some recent results of the monitoring activities related to LVP. The NPPP members presented the experience of the authorities and entities they represent and made proposals for overcoming the difficulties in carrying out and reporting LVPs.

**Carolina Ungureanu**, deputy director of IDIS "Viitorul", said at the beginning of the meeting that it is important for each of us to be able to see the transparency and efficiency of the use of public money, recalling the analytical summary of the audit results related to public procurement in the period 2020-2021, in which the [Court of Accounts of the Republic of Moldova](#) estimated that low-value public procurement was about 9 billion lei (~57 million USD), an amount almost equal to the what is spent on open procurement (e.g., requests for quotations, public tenders, etc.) "Taking into account that we now have a new regulation, with other thresholds that have increased by about 50%, we could deduce that the amount of low-value procurement has also increased accordingly. There is no information, neither with the Public Procurement Agency nor with the Ministry of Finance, about the value of small-value procurement even one year after implementation. It is important to find out what the situation is one year after the entry into force of the new regulation on low-value procurement. We want to see the main problems, shortcomings and what recommendations we could make to improve certain aspects," said Carolina Ungureanu.

**Ala Revenco**, executive director of A.O. "Parents in Solidarity", likewise referred to the report of the Court of Accounts, according to which in 2020, compared to 2019, LVPs increased by 1.5 billion lei (~86 million USD). Most of the LVPs were not conducted through MTender, and some of the authorities did not even report them to the Public Procurement Agency (PPA). "The scale and value of small-value procurement has increased over time, but the attention to how we conduct them has not. When the thresholds for small-value procurement was 80 thousand lei (~4,500 USD) for goods and services and 100 thousand lei (~5,700 USD) for works, reporting was better. Now, when we have considerable thresholds, 300 thousand lei (~17,200 USD) for goods and services and 375 thousand lei (~21,500 USD) for works, especially when procedures for the same can be realized through payment invoices or direct contracts, we need better reporting and more serious and stricter regulations," said Ala Revenco.

Ala Revenco also recalled from the Court of Auditors' report for 2020/2021 about the risks then associated with low-value procurement. The regulatory framework applicable to LVPs was found to be ambiguous and incomplete, facilitating non-transparent and inefficient use of public money. It also did not allow the monitoring of public procurement as a whole. LVPs were not reported, lacked transparency, lacked applicable sanctions for violation of public procurement legislation, and contracting authorities continued to split public procurement in order to carry out low-value procurement, which has less transparency.

"Not much different from the current situation. Most of the risks listed by the Court of Auditors in 2021 are still relevant today. The fact that a new regulation has been approved has not cardinally changed the situation," says Ala Revenco, after analyzing the practices of organizing and reporting LVPs in the period from July 2023 to June 2024 by the six education directorates of the municipality of Chisinau.

Thus, one year after the adoption of the new regulation, the General Directorate of Education of the Municipality of Chişinău reported as realized 162 low-value public procurement procedures of about 14 million lei (~800,000 USD), of which 159 were made through payment invoices and direct contracts, which implies a low level of transparency and lack of competition. Only 3 procedures were published on MTender, amounting to 760 thousand lei (~43,700 USD). In total, the 6 education directorates (General Directorate, Center, Botanica, Rascani, Buiucani, Buiucani and Ciocana) reported that they carried out 1437 low-value procurement procedures amounting to almost 81,860 thousand lei (~4,700 USD). Out of these, only 21 procedures (1.5%), amounting to almost 2853 thousand lei (~160 USD), were carried out through MTender.

In analyzing the LVPs in the field of education, A.O. "Părinți Solidari " found that their planning was flawed. They were not included in the directorates' annual procurement plans. About 40% were worth less than 5 thousand lei (~290 USD). Invoices were reported on the realization of purchases with a value of less than 10 lei (~0.60 USD). Common problems identified were the splitting of purchases (i.e., making a larger procurement into multiple low-value procurements), favoritism, lack of transparency, non-reporting or incomplete reporting, flaws in the regulatory framework, and a lack of sanctions that could hold authorities that violate the legislation on low-value public procurement accountable.

**Silviu Plopa**, trainee expert at IDIS "Viitorul", presented a case study that analyzed the situation, problems and trends related to the way in which some contracting authorities have carried out procurement through direct contracting. The sample studied included 23 central and local authorities, selected from all regions of the country (6 local public authorities of level I and II from each region - North, South, and Center, 1 ministry and 4 central level agencies). In the period July 1, 2023 - June 30, 2024, the 23 contracting authorities reported a total of 3557 direct procurements amounting to 80.22 million lei (~4.6 million USD). According to Silviu Plopa, despite the fact that the new regulation on LVPs aimed to make direct procurements more transparent, there was a lack of data on directly awarded contracts. Although the contracting authorities are obliged to submit information on LVPs to the AMPS on a quarterly basis, in many cases this has not happened. Some authorities have not reported any direct contracting procurements in MTender, which violates the law. It is unlikely that a public authority, regardless of size, would have no low-value procurements by direct contracting of up to 150 thousand lei (~8,600 USD) for goods and services or up to 200 thousand lei (~11,500 USD) for works.

According to Silviu Plopa, another problem is the lack of a control and monitoring mechanism, which would make the authorities accountable in the reporting process. Currently, there is no certainty that the data on direct contracts published in MTender are all direct purchases made by procurement authorities. Despite the regulations that require the Public Procurement Agency to monitor and analyze these procurements more than a year after their entry into force, the GPA reports do not include information on low-value procurements. According to the legislation, contracting authorities report direct purchases exclusively through MTender, and the Agency does not have the tools to collect and statistically analyze data from this system. At the same time, the awards of low-value purchases that are advertised on MTender are not reported, which leads to a lack of data on the award of contracts, including their value, and affects evidence-based policy making and hampers reforms in the sector, with negative implications for the European integration process.

**Diana Enachi**, procurement monitoring coordinator at IDIS "Viitorul", mentioned that the presented analyses are different, carried out on different samples and on different levels, but that they have similar

findings and conclusions, which shows that the problems are likely characteristic of procurements carried out by different authorities. Enachi continued saying that the lack of qualitative data on low-value procurement is not only a problem for monitors, but also for authorities that need to develop evidence-based policies.

**Gheorghe Movileanu**, director of the GPA, said that his institution is very interested in being part of this platform. In his opinion, public money must be used rationally, and each contracting authority must be aware of this. He urged authorities to fund only their pressing needs. "My position is that it is very necessary to certify third party actors as procurement specialists. This is very important to broaden the horizon of those who can contribute to the development of this system. I see no point in certifying specialists only from within the contracting authorities, who benefit from our training services anyway. In this respect, we tend to take over the experience of Austria or Croatia, countries with which we are going to exchange experience in the near future," said Gheorghe Movileanu.

NPPP members, taking into account the new rules in the regulation, mentioned that reporting in MTender is a big headache. And, to facilitate the process, it would be good to report contract data in excel format. In addition to sanctions, NPPP members said that incentives and encouragement for those who comply with the rules would be needed. In the view of others, digitization would be a solution that would solve many of the problems related to procurement reporting, where those responsible are neither encouraged nor sanctioned.

NPPP members argue that there is a shortage of public procurement personnel at the regional level, especially in villages, and that it would be necessary to certify self-employed professionals in the field of public procurement. At the same time, NPPP members believe that it would be necessary to interconnect electronic systems in the financial and tax sectors, including invoices, registers, etc., in order to facilitate the work of public procurement specialists. They also asked that representatives of the Center for Information Technologies in Finance (CTIF) and the State Treasury be invited to attend future meetings.

[The Institute for Development and Social Initiatives \(IDIS\) "Viitorul"](#), in collaboration with the US-based [Partnership for Transparency \(PTF\)](#), launched in December 2023 the National Platform for Public Procurement (NPPP), within the framework of the project "[Increasing the Integrity of Public Procurement](#)". The NPPP is a national discussion forum, a permanent communication and dialog mechanism for all actors in the public procurement sector - policy, oversight, regulatory, contracting authorities/entities, economic operators and civil society representatives. NPPP members represent authorities and organizations interested in the functioning and sustainability of the national public procurement system.

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*The project [Increasing the Integrity of Public Procurement](#) is implemented by the Institute for Development and Social Initiatives (IDIS) "Viitorul", in partnership with the American organization Partnership for Transparency. The project aims to support public procurement reforms in Moldova that will increase transparency and fairness in public procurement by empowering citizens to hold relevant institutions accountable.*

*[IDIS Viitorul](#) is an independent think tank established in 1993 that combines social, political and economic research with strong advocacy components. The institution conducts applied monitoring research in*

*several areas: economics, social policy, EU policies, regional development, and security and foreign policy risks.*

*[Partnership for Transparency](#) (PTF) is based in Washington, DC and its mission is to promote innovative civil society-led approaches to improving governance, increasing transparency, promoting the rule of law, and reducing corruption in developing and emerging countries. Since 2000, PTF has supported over 250 projects aimed at promoting NGO involvement in decisions, processes, and laws that enforce transparency and accountability in public procurement.*