

Procurement under INTERREG NEXT cross-border cooperation programs for beneficiaries in REPUBLIC OF MOLDOVA

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Abstract

This article examines the INTERREG NEXT Program, which supports cross-border cooperation between the regions of the European Union (EU) and the Republic of Moldova (RM), contributing to economic, social and cultural development in border areas. A central element in the implementation of projects financed by this program is procurement, which ensures an efficient, transparent and compliant use of European funds. Procurement of goods, services and works facilitates the modernization of infrastructure, stimulates the local economy and generates employment. Compliance with European legislation and procedures is essential and the correct application of financial thresholds determines the choice of the appropriate procedure. Procurement documents, award methods and deadlines are clearly regulated to minimize legal and financial risks. However, challenges such as excessive bureaucracy, beneficiaries' lack of expertise and regulatory complexity can delay project implementation. Annex II to the Financing Agreements thus becomes a crucial tool for aligning national procedures with EU regulations. Efficient procurement management contributes significantly to achieving the objectives of cohesion, sustainability and regional integration.

Key words: Cross-border cooperation; European regulations; INTERREG NEXT; integration; procurement

JEL Classification: M40, 41

I. INTRODUCTION

Procurement under the INTERREG NEXT cross-border cooperation programs is intended to support the implementation of development projects in the border regions of the European Union and the Republic of Moldova. These purchases are essential to ensure efficient management of the allocated funds and to achieve the objectives set by each program. INTERREG NEXT plays a crucial role in bringing the regions of EU Member States closer to those of neighboring countries, promoting the development of common solutions to economic and social challenges. These programs not only stimulate progress in border regions, but also strengthen the bonds of solidarity and cohesion between them. Regional cross-border cooperation is decisive in strengthening relations between neighboring regions or states, stimulating cultural and traditional exchanges and promoting joint economic and social projects.

Another significant impact of **INTERREG NEXT** and procurement is infrastructure development and job creation. In border regions, where economic resources are often limited, investment in public infrastructure is essential to support economic and social development. Public procurement under cross-border programs creates opportunities for local and international suppliers to participate in infrastructure, education, health and rural development projects. These projects can include the construction of roads, schools, hospitals, cultural centers, and other initiatives aimed at improving the quality of life in the regions concerned.

Cross-border cooperation is not only limited to economic and infrastructural aspects, but also includes cultural and traditional exchanges that strengthen ties between communities. The program thus facilitates mutual learning about different cultures, traditions and values, thus contributing to better understanding and respect between border regions. These exchanges not only promote greater social cohesion but also help to strengthen regional identity as each community actively participates in creating a common space based on mutual respect and collaboration.

II. Basic content

In 1975, the European Community launched two regional policy instruments, one financial and one political: the European Regional Development Fund (ERDF) and the Regional Policy Committee (RPC), which are purely economic in nature and aim to support regions below the Community average in terms of their level of development. EU projects for EUROREGIONS are financed through the Structural Funds, under the INTERREG program (supporting cross-border, transnational and interregional cooperation and the harmonious and balanced development of the whole common space) (Cornea and Cornea, 2011). According to the Council of Europe and the EU, a key element in the economic growth and political stability of South East Europe is cross-border cooperation. Thus, numerous programs and initiatives have been adopted to encourage and support cross-border cooperation projects, one of the most widespread frameworks of cross-border cooperation (Soare, 2020, p.57).

Any cross-border region consists of a space, a certain number of human collectivities and the specific network of relations that link these collectivities in this space, but which are disrupted or even in opposition due to borders (Babin, et al, 2024, p.52). In the case of the EU, there are two types of cross-border cooperation: between EU Member States and between Member States and non-Member States. In the first case, cross-border cooperation contributes to reducing economic and social discrepancies and imbalances at EU level. In the second case, the aim of cross-border cooperation is to develop good neighborly relations with the states on the EU's borders, as well as to support economic and social development and promote European values in the partner states in the context of EU enlargement (ADRN, 2024)

The "INTERREG NEXT" program is a successor of INTERREG and its development phases are shown in Figure 1.

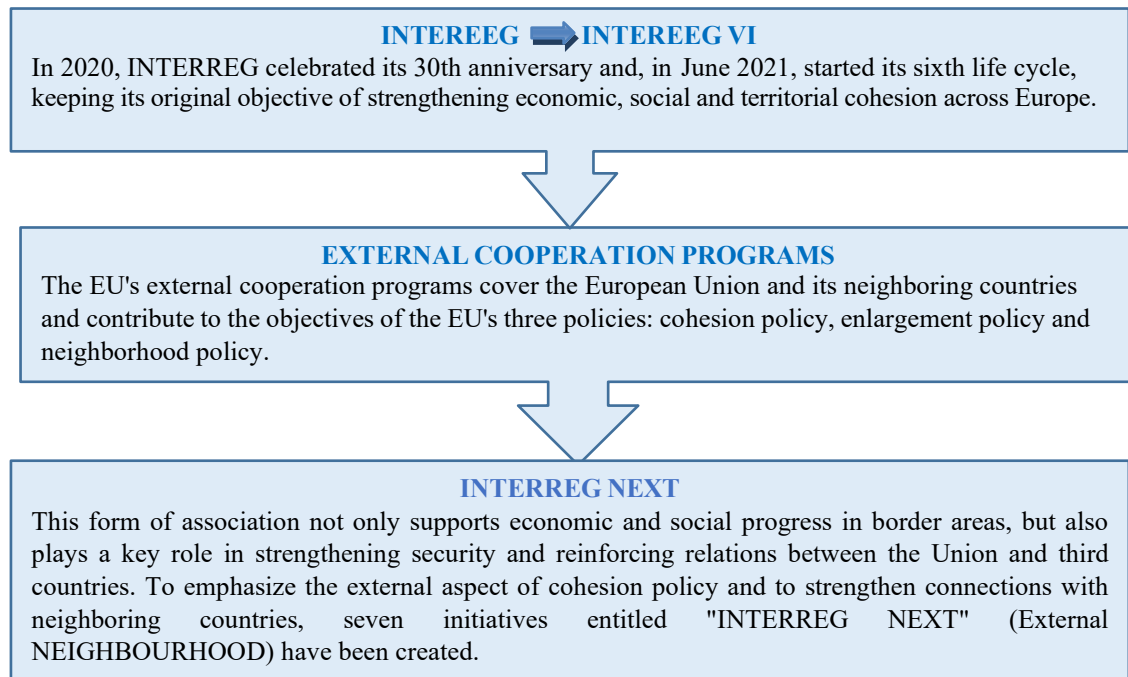


Figure 1. Development phases of INNTEREG NEXT

Source: authors based on [A2AF]

Regional cross-border cooperation can play an important role in the development of a region, both culturally and economically, and is a useful tool in building a more united Europe.

The objectives of cross-border cooperation can be grouped as follows:

- convergence and development of democratic human values;
- increasing the socio-economic development of cooperating regions (Turlakova, Slavova et al, 2019, p.472).

The **INTERREG NEXT** program is designed to support cross-border cooperation between different regions and countries in the EU. The countries participating in the program are usually those close to the EU borders and depending on the regions targeted by the program. The total area varies according to the specific program and covers areas of varying sizes, depending on the specific needs of cross-border regions, but can include small and large regions that are affected by common challenges such as economic development, climate change, infrastructure or environmental protection. The detailed information will be presented and explained in Figure 2, which clearly illustrates the relevant aspects of the analyzed program.



Figure 2. Component parts of INTERREG NEXT

Source: based on [<https://interregtesimnext.eu/about-interreg-next/>]

An important aspect of successful projects is the careful selection of beneficiaries, who must have the experience and capacity to manage the funds, work in cross-border partnerships and comply with specific regulations. They must also ensure that the projects are sustainable in the long term, bringing real benefits to the communities in the regions involved. Thus eligible beneficiaries of this program are presented in Figure 3.

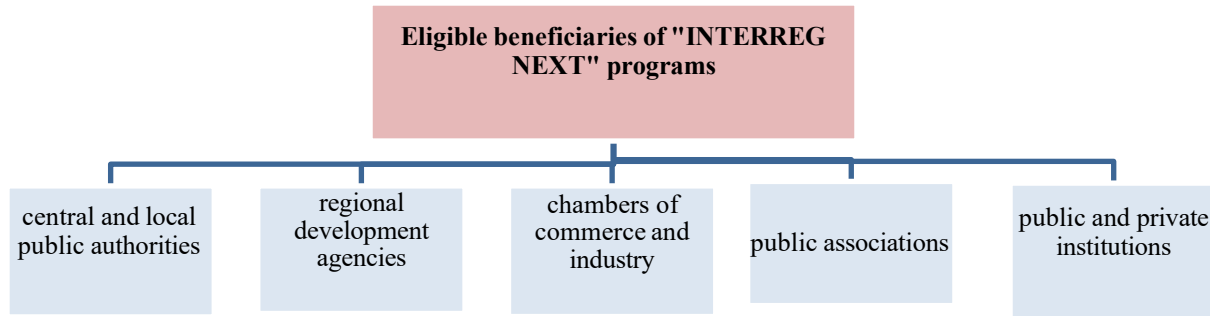


Figure 3. Beneficiaries of the Program

Source: based on <https://interregtesimnext.eu/about-interreg-next/>

The EU-Moldova relationship is the result of more than three decades of continuous building. The complexity of agreements and programs shapes an architecture that develops in a tree-like fashion. The branches represent the multiple dimensions and planes in which the political framework develops. Varying degrees of integration are determined by the economic and trade relationship, extended to education, labor mobility, research and development, culture, security, energy, transportation, etc (Ciobanu and Lincaru, 2021, p.135

The Republic of Moldova is a new candidate country and member of the INTERREG Europe Cross-border cooperation is a key element of the EU's policy towards its neighbors. It supports sustainable development along the EU's external borders, contributes to reducing differences in living standards and addressing common challenges in these border regions (Babin et al, 2024, p.52). The RM is eligible for participation in 3 EU co-funded programs namely:

1. INTERREG NEXT Program Romania - Republic of Moldova 2021-2027 (<https://ro-md.net/ro>)
2. INTERREG NEXT Black Sea Basin Program 2021-2027 (<https://blacksea-cbc.net/>)
3. INTERREG Danube Region Program INTERREG 2021-2027 (<https://www.interreg-danube.eu>)

According to the provisions of Government Decision No 888/2023 on amending and repealing some Government Decisions (structural reorganization of some public authorities), the National Authority for EU territorial cooperation programs was transferred from the Ministry of Finance to the State Chancellery (GD, 2023).

An essential element of a program is procurement, which plays a crucial role for the smooth implementation of projects financed, whether from public, European or private funds. Procurement is of paramount importance in ensuring the success of a project, and the correct and transparent procurement process can directly influence the quality, costs and timescales of project implementation. Procurement characterizes enterprise functions of a marketing, commercial and legal nature, which are aimed at organizing the purchase of physical goods and services that the enterprise needs to achieve its mission (Roman, 2015, p.5). According to the online explanatory dictionary "procurement"- a form of trade that consists in the purchase of products (agri-food) or materials (through special contracts) (8). The role of procurement in project implementation is imported and is reflected in Table 1:

Table 1. The role of procurement in the INTERREG NEXT program

Nr.	The role of procurement	Process description
1	Compliance with the law	Ensuring compliance with specific legal regulations and procedures, both at national and European level, for EU funds, allows legal requirements to be met and thus avoids legal and financial risks.
2	Maximizing the efficient use of funds	Good procurement allows the optimal allocation of financial resources, ensuring that money is spent efficiently and that the best value for money is obtained for the products or services needed to implement the project.
3	Transparency and accountability	A transparent procurement process ensures that all participants have a chance to compete fairly and that the process is open and easy to follow.
4	Reducing risks	Effective procurement management helps to reduce the risks associated with project implementation. This avoids delays, additional costs or delivery of products/services that do not meet quality requirements.
5	Proper contracting and monitoring	Effective procurement includes not only the selection of suppliers or service providers, but also proper monitoring of their implementation.

Nr.	The role of procurement	Process description
6	Collaboration between stakeholders	Procurement facilitates effective collaboration between public authorities, private organizations and other relevant project stakeholders, ensuring that all parties are clear about their roles and responsibilities.

Source: authors

Procurement is governed by different procedures depending on the type of procurement. There are three main types of procurement: goods, services and works.

Procurement of goods is one of the most common forms of public procurement. They concern the purchase of products and equipment necessary for the functioning of the institutions or different public entities. Procurement of services involves contracting service providers to provide services necessary for the functioning of the institutions or projects of public interest. The procurement of services is regulated in a similar way to the procurement of goods, but there are some notable differences, particularly in terms of the technical and performance requirements of the providers. Works procurement refers to contracts concluded for construction, repair or other infrastructure works. They are usually the most complex of the three types of procurement, given the technical nature of the works and their often high value.

Under the **INTERREG NEXT** program, **thresholds** refer to the financial limits that determine the type of procurement procedure to be used for awarding public procurement contracts. These thresholds are set to ensure transparency, fair competition and efficient use of European funds. They differentiate procurement procedures according to the estimated value of the contract and regulate the way in which tenders and tender selections must be conducted. The thresholds for each type of procurement are reflected in Table 2.

Table 2. Procurement thresholds

Procedure	Services	Goods	Works
Open or restricted	$\geq 300\,000\text{ EUR}$		$\geq 5\,000\,000\text{ EUR}$
Open locally	N/A	$\geq 100\,000\text{ EUR} < 300\,000\text{ EUR}$	$\geq 300\,000\text{ EUR} < 500\,000\text{ EUR}$
Simplified procedure	$> 20\,000\text{ EUR} < 300\,000\text{ EUR}$	$> 20\,000\text{ EUR} < 100\,000\text{ EUR}$	$> 20\,000\text{ EUR} < 300\,000\text{ EUR}$
Single tender	$> 2\,500\text{ EUR} \leq 20\,000\text{ EUR}$		
Pay by invoice	$\leq 2500\text{ EUR}$		

Source: authors based on [A2AF]

Thresholds are essential to ensure transparency in procurement procedures that depend on the value of the contract, and the application of thresholds guarantees a fair process for all participants. The use of thresholds allows for a fair allocation of resources and optimizes the way European funds are managed. Thus setting thresholds helps program beneficiaries to follow clear procedures that are in line with EU and national regulations, ensuring a fair use of public money.

In order to ensure efficiency and comprehensibility in the procurement process, it is important that the procurement documents are correctly completed. Figure 4 provides a clear representation of the required documents as required by the **INTERREG NEXT** programs. These documents are fundamental to ensure a proper and compliant procedure with internal and external regulations.

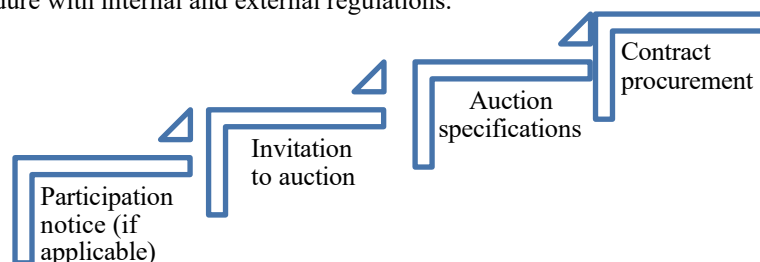


Figure 4. Procurement documents

Source: Authors based on [A2AF]

Procurement documents under **INTERREG NEXT** are a set of official documents, which are filled in and submitted throughout the whole procurement process. They are vital in the procurement process according to the applicable regulations. These documents not only define the terms and conditions of the contract, but also ensure that the bid selection process is carried out in a fair manner, guaranteeing an efficient procurement process free of conflicts of interest. Thus **the procurement notice** is the first step in the procurement process. It is the document by which the contracting authority publicly announces its intention to purchase goods, services or works, and includes essential information about the subject of the procurement, the terms and conditions of the contract, and the procedure for selecting the tenders. **Invitation to tender** is an official document by which a public authority or

contracting entity invites participants to submit tenders for the purchase of goods, services or works. It is part of the procurement process and is the means by which the authority informs the public or contractors of its intention to conclude a contract and of the terms and conditions for participation in the tender. **The contract documents** detail the technical specifications and contractual requirements of the goods, services or works to be procured. It defines the technical conditions, the criteria for the selection of tenders and the delivery terms. The specifications also include the financial, administrative and quality conditions of the procurement. The document is crucial to ensure that all parties involved in the procurement procedure clearly understand the requirements and expectations. **The Procurement Contract** is the final document governing the relationship between the contracting authority and the selected supplier or service provider, which stipulates all terms of delivery, payment, responsibilities of the parties and penalties for failure to comply with agreed terms. The signature of this document represents the finalization of the procurement process and the beginning of the actual implementation of the contract. Procurement documents thus enable the authorities to monitor the use of funds and ensure that the money allocated is spent as intended. The monitoring process is important in order to protect taxpayers' interests and to avoid any abuse in the management of public funds.

Also, for the award of the most economically advantageous bids, Figure 5 details the award methods used. These methods are essential to ensure a fair, transparent and efficient process in the selection of bids, leading to the best results for the program.



Figure 5. Award methods for the most advantageous tender

Source: Authors based on [A2AF]

In the context of procurement, compliance with deadlines is a fundamental element to ensure transparency, fairness and efficiency of the whole process. Deadlines are essential not only for the smooth running of procurement procedures, but also for ensuring a fair competitive environment in which all stakeholders have equal opportunities to participate and win public contracts. These deadlines, set by European and national regulations, directly influence the quality and success of the procurement process. In this respect, deadlines are fundamental from three main perspectives: preparing tenders, ensuring fair competition and the evaluation of tenders by contracting authorities.

Table 3. Deadlines for application of procedures

<i>Nature of the procedure</i>	<i>Restricted</i>	<i>Open</i>	<i>Local open</i>	<i>Simplified</i>
Services	30 days for the request to participate from the +50 days from the invitation	50 days after sending the invitation		30 days from sending the invitation
Goods		60 days after the contract notice	30 days after the contract notice	
Works		90 days after notification of contract	60 days after notification of contract	

Source: Authors based on [A2AF]

The INTERREG NEXT program is an important opportunity to develop cross-border cooperation between partner regions and countries, with the aim of strengthening economic, social and cultural relations. Under this program, beneficiaries - both public and private - must comply with certain rules and regulations governing the management of funds and project implementation. These rules are essential to ensure transparency, efficiency and consistency in the use of the financial resources allocated. Among the main applicable regulations are:

1. **Financing agreement** (each program has its own financing agreement, e.g. "Financing Agreement for the INTERREG next Black Sea Basin Program" (AF)

2. **Annex II to the Financing Agreements (A2AF)** is a key document detailing the rules and conditions to be respected by all beneficiaries under the INTERREG NEXT program. It covers issues such as the management of funds, reporting on progress and the correct use of financial resources. Annex II is an important guide for the correct and efficient implementation of projects, as it applies to all those involved, regardless of their status, be they public institutions or private entities in the partner regions. Thus, beneficiaries must be familiarized with these regulations in order to avoid any irregularities in the management of funds.

At the same time, for public institutions, there are specific requirements regarding the compatibility of national legislation with the regulations in Annex II. These requirements are designed to ensure that national legislation does not contravene European rules and that the fundamental principles of INTERREG NEXT are respected. For example, in the case of public institutions, certain national rules or procedures may need to be

adapted to comply with Annex II requirements. This adds an additional layer of complexity in project implementation, but also ensures consistency in the application of the rules. On the other hand, under certain conditions, there is a possibility to waive the application of national legislation, as per Article 8.2 (2) of the Law on Public Procurement, namely "*if the international treaty to which the Republic of Moldova is a party establishes rules other than those provided for in this Law, the rules of the international treaty shall apply*" (PL, 2015, as amended). This article allows for certain deviations from national rules if they are considered incompatible with the requirements set out in Annex II or European Regulations. This allows beneficiaries to have more flexibility in project management, but they must still respect the fundamental principles of INTERREG NEXT to ensure that the common objectives are achieved in an efficient and transparent way.

III. Conclusions

The implementation of INTERREG NEXT programs represents an important opportunity for regional development and for strengthening Moldova's cross-border relations with EU countries, but it also faces significant challenges. One obstacle is **administrative delays caused by cumbersome procedures**. These can significantly affect project implementation as the process of project selection, evaluation and approval can be slow and bureaucratic. Another factor is **beneficiaries' lack of knowledge in applying compliant procedures**. Many of those applying for funding lack the necessary knowledge to effectively navigate European regulations and requirements. This can lead to mismanagement of funds, irregularities in financial reporting and significant delays. Procurement is one of the biggest obstacles to project implementation. The procurement process is governed by strict and complex rules, which are often difficult to understand for those who are not familiar with the specific legislation. In addition, the many stages of the procurement process, from the publication of notices, the evaluation of tenders, the signing of contracts, to the actual delivery of goods or services, can become vulnerable to different interpretations of the regulations. These ambiguities can lead to challenges, reviews and even litigation, which can block project progress. Also, the lack of a clear framework of continuous training for staff involved in procurement can contribute to administrative and financial errors. Complicated regulations, lack of adequate training and administrative delays are thus factors which, when combined, can seriously affect project development and undermine the success of regional and cross-border initiatives.

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