

# Deficiencies and Proposals for Improving the Public Procurement System in Romania

Ionel PREDA<sup>1</sup>

## **Abstract**

*Over the last 30 years, public procurement systems worldwide have undergone reforms that have tried to increase the efficiency of using public funds, increase transparency, reduce the duration of procurement procedures, implement electronic procurement, etc.*

*These reforms implemented under constant public pressure are also justified by the fact that public procurement represents an important tool for achieving a number of governmental objectives.*

*In this context, the continuous improvement of public procurement systems is of particular importance, due to the very large amounts spent each year and the potential benefits that can be obtained.*

*This research analyzes the most important shortcomings of the Romanian public procurement system and identifies a number of solutions to improve it.*

*The study also presents the results of a survey among Romanian purchasers, which analyzes a number of issues such as: the difficulty of procurement procedures, the frequency of legislative changes, the size of legislative mismatches, the use of electronic procurement, the use of "white lists" and "black lists" ", the centralization of procurement, solutions to increase the quality of public procurement, etc.*

**Keywords:** *public procurement, e-procurement, white lists, blacklists, reverse auction.*

**JEL classification:** D73, H57, H83

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## **1. Introduction**

Around 14% of the European Union's GDP is spent every year on public procurement, meaning more than EUR 1.9 trillion, with around 350.000 contracting authorities at European level. If we add the purchases for public utilities, the percentage is 19% of the European Union's GDP and the annual amount exceeds EUR 2.3 trillion (European Commission, 2017).

The reform of public procurement systems aims to increase the efficiency of the use of public funds, to develop a society that is based on sustainable economic growth and equal opportunities. The main elements of the modern public procurement are: transparency, cost-benefit ratio, equity and good governance (European Commission, 2017). Transparency of procurement procedures also

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<sup>1</sup> Ionel Preda, The Bucharest University of Economic Studies, Email: [predaionel4@gmail.com](mailto:predaionel4@gmail.com), Telephone: 0040 724811741

allows public access to information, is a form of monitoring and implicitly a means of applying existing legislation (Kirm, M., Umek, L., Rakar, I., 2019).

A major issue is related to transparency and relationships with the stakeholders that go even beyond of just staying within the legal framework, but offering more interest and respect to the business partners. This is part of the corporate social responsibility and impacts all the fields of a business (Cristache et. al, 2019). Man, P. et al., (2014) also considers that the most important objective of public procurement is the effectiveness of the use of public funds, which is to ensure that contracting authorities have the products / services they need at the lowest possible price.

In Romania, there are many problems of the public procurement system. Bureaucratic procedures, legislative mismatches, lack of purchasers, poor training of the purchasers, lack of a central institution for the training of purchasers, use of the lowest price criterion instead of the best quality-price ratio criterion, high number of procurement procedures awarded on the basis of a single offer are only a few of them.

For instance, Dumitrescu, A., (2012) considers that the most important problems faced by economic operators participating in procurement procedures are establishing excessive conditions of participation or excessive selection criteria in relation to the object of the contract and estimating a value of procedure too low which leads to the treatment of the offers received as unusually low.

In 2018, according to the statistical data presented by The Romanian National Agency for Public Procurement (ANAP), 18,643 procurement procedures were initiated and finalized in Romania, with 29,069 public procurement contracts amounting to 42,484,208 thousand lei, VAT included, or about EUR 9 billion. The award criteria used were the lowest price – 15,887 procedures (85.22% weight), best quality-price ratio – 2,691 procedures (14.43% weight), best quality-cost ratio – 51 procedures (0.27% weight) and the lowest cost – 14 procedures (0.08% weight). The average duration of an open tender was 118 days and for a simplified procedure was 90 days. Of the total 29,069 contracts concluded, 11,808 (40.62% weight) were awarded on the basis of a single offer (ANAP, 2019).

Given these statistical data and the fact that very large budgetary funds are spent each year through the national public procurement system in Romania, it follows that the identification of deficiencies and measures to improve the public procurement systems is very important, which can lead to the achievement of government objectives, significant savings and increased efficiency of the use of funds.

## **2. Literature review**

Since the year 2018, by Romanian tertiary legislation in the field of public procurement, emphasis has been placed on the use of “ the best quality-price ratio” award criterion and “the lowest cost” award criterion instead of “the lowest price” award criterion.

This legislative change has taken place in a context where only a few EU Member States have implemented procurement policies that focus the awarding process on environmental, social or research / innovation criteria. Thus, the lowest price criterion is currently being used excessively, which does not allow for the best cost-benefit ratio, meaning the most economically advantageous offer is not always obtained. EU Member States are thus losing the opportunity to spend funds strategically and intelligently and generate positive indirect economic effects (European Commission, 2017).

This change reduces the affectation of competition by practicing dumping prices by some bidders and focuses on the quality of products, balance between lowest price and technical offer and on exploitation and maintenance costs during the life cycle, but in the long run can generate certain risks of corruption (Expert Forum & OLAF, 2014).

In 14 European countries is applied the selection or even exclusion of tenderers from the award procedures, as a measure of combating corruption. “White lists” are used as a precondition for qualification and selection and “black lists” are used to exclude some tenderers. Nowadays, unfortunately, at European level there is no real exchange of information between the EU member countries for combating fraud / cross-border crimes (IJC, 2015).

Another way of combating corruption in public procurement is the use of electronic means for the conduct of procurement procedures, namely the procedures which are carried out online. In these procedures all documents and offers, including the correspondence between contracting authority and tenderers (requests for clarification, answers, etc) are submitted in Romanian Electronic Public Procurement System (SEAP) (ANAP, 2015).

In fact, the evolution of public procurement worldwide over the last 20-30 years has been marked by the introduction of electronic procurement (e-procurement) using the internet for the conduct of procurement procedures.

The adoption of e-procurement simplifies public procurement procedures, increases their efficiency, improves transparency, enhances market competitiveness and facilitates the monitoring of procedures (European Commission, 2017).

The procurement procedures with estimated values exceeding the thresholds established at EU level are published daily on the platform “Tenders Electronic Daily – TED”, the objectives being to ensure transparency and to integrate Europe’s public procurement markets in order to obtain a better efficiency of the funds spent by increasing competition. In Romania, the thresholds for the estimated values above which procedures are published on TED are: 648,288 lei, without VAT, for supply and service contracts and 24,977,096 lei, without VAT, for works contracts.

In order to highlight the size of the amounts spent through EU public procurement and the importance of this platform, we mention that in 2015 procurement procedures amounting to a total of 450 billion euros were published on TED (European Commission, 2017). TED ensures free access to EU business opportunities, the participation and award announcements related to the procurement

procedures carried out by the Member States being published 5 times a week, from tuesday to saturday, in 24 official EU languages. Each edition has an average of 1,800 announcements, meaning over 460,000 per year, with an average of 91,000 visits per day (1.5 million pages viewed per day) (TED – Tenders Electronic Daily, 2016).

The external factors of the organization environment that encourage e-procurement are the increase of efficiency and competition (DiGrande, S., et al., 2013). These factors force managers of economic operators to make quick decisions to grow their businesses (and sometimes even to their survival) and to implement IT&C innovations, such as e-procurement (Rogers, E., M., 2003).

The implementation of e-procurement depends primarily on human factors and then technological factors and the satisfaction of users (economic operators and contracting authorities) indicates the success of implementation (Vaidya, K., Sajeev, A. S. M., Callender, G., 2006).

The success of e-procurement depends on the following factors: government support, number of contracting authorities and economic operators interested in using these systems, organizational culture, size of the running costs of electronic systems, the improved competition, the confidence in the supply chain (Eadie, R. et al., 2007, Minahan, T., Degan, G., 2001, Fernandes, T., Vieira, V., 2015).

The adoption of e-procurement has met a number of barriers and challenges. The most important are: cost of investment, security of electronic systems (data and information of transactions), lack of leadership, reluctance to adopt new technologies, change of thinking, lack of qualified purchasers, complexity of procurement, lack of proper legal system, underdeveloped IT&C infrastructure (Tran, Q., Huang, D., Liu, B., Ekram, H., 2011).

An option introduced in e-procurement systems in some countries such as the UK, Austria and the US is the "reverse auction".

The "reverse auction" consists of the simultaneous transmission of an invitation to purchase the same product to several economic operators that reduce the price up to a deadline. At the end of the auction, the economic operators can see which operator has won the procedure and at what price. Thus, direct and real competition leads to lower prices and significant savings.

The system was called: "reverse auction" because in the case of ordinary auctions buyers raise the price to win the auction, and at the "reverse auction" economic operators reduce the offered price and the contracting authority buys the product at the lowest price (Thai, K. V. et al., 2009).

In Romania through the Electronic Public Procurement System (SEAP) "reverse auction" applies in the case of procurement procedures, but does not apply in the case of direct procurement, which represent about 30-40% of the total value of purchases made in a budget year.

An important issue that has been addressed lately is the centralization of procurement.

Centralization of procurement occurs when all powers, rights and tasks related to the conduct of public procurement procedures are granted to a central agency and implicitly to a central procurement public officer / civil servant (Thai, K., V. et al, 2009).

An older model of centralized procurement system was the existence of central agency (with role of warehouse), which centrally purchased products that were later bought by beneficiary contracting authorities. This model is no longer practiced today. Today, most countries have set up central public procurement agencies that carry out procurement procedures, contracts being concluded by contracting authorities, which launch orders and receive products, making this system more flexible (Lukic, I., Belic, I., Vlaovic, D., 2015).

Public pressure and budgetary constraints have led governments to standardize and centralize public procurement. The demand aggregation can be done either by conducting procurement procedures by a central procurement agency or by making joint procurement by several contracting authorities. Demand aggregation can also help governments and contracting authorities achieve better cost-benefit ratios, achieve a range of social and environmental objectives and make procurement planning and monitoring more effective (European Commission, 2017).

Pranjic, I. and Turuk, Z., (2013), consider that centralization of procurement is justified when there are standardized products/services, with the same or very similar technical characteristics and there are economic operators who can provide these products / services at the beneficiaries' locations.

The main benefits of centralizing public procurement are: achieving economies of scale as a result of aggregate demand, standardizing purchased products, increasing the bargaining power of central procurement agencies and favoring electronic procurement (e-procurement) (Dimitri, N., Piga, G., Spagnolo, G., 2006).

### **3. Aims of the research**

The research aims to identify the main problems and deficiencies in the area of public procurement in Romania regarding the difficulty of procurement procedures, the award criteria used, the frequency of change of legislation, the use of e-procurement and the centralization of procurement. Research also aims to identify possible solutions to remedy these shortcomings and improve the public procurement system.

### **4. Research methodology**

This study is a survey based on a questionnaire. Qualitative analysis was carried out by mathematical processing of the results obtained from the centralization of responses from respondents.

The main steps of the survey were: drafting the questionnaire, identifying the respondents in the target group, sending questionnaires by email, receiving the answers from respondents, analyzing responses received and interpreting the results.

## 5. Target group description

The target group consists of 61 purchasers, 29 from economic operators and 31 from public authorities.

The questionnaire consists of 19 questions and was sent to respondents by email. The responses were received between 15.10.2019 - 13.11.2019 and consisted of grading scales, multi-choice grids and single-response grids. The target group of 61 purchasers consist of 34 women (55.74%) and 27 men (44.26%).

As regards the age of respondents, their distribution by age groups is presented in Table 1.

**Table 1. Distribution of respondents by age groups**

Age group	Number of respondents	Weight (%)
20 - 30 years	5	8.20
30 - 40 years	23	37.70
40 - 50 years	30	49.18
over 50 years	3	4.92

*Source:* author's conception

Out of the 61 respondents, 49 purchasers (80.33%) have the qualification of public procurement expert because they have completed the courses organized by the Romanian National Qualifications Authority (ANC). 7 respondents (11.48%) also have post-graduate studies in public procurement and 5 respondents (8.19%) have no qualifications.

Regarding the experience of respondents in the field of procurement, their distribution by age groups is presented in Table 2.

**Table 2. Respondents' experience**

Experience	Number of respondents	Weight (%)
0 - 5 years	11	18.03
5 - 10 years	20	32.79
10 - 15 years	20	32.79
15 - 20 years	7	11.48
over 20 years	3	4.92

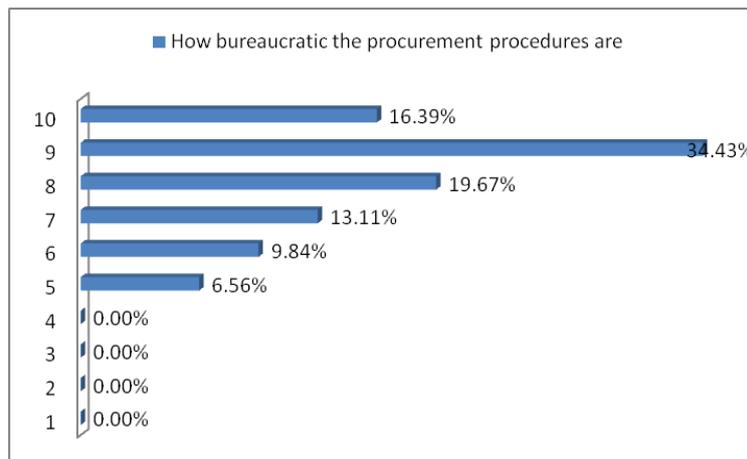
*Source:* author's conception

It is noted that most respondents have experience from 5 to 15 years, thus they have acquired sufficient knowledge, conducted many procurement procedures and are well aware of this area.

## 6. Findings

Public procurement procedures are known to be complex and time consuming. The difficulty of conducting procurement procedures in Romania was analyzed by the question: "On a scale from 1 to 10, how bureaucratic and cumbersome are procurement procedures?"

For the analysis of the answers, a scale from 1 to 10 was used, 1 being "lacking bureaucracy, easy" and 10 being "bureaucratic, cumbersome" (Figure 1). The most awarded scores were 9 (34.43% weight, 21 respondents), 8 (19.67% weight, 12 respondents) and 10 (16.39% weight, 10 respondents).



**Figure 1. How bureaucratic the procurement procedures are**

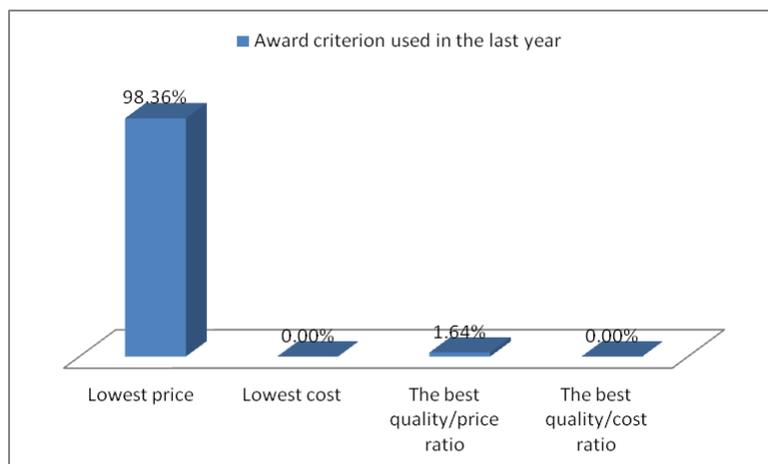
*Source: author's conception*

Since the average score is 8.15, it turns out that the surveyed purchasers consider that the procurement procedures are cumbersome and bureaucratic, and it is necessary to identify and implement measures to simplify them.

The following question addressed a much discussed topic in the field of public procurement: the award criteria used for the award of offers. According to Romanian Law no. 98/2016 regarding the public procurement, the forms of the award criteria are: the best quality-cost ratio, the best quality-price ratio, the lowest cost and the lowest price.

Next question was: "Which award criterion have you used most frequently in the last year?"

98.36% of the respondents answered that in the last year they used "the lowest price" award criterion and only one respondent (1.64% weight) used the award criterion "best quality-price ratio" (Figure 2), which means that in most cases the procurement procedures used the "lowest price" criterion (in the conditions of establishing the most complete technical specifications), the price being the main advantage pursued by the contracting authorities.



**Figure 2. The award criterion most used in the last year**

*Source:* author's conception

We mention that, in accordance with the provisions of art.187, paragraph (3<sup>1</sup>) of the Romanian Law no. 98/2016, the contracting authorities can use the lowest price criterion only if they purchase works, products or services with the estimated value lower than the thresholds of 24,977,096 lei, without VAT for works and 648,288 lei, without VAT for services or products.

Also, during 2018, the Romanian National Agency for Public Procurement (ANAP) issued a directive which requires the contracting authorities to the following:

- in the case of organizing a procurement procedure by lots, the way of establishing the award criterion is not done in relation to the estimated value of all lots, but in relation to the estimated value of each lot. This means that if a lot has an estimated value of more than 648,288 lei, without VAT (for services or products), then the lowest price criterion cannot be used for awarding it;
- in the case of a procurement procedure which is completed by a framework agreement, the award criterion is established by reference to the estimated value of the largest subsequent contract. If this value exceeds the threshold of 648,288 lei, excluding VAT (for services or products), then the lowest price criterion cannot be used.

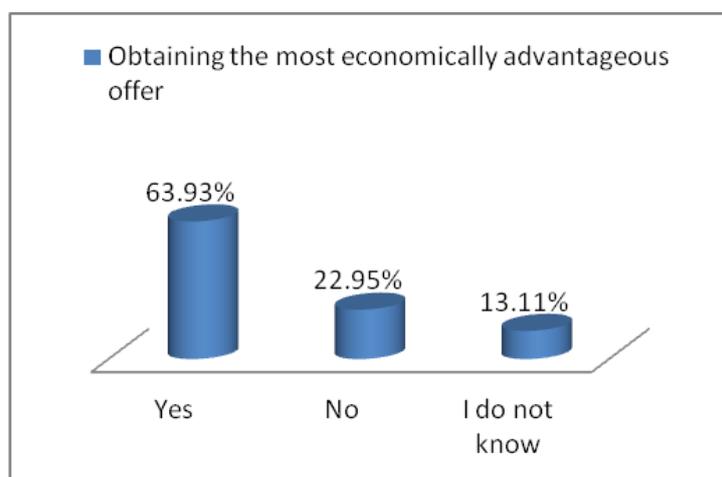
From the analysis of the received answers it results that the contracting authorities mainly use the lowest price criterion, imposing the fulfillment of minimum technical specifications. Thus, the application of the price factor in the evaluation process (in order to quantify the advantages that contracting authorities can obtain) is done at the expense of other factors such as the guarantee term, delivery term, technology used, etc.

Due to the regulations introduced by ANAP, it is very likely that in coming years the weight of use of the other three criteria will increase, because the number and value of the procurement procedures with estimated values that exceed the mentioned value threshold are significant. For example, in 2018 in Romania have

been carried out a number of 9,011 open tenders above the threshold (25.49% weight) with a total estimated value of 19,153,130,000 euros, excluding VAT (64.43% weight) and a number of 26,089 simplified procedures under the threshold (73.79% weight) with a total estimated value of 7,158,157,234 euros, excluding VAT (24.08% weight) (ANAP, 2018).

The Romanian legal regulations in force provide that the most economically advantageous offer will be obtained by using the award criterion. This is the subject analyzed by the question: “Did the award criteria used make it possible to obtain the most economically advantageous offer?”

63.93% of the respondents answered “yes” and 22.95% answered “no” (Figure 3). This means that the vast majority of contracting authorities have preferred to set minimum technical specifications as complete as possible, to ensure that the products / services meet the needs of the authority, thus considering that the use of the price as a single evaluation factor is sufficient.



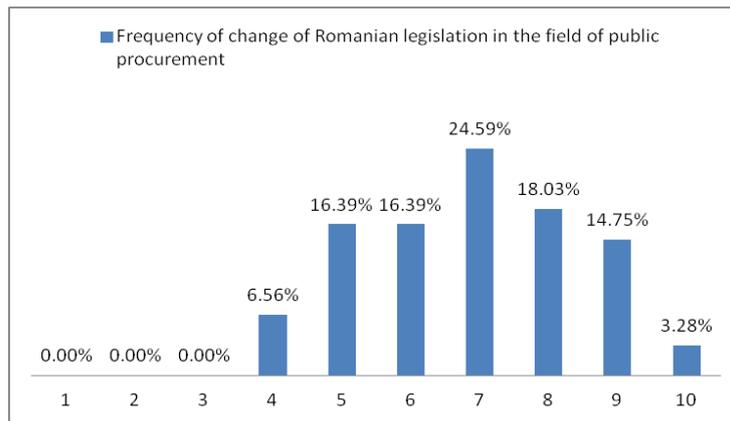
**Figure 3. Obtaining the most economically advantageous offer**

*Source: author's conception*

Unfortunately, 22.95% of the surveyed purchasers acknowledged that they did not obtain the most advantageous offer, which means that other factors for evaluating the offers could be identified, but this was not done.

The question “On a scale from 1 to 10, how often the legislation in the field of public procurement has changed?” analyzes the frequency of changing the Romanian legislation in the field.

For a better differentiation of the received answers, a scale of 1 to 10 was used, 1 being “very rare” and 10 being “very frequent” (Figure 4). The most awarded score was 7, in proportion of 24.59% (in absolute value - 15 respondents).



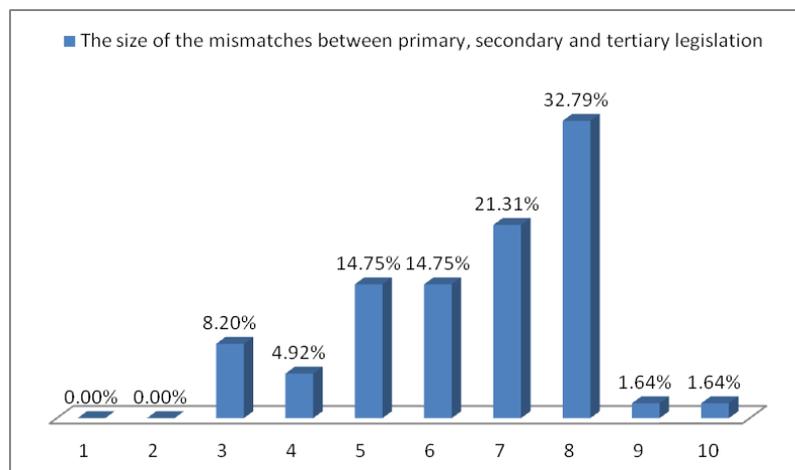
**Figure 4. Frequency of change of Romanian legislation in the field of public procurement**

*Source: author's conception*

77.05% of the questioned purchasers answered with scores higher than 5. The average of the scores is 6.89, so the respondents consider that the Romanian procurement legislation has changed often or very often.

The difficulty of public procurement procedures is also based on a series of legislative mismatches. The size of these non-correlations is addressed by the question: “On a scale from 1 to 10, how big are the differences between primary, secondary and tertiary legislation in the field of public procurement?”

From the analysis of the answers given by the respondents on a rating scale from 1 to 10 (1 being “small errors” and 10 being vbig errors”), we can observe that the highest score is 8 (32.79% weight, 20 respondents) (Figure 5).



**Figure 5. The size of the mismatches between primary, secondary and tertiary legislation**

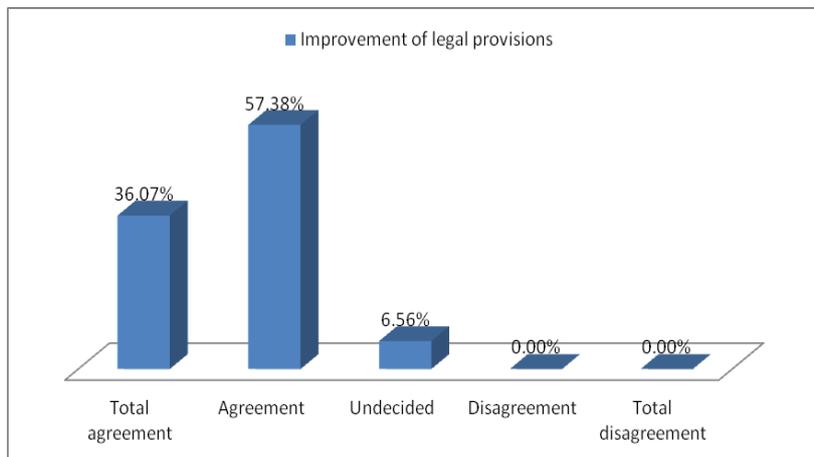
*Source: author's conception*

86.88% of the questioned purchasers replied with notes over 4, the average score being 6.49. Thus, the respondents consider that the size of the legislative inconsistencies is large.

It should be mentioned that the average score awarded by purchasers within the contracting authorities is 7.22, and the average score awarded by purchasers within the economic operators is 5.69. These results show that purchasers within the contracting authorities consider that the mismatches between the three types of legislation are bigger, because they carry out the procurement procedures and are more confronted with the problems caused by these mismatches.

Given the large discrepancies between the three types of legislation, the following question addresses the need to improve the legal provisions: “The current legal provisions in the field of public procurement should be improved?”

57.38% (35 respondents) agree and 36.07% (22 respondents) expressed their total agreement (Figure 6). Only 6.56% of the respondents were undecided and no purchasers responded with total disagreement or disagreement.



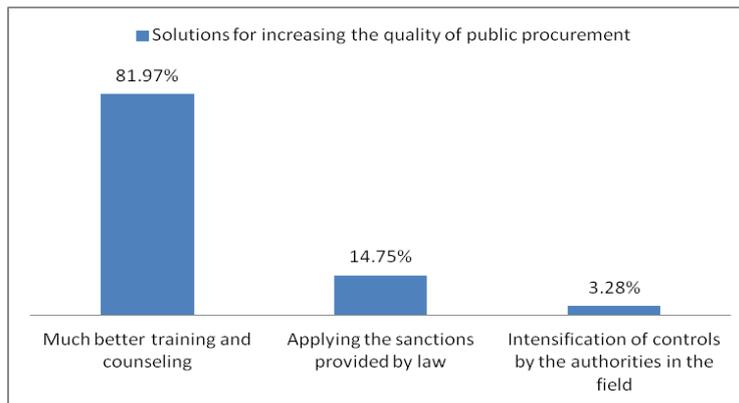
**Figure 6. Improvement of legal provisions**

*Source: author's conception*

It is clear from the responses received that 93.44% of the respondents consider that improvement of the current legal provisions is very necessary.

The following question addresses the possible solutions for increasing the quality of public procurement: “Which of the following solutions is most appropriate for increasing the quality of public procurement?”

81.97% of the surveyed purchasers (50 respondents) consider that the best solution is a better training and counseling, 14.75% (9 respondents) – the application of the sanctions provided by law and 3.28% (2 respondents) – the intensification of the controls (Figure 7).



**Figure 7. Solutions for increasing the quality of public procurement**

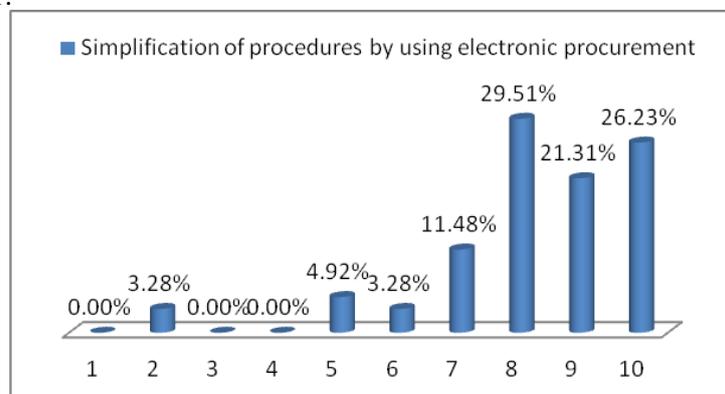
*Source: author's conception*

Thus, the vast majority of those surveyed consider that the solution for a successful public procurement process is the guidance / counseling measures and not the coercive measures.

In the last 15-20 years, in Romania and in the world there has been an increasing emphasis on the implementation of electronic procurement (e-procurement). E-procurement uses the internet, that is information and communication technologies (ICT), and presents a number of advantages such as increasing transparency of procedures, reducing procurement time, reducing communication costs between contracting authorities and bidders, ensuring greater competition that can lead to significant savings to the state budget, etc.

The simplification of procurement by the use of electronic means was analyzed by the question: "On a scale from 1 to 10, how much the mandatory use of electronic means simplifies the procurement procedures?"

The answers were given by the respondents on a scale of 1 to 10 (1 being "simplifies a little" and 10 being "simplifies a lot"). From the answers received it can be seen that the most awarded score is 8 with a weight of 29.51% (Figure 8). 88.52% of the questioned purchasers have granted scores over 6, the average score being 8.21.



**Figure 8. Simplification of procurement procedures by using e-procurement**

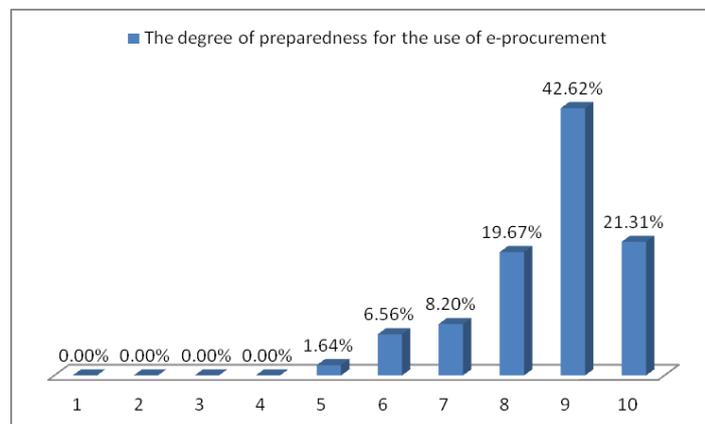
*Source: author's conception*

Thus, the respondents consider that the use of electronic means greatly simplifies the procurement procedures, which underlines the need to continue efforts to improve current software applications, as a measure to increase efficiency, transparency and reduce the time taken to conduct public procurement processes.

The average score awarded by purchasers within the contracting authorities is 7.59, and the average score awarded by purchasers within the economic operators is 8.90. These results show that purchasers within the economic operators attach greater importance to simplifying procurement procedures by using e-procurement because they no longer send paper documents and no longer have to go to the contracting authority's premises to submit them.

An important factor in implementing electronic procurement is the degree of institutions / companies preparedness for the conduct of e-procurement. This is the subject addressed by the question: "On a scale from 1 to 10, how much is your institution / firm prepared for the conduct of public procurement procedures by electronic means?"

The answers were given on a grading scale from 1 to 10, 1 being "not ready" and 10 being "prepared". The most awarded scores are 9 (42.62% weight, 26 respondents), 10 (21.31% weight, 13 respondents) and 8 (19.67% weight, 12 respondents) (Figure 9).



**Figure 9. The degree of preparedness for the use of e-procurement**

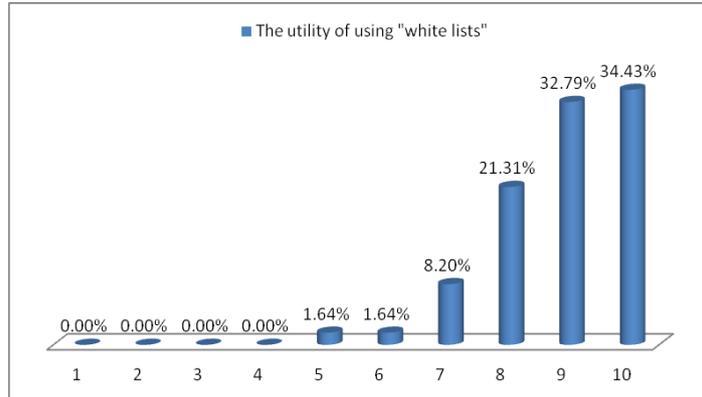
*Source: author's conception*

83.61% of the respondents answered with scores above 7. Because the average score is 8.59, it can be concluded that the surveyed purchasers consider that the institutions or companies where they operate are prepared for carrying out the procurement procedures by electronic means.

A measure to improve public procurement may be the introduction of "white lists" according to which the selection and qualification of the bidders are made, that is to say the offers of the economic operators that are on these lists are admissible. The question asked the respondents on this issue was: "On a scale from 1 to 10, how useful would it be to use the "white lists" (which contain the

companies that have fulfilled their contractual obligations) as a precondition of qualification and selection within procurement procedures?”

A rating scale from 1 to 10 was used, 1 being "would not be useful" and 10 being “would be useful” (Figure 10).



**Figure 10. The utility of using “white lists”**

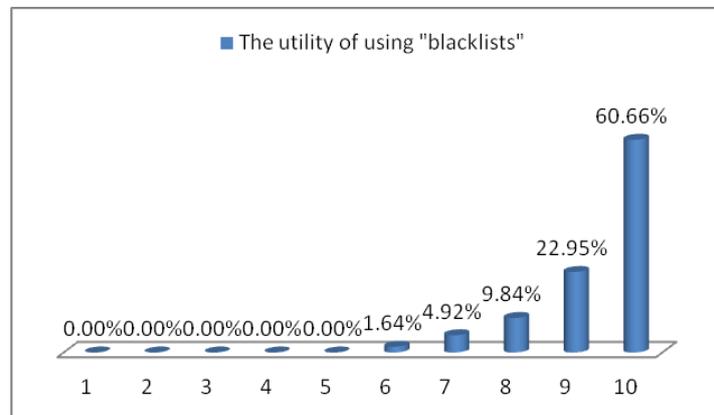
*Source: author's conception*

The most awarded scores are 10 (34.43% weight, 21 respondents) and 9 (32.79% weight, 20 respondents). 88.52% of the respondents granted scores above 7 and the average score is 8.85. So, the questioned purchasers consider the introduction of “white lists” can be very useful.

Another similar measure may be the introduction of “blacklists”, based on which tenderers who have not fulfilled their previous contractual obligations can no longer participate in the following procurement procedures.

The question was: “On a scale from 1 to 10, how useful would it be to use “blacklists” (containing companies that have not fulfilled their contractual obligations) to exclude bidders from the procurement procedures?”

The answers were given on a rating scale from 1 to 10, 1 being “would not be useful” and 10 being “would be useful” (Figure 11).



**Figure 11. The utility of using “blacklists”**

*Source: author's conception*

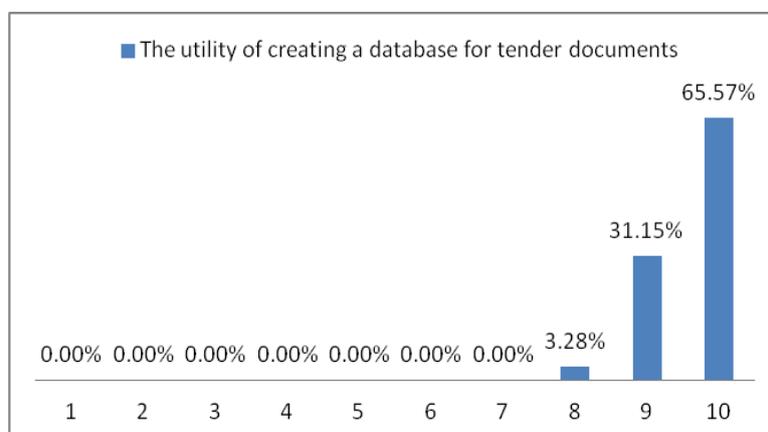
The most awarded score is 10 (60.66% weight) and 93.44% of the purchasers responded with notes over 7. The average score is 9.36, so the respondents consider that the introduction of “blacklists” would be very useful.

However, introducing such a measure may have limited effectiveness because at any time a person who set up a company that subsequently failed to fulfill his contractual obligations and entered the “black list”, may establish a new company which is not on this list and with which it may participate in the following procurement procedures.

Creating a database available to contracting authorities, from which they can extract some of the documents that tenderers must submit during the procurement procedure may be another improvement measure.

The usefulness of this measure was questioned by the following question: “On a scale from 1 to 10, how useful would it be to create a database to be accessed by the contracting authorities to extract some of the tender documents for bidders, so that they should no longer be required to present them?”

The answers were given on a rating scale from 1 to 10, 1 being “would not be useful” and 10 being “would be useful” (Figure 12). The respondents gave only grades of 10 (65.57% weight, 40 respondents), 9 (31.15% weight, 19 respondents) and 8 (3.28% weight, 2 respondents), the average score being 9.62.



**Figure 12. The utility of creating a database for tender documents**  
*Source: author's conception*

However, the implementation of such a measure, which the purchasers consider very necessary and useful, involves solving some very big technical difficulties, because it implies interconnecting the databases of the various institutions throughout the Romanian territory (Romanian National Trade Register Office, branches of the Romanian National Agency for Administration Fiscal, tax departments of local administrations, branches of the Romanian Auto Registry, etc).

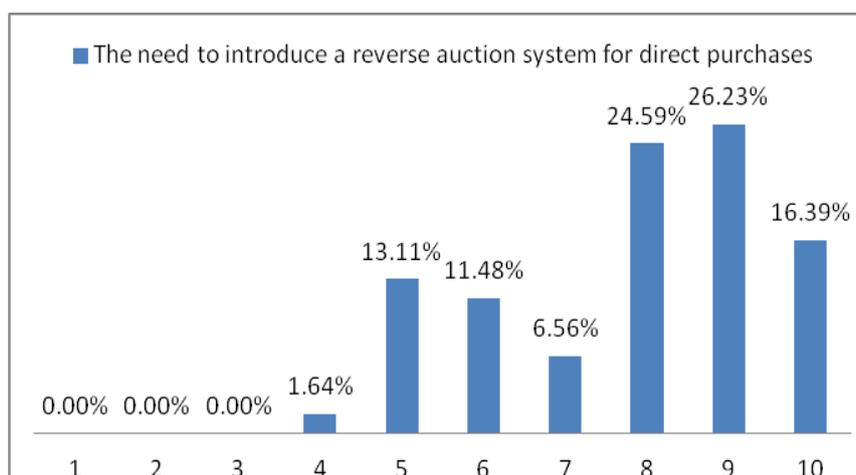
Approximately 40% of contracts / purchase orders are awarded through direct procurement, without a competitive procedure. Currently, direct procurement

from the Romanian Electronic Public Procurement System (SEAP) are carried out as follows: a contracting authority wishing to purchase a product consults the SEAP electronic catalog of products and services, identifies the offer that interests it and sends an invitation to the offeror which presents the product with the lowest price. The offeror will transmit the agreement to the contracting authority which will accept or will reject the offer. But the current system does not put the offerors in a real competition, situation that does not lead to obtaining competitive prices.

A solution implemented in other countries such as the United Kingdom, Austria and the United States of America is the “reverse auction”, which implies the simultaneous transmission of requests for tenders to several economic operators, which have the possibility to reduce the price up to a certain deadline set by the contracting authority. Thus, the competition is real and significant savings to the state budget are obtained.

The following question addresses the usefulness and necessity of introducing a “reverse auction” system for direct procurement: “On a scale from 1 to 10, how useful and necessary is the introduction of a reverse auction system by which several economic operators will compete at the same time for the same direct purchase in SEAP?”

For the analysis of the answers a scale from 1 to 10 was used, 1 being “not necessary, useful” and 10 being “necessary, useful” (Figure 13). The most awarded scores are 9 (26.23% weight), 8 (24.59% weight) and 10 (16.39% weight).



**Figure 13. The utility and necessity of introducing a reverse auction system for direct purchases**

*Source: author's conception*

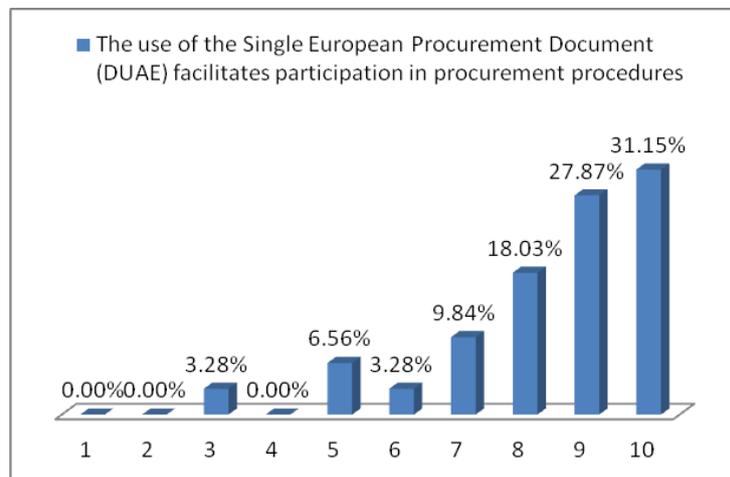
Given that the average score is 7.84, we can say that the respondents consider that the introduction of the reverse auction system is very necessary and useful, especially for the direct purchases which are carried out through the Romanian Electronic Public Procurement System (SEAP). The adaptation this

software application does not require very high costs and can bring significant budgetary savings.

The Single European Procurement Document (DUAE) was introduced in 2016. This is an electronic declaration by which the offerors declare that they meet the qualification and selection criteria established by the contracting authority. The declaration is a standard form, being a preliminary proof that replaces the documents issued by various state authorities (certificates, criminal records, etc.). At the end of the procedure, only the offeror ranked in the first place presents the documents that will prove the fulfillment of the requirements of the DUAE, and the unsuccessful tenderers shall not submit any documents.

The following question addresses the utility of the DUAE implementation: “On a scale from 1 to 10, how much the Single European Procurement Document (DUAE) facilitates the participation of economic operators in procurement procedures?”

The answers were given by the respondents on a scale from 1 to 10 (1 being “simplifies a little” and 10 being “simplifies a lot”). From the analysis of the received answers we can observe that the most awarded scores are 10 with a weight of 31.15% and 9 (weight 27.87%) (Figure 14). 77.05% of the questioned purchasers granted scores above 7, the average score being 8.38.



**Figure 14. The use of the Single European Procurement Document (DUAE) facilitates participation in procurement procedures**

*Source: author's conception*

Therefore, the respondents consider that DUAE simplified and facilitated the participation of economic operators in the procurement procedures, which shows that it is imperative to identify and implement similar solutions.

The average score awarded by purchasers within the contracting authorities is 7.84, and the average score awarded by purchasers within the economic operators is 8.97. As expected, the results show that purchasers within the economic operators appreciate more the use of DUAE than purchasers within the

contracting authorities, because DUAE is an electronic declaration given by oferrors, which initially replaces various documents. These documents must be presented later only by the oferror in the first place of the ranking.

A subject addressed by the specialized literature is the need to centralize the procurement, by acquiring representative categories of products / services in a centralised manner by a central institution.

Centralizing the procurement presents important advantages, such as: achieving economies of scale as a result of larger quantities, increasing the efficiency of the procurement process, reducing storage costs, standardization of purchased products, better coordination of procurement, increasing the bargaining power of the central institution, etc.

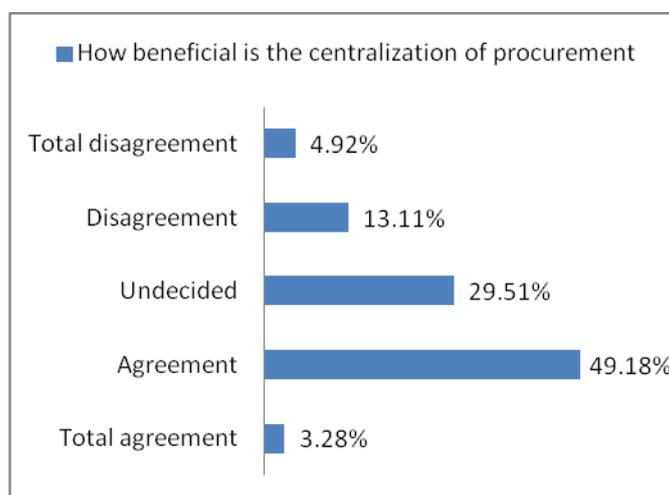
Also, the centralization has a number of disadvantages such as: limiting the participation of small and medium-sized companies, delaying the entire procedure in the event of appeals, losing the professional expertise by the purchasers of the beneficiary institutions, increasing the risks of corruption or possible anti-competitive agreements.

In Romania, the National Office for Centralized Procurement (ONAC) has been established by Emergency Government Ordinance No 46/2018. ONAC is the institution that makes centralized procurement at national level for some types of products such as: motor vehicles, pharmaceuticals, IT products, office supplies, furniture, fuels for motor vehicles, etc.

As we have shown, centralizing procurement has both advantages and disadvantages. That is why we considered it necessary to ask the respondents if they consider centralization to be a beneficial process to the contracting authorities.

The question was: “Is centralization of public procurement by the establishment and operation of ONAC beneficial to the contracting authorities?”

49.18% (30 respondents) of the surveyed purchasers agreed, 29.51% (18 respondents) were undecided and 18.03% (11 respondents) expressed their complete disagreement or disagreement (Figure 15).



**Figura 15. How beneficial is the centralization of public procurement**

*Source: author's conception*

In conclusion, it can be stated that most of the respondents consider that the centralization of the procurement is beneficial to the contracting authorities, the purchasers being aware of both the limited advantages and the disadvantages involved in centralization.

## 7. Conclusions

This research contains a survey analyzing the most important shortcomings of the Romanian public procurement system and a number of solutions to improve it.

After analyzing the responses received, most respondents consider that procurement procedures are bureaucratic, legislation has changed very often, the size of the legislative mismatches is large, the improvement of the current legal provisions is very necessary, the best solution to increase the quality of public procurement is better training of purchasers and the use of electronic means greatly simplifies the procurement procedures.

Furthermore, the respondents still use the lowest price criterion very much and believe that introducing the “white lists” and “black lists” would be very useful, introducing the reverse auction system for direct purchases is very necessary / useful and the centralization of purchases is beneficial to contracting authorities.

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