

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).



The newsletter was prepared by IDIS with financial assistance from PTF. The content is the sole responsibility of IDIS and the opinions of individual contributors do not necessarily reflect the views and policies of IDIS and PTF.

MONITORING MOLDOVA'S PUBLIC PROCUREMENT

Newsletter no. 8 (June 2023)

CONTENTS

4 | NEWS

Coalition for Monitoring Public Procurement, Launched for the First Time in Moldova

9 | MONITORING

71 Public Authorities with Purchases of over \$93 Million Monitored by the Beneficiary Organizations of the Grant Program Offered by IDIS and PTF

13 | ADVOCACY

Low-Value Public Procurement - More Transparent Since July 1st?

15 | LEGISLATION

Note with proposals on the draft law amending Law No 74/2020 on procurement in the energy, water, transport and postal services sectors

22 | FIGURES

Record Growth of More than 60% in Procurement Volume in 2022

24 | ANALYSIS

Purchases of Petroleum Products for 2023 for the Balti City Hall: Hidden Invoices and Exorbitant Volumes

EDITORIAL

PUBLIC PROCUREMENT IS CLOSELY MONITORED BY CIVIL SOCIETY AND JOURNALISTS IN MOLDOVA

THROUGH THE GRANT PROGRAM RUN BY THE INSTITUTE FOR DEVELOPMENT AND SOCIAL INITIATIVES (IDIS) VIITORUL AND PARTNERSHIP FOR TRANSPARENCY (PTF)



Carolina UNGUREANU

IDIS Deputy Director and Project Manager

Eight organizations from the Republic of Moldova (*the public associations Association for Efficient and Accountable Governance (AGER), Central Contact Cahul (in partnership with Cahul 2030), the media project CU SENS, LEX XXI, Localinvest, Media-Guard (in partnership with Ziarul de Gardă), Parents in Solidarity, and Prospect*) received grants totaling over \$185,000 for [monitoring and strengthening integrity public procurement](#) as part of the [Increasing the Integrity of Public Procurement in Moldova](#) project. As a result, 71 contracting authorities were monitored, with a cumulative estimated financial value of the monitored procedures of approximately \$93.3 million.

The projects focused, in a balanced way, on both public procurement monitoring and journalistic investigations and awareness raising. The organizations issued a total of 231 publications, including articles, reports, investigations, social media posts, TV shows, explanatory videos, radio shows, talk shows, printed materials, summer schools, infographics, information campaigns, public talks, and training events. At the same time, 69 notifications and recommendations were issued on the basis of the findings in the public procurement monitoring process. The expected result of these efforts would be to achieve efficiency in the use of public money; minimize the risks of public authorities; and ultimately, quality public goods, works, and services for the citizens of the Republic of Moldova.

PUBLIC PROCUREMENT CONSOLIDATION PROJECT PRESENTED AT AMERICA DAYS IN CAHUL



» Under the theme "America and Moldova - Success Together", the [Increasing the Integrity of Public Procurement in Moldova](#) project, implemented by the [Institute for Development and Social Initiatives \(IDIS\) Viitorul](#), in collaboration with [Partnership for Transparency](#), was presented during the America Days event held on May 20, 2023 in Cahul.

For the third year, the U.S. Embassy organized a series of open-air public events dedicated to cooperation between the Republic of Moldova and the United States. The event, dedicated to

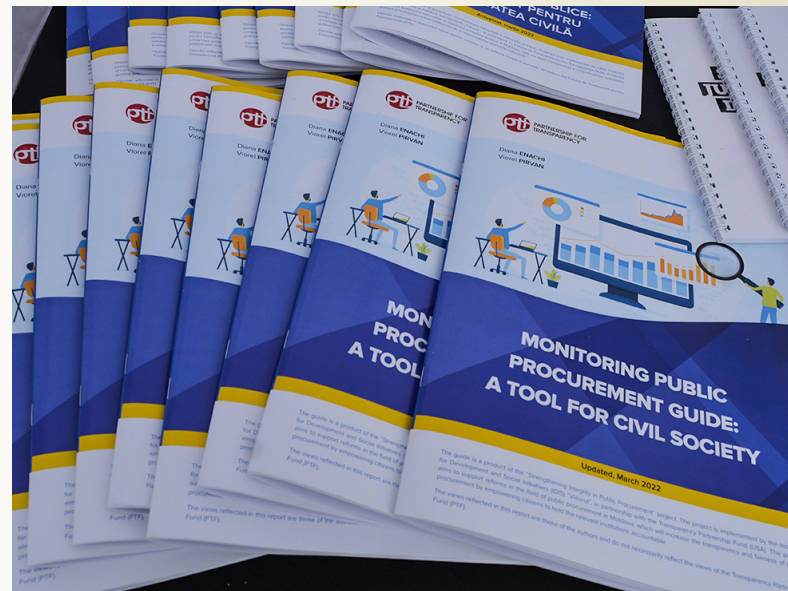
the strong partnership between the Republic of Moldova and the U.S., highlighted the positive impact of American assistance for the people of the Republic of Moldova.

Opening remarks were given by U.S. Ambassador to the Republic of Moldova, Kent D. Logsdon, and Mayor of Cahul, Nicolae Dandis. At the event, Ambassador Logsdon said, "Dear friends, partners, and guests. Thank you very much to the Cahul authorities, whose presence demonstrates the partnership and friendship that the U.S. and Moldova have built over decades. Since Moldova's independence, the U.S. has invested more than \$2 billion in Moldova to help Moldovans build a democratic, prosperous, and secure future." The mayor of Cahul expressed gratitude for the projects supported by the American people and discussed their importance for Moldova.



Guide - a tool for civil society, newsletters, leaflets, infographics in the booklets about education funding and our contributions to better financial transparency of educational institutions. We tried to communicate to the participants of America Days about red flags and how citizens can monitor the efficiency of the use of public money in their locality. We also presented IDIS reports from the Assessing the Status of Local Democracy in Moldova project, being undertaken with financial support of the National Endowment for Democracy," said Carolina Ungureanu, IDIS Deputy Director and Project Manager.

The Increasing the Integrity of Public Procurement in Moldova project aims to support reforms that will increase transparency and fairness in public procurement by empowering citizens to hold relevant institutions accountable. America Days in Cahul provided a great platform for the project team to communicate directly with visitors and promote the values of transparency and integrity in procurement to the public. During the day, participants were informed about the project objectives and the results of the monitoring of public procurement by civil society, as well as other initiatives of IDIS supported by the U.S.



"At America Days in Cahul, we were honored to present some of the products developed under the Increasing the Integrity of Public Procurement in Moldova project, implemented by the Institute for Development and Social Initiatives Viitorul and Partnership for Transparency. Citizens, as well as other projects and program representatives (e.g., USAID, IOM, U.S. Embassy Moldova, Institutional and Structural Reforms in Moldova project, My Community, Promo - LEX, etc.), learned more about our actions and those of our subgrantees (e.g., Ziarul de Garda, Lex XXI, Parents in Solidarity, etc.) in the field of public procurement. We are glad that there has been an increased interest in [the Public Procurement Monitoring](#)

Organized in Chisinau, Balti, and Cahul, America Days included the exhibition of American assistance projects. Also, those present enjoyed interesting activities, such as the gastronomic area, English language learning opportunities, and the stage area, where people enjoyed a music concert by an American band, as well as the screening of the American film "Finch".

It was the third iteration of America Days in the Republic of Moldova, marking 30 years since the establishment of diplomatic and friendly relations between Moldova and the United States of America.

Source: www.viitorul.org

COALITION FOR MONITORING PUBLIC PROCUREMENT, LAUNCHED FOR THE FIRST TIME IN MOLDOVA



» Several civil society organizations (CSOs), journalists, experts, and independent monitors from the Republic of Moldova will strengthen their efforts to engage and monitor public procurement by founding the Public Procurement Monitoring Coalition. The first meeting took place on June 29, 2023. The Coalition was created by the Institute for Development and Social Initiatives (IDIS) Viitorul, jointly with Partnership for Transparency Fund (PTF), as part of the [Increasing the Integrity of Public Procurement in Moldova](#) project, which aims to support public procurement reform in Moldova.

The Public Procurement Monitoring Coalition will operate for a minimum of 12 months (governed by its own strategy and organizational and operational rules) with the possibility of continuation if members are interested.

"The Coalition's mission is to strengthen and coordinate the efforts of CSOs that

monitor public procurement in the process of participating in dialogue with public authorities. The aim of the Coalition is to ensure a synergy of the efforts of civil society monitoring public procurement in identifying problems and proposing solutions to the relevant public authorities. The goal of these efforts is to influence public policies; increase transparency

and integrity in public procurement; ensure efficiency in the use of public money; minimize the risks of public authorities; and, ultimately, provide citizens with quality public goods, works, and services," said Carolina Ungureanu, Deputy Director of IDIS and Project Manager.

Hady Fink, PTF's Project Manager, commented *"We very much hope that the Coalition will be a cornerstone in building a robust public procurement monitoring infrastructure in the Republic of Moldova. The Coalition will build civil society capacity through the exchange of experiences and ensure that findings and recommendations from monitoring activities contribute to the improvement of the public procurement system."*

"The coalition is a platform to make our voice heard, to be stronger and to have a greater impact on increasing transparency and integrity in public procurement. The Coalition remains open to other organizations and monitors who want to join our efforts", stated Diana Enachi, Project Coordinator and Procurement Expert at IDIS.



FOR THE REGULATION OF EFFORTS IN MONITORING PUBLIC PROCUREMENT, including through the exchange of monitoring practices and techniques, the members will be guided by the Monitoring Coalition strategy and its rules of organization and operation. **The rules, which define the mission, purpose, and objectives of the Coalition, include:**

- ☑ PROVIDING a participatory and inclusive discussion environment with permanent/ systematic debates on public procurement issues;
- ☑ DEVELOPING a common civil society vision on the priorities and main directions for the development of the national public procurement system;
- ☑ INFLUENCING the decision-making process in the field of public procurement through active and transparent involvement in dialogue with regulators;
- ☑ PARTICIPATING in the elaboration of public policies in the field of public procurement and monitoring and evaluating their implementation;
- ☑ STUDYING AND DISCUSSING relevant European and international experiences in the field of public procurement;
- ☑ PROMOTING transparency in the activities of public authorities with tasks in the field of public procurement;
- ☑ PRODUCING studies, analyses, research, and reports in the field of public procurement; *and*
- ☑ TAKING PART in training and education actions in the field of public procurement and monitoring.

Vadim Turcan, Associate Expert of IDIS emphasized, *"We aim to contribute to the transparency of public procurement and come up with recommendations to improve procurement processes at all stages of implementation."*

Coalition members are representatives of CSOs, investigative journalists, independent monitors, experts, and others interested in monitoring public



procurement. They will receive support from the IDIS and PTF team to apply their expertise, experience, advocacy campaigns, and suggested recommendations in a consolidated way in order to improve public procurement in Moldova.

"We will have the opportunity to collaborate more and be a strong platform that will be able to put forward policy proposals and initiate discussions with decision-makers and authorities to help improve the legal framework and the way the legal provisions in the field of public procurement are implemented," mentioned Olga Diaconu, Project Coordinator at the Association for Efficient and Accountable Governance.

Valeriu Rusu, Executive Director of the Habitat Association, said *"We want to join efforts to ensure that taxpayers' public money is used positively, which will contribute to the development of our localities."*

"I am glad that you have this initiative to bring together civil society in the field of procurement to highlight, speak out about, and fight illegalities in the field," commented Lilia Zaharia, Director of Transparency International Moldova.

Dumitru Cimpoeș, President of the Feedback Association from Basarabeasca, stated *"The authorities are not as transparent as we think and we do not know how public money is really*

spent. For this reason, we are motivated to monitor public procurement to ensure local transparency."

"The education sector is heavily affected by corruption and, at the country level, we see a negative trend of not taking into account the priority needs in the use of money. Through the Coalition, we will join efforts and maybe we will manage to stop this," mentioned Ala Revenco, President of the Parents in Solidarity Association.

An independent monitor, Ion Bulmaga added, *"I want to contribute with my knowledge and experience to strengthen the integrity of public procurement for greater transparency, to make public money more efficient, and to prevent fraud and corruption in public procurement"*, added the.

The Coalition will also encourage the production of various materials (articles on public procurement monitoring, best practices, results of recommendations proposed to public authorities in the field, etc.) and some materials will be remunerated. The materials produced and recommendations made by Coalition members will then be communicated publicly and passed on to decision-makers, thus contributing to the improvement of legislation, policies and practices in the sector.

Source: www.viitorul.org

THE SECOND ROUND OF THE GRANT COMPETITION

FOR CIVIL SOCIETY IN MOLDOVA IN THE FIELD OF PUBLIC PROCUREMENT MONITORING

» The Institute for Development and Social Initiatives (IDIS) Viitorul and Partnership for Transparency (PTF) launched the second round of the subgrant funding competition for public procurement monitoring. ([The first round of subgrants](#) took place in 2022 and 2023, with the implementation and funding of eight projects.) The grants, totaling \$100,000, worth between \$5,000 and \$25,000, were awarded to representatives of civil society organizations (CSOs) based in the Republic of Moldova through an open and competitive selection process. To participate in the grant competition, the CSOs submitted proposals for public procurement monitoring projects.

The grant program is carried out under the [Increasing the Integrity of Public Procurement in Moldova](#) project. The aim of the project is to support the reform of the public procurement sector in Moldova, which will contribute to increasing the transparency and fairness of procurement procedures by empowering citizens to hold relevant institutions accountable.

THE OBJECTIVES OF THE GRANT PROGRAM ARE:

- ❶ Conducting independent monitoring of public procurement at the national, central, local (LPA level I and LPA level II), and sectoral levels by CSOs using a variety of tools.
- ❷ Advising contracting authorities on
 - a. Potential risks in the public procurement process,
 - b. Risk indicators at all stages of the procurement process,
 - c. Irregularities and ways to address them in order to improve the process, and
 - d. Identification and prevention of risks of fraud and corruption.
- ❸ Improve legislation, regulations, policies, procedures and practices by making recommendations to contracting and regulatory authorities/entities following the findings of the public procurement monitoring process.

Public associations (CSOs) registered in the Republic of Moldova (from all localities and regions of the country) were eligible to apply under this call. Public associations were permitted to submit project proposals individually or in partnership with one or more CSO. In the case of a consortium, a partnership agreement signed by all parties was required to be attached to the application. Participants in the competition were required to meet nine mandatory requirements set out in point five of the [Funding Guide](#).

THE PROJECT PROPOSALS FOCUSED on the monitoring of ongoing public procurement procedures (mandatory requirement). Project proposals indicated the contracting authority(ies) to be monitored (such as central and local public authorities - level I and II) and/or the specific sector to be monitored (e.g. education, health, utilities, etc.).

Each selected organization will be required to formulate and submit recommendations to the contracting authorities or entities, decision makers, and law enforcement or anti-corruption bodies, as appropriate. At the end of each project, every organization must produce a monitoring report.

THE FOLLOWING WERE INELIGIBLE FOR FUNDING:

- ① Activities aimed either exclusively or specifically at individual sponsorships for participation in workshops, seminars, or conferences (conferences can only be funded if they are part of a series of activities to be implemented in the framework of a specific follow-up project;
- ② Activities focused on obtaining scholarships for studies or training courses;
- ③ Activities involving the preparation of academic theses;
- ④ Monitoring projects that aimed at economic profit or non-profit projects that serve the interests of very limited target groups;
- ⑤ Activities supporting political parties; and
- ⑥ Research, policy, and legal analysis that is not related to a specific procurement monitoring proposal.

The project implementation period will not exceed one year. Project proposals will be assessed by an evaluation committee on the basis of an evaluation grid. After evaluation of all proposals, grants will be offered within the available budget. The evaluation grid for project proposals and all application conditions can be found in the [Grant Guide](#).

ALL SELECTED APPLICANTS included the following documents in their applications:

- Certificate of registration.
- Application form:** The form could be completed in Romanian or English. In preparing this form, the applicants were advised to ensure that they adhered to point five of the [Grant Guidelines](#). In the case of a consortium, it was required that the role of all organizations be clearly described as well as the activities to be carried out by the proposed experts.
- Organizational profile.
- CVs of the team members and experts implementing the project.
- A project budget formulated using this [budget template](#). The budgets included the amount for the external financial audit (\$1,000) and the justification of expenditure (as per page 1 and 2 of the form). The company that will carry out the financial audit will be appointed by IDIS and PTF.

In the case of a consortium, the partnership agreement signed by all parties had to be attached with the contract signed by the lead partner.

The deadline for submissions was July 16, 2023. Participants could send clarification questions until July 10, 2023. Answers to all questions were published on the [IDIS website](#) on July 11, 2023.

The list of beneficiary organizations will be published on the [IDIS website](#).



71 PUBLIC AUTHORITIES WITH PURCHASES OF OVER \$93 MILLION MONITORED BY THE BENEFICIARY ORGANIZATIONS OF THE GRANT PROGRAM OFFERED BY IDIS AND PTF

» In the framework of the [Increasing the Integrity of Public Procurement in Moldova](#) project, implemented by the Institute for Development and Social Initiatives (IDIS) Viitorul, in partnership with Partnership for Transparency, through a competitive process, eight organizations received grants totalling over \$185,000 for monitoring public procurement. The participating organizations were public associations AGER, Center Contact Cahul (in partnership with Cahul 2030), the media project CU SENS, LEX XXI, Localinvest, Media-Guard (in partnership with Ziarul de Gardă), Parents in Solidarity, and Prospect.

First round grant recipients implemented projects to monitor procurement carried out by 71 public authorities, such as municipalities and district councils, publicly owned enterprises, and other state entities. The cumulative estimated financial

value of the monitored procedures was approximately \$93,339,581. The most frequently monitored procedures were open tenders, requests for quotations, and negotiation procedures without prior publication of a contract notice, and

only three projects focused on low-value procurement. Monitors noted that small-value procurements are carried out in the least transparent way and highlight interesting findings in terms of irregularities, violations, illegalities, conflicts of interest, and unprecedented situations. In terms of sectors monitored, the most prevalent were infrastructure (six projects) and health (three projects).

The subgrantees used a variety of resources to monitor public procurement procedures. The most frequently used resource was [MTender](#) (seven projects), the second most utilized was IDIS's [Public Procurement Monitoring Guide - Tool for Civil Society](#) (six projects), and the third was [OpenMoney](#) (four projects). However, beneficiaries pointed out a number of problems with MTender, such as its use is not mandatory for sectoral procurement or state-owned enterprises, contracts are not uploaded there, and it has a poorly developed interface and search engine.

The projects focused on public procurement monitoring and journalistic investigations, and awareness raising and public relations. The subgrantees issued a total of 231 publications, including articles, reports, investigations, social media posts, TV shows, explanatory videos, radio shows, talk shows, printed materials, summer schools, infographics, information campaigns, public talks, and training events.

One significant achievement of the subgrantees was the publication of the article [„Public procurement is monitored by citizens and local press with the support of the A.O. Center Contact-Cahul”](#). Six public procurement procedures were monitored, a working group on procurement monitoring was created, two reports were submitted to the local authorities, and articles were published in the local press. Some articles published in the local press include: [Nicolae Olteanu: We strive to be transparent](#); [Citizen monitoring: repair works on the local road Zîrnești-Baurci Moldoveni](#); [When will the access road to Alexanderfeld village, Cahul District be repaired](#); and [Two health](#)

[centres in Cahul District will be repaired by the company that built the ATLANT Stadium](#). Another objective of the project included raising citizens' awareness of the need to get involved in the public procurement monitoring process.

Stiri

Două centre de sănătate din raionul Cahul vor fi reparate de compania care a construit Stadionul ATLANT

9 noiembrie 2022



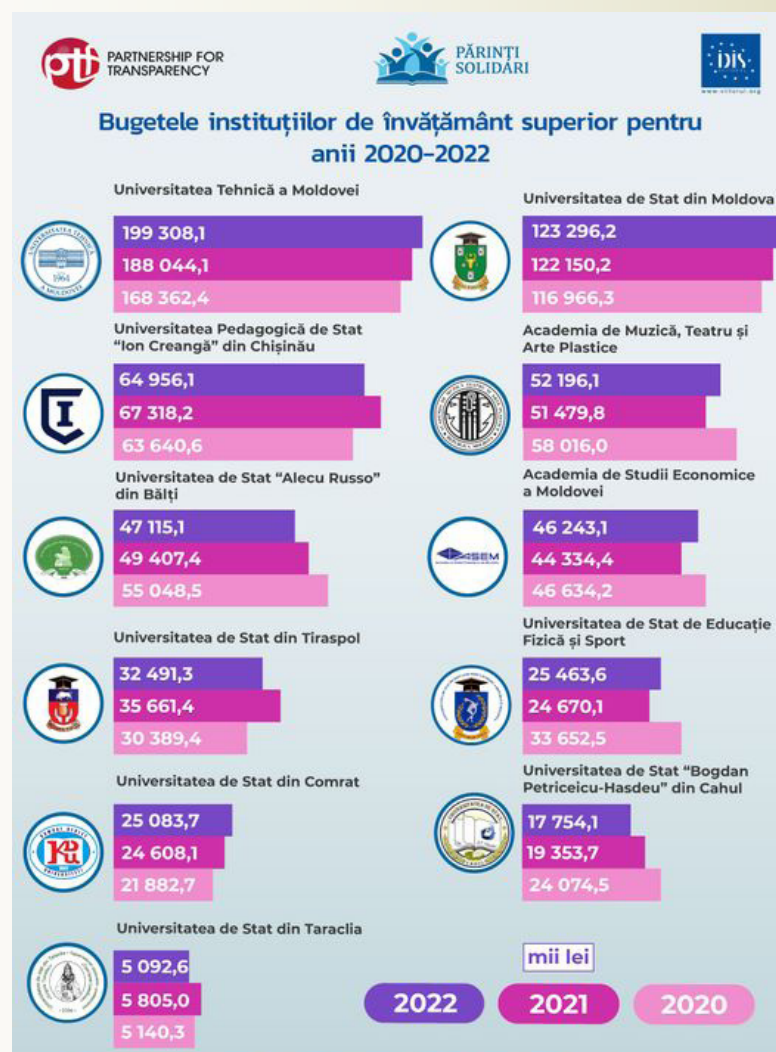
As a result of the Monitoring of Public Procurement in Cimislia District for 2022 project, for the first time in the city of Cimislia, a civil society representative, the public association Prospect, was included in the working group on public procurement. Seven local road repair projects and two infrastructure projects were monitored, namely the capital repair of the roof of the Cimislia District Hospital and the development of the land adjacent to the Museum of History, Ethnography, and Art in the town of Cimislia. The conclusions of the monitoring were reported in [reports and press articles](#). In Riscani District, [representatives of Localinvest](#) monitored how the money allocated for repair work in a block of the district hospital was spent, as well as how the money allocated for road maintenance was managed. Violations came to light in the process of monitoring public procurement in two state institutions in the district.

In the municipality of Balti, through the project implemented by the Association for Human Rights LEX XXI - Public Procurement for All, it was possible to make public authorities more responsible, but also increase the level of information of citizens on public procurement through investigations ([Investigation: Where is the sidewalk on Mihail Sadoveanu Street, or how does the Balti City Hall manage to circumvent the regulatory framework of the Republic of Moldova?](#)) reports (the most recent being [VIDEO | They quarrel and the people of Bălstan suffer](#)), infographics, public dialogues, outreach materials, and information campaigns. All these products will contribute to improving this sector and increasing transparency in the municipality.

In Chisinau, as a result of the Media Guard Association [Strengthening the Public Procurement Monitoring Capacity of Journalists and Activists project](#), three journalistic investigations were published; communication sessions were organized with the competent authorities in the field of access to information of public interest; a summer camp at which 15 young people were trained by experts and journalists in public procurement, transparency, and access to information was organized. The young people learned how public procurement is organized; what information they can find on the tender.gov.md, mtender.gov.md, and ansc.md portals; what the legal framework of the public procurement system is; how to identify issues in the procurement system that would affect the most vulnerable; how to document the assets of officials; which databases are useful to check the bases of problematic tenders; what are the risks of corruption in public procurement; how to formulate requests for information to obtain files on public procurement; what political clientelism is and what effects it has; and how they can monitor issues of concern at the local level.

The journalists of the media project CU SENS prepared videos about [what public money is; what goods or services a town hall, a ministry, or any other state institution has purchased with public money](#); how [more than 21 million](#)

[lei \(~\\$4,663,057\) of public money has been invested in the Cahul Industrial Park](#), which so far looks like a ruin; and what [dubious purchases have taken place at the National Integrity Authority](#) where about 5.3 million lei (~ \$777,126) of goods and services, including a washing machine, a dryer, a kitchen, and armchairs were bought. From this investigation, one can learn [Why Don't I Hear?](#) why the procurement procedure for hearing implants is being delayed, [who and how public tenders can be challenged](#), [how public tenders can be accessed](#).



As part of the grant program, Parents in Solidarity produced a [video guide on monitoring public procurement in the education system](#). The video guide is a support tool for parents, students, and any citizen interested in monitoring how public money is spent on schools in the country. The video guide explains the importance of

getting involved in monitoring the budgets allocated to educational institutions, which has a direct impact on the quality of education. It also includes various graphics; articles on monitoring education procurement; and several live broadcasts with parents, experts, and representatives of the Ministry of Education.

The Associations for Efficient and Accountable Governance (AGER) monitored procurement procedures carried out in accordance with the provisions of Law 74/2020 on procurement in the energy, water, transport, and postal services sectors. The monitoring results are included in the [Sector Procurement Monitoring Report](#), released in January 2023. Based on the findings, the report contains a number of legislative, regulatory, and functional suggestions and recommendations aimed at improving the sectoral procurement system in the Republic of Moldova. The report was prepared as a result of the analysis of about 100 procurement procedures carried out under Law 74/2020.



In addition, AGER published the first [Guide on the Application of Law 74 of May 21, 2020 on Procurement in the Energy, Water, Transport, and Postal Services Sectors](#). The purpose of this guide is to familiarize people on how and when the provisions of Law No. 74/2020 should be applied.

The most common problems encountered during monitoring activities were a lack of cooperation and openness on the part of the contracting authorities and difficulty in obtaining information of public interest. In order to address these and other difficulties, beneficiaries suggested that the contracting authorities should take measures to correct irregularities and deviations from the law identified by the monitors; the level of participation/involvement of civil society in the contracting authority's procurement working group should be increased; and legislation, regulations, or procedures should be amended. With regard to the difficulties encountered by the subgrantees, the IDIS team provided constant support to all those who requested it, offering advice on how to interact with contracting and other relevant authorities to ensure that they could carry out their monitoring work.

The beneficiaries issued a total of 69 notifications and recommendations based on findings in the public procurement monitoring process. The recommendations were addressed, primarily in written form, or published on the websites of the contracting authorities monitored, as well as the Ministry of Finance, the National Anti-Corruption Centre, the Public Procurement Agency, the Prime Minister's Office, the Parliament, and the Center for Centralized Public Procurement in Health. The expected result will be achieving efficiency in the use of public money; minimization of risks for public authorities; and finally, quality public goods, works, and services for the citizens of the Republic of Moldova.

*Author: Carolina Ungureanu,
IDIS Deputy Director and Project Manager*

LOW-VALUE PUBLIC PROCUREMENT - MORE TRANSPARENT SINCE JULY 1ST?



» On July 1, 2023, [Government Decision 870 of December 14, 2022 approving the Regulation on Low-Value Public Procurement](#) entered into force. Previously, on February 2, 2023, amendments to [Law 131/2015 on Increasing the Thresholds for Low-Value Public Procurement Contracts](#) were adopted, as a result of high inflation of the last period. For contracts for the procurement of goods and services, the threshold increased from 200,000 lei (~\$44,407) to 300,000 lei (~\$66,610), excluding VAT; contracts for the procurement of works from 250,000 lei (~\$55,512) to 375,000 lei (~\$83,268), excluding VAT; and public procurement contracts involving social services from 400,000 lei (~\$88,820) to 600,000 lei (~\$133,230), excluding VAT.

Although the increase in thresholds for low-value public procurement contracts was motivated by the authorities as an inflation adjustment mechanism, several civil society representatives have pointed to the risk of reduced transparency due to the impossibility of monitoring these procedures. [In the opinion of AGER and IDIS, in Positive Initiative on the Draft Amendments to Law 131/2015](#), according to point 70 of [Regulation 870/2022](#), contracting authorities/entities are

obliged to submit information on low-value public procurement carried out in accordance with the provisions of point 14 quarterly, by the 15th of the following month, in the Mtender State Register of Public Procurement (SIA RSAP Mtender).

The need for publication of information in the MTender electronic system was also raised in the [Civil Society Public Call on the Need to Ensure Transparency and Effective Regulation of](#)

Small-Value Procurement. Recently, the [Ministry of Finance](#) announced the launch of the new functionality for reporting low-value procurement through the electronic procurement platform [mtender.md](#). The Ministry's press release stated that contracting authorities will be able to report and manage all low-value public procurement contracts/invoices in a simple and centralized way through the platform.

Detailed information on the procedure for reporting low-value purchases is available in [the user guide available on the mtender.md platform](#). The functionality will be available on [mtender.md](#) from July 10, 2023 and is a free service. Although the guide provides instructions on how to use the Mtender platform for the correct reporting of purchases, it does not identify how to report and publish purchases which, according to the provisions of the new Regulation, are not carried out electronically.

Low-value public procurement means contracts for the purchase of goods, execution of works, or provision of services, planned and concluded by contracting authorities, for which the estimated value, excluding VAT, does not exceed the thresholds set out in Article 2(1) of Law 131/2015 on public procurement and Article 1(3) of Law 74/2020 on procurement in the energy, water, transport, and postal services sectors.

Low-value public procurement is carried out by the contracting authority on the basis of the annual procurement plan or for emergency reasons due to unplanned needs or unforeseeable events. The reasons of urgency are justified by concrete arguments and established by the working group in meeting minutes, in accordance with point eight of the regulation. The deadlines for these small-value procurement procedure through the AIS RSAP were invalid. The situations invoked to justify extreme urgency must not be caused by the contracting authorities/entities.

Source: www.ager.md



TABEL ACAHIZIȚII DE VALOAREA MICĂ CARE NU SE DESFĂȘOARĂ ÎN MTENDER

| | Achiziții directe fără facturi de plată | Contracte directe | SIA RSAP MTender |
|--|---|---|---|
| Autoritatea Contractantă <i>Legea 131/2015</i> | --> 50.000 lei (fără TVA) | bunuri/servicii 50.000 lei -->150.000 lei (fără TVA) lucrări 50.000 lei --> 200.000 lei(fără TVA) serv. sociale 50.000 lei --> 300.000 lei (fără TVA) | bunuri/servicii 150.000 lei -->300.000 lei (fără TVA) lucrări 200.000 lei --> 375.000 lei (fără TVA) serv. sociale 300.000 lei--> 600.000 lei (fără TVA) |
| Entitatea Contractantă <i>Legea 74/2020</i> | --> 100.000 lei (fără TVA) | bunuri/servicii 100.000 lei --> 400.000 lei (fără TVA) lucrări 100.000 lei--> 1.000.000 lei (fără TVA) serv.sociale 100.000 lei--> 500.000 lei (fără TVA) | bunuri/servicii 400.000 lei -->800.000 lei (fără TVA) lucrări 1.000.000 lei --> 2.000.000 lei (fără TVA) serv.sociale 500.000 lei --> 1.000.000 lei (fără TVA) |
| | | | Dacă achizițiile de valoare mică nu cad sub incidența prevederilor de la pct. 14, AC va desfășura procedura în sistemul MTender |

NOTE WITH PROPOSALS ON THE DRAFT LAW AMENDING LAW NO 74/2020 ON PROCUREMENT IN THE ENERGY, WATER, TRANSPORT AND POSTAL SERVICES SECTORS

The document with proposals was jointly elaborated by IDIS "Viitorul" and AGER

» **First of all, we appreciate positively that some recommendations, previously put forward by civil society, have been taken into account and included in the draft. In this regard, we mention the regulation of the Public Procurement Agency's tasks related to the utilities procurement sector, including the establishment of powers to monitor sectoral procurement procedures, training and methodological support, statistical analysis of sectoral procurement, drafting and publication of reports on sectoral procurement.**

Secondly, by analyzing the draft proposed for public consultation, the concordance table and the comparison table (the provisions of Law 74/2020 and those of Directive 25/2014), we have made recommendations to improve or clarify rules that are vague, incomplete and therefore may generate discretion, reduced transparency and risks of fraud and corruption.



| PROJECT PREVIEW | COMMENT / PROPOSAL |
|---|--|
| <p>Art. 1 (5) The Government shall, every two years, assess the need to adjust the thresholds referred to in paragraph 1. (1) and, where appropriate, propose their revision to Parliament.</p> | <p>This provision is only a recommendation, not a rule. Its effectiveness is null and void.</p> |
| <p>Art. 6. Mixed purchases comprising the same activity</p> | <p>There are inconsistencies and contradictions between the provisions of paragraphs (3), (4) and (5), which refer to the situation where a single mixed contract is awarded with procurement elements under Law 74 and other laws. Paragraph (3) states that where a single contract is awarded which contains both procurement elements under Act 74 and procurement elements under other Acts, Act 74 applies, irrespective of the value of the parts which would normally be subject to another Act. Paragraph (4) states that where the contract contains both Act 74 elements and concession elements, Act 74 applies only if the value of the part of the contract representing the sectoral procurement equals or exceeds the thresholds set out in Article 1.</p> <p>The approach in paragraph (4). The Law on Concessions requires a feasibility study to be carried out for concession proposals, including whether it is more rational to apply a procurement procedure. Priority should therefore be given to applying a procurement procedure rather than a concession procedure, so as not to distort competition. Paragraph (4) seems to give priority to a concession procedure, although paragraph gives priority to Law 74. It is not appropriate to expressly state that Law 74 applies only if the value exceeds the thresholds in Article 1. In fact, the application of Law 74 should be encouraged even when the thresholds are lower.</p> <p>In paragraph (5), reference is also made to purchases with elements of Law 74, as well as to purchases under other legislation, and it is stipulated that the legislation applies to the main object of activity.</p> <p>This makes it difficult to distinguish between the legal acts that might be applicable to a specific situation.</p> |
| <p>Art. 6/1. Mixed purchases comprising several activities</p> | <p>This article brings more confusion than clarity. First, it is not clear how we distinguish between "same activity" and "more than one activity" to know which article will apply. Secondly, it could cause abuses when a CE includes more than one activity in the package to make a particular law applicable, possibly artificially providing less transparency.</p> |

| | |
|---|---|
| <p>7. In Article 9(1)(b), after the words 'natural gas' the words 'in the context of the public service obligation' shall be added.</p> | <p>It is not clear what "in the context of the public service obligation" means. The rule must be clear and set out in accordance with the requirements of legislative technique (Article 54 of Law 100/2017). Directive 2014/25/EU uses expressions such as "provides a public service". If the author wishes to take over the meaning of these provisions from the EU Directive, he shall adjust the text accordingly (in particular with the revision "in the context of the obligation").</p> |
| <p>8. Article 18 is amended as follows the following paragraphs 2, 3 and 4 shall be added to the Article:</p> <p>"(2) This Law shall not apply to contracts and design contests awarded or organized in accordance with the specific procedures of an international financial institution if the contracts or design contests in question are financed entirely by that institution.</p> <p>(3) In the case of contracts and design contests co-financed for the most part by an international financial institution, the parties shall agree on the applicable award procedures.</p> | <p>The margin for purchases to which Law 74 does not apply is significantly increased, while no provisions are included to increase transparency. One of the reasons for applying Law 74/2020 is to encourage competition in order to obtain lower prices for the final consumers, who are citizens.</p> <p>In addition, we note that the text of a rule must be clear and not allow for different interpretations when applied in practice. It is necessary to specify the exact percentage of co-financing and to avoid the use of expressions such as 'for the most part'.</p> |
| <p>Art. 23, 23/1, 23/2</p> | <p>In the Government's action plan it was indicated that a legislative act on defence procurement was to be adopted. It is not clear what the distinction is between defence and security procurement contracts covered by the present law and those to be covered by the future act. It is presumed that Law 74 regulates those defence and security aspects that are related to the areas covered by this law, but this is not clear and will lead to different and even abusive interpretations.</p> |
| <p>Art. 23/2</p> <p>(3) In the case of contracts and design contests co-financed for the most part by an international financial institution, the parties shall agree on the applicable award procedures.</p> | <p>The text of a rule must be clear and not allow different interpretations when applied in practice. It is necessary to specify the exact percentage of co-financing and to avoid the use of expressions such as "mostly".</p> |
| <p>Art. 23/3. Contracts concluded between contracting entities</p> | <p>As this article follows on from other articles on procurement with defence and security aspects, it would seem that this one also covers these aspects. However, this is not the case, because there is no reference at all to security and defence aspects. We think there should be more clarity. →</p> |

| | |
|---|--|
| <p><i>Art. 23/3. Contracts concluded between contracting entities</i></p> | <p>→ This article risks distorting competition. Although it is probably justified in many situations for a CE to contract with other CEs, or even other legal entities, this may lead to favouring some legal entities over others, so there could be an increased risk of fraud.</p> |
| <p>Article 33 shall be supplemented by paragraph 3 with the following content: "(3) The Government is obliged to submit proposals to Parliament to adapt the CPV codes referred to in this Act, whenever changes to the CPV nomenclature are to be reflected in this Act and do not involve a change in the scope of this Act."</p> | <p>Unnecessary provision</p> |
| <p>Article 49 is amended as follows: the provisions of Article 49 "The contracting entity shall draw up the sectoral procurement file and keep it for five years after the opening of the sectoral procurement procedure" become paragraph 1 of that Article;</p> | <p>Five years is insufficient, given that the framework agreement can be concluded for up to eight years, or even longer in exceptional cases. We believe that it would be fair to set a period of five years from the execution of the contract or the expiry of the term of the contract. The five years from the initiation of the procurement procedure does not ensure that the purpose of the rule is fulfilled.</p> |
| <p>Article 64 is complemented by paragraph (4¹) with the following content: "(4¹) Where the communication of information referred to in paragraph 1 is not in accordance with the provisions of this Article, the Commission shall, in accordance with the procedure referred to in Article 18(2), inform the Member State concerned. (1) and (4) concerning the award of the procurement contract, the conclusion of the framework agreement or the admission to a dynamic purchasing system relates to commercial secrecy or state secrecy as provided for in the Civil Code or Law No 245/2008 on state secrecy or could prejudice fair competition between economic operators as provided for in Competition Law No 183/2012, the communication of such information is not mandatory."</p> | <p>This provision is discretionary and can lead to misinterpretation and non-transparency. There is a risk that some CEs may use this evasively worded rule to avoid the obligation to communicate the results of a sectoral procurement procedure and thus ensure transparency of the process.</p> |

| | |
|---|--|
| <p>Article 86 is complemented by paragraph 22 with the following content: "(22) Where the communication of information referred to in paragraph 1 is not in conformity with the provisions of this Article, the Commission shall, in accordance with the procedure referred to in Article 22(2), inform the Member State concerned. (21) on the completion of the competition for solutions concerns commercial secrecy or state secrecy as provided for in the Civil Code or Law No 245/2008 on state secrecy or could prejudice fair competition between economic operators as provided for in Competition Law No 183/2012, the communication of such information is not mandatory."</p> | <p>Risk of abuse and avoidance of transparency.</p> |
| <p>Article 87¹ . Public Procurement Agency k) issue annual reports on the sectoral procurement system, based on monitoring and statistical analysis;</p> | <p>We consider that the annual reporting on sectoral procurement is insufficient, therefore it is proposed to complete this provision as follows: k) issue half-yearly and annual reports on the sectoral procurement system, based on monitoring and statistical analysis;</p> |
| <p>Article 87¹ . Public Procurement Agency</p> | <p>It is proposed to add the following text: "(m) shall draw up and update annually the list of contracting entities that are subject to this Act"</p> |
| <p>Art. 67 Qualitative selection criteria</p> | <p>We consider it appropriate to include the following paragraph: "(5) The contracting entity shall be obliged to exclude from the procedure for the award of the sector contract any tenderer or candidate who is included in the economic operators' debarment list."</p> |

IN ADDITION TO THE ABOVE PROPOSALS, we consider that there are other important issues that have not been included in the draft Government Decision and need to be regulated:

| ADDITIONAL PROPOSALS | COMMENT |
|---|--|
| <p>Establishment of the obligation to carry out sectoral procurement through the AIS RSAP</p> | <p>The MTender system developed for public procurement governed by Law 131/2015 provides a high level of transparency and efficiency in the conduct of procurement. Although it has several shortcomings, it is currently one of the most transparent e-procurement systems, which has made an essential contribution to the efficiency of public procurement. →</p> |

| | |
|---|--|
| <p><i>Establishment of the obligation to carry out sectoral procurement through the AIS RSAP</i></p> | <p>→ We advocate that this system should also be used for sectoral procurement governed by Law No 74/2020, as the system can also be used for sectoral procurement without additional efforts, including financial ones, but only with some adjustments. We consider it appropriate only to oblige by law that contracting entities carry out procurement through the AIS RSAP (MTender) similar to contracting authorities.</p> |
| <p>Application of the prohibition list in the context of purchases covered by Law 74/2020. It is proposed to include the following article: "Art. 74¹ Prohibition list of economic operators (1) The list of banned economic operators is an official record and is drawn up by the Public Procurement Agency in order to limit, for a period of 3 years, the participation of economic operators in public procurement procedures provided for by this Law. (2) The ban list of economic operators shall be drawn up, updated and maintained in electronic form by the Public Procurement Agency in accordance with the regulation approved by the Government."</p> | <p>At this stage, it is unclear whether an economic operator on the debarment list can participate in sectoral procurement and whether, for violations in sectoral procurement, the economic operator is liable to be included on the debarment list. If an economic operator has committed a violation related to a procurement governed by Law No 131/2015, for example has submitted a false document, it is clear that the need for sanction should not be limited only to procurements governed by Law No 131/2015.</p> |
| <p>Regulating how sectoral procurement is planned</p> | <p>According to information provided by some contracting entities, the adoption of Law 74/2020 has caused confusion as to whether contracting entities would be obliged to organize annual procurement planning under the new regulations, similar to Law 131/2015. Although this was not expressly provided for in the law, clarification is needed.</p> |
| <p>Express grounds for cancelling sectoral procurement procedures</p> | <p>The lack of such regulation at the moment gives contracting entities unlimited discretion in cancelling sectoral purchases. There is a risk that contracting entities will cancel purchases whenever they do not wish to award the contract to the economic operator ranked first. Similar to Law No 131/2015 (Art. 71), an exhaustive list of grounds for cancelling the procurement is required, so that the contracting entity can cancel the procurement only on the occurrence of those grounds.</p> |

| | |
|---|---|
| <p>Amendment/modification of contracts</p> | <p>In the current version of Law 74/2020 there are no regulations on the adjustment or modification of contracts. These are necessary in order to impose clear and uniform rules in this respect. Otherwise, contracting entities have unlimited discretion in amending contracts.</p> <p>Adjustment/modification of contracts is an absolutely necessary mechanism, especially in the case of works procurement, where new circumstances may often arise at the execution stage which require adjustment of the estimate. Another situation is in the case of multi-annual contracts, when it is necessary to adjust the value of the contracts due to inflation or changes in the prices of the cost price components.</p> |
| <p>The need for the DUAE</p> | <p>The DUAE in the framework of public procurement regulated by Law no. 131/2015 allows the admission of bids when some supporting documents (such as financial statements, extract from the state register of legal entities and others) have not been submitted. Instead of these documents the DUAE is requested and even if the supporting documents are requested separately, their absence does not allow the disqualification of a bid and the contracting authority is obliged to ask for clarification on this issue. This mechanism does not allow disqualification of tenders for formal reasons such as lack of financial statements, which do not affect the tender submitted.</p> <p>In the absence of the DUAE, in sectoral procurement governed by Law 74/2020, the qualification requirements become much more rigid and an economic operator is liable to be disqualified even in the absence of a supporting document, such as a financial statement.</p> <p>Including provisions that would require the use of the SAD would simplify the document preparation procedure for tenderers, who instead of dozens of supporting documents would only submit the SAD. However, as the ANSC points out, the DUAE is "an instrument to facilitate the participation of economic operators in public procurement procedures".</p> |
| <p>Reducing sectoral procurement lead times</p> | <p>Law 74/2020 is to provide greater flexibility in setting deadlines for sectoral procurement. If sectoral procurements will be carried out through the AIS RSAP (MTender), which allows real-time notification of economic operators about procurement procedures launched in their field of activity, a long period for the preparation and submission of tenders will no longer be necessary. The process of preparing tenders, especially in the case of less straightforward purchases, is not time-consuming, and if the contracting entity also publishes model forms, even less time is needed.</p> |

RECORD GROWTH OF MORE THAN 60% IN PROCUREMENT VOLUME IN 2022

» The public procurement sector saw unprecedented growth in 2022. [Statistics](#) show that the volume of public procurement in 2022 increased by 62% compared to 2021. During 2022, the public authorities of the Republic of Moldova spent about 13.68 billion lei (~\$3,037,648,698) for the procurement of goods, services, and works.

In 2021, the volume of public procurement was 5.24 billion lei (~\$1,163,468,682). The statistical data on procurement does not include low-value procurement contracts (goods and services with an estimated value of up to 200,000 lei (~\$44,407) and works with a value of up to 250,000 lei (~\$55,509), excluding VAT). In „[Public Procurement in Focus](#)”, IDIS wrote about the previous record, in which the value of procurement had recorded a record increase of 40%.

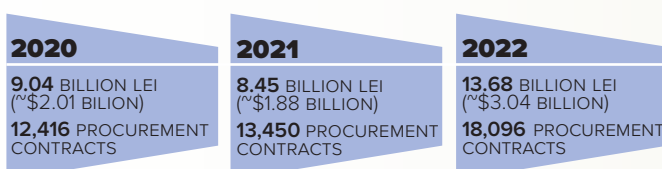
During the reference period, contracting authorities concluded 18,096 procurement contracts following 6,758 public procurement procedures. The increase in the volume of public financial resources being spent through public procurement is a positive development and shows that public authorities are investing more in improving public services, developing infrastructure, etc. However, at the same time, these figures underline the need for scrutiny of public money being spent annually through the public procurement system, as well as the need for active involvement of civil society and citizens in closely monitoring procurement.

In order to analyze the availability and quality of data in procurement, we also analyzed [the data analysis tool in procurement \(BI module\)](#). According to the available data, the value of public procurement contracts awarded in 2022 amounted to 13.24 billion lei (~\$2,939,756,748), similar to the statistical data presented by the Public Procurement Agency.

According to the procurement data analysis tool (BI module), in 2022, about 1,400 contracting authorities awarded high value public procurement contracts. **Among the public authorities with the highest procurement volume were:**

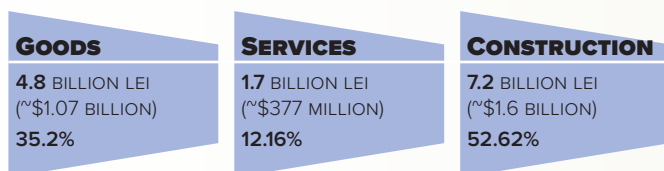


- 1 CHISINAU CITY HALL
2.62 billion lei (~\$581,771,899)
- 2 MINISTRY OF HEALTH
1.2 billion lei (~\$266,460,412)
- 3 CHISINAU GENERAL DIRECTORATE OF PUBLIC TRANSPORTATION AND ROADS
610 million lei (~\$135,450,709)
- 4 STATE ROAD ADMINISTRATION
560 million lei (~\$124,348,192)
- 5 CENTRAL REGIONAL DEVELOPMENT AGENCY
344 million lei (~\$76,385,318)



The BI procurement data analysis tool also provides other procurement data and indicators. It shows that, during 2022, around 2,400 companies were active in the public procurement market, participating with tenders. Of these, around 1,800 companies won at least one public procurement contract.

Over half (52%) of the total procurement budget was spent on the procurement of works, about one third (35%) on the procurement of various goods, and about 12% on the procurement of services.



With regard to infringements admitted by authorities in procurement, statistics show that things have not improved and the degree of accountability of contracting authorities is low. This is demonstrated by the data in the [Results of the Monitoring of Public Procurement by the Public Procurement Agency for 2022](#).

ACCORDING TO THE FINDINGS, "for only 53% of the procurement procedures carried out with various deviations from the legislation, the detected shortcomings were fully removed. The remaining procurement procedures were completed with deviations from the legal provisions, correspondingly affecting the entire process of conducting the procurement procedures and violating the principles of public procurement".

Among the most common violations admitted by the authorities in the procurement process are:

- ❑ FAILURE TO COMPLY with the requirements for conducting the negotiation procedure without publication;
- ❑ NONCOMPLIANCE WITH THE LEGAL provisions on qualification requirements;
- ❑ FAILURE TO PUBLISH annual procurement plans on the contracting authority's website;

- ❑ LACK OF COMPLIANCE with the legal provisions on the award criteria applied;
- ❑ FAILURE TO WRITE AND PUBLISH notices of intent in the Public Procurement Bulletin;
- ❑ FAILURE TO DRAFT AND PUBLISH notices of intent in the public procurement bulletin;
- ❑ CONTRACTS AWARDED TO UNQUALIFIED economic operators or those that do not meet the established requirements; and incomplete or improperly submitted Single European Procurement Document.



IDIS believes that the lack of accountability of the authorities and the perpetuation of violations and illegalities in procurement is mainly due to the lack of controls and sanctions. However, the monitoring reports of the Public Procurement Agency are only recommendations.

There has been a positive development in the public procurement sector demonstrated by the considerable increase in the volume of public financial resources spent on the procurement of goods, services, and works by public authorities. However, monitoring results, by the Public Procurement Agency and by civil society, indicate a significant number of violations and a low degree of accountability on the part of non-compliant contracting authorities.

**Author: Diana Enachi,
Project Coordinator and
Procurement Expert at IDIS**



PURCHASES OF PETROLEUM PRODUCTS FOR 2023 FOR THE BALTI CITY HALL: HIDDEN INVOICES AND EXORBITANT VOLUMES

» Over 24 thousand liters is how much fuel the City Hall of Chisinau needs per year. For Balti City Hall in 2023, that much fuel would cost almost 450,000 lei (~\$99,922). In the framework of the Public Procurement for All project, subgrantee Association for Human Rights Lex XXI carried out an investigation, which highlights the exorbitant volumes of fuel purchased by the Balti City Hall compared to other districts or Chisinau.

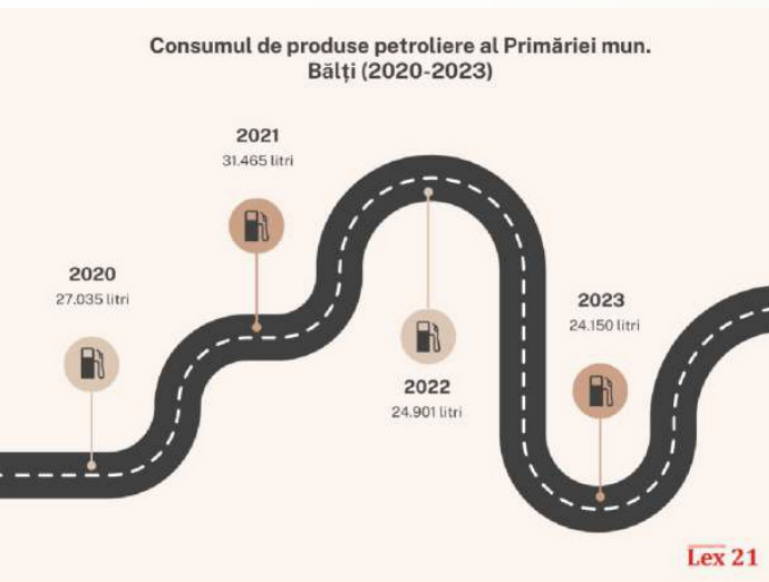
In comparison, the Orhei District Council purchased 21 thousand liters of fuel in 2023, while the Orhei City Hall purchased 21 thousand liters of fuel in 2023. Balti City, which has a smaller area than Orhei District, bought nine percent more fuel.

Another example is the General Directorate of Education, Youth, and Sport of Chisinau, which

purchased 8,350 liters of petroleum products for 2023. In comparison, for the same year, the Directorate of Education, Youth, and Sport of Balti purchased 6,600 liters of petroleum products, although it has far fewer schools and students.

From 2020 to 2022, Balti City Hall set a record, purchasing enough petroleum products (gasoline and diesel) to travel from Moldova to Antarctica

108 times. The Balti City Hall purchased over 83 tons of petroleum products, which cost the local budget almost 1.3 million lei (~\$288,665).



This is the planned purchase fuel consumption. Only at the end of this year, we will announce whether or not we have used these 24 thousand liters and out of this 24 thousand we could use only 15 thousand liters.

In March 2023, the Human Rights Association Lex XXI sent several requests for information to the Balti City Hall, requesting information on the number and type of means of transport owned or at the disposal of the City Hall, as well as on the amount of money allocated for their maintenance. However, the Balti City Hall asked for money in exchange for a response to the request for information, which is totally in contradiction with the Law on Access to Information.

"According to the Access to Information Act of 2000, charging fees for information of public interest is justified only in exceptional cases, when we are talking about unpublished information or summary information, which requires services such as translation, synthesis of information, and so on. Questions such as „How many cars does your Directorate have?” are not summary questions. I am sure that each Directorate knows how many cars it has," said Valeria Ciolac, Representative of the Human Rights Association Lex XXI.

The Mayor of Balti, Nicolai Grigorshin, said that issuing an official and consistent response from the local authorities on the documentation of one subject or another requires time and that would mean additional work. *"On such requests, a single specialist probably works for a week or ten days. The specialist leaves their work aside and works on this request, identifying which car and how long the car has been in the repair process, what kind of tools were used, and how many gallons of fuel were used and where. I do not think anything is being violated here; I am sure there are no such violations,"* said Mayor Nicolai Grigorshin.

Mayor Grigorshin added that City Hall will purchase the volume of petroleum products according to the monthly transport needs of the local public authority. *"This is the planned purchase fuel consumption. Only at the end of this year, we will announce whether or not we have used these 24 thousand liters and out of this 24 thousand we could use only 15 thousand liters,"* he concluded.

As for the public procurement in which only Lukoil-Moldova participated, Balti City Hall replied that this economic operator submitted the offer with the best price.



CIVIL SOCIETY AT THE MERCY OF PUBLIC MONEY - TO WHICH VIOLATIONS DID THE AUTHORITIES IN RISCANI DISTRICT ADMIT?

» Civil society representatives from Riscani District identified several violations in the work of the authorities: public money spent unjustifiably, repair work carried out with violations, and undeclared gifts of tens of thousands of lei. The violations came to light in the process of monitoring public procurement in two state institutions in the District.

Localinvest monitored how the money allocated for repair works in a block of the District hospital was spent and how the money allocated for road maintenance in Riscani District was managed. There were several violations due to the incompetence of the local authorities. In the

process of designing and planning the works, the need to install the electricity system was not taken into account, which prompted those responsible to identify solutions. At the time, the District Council and hospital representatives blamed each other for the blunder.

ALEXANDRU CRIGAN,
Director of Localinvest:



"In the repair procedure of the clinical laboratory, two types of deviations were detected. Rooms were repaired when the electrical system was not installed and it was necessary to make a small value contract

afterward in order to install the electrical system. In addition, we identified a gift that the contractors made in the form of a

shower stall. We were curious to find out what the state of this gift was, whether it was evaluated and if it is acceptable or not. If it is acceptable, it must be on the gift register, which is required by our legislation. However, we have not received an answer. We are still reflecting on the situation created in these two public institutions."



Public organizations were selected throughout Moldova to monitor how public money was spent for a year.

CAROLINA UNGUREANU,
Deputy Director of IDIS:

"We had a national open call and selected the best ideas and projects at the national level of eight civil society organizations to monitor public procurement procedures in the Republic of Moldova."



According to IDIS representatives and other NGO representatives from the region, the future role of civil society in monitoring the process of public money management is an important one.

CAROLINA UNGUREANU,
Deputy Director of IDIS:

"I believe that we need to strengthen the capacities of authorities and public associations at the national and regional levels to monitor public money. As contracting authorities spend citizens' money, public money should come with recommendations for improvement."

AURORA SEREDIUC,
representing Bashtina:

"Such projects are necessary, current, and timely. It is gratifying that the monitoring activity of Localinvest was entirely through the prism of transparency and the public in Riscani District, from all over the district, knew about and participated in the project."

The public procurement monitoring actions of Riscani District Council were investigated by subgrantee Localinvest in the framework of the Monitoring Public Procurement in Local Public Institutions in Riscani District project. The project is implemented by the Institute for Development and Social Initiatives (IDIS) Viitorul in collaboration with Partnership for Transparency Fund (USA).

Source: www.tvn.md



INDUSTRIAL PARK ON PAPER

» "Together we will create an investment-friendly environment!" is the message you see as soon as you open the homepage of the Cahul Industrial Park website. In the background is a picture of a modern four-story building and in front is a parking lot, a paved road, and sidewalks. From the same website, we learn that the park is a total area of 5.8 hectares with 16 thousand square metres of unfinished buildings, over 40 thousand square metres of vacant land, ancillary buildings, and 140 parking spaces. At first glance, the Cahul Industrial Park looks ready to welcome its residents. It is one thing on the website, another in reality. However, what should be an industrial area with well-developed infrastructure looks like a ruin - old buildings like concrete skeletons and land left in disrepair. Only one building appears to have been renovated.

Cahul District Council is the owner of the Industrial Park, located on the ruins of a former cheese factory. The land and buildings were given by Cahul District Council free of charge for a 30-year period to a company founded by three local businessmen - Sud-Invest Company SRL. The contract was signed in September 2014, just four months after Sud-Invest Company SRL was founded. In March 2016, the company was granted industrial park status by a government decision. Now, Sud-Invest Company SRL has the right to manage the public

good for industrial purposes, develop it properly, and select the resident economic agents, which will have a number of benefits, including tax incentives. According to the same government decision, the economic agent would have to connect this territory to Cahul's public utility network within two years. Otherwise, it risked losing the status of park administrator. In addition, according to the business plan, the economic agent had to invest 13.2 million lei (~\$2,931,064,533) to renovate the administrative building.

DUMITRU CREȚU,
*interim chief of the Construction and Roads
Department, Cahul County Council:*

"The building is as it was and still is. Why did they go and sign that they would restore it? Well, simply, maybe to secure the lease contract with such an idea, in any way, knowing they might not actually do it. For example, if it were me, I would think twice before taking something like this upon myself. It means, I presume, they wanted to gain control of this territory at any cost, but what will happen next – we will clarify."

However, the plans changed along the way. "Instead of renovating the administrative building, in the end, we decided to repair a production hall," said Dumitru Susanu, the Administrator and one of the founders of Sud-Invest Company SRL.



DUMITRU SUSANU,
administrator, Sud-Invest Company SRL:

"After winning the competition, we thought about it, and we developed a concept, together with the Council, about what would be appropriate to start and what kind of work. So, we thought it would be a good idea to possibly build the administrative building. Now, in 2022, we realized that it's no longer reasonable to construct this office. The building is already in a deplorable state. We thought about launching a production that could truly justify to everyone that it's a warehouse. We've already built it; you can come and rent it or build a warehouse nearby. We want to show that the park will soon become functional."

Currently, we have invested over 12 million lei (~\$2,664,604) in the production hall."

In addition to the private investments, the state also contributed about 21 million lei (~\$4,663,057), provided from the budget of the National Fund for Regional Development and managed by the Southern Regional Development Agency (South RDAD) and the Ministry of Infrastructure and Regional Development. The Cahul District Council, in partnership with Cahul City Hall and Sud-Invest Company SRL, submitted a proposal for funding from the National Fund for Regional Development, which was spent mainly on construction or rehabilitation of the gas, electricity, and water supply network, as well as land-use planning. Dorin Coroian, a public procurement specialist at South RDA, said that, according to the government decision, such works should have been carried out by Sud-Invest Company SRL, the company that manages the park.

DORIN COROIAN,
public procurement specialist at South RDA:

"What we observed is the managing company had zero input on this project. The project was submitted by the Cahul District Council. The District Council and South RDA were involved in the implementation and financing came from the national fund. When the deadline for reporting to the government on the investments they made came, they started asking us what investments were made and said that we should report them. The point is that the law says that the given investments must be declared by the compa-



ny. They wanted to prove that they are doing something in the park, but what they are doing is not with their own forces and their own hands, so to speak."

Moreover, a company other than the one managing the park was contracted for the construction work. For this, the Southern Regional Development Agency organized a public procurement procedure.

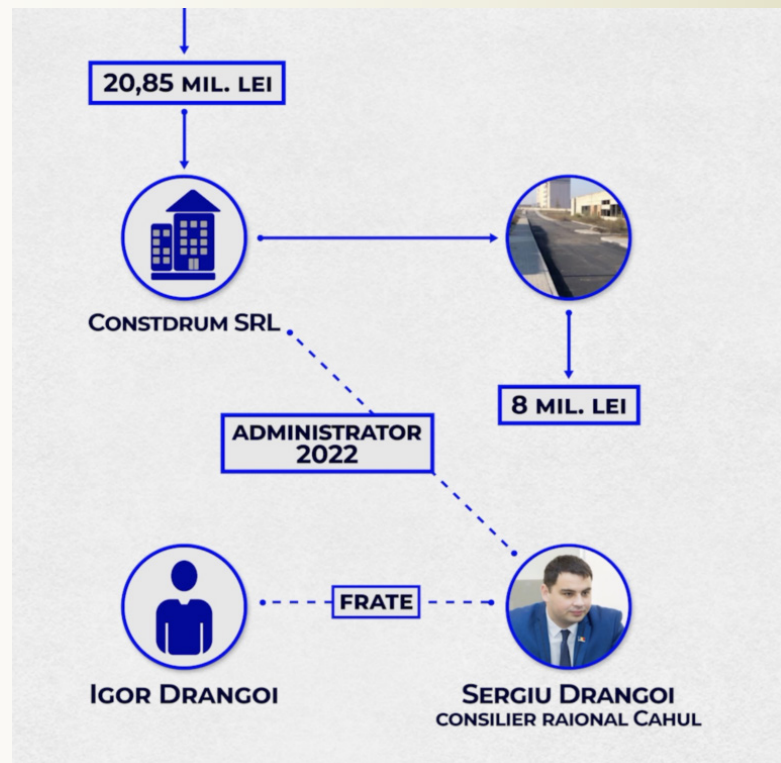
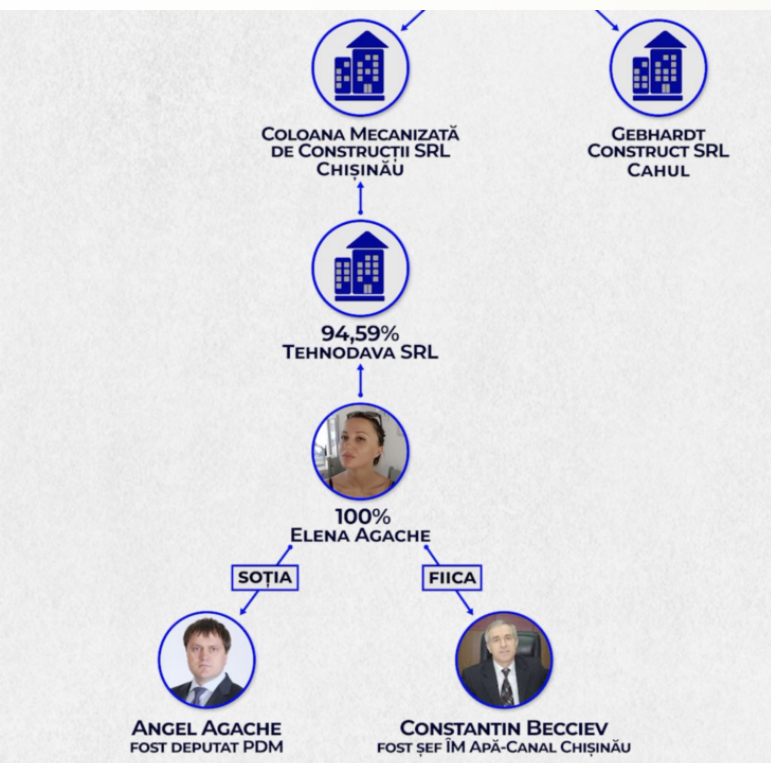
DORIN COROIOAN,
 public procurement specialist at South RDA:

"It was quite a complicated procedure. The first tender was canceled, because only two bids were submitted for the works and the minimum required was three. In addition, several irregularities were found in the bids. The economic operators were informed of the shortcomings that they had. In the repeat procedure, even a single offer would have been allowed or accepted. Once again, two bids were submitted and the same companies participated."

The two companies that participated in the auctions held in 2017 were Coloana Mecaniza-

tă de Construcții SRL, based in Chisinau, and Gebhardt Construct SRL from Cahul. At that time, Coloana Mecanizată de Construcții SRL was owned by another company, Tehnodava SRL, which was and still is the business of Elena Agache, the wife of the then Democrat MP Angel Agache and daughter of Constantin Becchiev, the former head of ÎM Apă-Canal Chisinau.

The second company belonged to Boris Susanu and his mother Nadejda Susanu. Boris Susanu is the brother of Dumitru Susanu, the current owner of Gebhardt Construct SRL. The two brothers own 45% and 51% respectively of the capital shares of Sud-Invest Company SRL, the administrator of the Cahul Industrial Park, run by Dumitru Susanu. Following the tender, the winning bid was awarded to the company from Chisinau, which received almost 21 million lei (~\$4,662,756) in public money. Coloana Mecanizată de Construcții SRL did not do the work alone, but also called on other companies. Among them was Constdrum SRL, a company owned, at the time of signing the subcontract, by Igor Drangoi, the brother of the Democratic Party local Councilor Sergiu Drangoi.





Constdrum SRL was largely responsible for asphaltting, installing kerbs and concrete slab paving. The value of the contract was more than eight million lei (~\$1,776,288) out of a total project cost of almost 21 million lei (~\$4,662,756). In February 2022, Democratic Councillor Sergiu Drangoi took over the management of Constdrum SRL.

SERGIU DRANGOI,

Administrator, Constdrum SRL:



"As far as I know, since I have been Administrator for about one year, Coloana Mecanizată de Construcții SRL has subcontracted a company to carry out the works for the asphalt concrete layer for access roads and sidewalks. As I recall, it was necessary to discontinue the contract with this company and then Constdrum SRL was contracted. Constdrum SRL finished some of the works concerning the finishing of the kerbs and pavement, because they were about 70% installed already and laid the asphalt concrete layer at the Industrial Park."

Sergiu Drangoi was Vice President of Cahul District from 2017 to 2019. For a short period, he was also the Interim Director of Cahul Roads, the joint-stock company with majority state capital. It was possibly a conflict of interest by favoring his brother's company when signing the sub-contract for the works at the Cahul Industrial Park.

.....

IN AUTUMN 2021, THE WORKS AT THE CAHUL INDUSTRIAL PARK CAME UNDER THE SCRUTINY OF THE NATIONAL ANTI-CORRUPTION CENTER,



which asked the Agency for Technical Supervision to check the volumes and costs of the construction works. The Agency

found unfinished works in the amount of about 16,400 lei (~\$3,641). In March 2022, the National Anti-Corruption Center opened a criminal case on embezzlement of foreign assets and the file was handed over to the Cahul Police Inspectorate, which is investigating the case. However, it is uncertain when there will be a functioning Industrial Park in Cahul.

THE FULL INVESTIGATION CAN BE ACCESSED [HERE](#).

This story was produced in the framework of the Follow the Public Money project carried out by subgrantee media project Meangingwise. The project is implemented by the Institute for Development and Social Initiatives (IDIS) Viitorul in collaboration with Partnership for Transparency (PTF). Responsibility for the content lies solely with media project CU SENS and does not necessarily reflect the opinions of IDIS, PTF, and the donor.

Source: www.cusens.md