

PUBLIC PROCUREMENT, A TOOL FOR ACHIEVING THE GOALS OF SUSTAINABLE DEVELOPMENT

Otilia Manta^{1*}, Mirela Panait², Eglantina Hysa³, Elena Rusu⁴
and Maria Cojocaru⁵

¹⁾Financial and Monetary Research Center “Victor Slavescu”,
Romanian Academy, Bucharest, Romania and Romanian-American
University, Bucharest, Romania

²⁾Petroleum-Gas University of Ploiesti, Romania

³⁾Epoka University, Tirana, Albania

⁴⁾⁵⁾State University of Moldova, Chisinau, Republic of Moldova

Please cite this article as:

Manta, O., Panait, M., Hysa, E., Rusu, E. and Cojocaru, M., 2022. Public Procurement, a Tool for Achieving the Goals of Sustainable Development. *Amfiteatru Economic*, 24(61), pp. 861-876.

DOI: [10.24818/EA/2022/61/861](https://doi.org/10.24818/EA/2022/61/861)

Article History

Received: 29 March 2022

Revised: 14 May 2022

Accepted: 5 July 2022

Abstract

This paper proposes a “systematization” of current concerns about sustainable public procurement, an investigation of ways and solutions for public procurement to make an increased contribution to achieving sustainable development goals. The authors emphasize the need to capitalize on all the components of sustainability, especially the social component and those on how to support the public procurement process in compliance with climate change procedures. It is very important for the authorities to take into account the social sustainability of public procurement when awarding contracts by introducing sustainability clauses in public procurement legislation. In order to clarify this issue, the national laws of the countries reporting to the World Bank on public procurement issues have been mapped, the opinions of other researchers have been systematized, as well as relevant studies of international organizations (OECD, European Commission, UNESCO, World Bank). Statistical data from the World Bank's Global Public Procurement Database (GPPD), systematized by group of countries, were processed using statistical tools to test the hypotheses.

Keywords: sustainable public procurement, climate change, economic development.

JEL Classification: E6, Q54, F63

* Corresponding author, **Otilia Manta** – e-mail: otilia.manta@rgic.ro



This is an Open Access article distributed under the terms of the Creative Commons Attribution License, which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited. © 2022 The Author(s).

Introduction

Increased interest in economic, environmental and social issues underlines the importance of sustainable development of society. Initially, the concept of sustainable development was defined by the World Commission on Environment and Development (WCED) as "... development that seeks to meet the needs of the present, without compromising the ability of future generations to meet their own needs" (WCED, 1987). Today, the concept of sustainable development is defined differently, but most definitions and interpretations outline balanced development with responsible decision-making for current and future decisions, whether it is the environment, the economy, or the social environment. "Sustainability is a paradigm for thinking about the future... A prosperous society relies on a healthy environment to provide food and resources, safe drinking water and clean air for its citizens" (UNESCO, 2021). Sustainability focuses on the concept of the "triple bottom line": economic prosperity, social responsibility and environmental protection. This concept expresses the consideration, at the enterprise level, of the three dimensions of sustainable development, to which is added the fourth dimension – the cultural one, promoted by UNESCO: "Sustainable development must be seen through the prism of four dimensions: society, environment, culture and economy – which are intertwined, not separate" (UNESCO, 2021)

Initially, climate change imposed increasing emphasis on environmental protection (Granovetter, 1978; Brandenburg, Gruchmann and Oelze, 2019), forcing businesses to change their goals from maximizing economic performance to sustainable development, so – balancing the needs of present and future generations (Chen et al., 2017). In order to eliminate the serious consequences of environmental damage and to reduce greenhouse gas emissions, the authorities encourage companies to apply the management of the green supply chain. However, it is difficult for businesses to implement sustainable supply chain management, and as the voice of environmental protection grows, more businesses are developing green products to meet consumer needs and stimulate carbon reduction (Mersereau and Zhang, 2012; Du, Zhang and Hua, 2015, Dinu, 2012) facing multiple challenges.

With the reorientation of consumer and shareholder preferences towards sustainable activities and products, CSCOs managing supply chain officers (CSCOs) must anticipate non-waste procurement strategies (Zero Waste) (Du, Zhang and Hua, 2015) If at present the criterion most often invoked by contracting authorities is "the lowest price", then in the conditions of implementing sustainable procurement the priority will be given to the criterion "lowest cost over the life cycle" of the product.

An increasing number of suppliers have adopted sustainability as an operational philosophy and this has led to changes in pricing strategies. Sustainable efforts often help simplify and streamline supply chain operations, providing economic benefits to both customers and suppliers through lower prices and improved service levels. The green alternative is no longer considered expensive. The potential of public procurement in achieving sustainable development goals is also recognized by international organizations such as the World Bank (World Bank, 2020). This justifies the share of government procurement in GDP. According to statistics published by the World Bank in 2018, the value of goods, services and works purchased by the public sector from the private sector accounted for about 12% (\$ 11 trillion) of global GDP (Bosio and Djankov, 2020).

The positive aspects of sustainability theory prevailed, and the supply chain and society became closer to it, through actions to implement sustainable management. The sustainability of the supply chain is considered “managing the economic, social and environmental impact by encouraging good governance practices, throughout the life cycle of goods and services” (Waaly, Ridwan and Akbar, 2018). Among these practices, an important place belongs to sustainable procurement, which companies can use effectively in promoting corporate governance based on sustainability criteria. We support this point of view, thus making it possible to identify those supply needs (procurement) that can be contracted on the basis of sustainability criteria. This goal can be achieved by implementing a sustainable supply chain management (SSCM) system, which, unlike the SCM (Supply Chain Management) system, measures integrated performance in terms of the Triple Bottom criterion: social, ecological and financial (Goran, 2007).

1. Research methodology

The methodology of the paper has as direct tools the collection of data and information from the literature and from existing practice in public and private institutions, but especially scientific articles published on specialized research networks (Researchgate, Academia.edu, etc.), published articles in various scientific journals, relevant specialized books in the field of reference, legislation, analysis and studies, official documents of various tax bodies, tax documents and interactive database of the European Commission, other relevant sources identified in libraries: Romanian Academy with related institutes, National Library, National Institute of Statistics, etc. Moreover, in the methodology we will analyze the documents using the comparative, analytical, descriptive method, non-participatory and participatory observation, the use of a set of information sources, the collection of financial data in the established databases. The authors also processed data from the World Bank’s Global Public Procurement Database (GPPD) database, annual reports, publications, consolidated statistics provided by the European Commission, OECD, published annually, data that were processed in order to provide an image both as a whole and analytically on the most important changes taking place in the European Union as a whole, but especially with the regulations on public procurement, considered representative for understanding the phenomena studied. The study was deepened in the application of the principles of sustainable public procurement in Romania and the Republic of Moldova, in order to make a comparison between a country – EU member state, such as Romania and a country that has the status of associate, such as the Republic of Moldova. The comparative analysis will allow the authors to formulate relevant conclusions for the approximation of the legislation of the Republic of Moldova to the EU *acquis* in the field of sustainable public procurement.

2. Results and discussions

Despite these arguments, both price and cost competitiveness are current. In this regard, the involvement of both the authorities and consumers, producers, is needed in order to start changing behavior. First, behavioral metamorphosis must be initiated by the demand bearers. The very concept of development involves meeting certain needs, some of which are financed by public money, through the public procurement system, which are considered by the European Parliament “a major driver for economic growth, job creation and innovation” (European Parliament, 2021). Also, another approach is needed, that of accounting for costs,

not only financial, but also environmental and social costs that will be taken into account when purchasing goods and services. As a major consumer, public money managers can use public procurement as a tool to educate sustainable and responsible consumption.

Public procurement plays a key role in the transition to a sustainable or circular economy. Including “sustainable principles” in procurement practices can help public sector buyers take a more holistic approach to sustainability – from the early stages of procurement to the end of the product’s life – while delivering potential savings. Public procurement is essentially a link between supply and demand, as in any private procurement procedure. However, public contracting authorities must be careful when awarding contracts, as they manage public funds and are responsible for taxpayers’ money. Laws and regulations on public procurement, which define the rules and procedures to be followed, are therefore generally based on two guiding principles: high public value for money and life-cycle costs.

The best value for money to ensure cost-effectiveness through competition and by acting correctly to ensure a level playing field for market participants is achieved by applying procedures that protect non-discrimination, equal treatment, transparency and proportionality. According to the UNDP definition, “the best value for money is the selection of the offer that presents an optimal combination of costs and benefits over the duration of the contract and meets the needs of the final beneficiaries. The best value for money is the result of several factors, including the quality, experience, reputation of the supplier and the parameters that measure how well the organization can achieve its strategic social, environmental, or other goals by procuring this good or service” (Roos, 2012).

Sustainable public procurement is currently gaining increasing interest from both researchers and society as a result of increasing environmental, social and economic challenges in both developed and developing countries. We must mention that most studies focus only on green acquisitions in terms of environmental impact, less being addressed social issues. Public procurement should be used primarily to maximize the social value of spending public money. Social sustainability can be supported by specifying criteria for social inclusion. Thus, when awarding the contracts, the first choice will be the offer with high social value, followed by the criterion of high economic value. At the same time, the concept of sustainable procurement is gradually evolving into “circular procurement” (Sönnichsen and Clement, 2020) which involves acquisition based on the “Total cost of ownership” principle. “Organic products will become the norm for citizens, but we will have to start with public authorities: ecological criteria for public procurement will become essential, so that public demand for similar products and services will grow exponentially” (European Commission, 2017a).

These goals can be achieved by increasing the impact of public investment through sustainable procurement. In this context, in October 2017 the European Commission launched the initiative for “more efficient and sustainable procurement” (European Commission, 2017b), which defined six priority areas. (Figure no. 1)

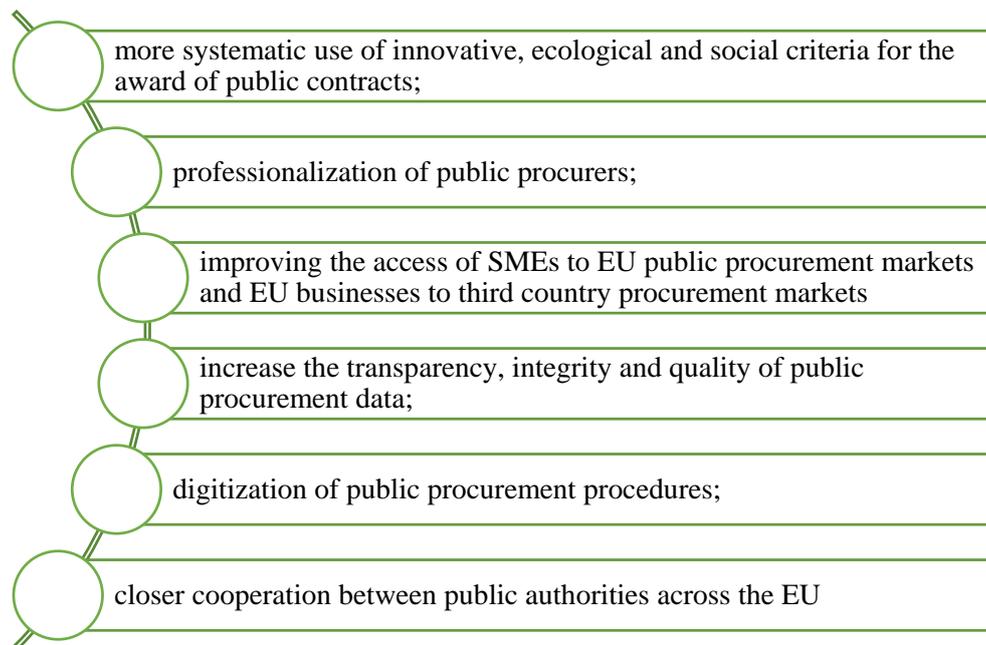


Figure no. 1. Priority areas for improvement defined by the European Commission's Public Procurement Initiative

Source: European Commission, 2017b

Sustainable public procurement is considered a catalyst for public investment (European Commission, 2017b.) A significant part of public investment in the economy of a country or community of states is spent through public procurement. About € 2,000 billion a year, accounting for 14% of EU GDP, is spent on public procurement, and this does not include the costs of public utility companies (about 5% of EU GDP). In OECD countries, public procurement accounts for about 15% of GDP, but can account for up to 25-30% in developing countries, with governments gradually using this purchasing power to move markets towards innovation and sustainability.

In order to analyze the impact of public procurement, the authors processed data for a sample of 77 GPPD countries, which reported in 2018 the percentage (%) indicator of Gross Domestic Product as Public Procurement Expenditure. The World Public Bank Procurement Database (GPPD) (World Bank, 2021) served as a source of research data. Figure no. 2 shows the distribution of 77 countries identified by the GPPD survey by the share of public procurement in GDP in 2018.

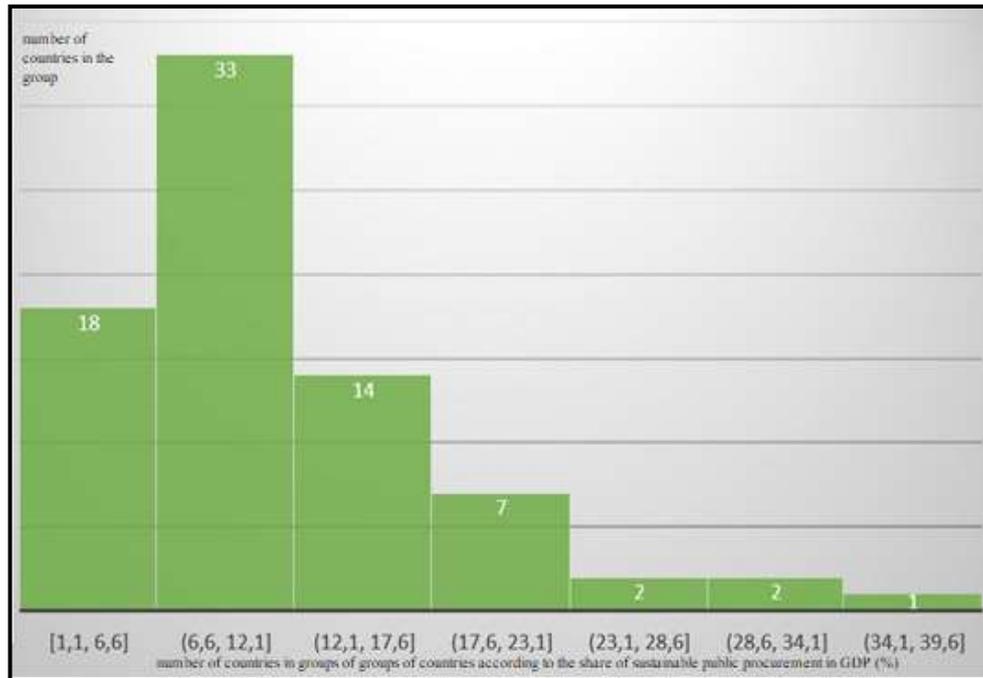


Figure no. 2. Distribution of 77 countries by share of public procurement in GDP, 2018

Source: authors' processing based on World Bank's GPPD database (World Bank, 2021)

Systematized data by countries that reported this indicator for 2018 (Percentage (%) of Gross Domestic Product as Public Procurement Expenditure) indicate a high share of countries (2/3 of the total number of countries surveyed) that have a low share of spending up to 12% of public procurement, which is below the global average (14%).

In the case of public procurement, many buyers (contracting authorities) are forced by the situation to decide between social responsibility and saving public money. Those who operate at low cost are often forced to make purchasing decisions that violate their own principles of sustainability and social responsibility. Cost pressures often have a decisive impact on the winning bid. Fortunately, the gap between sustainable and low-cost procurement is narrowing. Buyers have more opportunities to supply sustainable products from suppliers who have adopted the principles of social responsibility. Thus, many experts say that the ratio between sustainable and low-cost procurement is already declining (Weissman, 2017).

To test the assumption that the share of procurement in GDP depends on the average value of procurement per contract, the authors applied the method of grouping at equal intervals, extracting data from the GPPD database on a sample of 52 countries that reported the data needed to perform the analysis for the year 2018 (Table no. 1).

Table no. 1. Average value of public procurement per contract by group of countries by share of public procurement in GDP, 2018

Groups of countries by share of government procurement in GDP, %	Number of countries in the group	Number of annual contracts	Value of annual contracts (billions USD)	Average value of public procurement per contract, USD
4.0 – 8.0	21	3251494	49431.98	152025.8
8.0 – 12.0	14	2294987	96531.89	42062.1
12.0 – 16.0	9	3633530	63269.79	17412.8
16.0 – 20.0	3	76797	5198.84	67595.9
20.0 – 24.0	2	2992987	8554.66	2858.2
over 24.0	3	15806	1472.46	93158.6
Total, medium	52	12265601	669338.62	54570.4

Source: authors' processing based on World Bank's GPPD database (World Bank, 2021)

The sample of countries was distributed in 6 groups according to the share of public procurement expenditures in GDP (2018). It is clear that countries with a small share (4-8%) have the highest average value per contract. A similar situation is evident in countries with a high share of the international average. We could deduce from these findings that contracts are largely won by large companies, with limited access to SMEs in these countries. Both Romania and the Republic of Moldova fall into the group of countries with the lowest share of public spending in GDP, but with the highest average value per public procurement contract. Indirectly, we can deduce that it is necessary to facilitate the access of small businesses to public procurement contracts. Also, from the analysis we can conclude that the share of public procurement in GDP is not a factor that influences the average value of the amount awarded per public procurement contract concluded. We admit that there are other factors, including those of a legislative nature.

Sustainable procurement, being defined as socially responsible procurement, is important and necessary for the development of sustainable supply chains. The Institute for Supply Management (ISM) defines socially responsible procurement as: “a framework of measurable corporate policies and procedures and behavioral outcomes designed to benefit the workplace and, by extension, individual, organization and community” (ISMSR, 2021).

Companies are increasingly beginning to incorporate sustainable sourcing into broader business strategies, although there is one barrier that many companies continue to face in this endeavor: higher costs. Durable goods often require suppliers to spend more time and labor to produce them. And even though environmentally unsafe practices can cost businesses more in the long run, the lure of cutting costs in the short term remains strong. As sustainable production has become more widespread, the costs associated with them have decreased somewhat and this trend is likely to continue. But certain categories of organic products remain quite expensive to purchase – and energy is the most important of these.

Analyst Karen Moorhouse identified a set of issues related to sustainable energy supply, focusing on the hypothesis of whether the investment really creates value for business. This

consideration is complicated by the growing customer demand for green practices among companies in the consumer goods market. “For professionals in the field of public procurement, there is the problem of correlating costs with quality, to which is added the pressure factor considered a component of sustainability” (Moorhouse, 2014). Karen Moorhouse also noted that some of the pressure comes from governments that have enacted regulations that penalize environmentally harmful energy consumption and adopt policies that encourage wind, solar and other green energy sources. However, the high price of sustainable energy remains problematic. Some experts say that this prohibitive spending could have unfavorable – and non-green – implications in the short term. “There is a danger that a sharp rise in energy prices will cause producers to settle in ‘less green’ countries, which could mean that citizens will consume more carbon through imports” (Kusa and Urminova, 2020).

Socially responsible procurement includes diversity and inclusion through support for historically underutilized and small businesses, environmental protection, ethical considerations, health and safety for employees, and respect for human rights throughout the supply chain. Socially responsible procurement focuses not only on the behavior of an organization, but also on the behavior of suppliers – along the supply chain. Many companies have corporate social responsibility statements and policies, and the activities of the supply management organization should certainly be included in these policies.

According to the report on the supply chain (CDPSC, 2011), prepared by the management consulting firm A.T. Kearney, 86% of Carbon Disclosure Project (CDP) partner companies have found business benefits from working closely with suppliers to improve mutual performance and return on investment, up from 46% in 2009 a testament to how sustainable procurement practices address climate change and could have a major impact on the supply chain, which for most companies accounts for at least 50% of carbon emissions. Rising costs are the main obstacle for companies adopting a supply chain sustainability strategy, according to a CISP (CISP, 2019) survey conducted by Economist Intelligence Unit (EIU) experts on a sample of 250 top managers of production companies and US, EMEA, APAC and Latin America retailers. The study found that 34% of respondents expected a more sustainable supply chain to reduce costs. Other top managers mentioned growth opportunities (36%) and the importance of responsible practices (33%). 60% of respondents considered sustainability and profitability to be equally important, although supply chain sustainability was “ranked relatively low among the corporate sustainability priorities of the business”. At the same time, the survey highlighted the correlation between the age of the company and the importance given to sustainability and profitability. Thus, 2/3 of the representatives of the older companies gave priority to sustainability, then profitability, compared to 55% of other more recently created companies. This survey highlighted a shift in priorities in Europe, with respondents saying that reducing operating costs is a top priority in the last five years of operation, and reducing environmental impact is a priority for the next five years.

Sustainable procurement is based on the principles and good practices of ‘traditional’ procurement and takes into account additional factors to maximize the social, environmental and economic benefits for the procuring organization, its supply chain and society as a whole. In national legislation.

Over the years, public procurement legislation and practices have been continuously refined worldwide to keep up with best practices and innovations. This is particularly evident in developing countries, and recent publications by the OECD-DAC Task Force on Government

Procurement demonstrate the progress made in strengthening national procurement systems, following a structured approach to procurement reform and capacity building (OECD, 2021). In parallel with this development, it has become increasingly clear among decision-makers that public procurement can play a much more strategic role and that it can specifically contribute to the achievement of sustainable development goals. The Johannesburg Plan of Implementation of the 2002 World Summit on Sustainable Development encourages public procurement practices that stimulate the development and dissemination of green goods and services. It also promotes the integration of the three components of sustainable development – economic development, social development and environmental protection – as interdependent and mutually reinforcing pillars. Based on this commitment, the OECD, the European Commission, government authorities, and international organizations are increasingly implementing strategies to use public procurement to achieve environmental or social justice goals, effectively institutionalizing sustainable public procurement.

In order to fully exploit the potential of public procurement to achieve sustainable development goals, authorities include sustainability clauses in national or Community legislation (at EU level). The authors identified in the World Bank's GPPD database 6 clauses, which being included in national legislation would allow "more thoughtful spending of taxpayers' money and contribute to creating a more innovative, sustainable, inclusive and competitive economy" (European Commission, 2017b). These clauses are: Total Cost of Ownership (TCO) law clause, Life Cycle Costing (LLC) law clause, Value for Money (VfM) law clause, Most Economically Advantageous Tender (MEAT) law clause, Sustainability law clause, Public Procurement Law requirement for awards to SMEs (Small and Medium-sized Enterprises) clause.

The "Total cost of ownership" clause assumes that the bid will take into account not only the purchase price but also the long-term costs incurred during its ownership, including the costs of liquidating them. The bid with the lowest total cost of ownership is considered the most advantageous in the long run. This clause does not exclude the "purchase price" factor from the tender evaluation procedure, but it is a factor influencing a certain weight in the decision to award the contract. According to the 2014 European procurement regulations (European Parliament, 2014b), public procurement contracts must be awarded on the basis of the most economically advantageous tender (MEAT). The MEAT criterion focuses on quality and environmental considerations and social considerations, as well as innovation, according to Directive 2014/23 (European Parliament, 2014a). Life Cycle Costing (LLC) law clause assumes that the award of contracts will take into account the potential savings during the life cycle of a good, works, service in the use of energy resources, water, maintenance costs, liquidation, etc.

Another objective of this research was to map the national legislation on the integration of sustainability clauses in public procurement, the results being represented in figure no. 3.

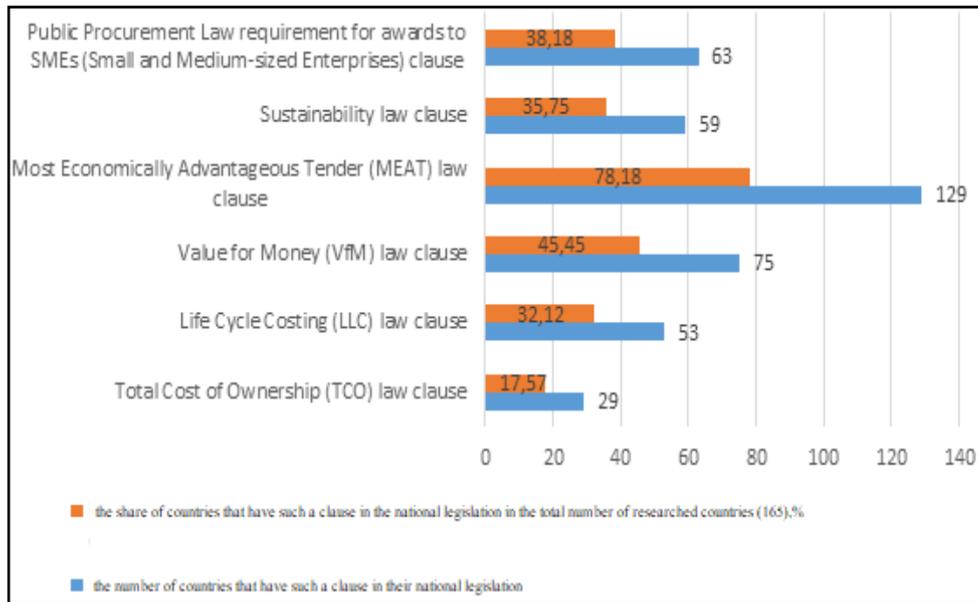


Figure no. 3. “Sustainable” clauses in national public procurement law

Source: authors’ processing based on World Bank’s GPPD database (World Bank, 2021)

The mapping of national legislations in the “sustainable law clause” section was carried out by processing data with reference to 165 countries in the GPPD, Romania and the Republic of Moldova being particularly highlighted. By querying the World Bank database (World Bank, 2021) the countries that incorporated these clauses into national legislation, were systematized in figure no. 3. The graph shows the preference for the “Most Economically Advantageous Tender (MEAT)” clause, followed by “Value for Money”. One of the most comprehensive clauses, according to the authors, is the “Total Cost of Ownership” clause, which corresponds most closely to the concept of circular procurement.

One of the objectives of the above research aims at the comparative analysis of sustainability clauses in the national laws of an EU Member State – Romania a country that has the status of associate, such as the Republic of Moldova to formulate conclusive recommendations for harmonization of Moldova's procurement legislation public relations with the EU. Unlike Romania, which has harmonized legislation in the Republic of Moldova, this process is gradual. Under Article 217 of the Treaty on the Functioning of the European Union (European Commission, 2012), which provides that “the Union may conclude agreements with one or more third countries or international organizations establishing an association involving reciprocal rights and obligations, joint actions”, The European Union and the European Atomic Energy Community and its Member States signed the Association Agreement with the Republic of Moldova in June 2014 (Law no. 112, 2014). Through this Agreement, the Parties have legislated on the adoption of the principles of sustainable development, cooperation in achieving the strategic objective of sustainable development and greening the economy.

By ratifying the Association Agreement (Law no. 112, 2014) the Republic of Moldova has undertaken to bring national public procurement legislation (Chapter 8) closer to EU law, by

implementing instruments specified in the European Directives. In this context, Law 74 on procurement in the energy, water, transport and postal services sectors transposes elements of Directive 2014/25/EU of the European Parliament and of the Council. Article 74 Environmental protection standards shall legislate the requirements submitted to economic operators regarding compliance with environmental protection standards by relating them to: a) the Community Environmental Management and Audit Scheme (EMAS); or b) European or international environmental management standards. The Republic of Moldova has made important progress in this regard in the field of sectoral procurement: energy, water, transport, and postal services. In accordance with Article 76 of Law 74/2020, contracting entities have the right to apply 4 award criteria for the selection of the most economically advantageous tender, and "... the best value for money or quality-cost is determined based on assessment factors that include qualitative, environmental and / or social aspects" (Law no. 74, 2020).

Table no. 2 shows the results of the research, from which we deduce that the legislation of Romania and the Republic of Moldova contains sufficient clauses, considered important for the wide application of the principles of sustainability in the field of public procurement.

Table no. 2. Sustainability clauses in the national legislation of Romania and the Republic of Moldova regarding public procurement

Sustainability clauses in Public procurement law	Romania	Republic of Moldova
Cost of Ownership (TCO)	Not applicable	Public Procurement law no. 131/2015, article 4
Life Cycle Costing (LLC)	Articles 155 (2), 187 (7), 188, 191 and 192 of Law no. 98/2016	Public Procurement law no. 131/2015, article 27
Value for Money (VfM)	Articles 187-192 of Law no. 98/2016	Public Procurement law no. 131/2015, Article 72, para. b.
Most Economically Advantageous Tender (MEAT) law clause	Articles 187 - 192 of Law no. 98/2016	Public Procurement law no. 131/2015, Article 26, para.3
Sustainability specifications (environmental and social protection clauses) / Sustainability	Article 51, Articles 154 - 159 of Law no. 98/2016	Public Procurement law no. 131/2015, Article 72, para. C, Article 73
Public Procurement Law requirement for awards to SMEs (Small and Medium-sized Enterprises)	Article 3 (1) (s) and (dd)), Article 141 (1) - (3), Article 193 and Article 218 of Law no. 98/2016	Public Procurement law no. 131/2015, Article 39, para. 2

Source: authors' processing based on World Bank's GPPD database (World Bank, 2021)

The research conducted by Flinn (2018) addresses the issue of lack of evidence on the implementation of the clause "Public Procurement Law requirement for awards to SMEs". The survey of 271 public sector contracting authorities highlighted the gap between the recommendations contained in government policies on facilitating SMEs' access to public procurement and the measures actually being taken to implement them. The author found that in order to facilitate the access of SMEs and improve the implementation rate of policies, investments in human capital are needed to better understand public procurement policies in order to implement them within the enterprise. Investments in human capital could be

complemented by the co-production of knowledge that is considered – working with public procurement consultants, financiers, etc.

Initially, government policies could identify and remove barriers to SME participation in public tenders. Monitoring the implementation of favorable public procurement policies can be done based on the evolution of some indicators, such as the number of contracts won by SMEs, the average value of a contract, etc. Anthony Flinn's arguments about the lack of evidence on the implementation of SME-friendly policies in practice are confirmed by statistics on the indicators mentioned in a small number of countries. Based on World Bank data, information was extracted on 14 countries, which reported statistics on the implementation of SME-friendly policies to compete and win public procurement contracts, expressed in absolute indicators: the number of contracts awarded to SMEs, value of contracts and average value per contract. (Table no. 3)

Table no. 3. Indicators on the number and value of public procurement contracts won by SMEs in 14 countries in 2018

Country	Number of awards to SMEs	Value of awards to SMEs (mil. USD)	Average value of awards to SMEs (thousands of USD)
Australia	387369	129111.6	333.3
Estonia	9842	4049.2	411.42
Hungary	1911	26.51	13.87
Indonesia	77966	4471.39	57.35
Liberia	49	5.64	115.02
Mauritius	2944	72.99	24.79
Mexico	112312	11502.73	102.42
North Macedonia	22444	653.27	29.11
Paraguay	1200	33.54	27.95
Peru	29185	3915.08	134.15
Portugal	75543	4674.69	61.88
Romania	13670	2609.21	190.87
Slovenia	11851	1764.8	148.92
Tajikistan	5603	327.79	58.5

Source: authors' processing based on World Bank's GPPD database (World Bank, 2021)

Strengthening SMEs by facilitating access to public procurement is reflected in the value of public procurement contracts they have won. Australia stands out with the largest number of contracts and the highest value – about \$ 130 billion. Promoting and monitoring SME-friendly policies in the field of access to public procurement contracts requires the development of a system of indicators, which allows their comparison in different aspects: temporal, territorial, at the level of field of activity, etc. In this way, the factors that restrict or facilitate the access of SMEs to public procurement contracts will be identified. Once these factors have been identified, it will be possible to manage them as efficiently as possible.

Conclusions

The principles of sustainable development are promoted by international organizations, and their transposition into national law is a necessity given the complexity of the transition to a zero-emission economy. Stakeholder involvement is increasingly complex, with companies integrating social responsibility into their business strategy. Together with portfolio investors and financial institutions, public authorities can shape the behavior of companies through green or socially responsible public procurement policies. The power of example and the training effects are essential in this approach of public authorities, remarkable results being recorded in the European Union. Along with economic performance, environmental and social performance are essential elements that contribute to assessing the role of companies in the economy. Maximizing non-financial performance is a goal of companies that have become aware of the role they can play alongside public authorities in promoting sustainable development (Practical application, 2014).

The analysis of the legislation of Romania and the Republic of Moldova shows that unlike other countries, there is the necessary legal framework, which allows the broad integration of the principles of sustainable procurement, to achieve the SDG 2030. One of the important clauses, SMEs in public procurement. Facilitating the access of SMEs to public procurement contracts is a tool both for stimulating economic growth and for local development, for job creation. In EU Member States, SMEs' access to public procurement is facilitated, thanks to the clause for the division of contracts into lots and the limitation of annual turnover requirements. Sustainable financing plays a key role in meeting the policy objectives of the European Environment Pact, launched by the European Commission in 2019, as well as the EU's international commitments on climate and sustainability, and aims to improve the financial sector to support both sustainable development in the context of climate change as well as the sustainable recovery from the impact of the COVID-19 pandemic. Moreover, after a very long time the mountain economy becomes a strong pillar at the level of international forums, as an important part of the global economy. To this end, environmental, social and governance factors (ESG factors) will be taken into account in the decision-making process for investments by financial sector entities, thus aiming to guide longer-term investments in sustainable economic activities and projects.

The sustainability of public procurement denotes not only the purchase of environmentally friendly products, but also the adoption of sustainable purchasing decisions and the adoption of a sustainable supply chain management system. Promoting and monitoring SME-friendly policies in the field of access to public procurement contracts requires the development of a system of indicators to compare them in different aspects: temporal, territorial, field of activity

Therefore, we support the need to adopt a new model of public procurement system, including by developing the theoretical, methodological and application mechanism to successfully achieve the 2030 Sustainable Development Goals social issues, such as reducing unemployment, eradicating poverty and providing environmentally friendly purchasing solutions.

Acknowledgements

This publication is developed within the project “Strengthening sustainable public procurement in the Republic of Moldova”. Project no 20.80009.7007.15 financed from the state budget within the State Program (2020-2023).

References

- Bosio, E. and Djankov, S., 2020. How large is public procurement? *World Bank Blogs*, [blog] 5 February. Available at: <<https://blogs.worldbank.org/developmenttalk/how-large-public-procurement>> [Accessed 20 December 2021].
- Brandenburg, M., Gruchmann, T. and Oelze, N., 2019. Sustainable supply chain management – A conceptual framework and future research perspectives. *Sustainability*, [e-journal] 11(24), 7239. <https://doi.org/10.3390/su11247239>.
- CDPSC, 2011. *Carbon Disclosure Project Supply Chain Report 2011*. [online] Available at: <<https://www.supplychainmovement.com/carbon-disclosure-project-supply-chain-report-2011/>> [Accessed 15 December 2021].
- CISP, 2019. *Cost is biggest barrier to supply chain sustainability*. [online] Available at: <<https://www.cips.org/supply-management/news/2019/january/cost-is-biggest-barrier-to-supply-chain-sustainability/>> [Accessed 8 November 2021].
- Chen, X., Zhang, H., Zhang, M. and Chen, J., 2017. Optimal decisions in a Stackelberg supply chain retailer. *International Journal of Production Economics*, [e-journal] 187, pp. 260-270. <https://doi.org/10.1016/j.ijpe.2017.03.002>.
- Dinu, V., 2008. The ethical dimension of business. *Amfiteatru Economic*, 10 (23), pp. 7-8.
- Dinu, V., 2012. Consumers' education and information from the perspective of their awareness and ecological behaviour. *Amfiteatru Economic* 14 (31), pp.5-6.
- Du, J., Zhang, J. and Hua, G., 2015. Pricing and inventory management in the presence of strategic customers with risk preference and decreasing value. *International Journal of Production Economics*, [e-journal] 164, pp.160-166. <https://doi.org/10.1016/j.ijpe.2015.02.013>.
- European Commission, 2017a. *Efficient and professional public procurement*. [online] Available at: <https://ec.europa.eu/romania/news/20170310_initiativa_achizitii_publice_eficiente_profesionale_ro> [Accessed 21 November 2021].
- European Commission, 2017b. *Increasing the impact of public investment through efficient and professional public procurement*. [online] Available at: <<https://eur-lex.europa.eu/legal-content/RO/TXT/PDF/?uri=CELEX:32017H1805&from=FR>> [Accessed 21 November 2021].
- European Commission, 2012. Treaty on the Functioning of the European Union (consolidated version). *Official Journal of the European Union*, C326/47. [online] Available at: <https://eur-lex.europa.eu/resource.html?uri=cellar:2bf140bf-a3f8-4ab2-b506-fd71826e6da6.0001.02/DOC_2&format=PDF> [Accessed 21 November 2021].
- European Parliament, 2021. *A European strategy for critical raw materials European Parliament resolution of 24 November 2021 on a European strategy for critical raw materials (2021/2011(INI))*. [pdf] Available at: <https://www.europarl.europa.eu/doceo/document/TA-9-2021-0468_EN.pdf> [Accessed 21 November 2021].

- European Parliament, 2014a. *Directive 2014/23 / EU of the European Parliament and of the Council of 26 February 2014 on the award of concession contracts / Directive 2014/23 / EU of the European Parliament and of the Council of 26 February 2014 on the award of concession contracts*. [online] Available at: <<https://eur-lex.europa.eu/eli/dir/2014/23/oj>> [Accessed 21 November 2021].
- European Parliament, 2014b. *Public procurement contracts, Fact Sheets on the European Union*. [online] Available at: <<https://www.europarl.europa.eu/factsheets/en/sheet/34/public-procurement-contracts>> [Accessed 21 November 2021].
- Flinn, A., 2018. Investigating the implementation of SME-friendly policy in public procurement. *Policy Studies*, [e-journal] 39(4), pp.422-443. <https://doi.org/10.1080/01442872.2018.1478406>.
- Goran, S., 2007. Aspects of sustainable supply chain management (SSCM): Conceptual framework and empirical example. *Supply Chain Management: An International Journal*, [e-journal] 12(4), pp.262-266. <https://doi.org/10.1108/13598540710759781>.
- Granovetter, M., 1978. Threshold models of collective behavior. *American Journal of Sociology*, 83(6), pp.1420-1443.
- ISMSR, 2021. *Institute for Supply Management. Social Responsibility*. [online] Available at: <<https://www.ismworld.org/>> [Accessed 10 October 2021].
- Kusa, A., Urminova, M., 2020. Communication as a Part of Identity of Sustainable Subjects in Fashion. *Journal of Risk and Financial Management*, [e-journal] 13(12), 305. <https://doi.org/10.3390/jrfm13120305>.
- Law no. 112, 2014. The Association Agreement between the Republic of Moldova, the European Union and the European Atomic Energy Community and their Member States*. Official Gazette No. 185-199 of 18.07.2014.
- Law no. 74, 2020. Law on procurement in the energy, water, transport and postal services*. Official Gazette No. 153-158.
- Mersereau, A.J., Zhang, D., 2012. Markdown pricing with unknown fraction of strategic customers. *Manufacturing & Service Operations Management*, [e-journal] 14(3), pp.355-370. <http://dx.doi.org/10.1287/msom.1120.0376>.
- Moorhouse, K., 2014. *Can Sustainable Energy Procurement Reduce Business Costs?* [online] Available at: <<https://www.strategicsourceror.com/2014/01/can-sustainable-energy-procurement.html>> [Accessed 2 November 2021].
- OECD, 2021. *The Cusco Declaration of the OECD / DAC Task Force on Procurement: "Strong Procurement Systems for Effective States"*. [pdf] Available at: <<https://www.oecd.org/dac/effectiveness/48425963.pdf>> [Accessed 21 November 2021].
- Practical application, 2014. *Lifetime cost & practical applications of CVD*. [pdf] Available at: <https://cleanfleets.eu/fileadmin/files/documents/Publications/Translations/ro/Modulul_4_LCC_Aplicatii_practice_ale_CVD_01.pdf> [Accessed 14 December 2021].
- Roos, R., 2012. *Sustainable Public Procurement: Briefing Note*. [pdf] Available at: <http://unpcdc.org/media/390120/spp_brief_en_2012-02-06.pdf> [Accessed 14 December 2021].
- Sönnichsen, S.D. and Clement, J., 2020. Review of green and sustainable public procurement: Towards circular public procurement. *Journal of Cleaner Production*, [e-journal] 245, 118901. <https://doi.org/10.1016/j.jclepro.2019.118901>.

- UNESCO, 2021. *Sustainable Development*. [online] Available at: <<https://en.unesco.org/themes/education-sustainable-development/what-is-esd/sd>> [Accessed 15 December 2021].
- Waaly, A.N., Ridwan, A.Y. and Akbar, M.D., 2018. Supply Chain Operation Reference (SCOR) Model Dan Analytical Hierarchy Process (AHP) Untuk Mendukung Green Procurement Pada Industri Penyamakan Kulit. *Journal Industrial Servicess*, [e-journal] 4(1). <https://doi.org/10.36055/iss.v4i1.4081>.
- WCED, 1987. *Report of the World Commission on Environment and Development: Our Common Future*. [online] Available at: <<http://www.eytv4scf.net/wced-ocf.htm>> [Accessed 15 December 2021].
- Weissman, R., 2017. *Sustainable sourcing is more cost-effective than you think*. [online] Available at: <<https://www.supplychaindive.com/news/sustainability-green-supply-chain-procurement/513200/>> [Accessed 15 December 2021].
- World Bank, 2020. *Global Public Procurement Database: Share, Compare, Improve!* [online] Available at: <<https://www.worldbank.org/en/news/feature/2020/03/23/global-public-procurement-database-hare-compare-improve>> [Accessed 15 December 2021].
- World Bank, 2021. *The World Bank Global Public Procurement Database*. [online] Available at: <<https://www.globalpublicprocurementdata.org/gppd/>> [Accessed 28 December 2021].