Local authorities and social entrepreneurs: enhancing social value in public procurement

Flemish Government
Governments and social entrepreneurs: partners in Corporate Social Responsibility

The future is all about sustainability. The Flemish government has an outstanding tradition in promoting CSR in our companies. Several innovative experiments have resulted in a CSR programme with all relevant stakeholders on board. The main actions are a specific programme for a broad range of SME’s and the development of a knowledge centre for CSR. In several exchange platforms, CSR matters are structurally on the agenda. During 2007, all employer and employee organisations, represented in the Flanders Social and Economic Council, gave their formal support to the drive for more CSR as a way to achieve the Lisbon strategy. CSR is a new mindset.

Labour market challenges in Flanders are huge, given the low unemployment rate and the outflow of the baby boom generation resulting in a shortage of potential employees in the next decade. This trend makes today’s unemployed people attractive – but even more vulnerable. To get these people into the system, they need tailor-made workplace support and well developed training and coaching schemes.

The social economy can play a major role in tackling this challenge. This sector within our economy has grown from activities that were rather isolated from open market influences into a sector that combines sustainable entrepreneurship with social, ecological and ethical standards, delivering high quality products and services. As experts in social entrepreneurship, these enterprises can make the difference by hiring low-skilled people and giving them the chance to take part in our economic growth.

Governments can be a trusted partner in this matter, supporting this integration process in a sustainable way. With the numerous roles and responsibilities that are inherent in their position in society, governments can do more than finance employment measures. They can influence the market in several ways. Smart governments are much better able to achieve their socio-economic targets if they act in a social way – as actors in strategic partnerships and as public buyers.

Good governance implies first of all an intrinsic attention to CSR within governmental organisations themselves. Being a “best practice” seems to be the best way to convince others to follow the same track. This implies at least a well developed social policy. Efforts to improve the diversity of the workforce, to create flexible work arrangements, to guarantee accessibility for disabled people, and to promote a healthy life-work balance are indeed a condition sine qua non for an inspiring work atmosphere.

Apart from that, governments can help by outlining a strategic procurement policy in the social field. Within the pre-defined boundaries of European legislation, they can co-operate with social entrepreneurs. Moreover, governments can include this extra dimension in their policy or in co-operation platforms with several stakeholders.
The cases presented in this brochure show the diversity of actions and partnerships between governments, social enterprises and other stakeholders.

With regard to labour-intensive activities generating a substantial social return on investment, the social economy can deliver added value as a contractor or subcontractor. When the individual or collective needs of older, deprived people can be met by former jobseekers, we achieve a real win-win solution. Why not engage unemployed people to help poor citizens insulate their houses, and as a result, save on their energy bill? Legislative initiatives can also generate new opportunities for job creation. The new European guidelines prohibiting the use of pesticides in the maintenance of public green areas meant a boost in job creation for low-skilled unemployed people in Flanders.

Another interesting project is the development of a labour market policy that anticipates major investments in local infrastructure. Innovative partnerships between building federations, social and labour market services can make all the difference.

Finally, local authorities can adopt similar policies of sustainable government purchasing. A lot of social economy businesses seem to have found a match with these local, regional or provincial governmental agencies.

In a broader sense, government can stimulate innovative procurement processes towards sustainability. By acting as a launching customer, we can enhance sustainable innovation. Within my policy on mobility, I supported the demand of some local authorities to accelerate the technological development and production processes for clean and silent buses in cities. At Busworld, a huge event for constructors, I personally announced the government’s interest in the new technology of hybrid buses. This proactive communication triggered the industry to invest in this new technology. In 2008 the Flemish public transport company De Lijn will launch a procurement process for 30 hybrid buses, influencing the market through its purchasing power.

I hope that all these best practices can inspire governments to systematically integrate more social and ecological dimensions in their long-term partnerships with all their contractors. Because that is what sustainable government policy will be all about.

Kathleen Van Brempt
Flemish Minister of Mobility, Social Economy and Equal Opportunities
Buying as an instrument in employment and Corporate Social Responsibility policies

The three CSR roles of authorities

There are various ways in which the authorities can influence Corporate Social Responsibility: as employer, catalyst and customer.

This vision was translated into, among other things, the Flemish action plan that was launched in 2005 to drive down the high level of youth unemployment in several cities. Local authorities not only provided guidance and training for young jobseekers, but also linked this to an integral CSR approach.

Authorities have a major impact as employers. They should therefore fulfil an exemplary function in the field of CSR by, for example, devoting themselves to the diversity and competence development of their employees.

The importance of stakeholders is inherent in CSR. In the case of the authorities, this is translated into the catalyst role. Local authorities have taken on this role by setting up consultation and cooperation with external parties. As part of the action plan, learning networks, joint ventures, a CSR platform, CSR charters, etc. were started up. There has been intensive cooperation between employer organisations and several municipalities and cities, and partnerships have been set up with large companies and universities.

Many local authorities raised the awareness of stakeholders with information campaigns and publications on CSR in practice.

Finally, public authorities are major customers. An estimated 10% of GDP consists of public purchases and tenders of various public authorities.

Almost all local authorities undertook in their action plans to emphasise specifically CSR in their purchasing policy.

Various actions were taken: raising awareness of purchasing departments, eco-friendly action (rational use of water, reuse of raw materials, limiting the use of pesticides in the maintenance of public parks and gardens), drawing up an environment charter, purchasing ‘hybrid’ and ‘green’ cars, buying fair trade products, etc.
SOCIAL CONSIDERATIONS IN PUBLIC PROCUREMENT

With a view to transposing the new European guidelines, Belgium’s House of Representatives and Senate approved new public procurement legislation in 2006. Within current Belgian public procurement legislation, there are a number of ways to take social considerations into account.

For instance, since 2003 there has been the possibility of opting for ‘social preference’ in public procurement. Because of this, a contract - under the European thresholds - can been reserved for some organisations within the social economy.

Special performance contract conditions with a social character can be linked to a specific assignment, such as offering training to jobseekers or youngsters or adhering to the basic conventions of the International Labour Organisation.

Social awarding criteria can also be taken into account when granting contracts if they relate directly to the subject of the tender.

Other applications that fit into public procurement legislation are still being examined.

As public buyers, both the Flemish and local authorities want to include these social objectives. In this way, they can create genuine added value through their purchasing process, for example in the field of the employment of underprivileged groups.

The Flemish government has been supporting several projects in this field since 2006. One project concerned the integration of a CSR purchasing policy in Flemish cities and municipalities, where several local authorities have started up pilot projects. An other project examined the creation of added social value in large public works on the basis of a broad stakeholder approach.
How can companies and authorities, in the public procurement of building or infrastructure works, assume their social responsibility to increase the intake of underprivileged groups on the labour market?

As part of the SPS-W project, the City of Antwerp continued existing cooperation with the building sector and youth unemployment campaigns with the help of the European Social Fund.

For this to come about, the city cooperated with local social partners from the building sector (employer organisations as well as trade unions) and the FVB (fund for vocational training in the construction industry). It built on the experience gained with the “Construction pool” project, which has evolved into an alternative cooperation scheme between social partners in the building sector and local labour market parties for the use of an “employment paragraph” in public procurement contracts.

There are plenty of possibilities regarding the planned major infrastructure works of the Antwerp mobility master plan. This master plan consists of 16 different projects, with investments being made in public transport and waterways as well as roads. In total, this comes to public investment by the Flemish Government worth €3.4 billion up to 2015, contracted out by the BAM (Antwerp Mobile Management Company).

As part of the SPS-W project, a method was developed to make an intake analysis for planned public procurement. In this way, the types of jobs and skills required on a specific site can be clarified at an early stage. This enables the parties on the labour market to make preparations.

At the same time, the partnership looked for a method where building companies could take responsibility themselves for on-site training of jobseekers from underprivileged groups.

PROACTIVE ACTION FOR MAJOR CONTRACTS

In view of the start of the construction of the Oosterweel link as part of the Antwerp mobility master plan, the Flemish government, its representative (BAM), the local authority (City of Antwerp), the Flemish Employment and Training Service (VDAB) and the partners in the building sector want, in consultation with the contractor for the planned infrastructure works, to create a proactive and systematic approach to the jobs needed so that the work can be carried out.
To enable this to happen, an action plan was developed to fill potential short and long-term job vacancies with all partners involved from the building sector and the labour market. In particular, the extent to which the mobility master plan can contribute to the involvement of semi- and unskilled workers in the work to be carried out, will be examined as well as to what extent the contractor can lend his assistance.

The term ‘action plan’ in this context means:
• an employment prognosis, i.e. highlighting the potential job and training possibilities in each stage of the execution of the work (drawing up of an intake inventory);
• the development and implementation of a specific Oosterweel job centre with an integrated training centre on site and specific focus on coaching, work placement, work experience and the development of social economy projects;
• the implementation of a specific guidance and operational framework for logistical coordination;
• monitoring and evaluation of the initiatives carried out;
• raising the necessary external financial means to achieve these objectives.

The results of the project have been compiled in the publication *Bruggen naar Werk* (‘Bridges to Work’, available in Dutch only). It contains advice on the application of the insights and methods developed for future public procurement. It deals with:
• the ‘learning-on-site’ model and what it means for trainees, companies, the sector, etc.
• added value for client and contractor
• possible legal public procurement interpretations and their consequences

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1.2. Social aspects of public procurement: anchoring CSR in local authorities

In recent years, Corporate Social Responsibility has developed from a fad into an established concept. This also applies to local authorities. Whoever examines a local authority or social services department will notice that many things are happening in this area. A diversity policy, rational use of energy, ethical investments, a sustainable mobility policy, etc. These are just some of the efforts that the local authorities are already making. An increasing number of local authorities are also working on an integrated purchasing policy in which economic arguments and social and ecological considerations are interwoven.

In 2007, the VVSG (Association of Flemish towns and municipalities) developed a set of guidelines on ‘social tendering’ that supports local authorities in the integration of social criteria in their tendering policy.

These guidelines contain a CSR framework, a process description and a legal section regarding public procurement legislation. They include CSR mainstreaming and an extension of the use of social considerations as a policy choice, at executive and at policy level.

The basis of the guidelines was the experience of eight local authorities that had undertaken to experiment with the implementation of social criteria in their public procurement assignments and the inclusion of CSR in their policy.

The local authorities each followed a different course in the VVSG project, supported by an external consultant. The experiences of local authorities with regard to the project were exchanged in a working party.

The course taken by the local authorities was in the field of change management in organisations, stakeholder management and a deepening of legal knowledge regarding the possibilities of the legal public procurement framework.

For a number of local authorities, the project was an encouragement to work on a sustainable purchasing policy in which the inclusion of social criteria was a major spearhead.
In other local authorities, this project entailed a trial that could be a trailblazer for a future, more policy-based integration of CSR and inclusion of social considerations in their tendering policy.

The ‘Sustainable Purchasing’ working party of the City of Ghent had taken several ad hoc initiatives for more sustainable purchasing over the past few years. Now it wants to pursue a coherent, integrated and transparent sustainable purchasing policy for all works, deliveries and services, by including relevant and objective social, ecological and ethical criteria in all specifications.

As part of the project, the City of Antwerp started a working party with experts and buyers from various city departments and subsidiaries. The objective of this working party was first and foremost to identify and set up several pilot projects to include social considerations in public procurement. The city’s management team decided that the mandate of this working party needed to be extended to social, ethical and ecological considerations in public procurement, including the subsidiaries, the social services department and the Port Authority.

Due to the experiences of the City of Aalst and Aalst’s social services department in the project, sustainability was placed firmly on the agenda. From now on, the city will consequently examine whether social considerations can be included in a contract.

Ghent’s social services department put the cleaning of its windows out to tender. In the specifications, they included an employment performance contract condition. For the duration of the agreement, a semi- or unskilled worker will be employed full-time as a window cleaner. Major success factors were good cooperation between the training and employment centre linked to Ghent’s social services department and the strong commitment of the buyer and the policy makers. The choice of a shortage occupation in the selection of the contract led to the project’s success.

By using a similar employment paragraph, the City of Kortrijk was able to link the outsourcing of minor repair works to social employment.
The **social services department in Beringen** included in its specifications for the supply of bread to an old age people’s home that the position of baker/supplier should go to a student in part-time education.

The **City of Beringen** used the social preference principle and reserved a contract for the construction of a gate to shut off a former local road for a company from the social economy.

This project was supported by the European Social Fund and Flemish Minister Van Brempt.

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**Want to find out more?**  
“Lokale overheden verankeren MVO. Leidraad voor sociale criteria in overheidsopdrachten”  
(“Anchoring CSR in local authorities. Guidelines for social criteria in public procurement” - available in Dutch only)

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Social economy, engine of renewal

SOCIAL ECONOMY IN FLANDERS

The social economy consists of various companies and initiatives that place the realisation of a certain social added values in their objectives, while respecting the following basic principles: giving priority to work rather than capital, democratic decision making, social integration, transparency, quality and sustainability.

All these organisations set store by a broad dialogue with the stakeholders involved in their activities. They market services and products and take up the challenge of reconciling social, economic and ecological added value.

In practice, the social economy is a collection of initiatives: sheltered and social workshops, social insertion organisations and companies, shops specialising in recycled goods, initiatives in the local services economy, activity cooperatives, recognised advice agencies, start-up centres, alternative social economy financiers and cooperatives.

The social economy sector employs around 25 000 people in Flanders. Creating suitable work for those who have difficulties in the labour market is and remains the sector’s main challenge.

The sector has developed and grown strongly over the past 20 years, both through natural growth within existing activities and through the development of new products and services.

If the social economy wants to continue to grow and anticipate trends and new social needs, then innovation is crucial. Examples in the field of public park and garden maintenance, energy saving and mobility prove that cooperation stimulates innovation.

Professionalisation goes hand in hand with another view of products and services within the sector: social economy companies also operate in a fast-changing market and actively look for a successful sustainable strategy.

The social economy projects supported by Flanders also called for partnerships and an interface with the conventional economy and the various authorities and continued operating as an example in the field of CSR.
2.1. Energy savers: innovating from the bottom up

There is certainly a niche and a role for the social economy in the combination living, working and energy saving. A recent study by the HIVA (a multidisciplinary research institute at the Catholic University of Leuven) shows that there is potential in developing social economy activities with regard to the rational use of energy and energy saving measures. Those working in the sector intend to translate this potential into a genuine ambition: developing a regional network of social economy companies with a wide range of energy saving activities, from energy surveys to placing draft excluders, from radiator foil to roof and other insulation.

In November 2006, the Minister of the Social Economy launched the Energiesnoeiers (energy savers). The KVK (the umbrella organisation of Flemish shops specialising in recycled goods) was asked to coordinate the energy savers project for various types of work. At the moment about 35 organisations in the social economy have initiated an energy savers project.

The KVK is arranging consultations with various partners in Flanders. It is also bringing together project initiators and other partners at regular intervals and supporting the initiators with information, standardised training and general help. It is essential that the energy savers have the necessary professional knowledge and can improve their performance in terms of quality control, communication, scale and professionalism.
RESULTS AFTER ONE YEAR: 70 ENERGY SAVERS GET STARTED

During the first year of the project, the new public service obligations for the DSO’s (Distribution System Operators) offered various possibilities. In this context, DSO’s are obliged to carry out 50 000 energy surveys in homes between 2007 and 2009. The municipalities had the choice of having these surveys carried out by their own employees, by a third party or by the DSO. In total, about 85 municipalities in Flanders chose to have their energy surveys carried out by energy savers.

The Flemish government closed the invitation to tender for the energy savers project on 21 May 2007 for initiatives in the local services economy and social workshops with a focus on energy surveys. Twenty-three projects were approved, amounting to the employment of 70 energy savers. Because of this, since the autumn of 2007 the first energy savers started carrying out energy surveys and minor energy saving measures.

FUTURE PROSPECTS: NEW ACTIVITY POSSIBILITIES

However, there are also other possibilities for creating employment for underprivileged groups in the energy sector. It is for this reason that 2008 will mainly focus on the development of new activities.

Four additional possibilities will be examined:

- a more extensive package of minor simple energy saving interventions
- major simple energy saving activities (simple insulation under the roof or in the loft, etc.)
- more complex energy saving activities (super insulating glazing, high efficiency boilers, etc.) by or in cooperation with the building sector
- production-related activities in the energy sector (assembling solar panels, etc.)

Due to the variation in the type of activity, there are possibilities for various types of organisations in the social economy such as social workshops, initiatives in the local service economy, work experience projects, social insertion companies, sheltered workshops, etc.
MUTUAL REINFORCEMENT BETWEEN THE SOCIAL ECONOMY AND THE CONVENTIONAL ECONOMY

Apart from the local authorities, social economy start-up centres and the building sector are important partners for more extensive measures. There are various cooperation possibilities between the conventional and social economy such as:

• Via subcontracting, construction companies can involve social subcontractors in carrying out simple and labour-intensive work. On the other hand, energy savers can refer customers to conventional construction companies for more complex works.

• Social economy training projects have had quite a lot of experience with the training of semi- and unskilled workers in jobs in the building sector. In this way, they contribute to solving shortages in certain occupations in the construction sector.

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2.2. Green work

For maintenance of their green spaces, many cities and municipalities use public park and garden workers in the social economy who work in a social workplace, a sheltered workshop or a social insertion company.

Management of public parks and gardens and social employment seem to be a good match, because the number of public park and garden companies within the social economy, and the employment they provide, are increasing. Flanders currently has 83 social economy companies working in this sector. In May 2007, they employed 1,464 employees from underprivileged groups. Including guidance and support staff, about 2,000 full-time equivalents are active in public park and garden work.

The public park and garden companies are also active in a variety of fields, from conservation and forestry to landscape management and work in green areas. The organisations that focus on forestry, conservation and landscape management carry out the policy visions of various authorities in a less market-oriented environment. Furthermore, social economy public park and garden company activities are developing in the more market-oriented public park and garden sector, focusing on labour-intensive, low capital tasks with an added ecological value.

The growth of the social economy in maintaining local parks and gardens is riding on the current trend towards sustainable environment. Public park and garden companies from the social economy want to be pioneers in the discussion. This is why they are actively investing in the development of new green sectors. For example, a lot of expertise has been developed in the past few years in the application of innovative concepts such as HPG (harmonious park and green management), the development of innovative labour-intensive techniques in the field of a soil-based approach, eco-friendly product use, pesticide-free management of green public spaces, etc.

Public park and garden companies from the social economy are also ideal for carrying out experiments that lead to better ecological management of public parks and gardens. There are also policy frameworks, such as the environment policy program (“Mina”) arrangement in the cooperation agreement between the Flemish government and local authorities, within which municipalities and public park and garden companies are able to cooperate.
QUALITY AS A WATCHWORD

The growth of employment partly depends on the degree to which social economy organisations succeed in developing quality. This does not only have to do with the quality of the work they provide and the job they do, but also with an integral concern for quality. This is important because public park and garden companies are active in the field of conservation, forestry and landscape management within a policy framework, but this also applies outside these frameworks.

To profile this quality-based approach towards clients, public park and garden companies from the social economy are working together. For example SST, the Federation of Social Workshops, has developed a quality charter that contributes to increasing quality and professionalism in the sector.

As part of a broad green consultation set up by Social Economy Minister Van Brempt, public park and garden companies and their federations are working closely together.

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2.3. Bicycle points: from project to concept

The concept and range of Flemish bicycle points has developed from the expertise of the existing bicycle enterprises within the social economy. In October 2007, 53 social economy enterprises provided bicycles for more than 200 locations thereby creating employment for 500 full-time equivalents in this sector.

At the start of 2007, the national rail company put out a tender for management of bicycle depots. The aim was to increase the cleanliness and tidiness of the depots situated near stations. This was used as a stepping stone by the social economy to provide new services specifically for bicycle users. This social entrepreneurship resulted in the establishment of so-called bicycle points, which encourage the use of bicycles in combination with public transport.

In 2007, eight bicycle points were started up in the immediate vicinity of the seven largest stations in Flanders (Antwerp, Berchem, Bruges, Ghent, Kortrijk, Leuven, Mechelen) as well as Brussels.

Cooperation on a bicycle point educational network

The European Social Fund offered bicycle point enterprises the opportunity to join forces and start up an educational network to develop bicycle points. In 2007 it drew up the definition of a bicycle point and set out quality standards and a procedure for setting up new bicycle points. Because of this, these bicycle points have developed into a strong visual, positive and recognisable concept providing high quality services and employment in mobility transit centres.

The content and high quality level of the service are crucial to obtaining the “bicycle point” quality label. For instance, each bicycle point provides surveillance and tidiness of the bike depots, bike hire and minor repairs based on the get you home principle (repairs necessary to get home safely and legally). This minimum service package can be extended depending on local needs and demands to include a bike wash facility (Kortrijk), bike engraving (Antwerp) or, for example, a collection point for local ironing services, etc.
Now that the concept has been developed, there is a desire to increase the number of these bicycle points. Talks are already being held with several local authorities regarding the establishment of new bicycle points.

A bicycle point near a mobility hub is always a positive asset. At a social level, bicycle points provide new and appropriate jobs for semi- and unskilled workers, and create a feeling of safety owing to the presence of clearly recognisable staff who act as a contact point for bike users. Apart from the direct extra service, these bike users will be given a more pleasant welcome at the bike depots. In brief, the bicycle points contribute to bike safety, provide safe bikes on the road and contribute to safer and more pleasant areas in the vicinity of stations.

Want to find out more?  

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2.4. Professionalisation and strengthening of the social economy

The Connect project supports entrepreneurs who emphasise sustainability. A special target group are initiatives to employ people with difficulties in the labour market.

In order to stimulate the growth of the social economy, two major initiatives were started:
• promoting and introducing new customers
• supporting and making the commercial policy of the social economy more professional

Connect is a project of ‘Ghent, city at work’, co-ordinated by De Punt and supported by a broad development partnership and the EQUAL Fund.

Linking supply and demand

Originating from an extensive list of all social economy companies in East Flanders, they were subdivided on the basis of the products and services they provide (12 activity clusters). In the past, such a list was always made on the basis of the type of social economy initiatives. This of course does not mean much to customers. This subdivision also forms the basis of promotion and communication to potential customers. (See the Connect website at www.depunt.be/connect.)

The website also has an offer and request system. Questions posted by potential customers are passed on by our commercial representative to all social economy businesses that can deal with them, and are subsequently followed up.

Customers interested in the social economy can also turn to us for personalised advice on the role that the social economy can play in their outsourcing policy.

A brochure has been published specifically for local authorities clarifying to local authority buyers the contracts they may want to reserve for social economy companies. This brochure also includes arguments and sources of information for outsourcing. Its publication was supported by a well-attended workshop, several training days and introductory sessions to the local social economy, in the form of company visits, tours, speed business dating and presentations.
Teaching people how to fish is of course better than giving them a fish. This is why it is vital to raise the awareness of social economy executives and support them in their marketing policy and financial management.

A six-monthly interactive workshop was held in which best practices were highlighted. At the same time, the many East Flemish social economy initiators got to know one another better.

Secondly, the specific, practical information that was discussed on this occasion has been put on the MISEC (management instruments for social economy) website. Other sustainable management instruments have been introduced thanks to an extensive network of experts.

Thirdly, a series of specific workshops for social economy executives were held where a specific subject was examined and applied to a small audience of participants (max. 15).

Want to find out more?
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Information on Corporate Social Responsibility in Flanders

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