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OECD Global Action Promoting
Social & Solidarity Economy Ecosystems



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OECD Global Action “Promoting Social and Solidarity Economy Ecosystems”

Produced as part of the OECD Global Action “Promoting Social and Solidarity Economy Ecosystems” funded by the European Union, it explores the potential of procurement from the social and solidarity economy in creating social dividends, takes stock of global trends in social procurement among both public and private buyers, identifies challenges in access to markets for social and solidarity economy entities, and finally, provides concrete recommendations for policy makers on how to overcome them.

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Acronyms

AUD	Australian Dollar
CAD	Canadian Dollar
CSR	Corporate Social Responsibility
ESG	Environment, Social and Governance
EU	European Union
GBP	Great Britain Pound
GDP	Gross domestic product
ICA	International Cooperative Alliance
ILO	International Labour Organization
ISO	International Organization for Standardization
KoSEA	Korea Social Enterprise Agency
KRW	Korean Won
NZD	New Zealand Dollar
OECD	Organisation for Economic Co-operation and Development
RBC	Responsible Business Conduct
SDGs	Sustainable Development Goals
SME	Small and medium-sized enterprise
SPP	Sustainable Public Procurement
SRPP	Socially Responsible Public Procurement
SSE	Social and solidarity economy
UK	United Kingdom
UN	United Nations
UNEP	United Nations Environment Programme
USD	United States Dollar
WISE	Work Integration Social Enterprise

Executive summary

Public and private social procurement is an opportunity for a double dividend, and is growing

Social procurement is an opportunity to get social dividends through procurement activities. For the purpose of this report, and given the lack of an internationally agreed official definition, social procurement refers to acquiring goods, services and works by public and private actors, with the aim of creating social value. Social outcomes can be achieved directly or indirectly as part of the procurement process, but the intention to pursue them must be explicit. Across the public and private sectors, several terms have emerged that emphasise one aspect, such as green, sustainable or responsible procurement, although they ultimately all aim to enhance societal benefits, or prevent potentially harmful practices.¹

Public procurement represents a large share of public spending (on average 12.9% of gross domestic product (GDP) across Organisation for Economic Co-operation and Development (OECD) countries) and is increasingly focusing on social impact. Therein, approximately 64% of procurement occurs at the subnational level. More and more initiatives strive to promote the uptake of socially responsible public procurement, such as through international and national “buy social” initiatives (e.g. in Canada, the European Union, and the United States).

Private procurement offers significant potential for social procurement. Despite the dearth of official figures on private procurement, intermediate consumption of the private sector dwarfs public procurement and so the potential for social procurement is significant. In addition, the for-profit sector is increasingly under pressure to demonstrate its commitment to sustainability, and more broadly, social impact from public authorities, investors, customers and employees. A wide range of business practices (e.g. corporate social responsibility, responsible business conduct) as well as labels and certificates (e.g. International Organization for Standardization (ISO), Fair Trade, B Corp) have emerged to ascertain their social and/or environmental responsibility. Traditionally, such initiatives have been centred around the idea of “doing no harm”, but more recently the attention has shifted towards intentionally creating social impact through business activities in general and purchasing power in particular.

The social and solidarity economy can be a partner in achieving social procurement goals of public and private buyers

Procurement from social and solidarity economy (SSE) entities is an opportunity to work with providers focused on achieving impact as part of their core mission. SSE entities focus on economic practices that address societal (i.e. social and/or environmental) needs and they are based on participatory forms of governance. Their local anchorage makes them particularly well-suited to meet the needs of vulnerable groups and communities in remote and rural areas. The contribution of the SSE to better social and territorial cohesion can be measured in terms of increased employment opportunities for vulnerable groups, but also monetary benefits to society, including cost savings for the public administration (OECD, 2023^[1]). Moreover, by procuring from SSE entities, for-profit businesses can gain positive reputational effects in terms of attracting, retaining and motivating employees, while building trust and loyalty among consumers.

Social procurement represents an additional channel of growth for SSE entities, by diversifying their income sources. Many SSE entities depend on public sector grants and have difficulties in securing a more diversified and stable mix of financial resources. Procurement offers SSE entities an additional form of revenue-generating activity while scaling their social impact.

However, procurement from the social and solidarity economy is hampered by systemic legal and regulatory constraints, as well as knowledge and capacity gaps

SSE entities are often overlooked as potential suppliers simply because public officers and the for-profit sector may not be familiar with them or their activities. Public and private buyers don't always understand their social relevance as well as their operating approach (e.g. hybrid sources of income, operating under many different legal forms). One of the most persistent myths around SSE entities is that they are more expensive than mainstream companies. However, SSE entities have demonstrated their competitiveness on both price and social value in several studies.

Intersecting regulations and uncertainty in their interpretation may discourage public administrations seeking to promote procurement from SSE entities. Public buyers have to navigate and interpret multiple changing requirements related to procurement, including environmental and social goals as well as technological innovations in procurement systems. Since public procurement is vulnerable to mismanagement, fraud and corruption, public officials might also fear repercussions for preferential treatment to the SSE, even though legally allowed or even encouraged.

Their legal status and small size may hold back SSE entities from accessing public and private markets. A majority of SSE entities are small and medium-sized entities, incapable of taking on large project volumes and oscillating market cycles. Additional constraints may stem from their legal status. For instance, non-profit certifications may restrain trading and certain types of economic activity. A lack of collaboration among SSE entities and competition from for-profit businesses adds further barriers.

Social impact measurement represents a common hurdle for both buyers and suppliers. Contracting authorities, lead corporate suppliers and SSE entities do not always share a similar understanding of what social impact is. Due to the lack of a common framework for social impact measurement, public authorities do not always appreciate the additional social value SSE entities may bring in procurement above and beyond price. The difficulty in defining, measuring and comparing social value also leads to the risk of "impact washing" by market competitors, who might present a false picture of their social and environmental impact, engage in exploitative practices when partnering with SSE entities, or misrepresent their adherence to the SSE values and characteristics.

Policy makers can support social procurement from SSE entities by creating conducive frameworks, shaping market activities and offering support measures

Policy makers can foster SSE participation in public contracts through sector regulations and dedicated legal frameworks. Public procurement legislation may specifically target SSE entities; for instance the city of Seoul, Korea, issued an ordinance on Public Purchases and Marketing Support for the Products of Social Economy Organisations. Governments can also enshrine social procurement obligations in sectoral policies or legislations, which at times explicitly mention SSE entities (e.g. Spain's Law on Waste and Contaminated Soil for the Circular Economy). SSE entities may further benefit from targets set for small and medium-sized enterprises (SMEs) and inclusive businesses. In this vein, legal forms and statuses for SSE entities can provide a clear framework for identifying and working with them.

Governments can offer incentives towards private social procurement in the form of internationally recognised labels or collective pledges. Governments may jointly establish recommendations for corporations operating under their jurisdictions, such as the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. Recognising that responsible procurement may increase competitiveness in the market, many private sector companies sign up for international voluntary pledges (e.g. United Nations Global Compact, Business for Inclusive Growth). Some companies individually commit to procure from SSE entities or inclusive businesses led by marginalised groups.

The SSE's involvement in social procurement can be achieved in three ways across the procurement cycle, by focusing on: who, how or what. These options equally apply to public and private transactions, where the intention to target SSE entities may be more or less explicit:

- **Who:** This entails setting aside a percentage of the contracted amount to SSE entities (e.g. registered social enterprises, certified public benefit or non-profit organisations). By design, the tendering process provides preferential treatment to a specific subset of potential providers, which must be justified under competition policy.
- **How:** The intent of the procurement process is to purchase goods, services or works with an additional indirect social outcome embedded in the procurement process. The pre-tendering process will set specific conditions on how the contract should be performed, e.g. by respecting minimum social or environmental standards.
- **What:** This requires an up-front definition of quantitative social and/or environmental impact targets that condition the awarding of the contract as well as, potentially, the ensuing payments by the buyer. Here, what is being procured are not mere activities or outputs; the focus is shifted directly to medium-term outcomes.

Policy makers can use several levers to improve access to both public and private markets for SSE entities. A toolbox to spur procurement from SSE entities has to address challenges experienced by buyers and suppliers, and could include the following:

Table 1.1. A toolbox to spur procurement from SSE entities

For public buyers	<p>Develop a conducive policy and regulatory framework</p> <ul style="list-style-type: none"> • Use sector policies, regulations and dedicated legal frameworks to foster the involvement of the SSE in public contracts (including through internationally recognised product labels or supply chain certifications). • Prioritise social criteria, social outcomes or even SSE entities more directly, in compliance with competition and trade policies. • Consider legal forms and statuses for SSE entities or legal frameworks for the SSE as a whole to raise their visibility. <p>Awareness raising and capacity development</p> <ul style="list-style-type: none"> • Offer training on recent regulatory developments to public buyers through ad hoc programmes or permanent support centres. • Develop guidance and tools that offer concrete inspiration and hands-on support on how to implement social procurement, e.g. templates for social procurement strategies, self-assessment, evaluating offers, contract clauses. • Promote ongoing research, dissemination of information and case studies on procurement from the SSE (including peer learning at different levels of government).
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For private buyers	<p>Support measures for private buyers</p> <ul style="list-style-type: none"> • Promote social value considerations across the whole supply chain, including through sustainability reporting and due diligence regulations. • Use internationally recognised labels or pledge initiatives to create further incentives towards private social procurement. • Provide guidance material and practical examples that illustrate good practices for buying from the SSE. • Facilitate a better understanding of social procurement, its benefits for corporations, and the necessary tools to establish efficient partnerships with SSE entities. • Mobilise intermediaries to assist private buyers in their commitments to social procurement, by helping them with sourcing, supplier selection, contract negotiation and post-contract management.
For supplying SSE entities	<p>Support SSE tendering capacity</p> <ul style="list-style-type: none"> • Promote awareness-raising activities such as workshops, training sessions, and information campaigns to help SSE entities understand relevant procurement opportunities available to them. • Mobilise intermediaries and SSE umbrella organisations to offer training and capacity-building programmes that can help SSE entities develop their business skills, improve their products or services, and meet the procurement requirements of buyers. • Encourage collaboration among SSE entities, as it can help them build their tendering capacity by pooling their resources and expertise (e.g. by forming consortia or partnerships with other organisations to bid jointly for procurement offers or through sub-contracting).
For all	<p>Matchmaking between supply and demand for social procurement</p> <ul style="list-style-type: none"> • Curate registries or catalogues that identify supplying SSE entities. • Organise networking events or fairs where potential buyers and suppliers can meet. • Encourage the development of digital platforms as a way of facilitating the information flow and reducing the administrative burden. • Mobilise intermediaries for awareness-raising campaigns on existing opportunities for social procurement. <p>Develop social impact measurement capacity</p> <ul style="list-style-type: none"> • Generate data on public and private procurement from SSE entities and the outcomes achieved. • Improve evidence and communication about the social, environmental and economic impact of the SSE. • Introduce impact reporting obligations in the implementation of procurement contracts, supported by technical assistance. • Develop databases on social value monetisation which can encourage outcome-based procurement, often favouring the SSE.

Source: Authors.

Notes

¹ This report deliberately takes a comprehensive understanding of “social procurement” because all these trends may potentially trigger more (public or private) market contracts for the social and solidarity economy (SSE).

1 Why consider the social and solidarity economy in social procurement

Procurement, both public and private, is an important lever to shape the economy

National and local public procurement¹ contracts represent a large share of public spending. In 2017, public procurement made up on average 12% of gross domestic product (GDP) across Organisation for Economic Co-operation and Development (OECD) countries, thus holding significant economic weight (OECD, 2019^[2]). Therein, approximately 64% of procurement occurs at the subnational level (OECD, 2021^[3]). In the European Union (EU), public buyers are major investors, spending yearly around 14% (around EUR 2 trillion) of the EU GDP (European Commission, n.d.^[4]). Public procurement expenditure as a share of GDP increased significantly across the OECD over the last decade, from 11.8% of GDP in 2007 to 12.9% of GDP in 2021 (OECD, 2023^[5]). There is no systematic data collection on the size of public procurement spending covering all countries of the world. However, some studies suggest that the size of public procurement as a share of GDP is similar among selected low-income, middle-income and high-income countries, ranging from 13% to 14% (Bosio and Djankov, 2020^[6]).

Private markets carry even more economic weight. Because private procurement is less regulated, official data is not readily available. Most of the volumes contracted through private markets are not subject to public disclosure. In turn, it is more difficult to determine what share of private procurement aims to generate social value. At present, there are no figures estimating how much private procurement could be defined as social, nor to what extent it may target works, goods and services provided by SSE entities. However, considering that the world's 2 000 largest companies account for more than 50% of the world's GDP (Forbes, 2022^[7]), and that global trade hit a record amount of USD 32 trillion in 2022 (UNCTAD, 2023^[8]), the stakes are potentially much higher than for public social procurement. The impact investing fund Acumen estimates the procurement spending of for-profit corporations to be at USD 13 trillion globally (Acumen, Ikea Social Entrepreneurship, 2021^[9]).

Considerable differences exist between public and private procurement with regard to regulations, motivations and sources of funding (Timothy G. Hawkins, 2011^[10]). While public procurement is mostly governed by strict regulations and thresholds for more or less competitive procedures (Box 1.1) (OECD, 2019^[11]), private procurement, in particular routine and recurring purchases, often occurs in the form of direct or restricted negotiations with a set of preferred providers (Barraket, Keast and Furneaux, 2016^[12]). Usually, private procurement is governed by contract or commercial law. Additional regulations can be applicable to certain types of private sector entities, such as large, listed and/or multinational companies. When private sector organisations procure goods and services to run their businesses, they use private money, provided by investors, shareholders, customers and/or other forms of finance. Companies use procurement to support their principal business objective, which is to make a profit. Nonetheless, this does

not rule out that private entities may also seek to promote social and environmental goals through their procurement activities, especially when they are part of the social and solidarity economy (SSE).

Box 1.1. The pursuit of policy goals through public procurement

In order to safeguard public interest and promote accountability for public spending, public procurement is governed by legal, institutional and regulatory frameworks. In most countries, there is legislation that governs the procurement of goods, services and works with public funds. Public procurement must also adhere to certain principles, most of which are relevant throughout the entire procurement cycle. A public procurement cycle refers to the sequence of related activities, from needs assessment, through competition and award, to payment and contract management, as well as any subsequent monitoring or auditing.

Value for money is a fundamental principle underpinning public procurement. It guides public procurement decisions and actions to focus on the “most advantageous combination of cost, quality and sustainability to meet defined requirements” (MAPS, 2018^[13]). The economic argument (cost and quality) has been brought to the forefront of government considerations given budget pressures and citizens demanding accountability for public spending. However, for more than a decade now, value in public procurement increasingly focuses on the sustainability dimension, including more frequently objectives beyond cost and quality, such as environmental objectives. This is to ensure that goods and services do not unduly harm the environment. Value for money also increasingly includes social considerations such as respect for human rights, labour rights including non-discrimination, and gender mainstreaming, as well as promoting economic opportunities for long-term unemployed people, minorities and people with disabilities. These considerations have primarily focused on citizens, and within national boundaries (OECD, 2020^[14]). This shift represents an important opportunity for SSE entities and for policy makers to leverage public procurement to drive positive social impacts while supporting the development of the SSE as a whole.

Public procurement links directly to service delivery and government policy goals, since budgets get translated into services aimed at by a government policy in large part through procurement activities. Countries are increasingly using public procurement to promote strategic policy objectives, rather than pursuing only the primary procurement objective of achieving value for money. Strategic policy objectives refer to objectives such as sustainable green growth, the development of small and medium-sized enterprises, innovation, and standards for responsible business conduct.

Figure 1.1. How policy goals can be streamlined through the public procurement cycle



Source: Authors, based on (OECD, 2009^[15]) and (Caimi and Sansonetti, 2023^[16]).

The **OECD Recommendation on Public Procurement** assists countries in achieving the right balance between these two types of objectives, thereby promoting the strategic and holistic use of public procurement. It identifies 12 integrated principles: transparency, integrity, access, balance, stakeholder participation, efficiency, e-procurement, capacity, evaluation, risk management, accountability and integration. Many of these principles can be applied to expand practices of social procurement from SSE entities. For example, the principle of “evaluation” is about whether the procurement system and operations deliver on both primary and secondary policy objectives. The principles further state that any use of the public procurement system to pursue secondary policy objectives should be balanced against the primary procurement objective, and risk management strategies for mapping, detection and mitigation should be integrated throughout the public procurement cycle. To support the implementation of the OECD Recommendation, a web-based platform, the OECD Public Procurement Toolbox, includes a comprehensive checklist for implementing the different principles.

Sources: (MAPS, 2018^[13]); (OECD, 2020^[14]); <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0411>; <https://books.emeraldinsight.com/resources/pdfs/chapters/9781787546080-TYPE23-NR2.pdf>; <http://cpns.bus.qut.edu.au:10.1787/480a47fd-en>; www.oecd.org/governance/procurement/toolbox/.

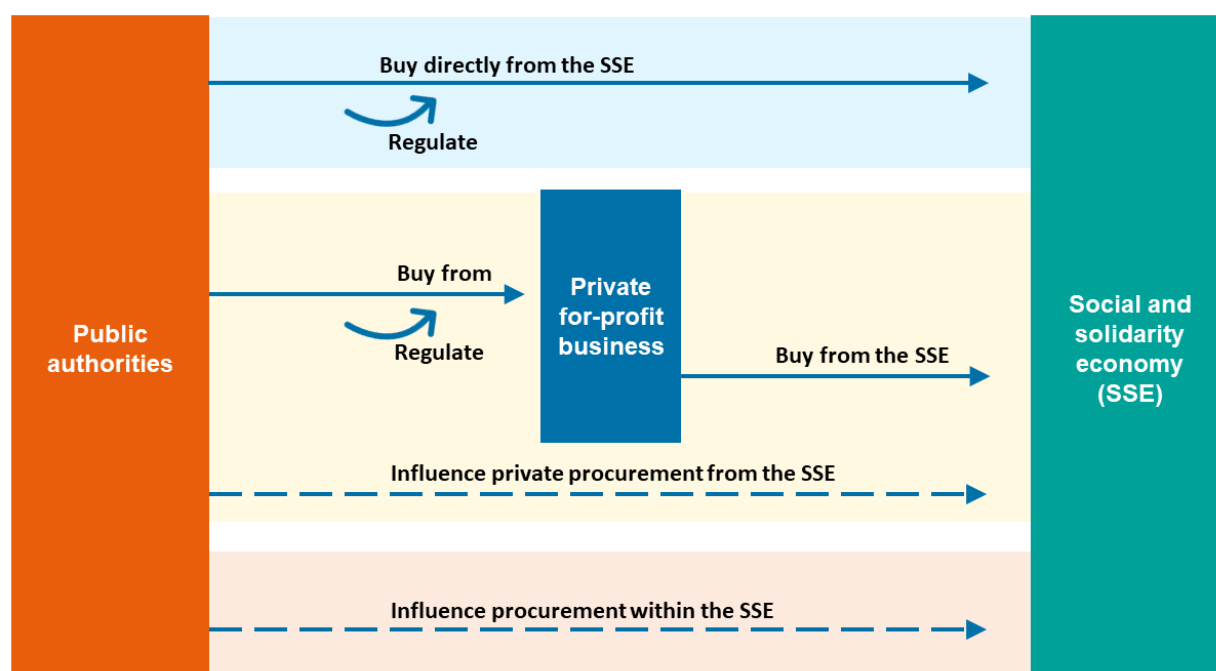
Despite the lack of an internationally agreed, official definition, for the purpose of this report the term “social procurement” typically refers to the acquiring of goods, services and works by public and private actors, with the aim of creating social value (LePage, 2014^[17]; Mupanemunda, 2019^[18]; Barraket and Weissman, 2009^[19]). As such, it includes, but goes one step further than responsible procurement, which strives to prevent or mitigate adverse social impacts during the performance of the contract (European Union, 2021^[20]). “Socially responsible”, “ethical” or “fair” public procurement initiatives have emerged, seeking to address social (notably labour) conditions within and beyond the borders of the purchasing country by integrating expectations regarding the production along the full supply chain (OECD, 2020^[14]). In practice, it entails the stimulation of competitive tendering and supply chain relationships that incorporate social considerations. Social outcomes can be achieved directly or indirectly as part of the procurement process, but the intention to pursue them must be explicit. In a broader sense, the term “social” can be used to encompass the environmental, economic or governance dimensions, since they ultimately bear societal consequences (OECD, 2021^[21]). Considering that high sustainability standards in public procurement activities could influence production and thus consumption patterns (OECD, 2022^[22]), an uptake of social procurement in public procurement could have similar effects relating to social impact generation.

The social and solidarity economy is both a supplier and a buyer

The social economy, also referred to in some countries as the solidarity economy and/or the social and solidarity economy, is made up of a set of organisations such as associations, cooperatives, mutual societies, foundations and, more recently, social enterprises. In some cases, community-based, grassroots and spontaneous initiatives, typically referred to as the solidarity economy, are also part of the social economy in addition to non-profit organisations. The activity of these entities is typically driven by societal objectives, values of solidarity, the primacy of people over capital, and in many cases, by democratic and participative governance (OECD, 2022^[23]).

In their behaviour as buyers and suppliers, SSE entities stand at the crossroads between the public and private sectors. In fact, SSE entities are private law actors stemming from private citizen initiative, but, depending on their legal form and status, they are often subject to procurement regulation akin to public buyers, for instance when they are recognised as non-profit or general interest economic actors or because their operations are publicly subsidised. Moreover, they can act as service and good providers or suppliers for both public and private clients, including for-profit businesses but also other SSE entities.

Figure 1.2. How the public authorities, SSE entities and for-profit buyers interact through procurement



Source: Authors.

Social procurement from SSE entities is an opportunity to work with providers focused on achieving impact as part of their core mission. SSE entities design their economic practices to address societal (i.e. social and/or environmental) needs. They are based on participatory forms of governance that involve multiple stakeholders, thereby often creating decent working conditions and supporting the work integration of disadvantaged groups (OECD, 2022^[23]). Moreover, they typically operate at the local level, making them particularly well-suited to tailor their goods and services to the beneficiaries' and the communities' needs (OECD, 2020^[24]). SSE entities are often the only suppliers in remote and rural areas; in fact, they often get established to fill such gaps in the availability of services. The contribution of the SSE to better social and territorial cohesion can be measured in terms of increased employment opportunities for vulnerable groups, but also monetary benefits to society, including cost savings for the public administration (OECD, 2023^[1]).

Social procurement, particularly with the social and solidarity economy, is an opportunity for policy makers

Increased attention to social impact and sustainability

Social procurement has been recognised as a driver towards a wide range of strategic policy objectives (Tepper et al., 2020^[25]; UNEP, 2021^[26]; LePage, 2014^[17]; OECD, 2022^[27]). Given that social and environmental concerns are at the heart of the operating models of SSE entities, they hold great potential as suppliers that are actively contributing to:

- **Improving environmental performance** (e.g., maximising recyclable/recovered content, minimising waste and greenhouse gas emissions). Social economy organisations have been

pioneers in implementing circular practices and business models, especially in repairing, reusing and recycling activities, for many decades now (OECD/European Commission, 2022^[28]). Thus, social procurement from SSE entities has the potential to accelerate the development and expansion of the circular economy. Moreover, the social economy has been a leader in community-owned renewable energy businesses in many jurisdictions. These social business models typically generate local or inclusive employment, and reinvest in local economies while reducing greenhouse gas emissions (Becker, Kunze and Vancea, 2017^[29]; Morrison et al., 2013^[30]).

- **Promoting employment opportunities and social inclusion of marginalised persons.** By purchasing from SSE entities, public procurement can generate employment opportunities for women and vulnerable groups, improve social cohesion and support the overall development of the SSE (OECD/European Union, 2017^[31]). While estimates vary, one calculation finds 2 million social economy organisations across EU27 countries, employing about 6% of the EU workforce (European Commission, n.d.^[32]). On average at the European level, more than one in three social enterprises (37.2%) employed staff with disabilities and over half of them employed individuals with varying ethnic backgrounds (52.9%) in 2020-21 (Dupain, et al., 2022^[33]).
- **Supporting compliance with social and labour rights and encouraging decent work** (OECD, 2022^[34]). Indeed, Decent Work and Economic Growth (Sustainable Development Goal [SDG] 8) is the most commonly targeted across all 17 United Nations SDGs, by almost half of all social enterprises surveyed in Europe in 2020-21 (49.9%) (Dupain, et al., 2022^[33]).
- **Promoting gender equality.** While data on gender equality in and through the social economy are mixed and data about gender minorities very limited, the gender pay gap for women is narrower than it is in other fields and their work participation is greater than men's (Teasdale et al., 2011^[35]). Public procurement policies that incorporate gender considerations can offer important means to prevent women's segregation into so-called "pink-collar jobs" and promote gender diversity along supply chains and into sectors linked to the digital and green transition (OECD, 2023^[36]). While over half of the countries surveyed by the OECD include gender-related criteria in their procurement frameworks, these are usually limited to direct government contractors and are voluntary in nature (OECD, 2020^[14]).
- **Delivering high-quality social, health, education and cultural services.** Informed by both social movements and civic responses to gaps in mainstream economic systems, SSEs are visible and sometimes dominant providers of social and cultural services in many countries (Borzaga and Fazzi, 2014^[37]). While SSE entities delivering public services are not immune to the effects of monopsony power in quality of service delivery, research has shown that their "for purpose" orientation and community-centred or multistakeholder governance models can drive high-quality service provision (Borzaga and Fazzi, 2014^[37]; Matthew and Bransburg, 2017^[38]).

Across the public and private sectors, the contractual focus has been shifting from outputs to outcomes. As a consequence, social impact measurement is increasingly embedded in public procurement markets, to help public authorities understand how effective various contractors are in producing desirable outcomes, while also monitoring where further needs lie. For example, the United Kingdom's Public Services (Social Value) Act 2012, which came into force in January 2013, requires all contracting authorities (including central government and local authorities) to consider the economic, environmental and social benefits of their approaches to procurement before the procurement process starts. The United Kingdom government extended the application of social value to all central government and Arms Length Bodies to include all procurements in scope of the Public Contracts Regulations 2015, using its Social Value Model. To this end, governments can also choose to align their procurement practices with such mechanisms as outcome-based contracts (OECD, 2021^[39]). Again, in the United Kingdom, the Life Chances Fund² worth GBP 70 million is supporting 29 projects through outcome payments in areas such as health, employment and housing up until 2025. Similarly, as part of the 2023-24 Budget, the Australian Government has provisioned AUD 100 million for an Outcomes Fund that will

look to make payments on outcomes delivered and that address disadvantage. The Australian Government also committed AUD 15.7 million in 2019-2027 to support three payment by outcomes trials. This includes a trial coordinated through an SSE intermediary, White Box Enterprises, with investment from three private sources to support the scaling of work integration social enterprises (WISEs).³ Payments are awarded based on successful retention and transition of workers (Australian Government Department of Social Services, 2023^[40]).

Advancing on social procurement can also create incentives for the market to explore sustainable and responsible production processes (European Commission, 2022^[41]; OECD, 2020^[14]). In this vein, a recent evaluation by the Dutch government resulted in a recommendation to integrate the international value chain perspective more consistently into the broader responsible public procurement policy (Dutch Ministry of Foreign Affairs, 2019^[42]). In Brazil, SSE entities are integral to the expansion of the bioeconomy in the Amazon, with the intensification of public and private purchases from agro-industrial cooperatives. With 172 cooperative members and more than 1 800 registered family producers, the Tomé-Açu Mixed Agricultural Cooperative (CAMTA) is an example of migrant inclusion, community action and environmental sustainability. The agro-industry in the region generates around 10 000 direct and indirect jobs, fostering the economic stability of its members through the sale of organic agri-food products at national and international levels (Saes et al., 2013^[43]).

Engaging in procurement, public and private, is an important growth factor for SSE entities

Access to diversified sources of income is a critical lever for the social economy to thrive and grow. Many SSE entities depend on public sector subsidies and grants which often prevents them from securing a more diversified, stable and flexible mix of financial resources (ILO, 2015^[44]). SSE entities often experience barriers to access to finance (OECD, 2022^[23]). The social economy faces a common lack of understanding and knowledge among finance providers regarding the risks and returns associated with investing in social economy organisations (OECD, 2022^[23]). The different legal forms and governance systems under which SSE entities operate also impacts their access to financing streams (cooperatives, for example, do not have access to capital market financing due to their system of governance) (ILO, 2015^[44]).

By definition, some SSE entities are more inclined to develop market activities:

- **Social enterprises, cooperatives and mutual societies typically generate public or member benefit by trading goods and services on the market.** The largest 300 cooperatives and mutuals in the world reported a total turnover of around USD 2.2 trillion in 2020, with most of them operating in the insurance sector and agricultural sector, followed by wholesale and retail trade (ICA, Euricse, 2022^[45]). The 2015 Global Entrepreneurship Monitor found that the majority of social entrepreneurs across 31 countries operate in the market by producing goods and services (Bosma et al., 2015^[46]). According to the 2021-22 European Social Enterprise Monitor,⁴ almost two out of three social enterprises in Europe regularly sell products and services to conventional firms, including both small and medium-sized enterprises (SMEs) and corporates (Dupain, et al., 2022^[33]). On average, over 60% of their income comes from trading activities. Over half of them are actively seeking or would like to identify additional corporate customers.
- **Non-profit organisations, on the other hand, may prefer to function on a donations-only approach.** Their capacity to sell goods and services, and hence engage in market activities, may be restricted by a specific legal status, like the public benefit status in Germany.⁵ Even when non-profits may want to engage in economic activity to improve financial sustainability, they often have a limited understanding of what is permissible as an incorporated non-profit or registered charity. As a consequence, they may self-restrain from trading due to insufficient management skills and risk averse leadership.

- **Even among Work Integration Social Enterprises (WISEs), there can be substantial differences depending on their economic model.** While the majority will mainly finance themselves by selling goods and/or services (e.g. temporary work integration enterprises in France, integration enterprises in Belgium and Spain, worker cooperatives in the United Kingdom and Finland), others greatly rely on public subsidies (integration organisations in Germany) and others, like community enterprises in the United Kingdom, are mostly run through donations and volunteers (Les Repères de l'Avise, 2014^[47]).

As a consequence, the capacity of the SSE to engage in market activities may be highly concentrated in a few of the largest entities. In Germany, the lion share of the market for social and welfare services goes to traditional social welfare organisations, whereas new-style social enterprises are struggling to gain access to public contracts (OECD, 2021^[48]). Similarly, in Korea, purchases from the top 10% of social economy enterprises (by number of contracts) account for more than 60% of the total supply in the public procurement market (by monetary amount), while those of the bottom 50% account for only less than 5% of it (Yoon, Lee and Lee, 2022^[49]).

While some SSE entities are traditionally more accustomed to public contracts, private buyers represent an additional opportunity for diversification. In many countries, social cooperatives have a long-standing tradition as government suppliers. For example, in Italy in 2011, revenues from public contracts amounted to 65% of the total income of A-type social cooperatives,⁶ while 28% of revenues were generated from the sales of goods and services to private clients. Conversely, Italian B-type cooperatives derived about 50% of their income from private users, mainly companies (Borzaga, 2019^[50]). In contrast, social enterprises in Europe are more likely to trade directly with private customers or profit-oriented companies. Business-to-business trading counts as a main income source for over 35% of European social enterprises and government contracts for 29% (Dupain, et al., 2022^[33]).

Mutually beneficial partnerships for the long run

The inclusion of social objectives in public procurement could generate long-term savings for the public sector by tackling social challenges while procuring goods and services. This requires making decisions for awarding contracts beyond focusing on short-term savings and solely financial considerations that lead to selecting the bidding offer with the lowest price. Indeed, a sound economic approach to public procurement will strive to provide a comprehensive picture where i) strategic objectives are clearly stated alongside with constraints; ii) incentives are made explicit; iii) different sources of risk are described and assessed. More and more public spending is being done in a socially responsible manner (Eva Varga, 2021^[51]). The implementation of responsible business conduct (RBC) in public procurement has the potential to trigger indirect economic benefits, such as the inclusion of vulnerable groups in the economy, improved well-being, eased pressure on public health systems, and enhanced trust in the public sector and business environment through improvement of reputation (OECD, 2022^[22]). Across jurisdictions, the fundamental principle of “value for money” is evolving to strategic social priorities (Box 1.1). In recent years, the advent of international and national “buy social” initiatives (e.g. in Canada, the European Union, and the United States) have further propelled this trend.

Social procurement is thus an opportunity to build mutually beneficial partnerships. Social and environmental challenges cannot be resolved by the public sector, businesses or SSE entities alone. Building partnerships can be mutually beneficial for all actors and can allow tackling these challenges more effectively, from different angles, and eventually at larger scale (OECD, 2020^[52]). The public sector, for-profit companies and SSE entities can learn from one another by being exposed to different organisational cultures that can help them enhance their business acumen and skills (OECD, 2020^[52]). Academic literature and studies have emphasised that sustainable procurement initiatives of an organisation can be more successful if it engages with its supply chain stakeholders to a greater extent (UNEP, 2022^[53]). For SSE entities, organisational effects of providing goods and services through procurement include greater

resources for service provision and a clearer focus on outcomes. Both improve efficiency and effectiveness of the SSE entity and also allow scaling. For policy makers, positive effects are potentially improved public services, greater accountability for public spending and opportunities for innovation.

Notes

¹ Public procurement is intended as: “the purchase by governments and state-owned enterprises of goods, services and works. The public procurement process is the sequence of activities starting with the assessment of needs through awards to contract management and final payment” (OECD, n.d.^[159]).

² www.gov.uk/guidance/social-impact-bonds.

³ Work integration social enterprises (WISEs) aim at training and re-integrating disadvantaged individuals in the labour market (OECD, 2018^[156]).

⁴ According to the European Social Enterprise Monitor, “a social enterprise is an operator in the social economy whose main objective is to have a social and environmental impact rather than make a profit for their owners or shareholders. Financial income is a means and not an end in and of itself”.

⁵ They must carry out general interest activities (falling under the list established by tax authorities) exclusively, directly and unselfishly (with disinterest). Non-statutory commercial activities are taxed at ordinary rates if the annual gross income exceeds EUR 35 000. Source: www.cof.org/content/nonprofit-law-germany.

⁶ According to Law 381/1991 on Social Cooperatives: A-type being social cooperatives that provide social welfare or educational services, and B-type being social cooperatives that integrate vulnerable or disadvantaged individuals into work through agricultural, manufacturing or other commercial activities. B-type social cooperatives should include at least 30% “disadvantaged workers” among their workforce for whom they are exempted from social security contributions (OECD, 2022^[157]).

2 Global trends towards public and private social procurement

Public social procurement can encompass a wide range of practices that potentially involve the social and solidarity economy

Public procurement is increasingly used as a policy lever to achieve societal goals

Governments throughout the world have long used public contracts to enact social policies, in particular since the 19th century to promote better labour standards in Europe and North America (McCrudden, 2004^[54]; OECD, 2015^[55]). Public procurement, as one of the main inputs to public service delivery, is increasingly used to contribute to the well-being of all citizens, especially in the areas of health, education, social protection, etc. (OECD, 2019^[56]). While public procurement is used across all government functions, the health sector consistently accounts for the largest share of public spending (31.9% on average across Organisation for Economic Co-operation and Development (OECD) countries in 2021), followed by economic affairs (16.4%), education (10.7%), defence (9.9%) and social protection (9.8%) (OECD, 2023^[5]). Among the various policy objectives, environmental performance was the first to gain traction in OECD and non-OECD countries (OECD, 2018^[57]). The majority of OECD countries have developed policies at some level regarding green public procurement and a majority also have strategies and policies to support small and medium-sized enterprises' (SMEs) access to public procurement opportunities (OECD, 2019^[56]; OECD, 2019^[11]).

Public procurement is internationally recognised as a channel towards more sustainable development. A recent report by the Nordic Council found that Sustainable Public Procurement (SPP) can be linked to 82% of SDGs indicators (Nordic Council of Ministers, 2021^[58]). As part of Agenda 2030, the United Nations (UN) identified public procurement as an avenue through which governments can meet Sustainable Development Goal (SDG) 12, "Responsible Consumption and Production", which encourages them to "promote public procurement practices that are sustainable, in accordance with national policies and priorities" (United Nations, 2023^[59]). This target is measured through the "Number of countries implementing SPP policies and action plans" (SDG Hub, n.d.^[60]). Monitoring data from 2020/21 on a total of 33 countries shows overall decent progress, although with uneven uptake across the different sub-indicators. For example, good scores are observed in terms of reaching an enabling public procurement legal framework as a necessary first step in the implementation of SPP. The undertaking of further actions supporting SPP implementation, such as in the practical support provided to SPP practitioners (development of guidelines, tools, training modules, case studies, etc.) and the general monitoring of SPP, was less satisfactory. Similarly, lower performance was recorded on the development of sustainable procurement criteria, the use of a risk assessment analysis and in the actual measurement of SPP outcomes/outputs (UNEP, 2022^[61]).

Public procurement is increasingly used as a strategic instrument for achieving innovative, social and environmental policy objectives. While the primary procurement objective refers to delivery of goods and services necessary to accomplish government mission in a timely, economical and efficient

manner, strategic policy objectives, such as sustainable green growth, the development of SMEs, innovation and standards for responsible business conduct are also often included in public procurement strategies and practices (OECD, 2015^[55]). The 2014 European Union (EU) directives on public procurement created a flexible legal framework for the use of Socially Responsible Public Procurement (SRPP), facilitating its use to pursue various social objectives, such as job creation and inclusion opportunities for different groups of people; fair treatment of workers regardless of gender, race, ethnicity, religion or disability; promoting human rights in global supply chains; facilitating the access of social businesses to procurement opportunities; and providing inclusive, efficient social services. Progress measurement on the SDG targets shows that SPP is mainly being used for the protection against human rights abuses (58%), followed by the promotion of SME participation in tender bids, decent work and compliance with International Labour Organization standards (UNEP, 2022^[61]).

Green public procurement is more widespread and advanced, but it can pave the way for social impact considerations. Green public procurement, understood as the purchasing of products and services that are less environmentally damaging when taking into account their whole life cycle, can facilitate the inclusion of social considerations, such as increased employment opportunities, decent work standards and social inclusion in public procurement decisions (OECD, 2020^[14]). In 2022, 32 out of 34 OECD countries had an active national green public procurement policy or framework, confirming their importance as a powerful tool for climate action and the green transition (OECD, 2023^[5]). Among other strategic policy objectives, gender and minorities are the issues most frequently addressed, although social considerations continue to require further development by governments (OECD, 2021^[62]). While the benefits of integrating environmental measures into public purchasing may be dispersed along global supply chains, “social” procurement has traditionally focused on local markets. This results in a clearly marked distinction between the scope and intention of social clauses in trade agreements. “Socially responsible”, “ethical” or “fair” public procurement initiatives also emerge, seeking to address social (notably labour) conditions beyond the borders of the purchasing country by integrating expectations into agreements with countries of production (OECD, 2020^[14]).

International agreements drive the evolution of national frameworks towards social procurement

In many countries, procurement legislation is based on the UN Commission on International Trade Law (UNCITRAL) model (Khan, 2018^[63]). While the UNCITRAL 2011 Model Law is mainly aimed at helping states design procurement legislation at the national level, it is also intended to harmonise international agreements on procurement by taking into account provisions of the World Trade Organization’s Agreement on Government Procurement, the United Nations Convention Against Corruption, the Procurement Guidelines and Consultant Guidelines of the World Bank, the European Union’s Directives on procurement and remedies, and other documents (UNCITRAL, 2011^[64]). The 2011 Model Law promotes objectivity, fairness, participation, competition and integrity as part of these goals (UNCITRAL, 2011^[64]). Another soft law instrument is the 2015 OECD Recommendation on Public Procurement,¹ which promotes the strategic and holistic use of public procurement by identifying 12 integrated principles, including the balance between value for money and strategic policy objectives (see Box 1.1). The OECD Recommendation also foresees that specific tender opportunities are designed so as to encourage broad participation from potential competitors, such as new entrants and SMEs, which may as well include the social and solidarity economy (SSE).

Moreover, the **OECD Recommendation on the Social and Solidarity Economy and Social Innovation recognises access to public and private markets as one of the building blocks for the social economy to thrive at international, national and local levels** (OECD, 2022^[23]). Thereby, adhering countries have committed to:

- facilitating access, when appropriate, of social economy organisations to public procurement opportunities.
- encouraging the use of social and/or environmental considerations and clauses in public procurement through clear national or local procurement strategies and through legislation.
- developing the skills and capacity of procurement officials (private and public) as well as their market knowledge and contacts with social economy organisations, including through dedicated trainings.
- encouraging social economy organisations to use private markets as a source of financial sustainability through the development of partnerships with the wider business community.
- supporting social economy organisations to use opportunities that new technologies offer to access both public and private markets through online market places.
- developing support materials, such as training programmes and technical guides that help social economy organisations learn more about how to access public and private markets.

In the European Union, the 2014 EU Public Procurement Directives² make it clear that public buyers can take social aspects into account throughout the procurement cycle. Among others, the EU Directives include the possibility to reserve public contracts for sheltered workshops/ social enterprises that employ disabled and disadvantaged workers (European Commission, 2020^[65]) or the application of a simplified and more flexible procurement regime, or “light” regime, provided that the principles of transparency are observed. With their transposition into national laws, member states have opened new opportunities for SSE entities that fit their own national contexts. Nonetheless, some social procurement provisions under the Directives remain underexploited, such as the active use of exclusion grounds based on non-compliance with environmental, social and labour law (European Commission, 2020^[65]). In 2021, one-third of European single market countries³ still awarded over 80% of their procedures solely based on the cheapest offer available (European Commission, 2021^[66]), although visible changes can be observed as well. For example, in Spain, the Public Sector Contract Act of 2017 allows for social clauses to be used in the procedures for awarding public contracts and for certain contracts for social, cultural and healthcare services to be reserved for organisations that have a public service mission.⁴ In particular, the transposition of the legal possibility to reserve contracts was optional and significant deviations have been observed, namely with some Member States raising the threshold of workers with disabilities or disadvantaged workers which should be employed, from minimum 30% as set by the EU legislator up to 50% in Croatia, the Czech Republic and France (Caimi and Sansonetti, 2023^[16]).

Public actors have developed several approaches that can fall under the umbrella of social procurement

Increasingly, the concept of value in procurement has been evolving to embrace a diverse range of considerations, including social impact and ecological sustainability (OECD, 2022^[22]). There are already many initiatives out there under terms such as “responsible procurement”, “sustainable procurement”, “green procurement”, “circular procurement”, “inclusive procurement” and “outcome-based procurement” that coincide with social procurement in varying degrees. Many countries have a central strategy/policy in place to pursue green public procurement (90%), support SMEs through public procurement (76%), foster the integration of responsible business conduct (RBC) in public procurement (55%) and support women-owned businesses through public procurement (21%) (OECD, 2019^[11]). Recent evidence shows that the environmental and economic aspects still dominate over social priorities in the general perception around sustainable procurement (UNEP, 2022^[53]; OECD, 2020^[14]). The definitions presented in Box 2.1 have mainly been developed by the public administration, but are increasingly spreading also in private sector language.

Box 2.1. Common practices around social procurement

As defined for the purpose of this report, **social procurement can encompass a wide range of practices that have emerged over the last three decades**. Across the public and private sectors, several terms have emerged that emphasise one aspect over another, although they ultimately all aim to enhance societal benefits or prevent potentially harmful practices. In the absence of an official, internationally agreed definition, this report deliberately takes a comprehensive understanding of the many facets of “social procurement” because they may all potentially trigger more (public and/or private) market contracts for the SSE.

Related concepts include, for instance, **gender-responsive procurement**, which promotes gender equality through the goods, services or works being purchased. This means that buyers and suppliers examine the impact of all contracted activities on women’s and gender minorities’ interests and concerns, and design and deliver contracts in a way that reduces inequalities. Similarly, **inclusive procurement** is “designed to maximise equitable economic, social, and environmental benefits with the primary aim of promoting supplier diversity through economic inclusion in the supply chain of small businesses and other socially disadvantaged groups, such as women-owned enterprises, minority-owned businesses.”

A broader view on practices that foster societal benefits will equally embrace **green procurement**, which prioritises “goods, services and works with a reduced environmental impact throughout their life cycle.” Further, **circular procurement** can be defined as the “purchase works, goods or services that seek to contribute to closed energy and material loops within supply chains, whilst minimising, and in the best case avoiding, negative environmental impacts and waste creation across their whole life-cycle.”

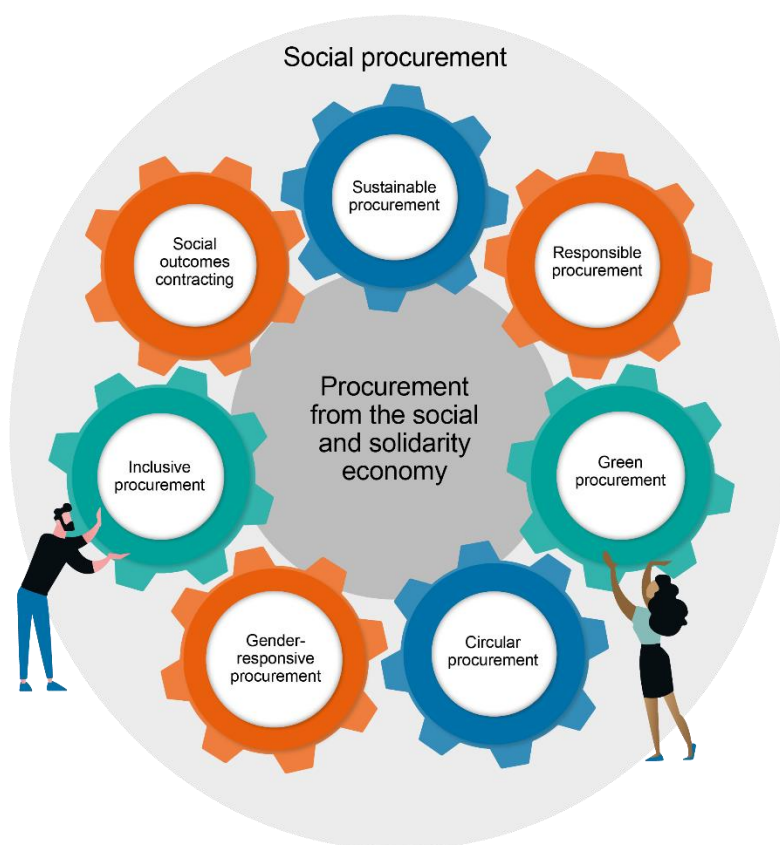
More recently, the concept of **sustainable procurement** has emerged to promote the integration of the three pillars of sustainable development, i.e. economic development, social development and environmental protection. It is defined as a “process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy whilst minimizing damage to the environment”. According to the United Nations, sustainable procurement integrates “requirements, specifications and criteria that are compatible and in favour of the protection of the environment, of social progress and in support of economic development, namely by seeking resource efficiency, improving the quality of products and services, and ultimately optimizing costs.” It incorporates ethical procurement, which focuses on labour supply issues, for example anti-human trafficking.

Finally, **social outcomes contracting**, also known as outcome-based procurement, is a broad term denoting the procurement of services based on outcomes rather than outputs. In such contracts, the commissioner (central or local government) and service provider (oftentimes, an SSE entity) agree on the pre-defined desired end results (i.e. outcomes) of an intervention, on which the final payment is based. Therein, social impact bonds can be differentiated from payment-by-results schemes, in that they explicitly involve third-party investors. In general, outcome-based procurement does not involve a public tendering process but rather takes the form of a negotiated contract between two or three parties (especially in the case of social impact bonds), with little to no competition among potential service providers.

Sources: https://eige.europa.eu/gender-mainstreaming/methods-tools/gender-responsive-public-procurement#_ftn5; https://static1.squarespace.com/static/6049e33a3512a120620cfe14/t/6329d635ffcf9c3c88f4f65a/1663686257603/UNDP_RAPOR_FINAL_12.9-Minh-3+logo-D4.pdf; <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52008DC0400>; https://ec.europa.eu/environment/gpp/pdf/Public_procurement_circular_economy_brochure.pdf; www.mapsinitiative.org/methodology/MAPS-Sustainable-Public-Procurement-Module-v2.pdf; www.cips.org/documents/about%20cips/cips_ethics_guide_web.pdf; https://content.unops.org/service-Line-Documents/Procurement/UNOPS-Procurement-Manual-Annex-1-2021_EN.pdf; <https://data.europa.eu/doi/10.2767/492722>.

There are, moreover, alternative trends that tend to go beyond public tendering, drawing on a collaborative relationship between public entities and the SSE. This presupposes moving from a competitive paradigm towards a cooperative one. For example, in Italy, the Third Sector⁵ reform (Delegation Law 106/2016) revolutionised the relationship between public actors and SSE entities by introducing a framework for shared administration. Through the active engagement of Third Sector entities in the co-programming, co-design and organisation of the provision of general interest services, this reform (article 55) suggests that the competitive paradigm is whenever possible replaced by collaboration. Paving the way for innovative solutions aimed at tackling unmet challenges arising in local communities, this model of interaction is based on both the convergence of general interest objectives that are pursued by public entities and Third Sector entities alike and the aggregation of public and private resources (Euricse, 2023^[67]).

Figure 2.1. How the many approaches to social procurement may intersect with procurement from the SSE



Source: Authors.

Social procurement practices are often not harmonised within the public administration, at national level or subnational level

Social procurement practices vary across levels of government. The 2015 OECD Recommendation on Public Procurement advises adherents to develop an appropriate strategy for the integration of strategic policy objectives, as well as action plans or guidelines for its implementation (OECD, 2015^[55]). In practice, however, public authorities on different government levels (national, subnational, local) approach social

procurement through various mechanisms, taking into account the given regulatory context, the good or service being bought, the (social) purpose sought, and the contract amount.

The uptake of social procurement across different policy areas is uneven. The EU project Buying for Social Impact found that socially responsible public procurement is more widespread in maintenance of public green spaces, cleaning and social services, whereas it is found to a lesser extent in construction, food/catering/restaurants, transport services, and textiles (European Commission, 2020^[68]). Similarly, in Australia and New Zealand, social procurement is most common in construction, cleaning and facilities management and accommodation and food services (Barraket et al., 2021^[69]). When measuring progress on SDG target 12.7, the UN Environment Programme (UNEP) has found that more than 70% of national governments have developed environmental criteria for purchasing of four categories of goods and services: 1) cleaning products, janitorial and laundry services; 2) paper and paper products; 3) office electronics and electronic equipment leasing; and 4) furniture. Presumably, it is easier for these categories to procure sustainable alternatives given the existence of well-established ecolabels or sustainability standards, and the availability of such alternatives on the market (UNEP, 2022^[53]).

Procurement practices further differ based on the object being procured (services, goods, projects or outcomes) and the potential tenderers. Naturally, buying computers will have different criteria and weighting than catering for a meeting (Barraket, Keast and Furneaux, 2016^[12]). Similarly, certain products may include raw materials sourced from conflict zones or regions with low labour standards but can be certified as socially sustainable through quality labels (Tepper et al., 2020^[25]). Moreover, some sectors have a higher proportion of vulnerable workers or a greater potential for job creation (Tepper et al., 2020^[25]).

Subnational and local public purchasing agencies are often pioneering social procurement to regenerate local economies and spur green transitions. For example, the city of Paris, hosting the 2024 Olympic and Paralympic Games, with an impact and legacy strategy heavily targeted towards social inclusion, decided to reserve part of the contracts to legally recognised social enterprises (ESS2024, 2022^[70]) (Box 2.2). Similar examples can be found in the field of education and public health, with publicly-run canteens in schools or hospitals that give preference to local producers, short supply chains, circular economy, etc. Preston, a small city in England, United Kingdom, directs its public procurement budgets towards local firms and social enterprises. Large contracts are broken down into smaller lots to allow SMEs to bid, and social clauses are attached, such as guaranteeing workers' decent wages. Acting within the given legal framework, this procurement approach has boosted the local economy and reduced Preston's dependence on multinational firms (Hoedeman, 2020^[71]). Similarly, Manchester City Council (United Kingdom) has been applying a minimum 20% weighting to social value when evaluating tenders since 2015.⁶ The Department of Vendée, in France, identified a potential social enterprise during its procurement needs analysis. The social enterprise employed ten people with disabilities and provided services such as the storage, cutting, cleaning, and packaging of organic food. They were awarded an initial contract with the Department of Vendée in 2011, and in 2015 the contract was renewed for six years, using the reserved contract instrument. This deal, valued at EUR 105 000 annually, has supported the employment of ten people experiencing a disability, and promoted local organic food by providing 1.8 million meals per year to students in 34 schools (Varga, 2021^[72]).

Box 2.2. ESS2024.org platform for the Paris Olympics

In the framework of the 2024 Olympic and Paralympic Games, the Organising Committee of the Olympic and Paralympic Games and SOLIDEO (*Société de livraison des ouvrages olympiques*, the company tasked with delivering the Olympic facilities) committed to a social charter, whereby 25% of the markets launched are reserved for SMEs and local SSE entities and 10% of working hours will benefit people at risk on the labour market.

In a joint effort to promote a more sustainable delivery of the Games, the Paris City Council and the Organising Committee, in partnership with the Yunus Centre and other not-for-profit organisations, established the ESS2024.org platform with a view to inform circular as well as SSE actors about upcoming calls for tenders. The objective is to allow SSE organisations to get involved with the Paris 2024 project and thereby ensure work opportunities for disadvantaged people and facilitate the emergence of innovative and sustainable solutions. The platform provides information and coaching for social economy organisations that intend to participate in public tenders as well as for tender issuers to help them formulate their call in a way that fits better with the specific features of the social economy organisations.

The first examples of the success of these efforts can be found in the headquarters of Paris 2024, where the lot for office furniture was attributed to a group of social economy organisations active in the design of furniture from upcycled materials, most of them being also active in work integration for vulnerable individuals. More than 1 200 companies are listed on the platform; 15% of the Paris 2024 markets and 95 SSE businesses have already secured a contract or are part of a holding group.

Sources: <https://investinfrance.fr/platform/sport-olympic-games-2024/>; [www.oecd-ilibrary.org/docserver/e9eea313-en.pdf?expires=1667841130&id=id&accname=quest&checksum=9AE2CE1A85AE8356935FF8F23CDED8BE](http://www.oecd-ilibrary.org/docserver/e9eea313-en.pdf?expires=1667841130&id=id&accname=quest&checksum=9AE2CE1A85AE8356935FF8F23CDED8BE;); www.paris2024.org/en/business-opportunities/.

Worldwide, there is growing impetus for private social procurement

As in the public sector, private actors have developed a variety of approaches that may qualify as social procurement

Private entities, including the SSE, may engage in social procurement in different ways, depending on their legal status. Purely for-profit entities mainly engage in social procurement through voluntary commitments – individual or collective, more or less enshrined in their formal acts. In contrast, other private entities might face specific obligations to procure in a socially responsible manner due to their legal form or status (e.g. state-owned enterprises, not-for-profits, public interest companies).

The for-profit sector has developed a range of business practices designed to make their activities more socially and/or environmentally friendly. To varying degrees, these practices seek to promote social and environmental considerations by addressing negative externalities created by business activity or actively promoting certain social or environmental goals (Box 2.3). Unlike SSE entities, however, businesses that adopt these practices retain the pursuit of profit as their primary motive and typically don't place limits on profit distribution or concentrated decision-making.

Box 2.3. Corporate commitments to foster socially and environmentally conscious procurement

Corporate Social Responsibility (CSR) originally emerged in the mid-20th century and refers to instances where businesses uphold social and environmental objectives that are not immediately related to their fundamental economic performance or legal responsibilities. At its core, CSR implies that businesses have an obligation that extends beyond the narrow interests of their shareholders to society as a whole. Though quite common today, this concept emerged in stark contrast to the idea that businesses inherently benefited the common good through their pursuit of maximal profits for their owners and shareholders. This can mean both actively engaging in socially beneficial practices such as philanthropy as well as avoiding or offsetting social or environmental harm. Place-based CSR is adopted in the construction industry (often driven by government contract requirements) as a form of social value creation. This can include donating cash or in kind to social enterprises, as well as non-trading not for profits. This notion of responsibility beyond profit maximisation and shareholder returns encapsulated by CSR has served as the foundation of other concepts such as stakeholder theory and corporate citizenship, and contributed to the principles of RBC.

Responsible Business Conduct (RBC) refers to a set of principles and standards that enable businesses to minimise the negative effects of their business activities while also promoting sustainable development in the countries in which they operate. RBC acknowledges and encourages the positive contributions that business can make to economic, environmental and social progress, by integrating environmental, human rights and social considerations into their decision-making process. RBC is particularly important for multi-national enterprises that operate across a range of different national legal, social and environmental contexts, enabling them to uphold consistent values and ensuring the integrity of their global supply chains.

A variety of related concepts emerged in the last decade as a way for conventional firms to create greater profit while achieving additional social goals, such as **creating shared value**. It was originally framed as a way to surpass the ideas of CSR and achieve a “higher form of capitalism”, where companies are not engaging in philanthropy, but rather creating social value to reach new customers, improve efficiency or generate competitive advantage.

More recently, the notion of **Environment, Social and Governance (ESG) criteria** (or triple bottom line) has emerged as a unifying concept across both the corporate and the financial sectors. The idea is to assess enterprise performance with respect to the environment, climate change, resource management, human rights, labour practices, product safety, transparency and accountability. Investors can use these non-financial criteria to identify more sustainable, socially responsible firms in which to invest. Various approaches to ESG reporting have been developed that target specific types of companies and contexts. For example, the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct provide companies with guidance and standards of due diligence that help them to identify and avoid potential negative effects of their activities.

Sources: [Corporate Social Responsibility: Evolution of a Definitional Construct - Archie B. Carroll, 1999 \(sagepub.com\)](#); [Corporate Social Responsibility: Partners for Progress | Local Economic and Employment Development \(LEED\) | OECD iLibrary \(oecd-ilibrary.org\)](#); [The Modern Corporation and Social Responsibility | American Enterprise Institute - AEI](#); [The Social Responsibility of Business Is to Increase Its Profits | SpringerLink](#); [OECD Economic Outlook, Volume 2020 Issue 1 | OECD Economic Outlook | OECD iLibrary \(oecd-ilibrary.org\)](#); [The practice of business social responsibility: the underlying factors - ScienceDirect](#); [CIOB Special Report on Social Value for SMEs | CIOB; Strategic Management \(cambridge.org\)](#); [Corporate Social Responsibility: Evolution of a Definitional Construct - Archie B. Carroll, 1999 \(sagepub.com\)](#); [www.oecd.org/investment/due-diligence-guidance-for-responsible-business-conduct.htm](#); [https://mneguidelines.oecd.org/mneguidelines/](#); [https://hbr.org/2011/01/the-big-idea-creating-shared-value](#); [MNEguidelines_RBCmatters.pdf \(oecd.org\)](#); [https://mneguidelines.oecd.org/](#).

Private commitments to procure from SSE entities can be triggered by internal and external motivations

For private entities, procurement has major implications for profitability, the quality of the products and services offered, and for competitiveness. Research suggests that integrating social and environmental practices along the purchasing process positively contributes to economic performance, risk mitigation and competitiveness of the purchasing entity (Ferri and Pedrini, 2018^[73]). Organisational factors, such as the corporate value system, as well as the search for enhanced performance, are often amplified by external pressure from public regulations on responsible business conduct and stakeholder expectations (including investors, customers and staff) to adhere to certain social and environmental values. Private procurement is subject to contract law and increasingly scrutinised in terms of supply chain ethics and carbon emissions, such as the International Sustainability Standards Board efforts in promoting reporting standards for carbon, biodiversity and human capital.

By procuring from SSE entities, conventional businesses might gain positive reputational effects in terms of attracting, retaining and engaging motivated employees, and building trust and loyalty among consumers. Millennials and Generation Zs are the driving force of this trend, as nearly two in five⁷ report having rejected a job or assignment because it did not align with their values (Deloitte, 2022^[74]). Those who are satisfied with their employers' societal and environmental impact are more likely to want to stay with their employer for more than five years (Deloitte, 2017^[75]).

As part of the private sector, social enterprises are committed social buyers themselves, as they identify environmental and social responsibility to be very important when they procure. On average, European social enterprises see the importance of these criteria: 74.9% for social responsibility and 75.6% for environmental responsibility (Dupain, et al., 2022^[33]). Nonetheless, there are significant country variations, even within the European Union, and costs remain the most important criterion in procurement decisions.

For-profit companies can engage with SSE entities as suppliers in more or less permanent ways

Some corporations have individually committed to procure from SSE entities, while others have targeted inclusive business⁸ led by marginalised groups (Box 2.4). These practices can emerge as part of regular supply chain management or CSR efforts. While funding through CSR may be one off, integration into regular supply chains promises more stable sources of revenue for SSE entities. In private procurement processes, social objectives can be embedded in the form of exclusion criteria, priority scoring, cross-cutting considerations or reserved amounts for specific types of (certified) entities. Depending on the legal framework and the country context, inclusive business may be easier to identify than SSE entities.

Company-wide commitments are often enshrined in corporate strategy or labelling efforts, in the form of adoption of standards and certifications. The ISO 20400 guidance has greatly contributed to raising awareness among businesses about the importance of contemporary sustainable procurement. According to an assessment run in 2021 with over 29 000 companies, nearly 20% of them contractually obligated their suppliers to adhere to social and environmental clauses, compared with just 12% in 2016 (Ecovadis, 2022^[76]). Similarly, the uptake of policies on sustainable procurement issues has also increased, with 6% of assessed companies having integrated such measures into their management systems in 2021 compared with less than 2% in 2016 (Ecovadis, 2022^[76]). B Corp certification⁹ is another way for businesses to demonstrate their commitment to social and environmental responsibility. B Corps are for-profit companies that seek to create a positive impact on society and the environment, in addition to generating profits. To become a B Corp certified company, businesses must undergo an assessment process conducted by the non-profit organisation B Lab. The B Corp assessment evaluates a company's

impact on its workers, customers, community and the environment. It includes an explicit commitment to sustainable supply management. Companies must earn a minimum score of 80 out of 200 points to become certified and repeat the assessment every three years (B Lab, n.d.^[77]).

Another way to demonstrate a commitment to social responsibility and sustainability are Buy Social pledges. These are appearing around the world and encourage the private and/or public sector to prioritise purchasing from SSE entities. By taking a Buy Social pledge, purchasers commit to spending a portion of their budget on SSE entities. For example, the Buy Social Corporate Challenge in the United Kingdom was launched in 2016 with seven founding corporations and has increased to 30 participating large companies in 2022, representing every major sector in the British economy. The goal is to spend GBP 1 billion with social enterprises by 2026. In the first six years of the programme, the corporate challenge companies have collectively spent over GBP 250 billion with social enterprises through their procurement (Social Enterprise UK, 2022^[78]). Another example is the social enterprise Buy Social Canada that invites for-profit corporations, SSE entities and government institutions to join the Buy Social Pledge, a commitment to work towards a minimum of 5% of annual purchasing spent with social enterprises. In doing so, purchasers become part of the “purchasing partnerships”, which means that their brand is featured by Buy Social in media channels and events and they get access to a variety of tools and guidance to implement their social procurement activities (e.g. workshop on social procurement, opportunity matching with social enterprises) (Buy Social Canada, n.d.^[79]).

Box 2.4. Examples of private social procurement initiatives that may benefit the SSE

Companies that have individually committed to procure from SSE entities:

- SAP has committed to direct 5% of its addressable spend to social enterprises and 5% to diverse businesses by 2025 (5 & 5 by '25). In doing so, SAP aims to inspire other organisations around the world to buy more goods and services from purposeful suppliers, considering their positive impact.
- IKEA has been engaged in social procurement from social economy entities since 2012. Through its Social Entrepreneurship Initiative, IKEA seeks to partner with social enterprises that create employment opportunities for disadvantaged and marginalised communities. By partnering with IKEA, social enterprises are connected with IKEA's wide network and are supported with knowledge and expertise around product development, logistics and supply. In 2022, IKEA partnered with 11 social businesses in production across home furnishing and food products.

Companies that have committed to support inclusive business led by marginalised groups:

- Takeda Pharmaceutical Company Ltd. spent USD 169 million with small businesses in the United States (US), many owned by women, minorities or other.
- Unilever committed in 2021 to spend EUR 2 billion annually with diverse businesses worldwide by 2025. Businesses are considered diverse if they are at least 51% owned, managed and controlled by groups underrepresented in business (e.g. women, veterans, people with disabilities, ethnic and racial or other minority groups).
- The Canadian telecommunications company TELUS set up a supplier diversity programme to provide more opportunities for Canadian companies that are certified by the Canadian Aboriginal and Minority Supplier Council, Women Business Enterprises Canada, or the Canadian Gay and Lesbian Chamber of Commerce.
- As part of its Supplier Diversity programme, Microsoft also commits to enhance its expenditure with diverse suppliers. In the fiscal year 2019, Microsoft's spending on diverse-owned businesses in the United States reached almost USD 3 billion. In India, Microsoft partnered with a local charity to deliver critical healthcare services to the slums of Mumbai.
- US outdoor retailer Patagonia includes purchasing from suppliers with demonstrable commitments to social responsibility, as well as purchasing from local suppliers, within their preferential purchasing guidelines for departments and affiliates. The founders of this firm have recently transferred all voting shares to a bespoke trust and not-for-profit to support its environmental and social goals.
- The Brazilian cosmetics company Natura&Co pledged in 2013 to buy 30% of its raw ingredients from sustainable sources in the Amazon.

Note: The list above stems from OECD desk research and stakeholder consultation. It is by no means exhaustive.

Sources: <https://news.sap.com/2020/10/social-procurement-better-way-grow/>; <https://about.ikea.com/en/sustainability/fair-and-equal/social-entrepreneurship>; https://gbl-sc9u2-prd-cdn.azureedge.net/-/media/ikeasocialentrepreneurship/fy22/ikeasocialentrepreneurship-annualreview-fy22.pdf?rev=152332c80798480788339cedef22d304&sc_lang=en&hash=EA5CD5303109AC36A1F99077A56DABEA; www.unilever.com/news/news-search/2021/how-we-will-help-build-a-more-equitable-and-inclusive-society/; www.telus.com/en/about/procurement?INTCMP=tcom_about_policies-and-disclosures_cta_to_procurement; www.microsoft.com/en-us/responsible-sourcing/procurement; www.theguardian.com/sustainable-business/social-enterprise-india-slums; www.nytimes.com/2022/09/14/climate/patagonia-climate-philanthropy-chouinard.html; www.theguardian.com/sustainable-business/natura-sourcing-sustainably-from-amazon.

Notes

¹ <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0411>.

² Directive 2014/24/EU and Directive 2014/25/EU.

³ i.e. 10 countries out of 30, as the Single Market Scoreboard comprises all the 27 member states of the European Union (EU) plus Iceland, Liechtenstein, and Norway.

⁴ The core regulation of social procurement in Spain is contained in the Law 9/2017 of Public Procurement, which prioritised the inclusion of social clauses in the public sector procurement contracts. This reform was indeed an important step for the participation of the social economy entities in public procurement. The most relevant developments introduced: 1. Planification: the law establishes the need to plan the contracting activity, which implies a greater prior knowledge from the companies of the public needs that are going to be contracted. This promotes the participation of SMEs and SSE entities. Likewise, the law provides the possibility of conducting preliminary market consultations with economic operators, which means improving the specifications and refining the social clauses or reservations in favour of SSE entities, such as the Special Employment Centres or WISEs. 2. Division of contracts into lots: The need to divide contracts into lots whenever possible is also a very favourable practice for SSE entities to participate on equal terms in public tenders. The law allows to reserve lots in favour of Special Employment Centres or for WISEs. 3. Reduction of administrative burden: The law strives to lighten the administrative burden, allowing the replacement of official documentation at the tender stage by a responsible declaration, as well as the reduction of guarantees. As a general rule, no provisional guarantee will be requested to participate in the tendering process, with exceptions regarding the creation of definitive guarantees (this does not apply, except for justified exceptions, to reserved contracts or those whose purpose is the provision of social services or the social or employment inclusion of persons belonging to groups at risk of exclusion). 4. Reserves of public contracts: The law establishes the possibility of reserving certain contracts in favour of certain SSE entities, as well as an obligation for public sector entities to set a minimum percentage of their public contracts that are reserved to WISEs and Special Employment Centres. It also regulates the possibility of establishing reserves of the right to participate in the tendering of certain contracts for services of a social, cultural and health nature to certain organisations, including all SSE entities. 5. Labels and social certifications: The law regulates labels, which are defined as any document, certificate or accreditation confirming that the works, products, services, processes or procedures concerned meet certain requirements. Contracting authorities that intend to purchase works, supplies or services with specific environmental, social or other characteristics may require a specific label as a means of proving that the works, services or supplies meet the required characteristics, such as those related to organic agriculture or livestock farming, fair trade, gender equality or those ensuring compliance with the Basic Conventions of the International Labour Organization. This type of label implies the possibility of awarding contracts to companies that integrate a high degree of social responsibility in their activity or production processes, thus highlighting labels or stamps that relate to matters such as fair trade, equality between women and men, the inclusion of persons with disabilities or ecological certificates. Source: Ministry of Labour and Social Economy of Spain.

⁵ Third Sector is a concept adopted in the Italian legislature to recognise, regulate and support the vast array of non-profit entities that pursue general interest aims.

⁶ www.manchester.gov.uk/downloads/download/352/national_procurement_strategy_for_local_government.

⁷ “Gen Z respondents were born between January 1995 and December 2003, and millennial respondents were born between January 1983 and December 1994” according to (Deloitte, 2022^[74]).

⁸ Inclusive businesses are created by people from disadvantaged and under-represented groups in entrepreneurship. Groups that are typically under-represented in entrepreneurship, or that face greater barriers to business creation and self-employment, include women, youth, people with disabilities, the unemployed, seniors and migrants.

⁹ It shall be noted that while “B Corp” is linked to a private certification, the term “Benefit Corporation” is usually understood as a legal status recognised in certain countries, including Colombia, Ecuador, France, Italy and over 37 US states.

3

Systematic challenges hamper procurement from the social and solidarity economy

There is still limited visibility on how much social procurement trends actually benefit the social and solidarity economy

Social procurement activities are not systematically tracked. Public spending on social procurement is monitored in the European Union (EU) and as part of global commitments, by the United Nations and the Organisation for Economic Co-operation and Development (OECD). However, public authorities may be applying socially responsible procurement compliant with national legislation without clearly labelling it as such; for instance, when they request compliance with environmental, social and labour law or social provisions as under EU Directive 2014/24/EU (Tepper et al., 2020^[25]). There is no internationally aggregated data on socially responsible private procurement.

There is no international obligation for public administration, and even less for private buyers, to track and report on the number of contracts and volumes awarded to social and solidarity economy (SSE) entities. To date, neither the OECD nor any other international bodies collect data on countries' support to SSE entities through social procurement, partially owing to the lack of a legal definition. National and local governments may voluntarily engage in data tracking as part of their social procurement strategies, one example being the annual reports¹ produced by the state of Victoria, in Australia. However, the data produced tend to focus on amounts spent, rather than outcomes,² and there is limited explication of how many SSE entities benefit. Moreover, they are not harmonised and comparable at the global scale. Aside from some scattered initiatives,³ for-profit businesses do not necessarily adopt (or disclose) their targets for social procurement, nor (publicly) report on them.

Hence, it remains unclear how much social procurement is taking place and which involves SSE entities, including their participation in tenders and success rates. In the public sector, procurement from the SSE entities is often introduced to achieve strategic policy objectives. For this reason, there may not always be explicit public commitments to track progress on these procurement activities with granular data on SSE tenderers and contractors.

Challenges to social procurement from SSE entities arise for both the buyers and suppliers

Lack of awareness among public and private buyers

SSE entities are often overlooked as potential suppliers simply because public buyers may not be familiar with them and their activities (Varga, 2021^[72]). Policy makers and public authorities often lack

a comprehensive understanding of SSE entities' economic and social relevance as well as their operating mechanisms (e.g. hybrid sources of income, operating under many different legal forms). Unless legal frameworks on the SSE or parts of it, or some sort of registry or labelling system, exist, it might be challenging to identify SSE entities. Over the long term, a culture shift within public authorities is needed, so that the capabilities of the SSE are fully understood and embraced in procurement practices.

Common misconceptions around procurement from the SSE are an obstacle. One of the most persistent myths around SSE entities' goods and services is that they are more expensive than those from conventional corporations. However, this is not necessarily the case and SSE entities have demonstrated their competitiveness on both price and social value in many cases (Social Enterprise UK, 2022^[78]). Another common conception relates to relative risk of procuring from SSE entities. Again, evidence challenges this. In the state of Victoria (Australia), social enterprises were found to be as efficient and marginally more productive than commercial small and medium-sized enterprises (SMEs) (Abbott et al., 2019^[80]). According to a recent survey, the difficulties commonly associated with procurement from social enterprises, such as cash flow problems, fluctuations in orders, and issues with product quality, did not present as significant challenges. Furthermore, the assumption that social enterprises are always too small to be viable suppliers was debunked. Among the enterprises surveyed, 9% had more than 100 employees and 50% had fewer than 20 employees. Moreover, the size of the enterprise did not determine their success in doing business with corporations. Among the social enterprises with fewer than 20 employees, 72% had at least five corporate customers, and 60% generated a majority of its revenues from corporate customers (Acumen, 2021^[81]).

Interpretation of rules and intersecting procurement obligations

Procurement rules that encourage social procurement are a good start, but can be only as conducive as they are interpreted and implemented by public buyers. In the EU, it has been found that, oftentimes, procurement officers are simply not aware of existing social procurement regulations, and the possibilities offered by the EU Directives, or they do not fully understand them, and therefore do not use them (Varga, 2021^[72]). Similarly, a lack of understanding on how to implement specific objectives is hindering the development of policy frameworks on responsible business conduct in public procurement (OECD, 2020^[14]). Hence, implementation can be uneven at the territorial level, even within the same country context. An additional difficulty is that definitions of social procurement and the SSE are often inconsistent across jurisdictions and contract deals, which can easily lead to misunderstandings (Brown et al., 2022^[82]). In the United Kingdom, a review conducted two years after the entry into force of the Social Value Act of 2012 found that local authorities and housing associations led the way in terms of awareness and take-up of the act with respect to central government and health commissioners (UK Cabinet Office, 2014^[83]). Similarly, local authorities in Brandenburg (Germany) show limited uptake of the possibility to integrate social, environmental and innovative criteria in their award decisions (OECD, 2021^[84]).

Procurement officers' fear of distorting competition could be another explanation for restrictive interpretation of social procurement provisions (Varga, 2021^[72]). Since public procurement is known to be particularly vulnerable to mismanagement, fraud and corruption (OECD, 2015^[55]), public officials might fear repercussions for preferential treatment (even though legally allowed or even encouraged) (Box 3.1). Indeed, control and audit bodies may sometimes block public procurement procedures, if they fail to understand the importance of achieving strategic policy objectives.⁴ It can, therefore, be challenging to design a regulatory framework that encourages procurement from the SSE without prejudice to business competition or equal treatment in invitations to tender (anti-discrimination principle) (Barcelona City Council, 2017^[85]). A review of the United Kingdom's Social Value Act found that the perceived fear of legal challenges and lack of clarity around what is legally permissible is keeping some procurement officers from implementing social value purchasing (UK Cabinet Office, 2014^[83]). Similarly, academic literature confirms that strict regulations may discourage procurement officers' willingness to be innovative in trying new methods or products⁵ (Goldsmith and Becker, 2018^[86]). Public procurement officers have to navigate and

interpret multiple changing requirements related to contemporary procurement, including environmental and social goals, and technological changes to procurement systems, which can generate new workforce requirements and anxiety for them (Meehan and Bryde, 2011^[87]).

Box 3.1. Preferential procurement from the SSE practised by some countries to address market imperfections

Public authorities conferring commercial advantage to particular business types is typically highly restricted on the basis of competition regulations and legislation, and may also be affected by international trade agreements. However, the role of government intervention to support well-functioning and equitable economies is generally recognised in national legislation and supranational competition policy. In the context of procurement, preferential treatment, such as use of contract set-asides or a target of procurement spend for particular providers, may be mandated by governments in response to addressing market failure in areas of essential need or reducing asymmetries in market participation by smaller and typically excluded providers. For example, the United States federal government mandates preferential procurement from small businesses, with specific targets for women- and veteran-owned businesses, and businesses in historically under-utilised economic zones (through the HUBZone programme).

Most legislative frameworks for procurement also specify principles of best value and fairness in procurement processes. These are addressed in preferential procurement by providing transparency to suppliers about where and why preferential procurement is to be used, and operationalising the assessment of value to include social and/or environmental value as well as cost. Delivery on any kind of contracted value, or repercussions where value is not delivered, also forms part of fair competition. This could be conceived as creating unfair market conditions where social value requirements are included in competitive tendering but suppliers are not held to account in pricing or delivering on these requirements.

Preferential procurement from SSEs may be adopted to respond to market failure and/or to support quasi-market success. The European Parliament has, for example, recently acknowledged the core role of SSE entities in care services and the possibility of state aid to SSE entities to improve quality provision in this essential sector. Here and in other jurisdictions, the role of SSE entities, particularly work integration social enterprises (WISEs), in improving equity in economies through inclusive procurement, has also been recognised as in keeping with principles guiding competition regulation.

Sources: www.sba.gov/partners/contracting-officials/small-business-procurement/set-aside-procurement; [CIOB Special Report on Social Value for SMEs | CIOB](#); www.europarl.europa.eu/doceo/document/A-9-2022-0192_EN.pdf; www.oecd.org/local-forum/localstories/LEED-social-procurement.pdf; <http://dx.doi.org/10.1086/675228>; www.sba.gov/federal-contracting/contracting-assistance-programs/hubzone-program.

There is limited scope for regulating private social procurement

From the point of view of policy makers, there is limited scope for publicly regulating the procurement activities of private sector entities, as these operate as independent entities in free, mostly self-regulating markets and decide themselves from/to whom, when and at what cost they are willing to buy and sell their goods and services. Typically, private procurement is governed by private contract or commercial law. While public procurement is mostly governed by strict guidelines and thresholds for more or less open competitive procedures (OECD, 2019^[11]), private procurement, in particular routine and

recurring purchases, often occurs in the form of direct or restricted negotiations with a set of preferred providers (Barraket, Keast and Furneaux, 2016^[12]).

In the private sector, the extent of procurement regulation largely depends on the nature of the organisation (large multinational corporations, publicly listed corporations, SMEs), rather than the contract value. Generally speaking, the regulatory framework is denser for large, listed and/or multinational corporations than for SMEs. Hence, the former are more driven by achieving compliance with legal requirements, whereas SMEs, like SSE entities themselves, tend to have more intrinsic motivations to use their procurement activities in a way that enhances social impact.

Private sector companies might have to comply with complementary provisions set by the public sector, such as responsible business conduct (RBC), sustainability requirements or supply chain management. These can be framed either as a prohibition (e.g. companies are prohibited from dumping certain substances into waterways) or prescription (e.g. companies that comply with regulations gain a competitive advantage over other companies). Either way, regulations can have a direct, or more indirect impact on corporations' procurement activities (Barraket, Keast and Furneaux, 2016^[12]). For instance, the Dutch government has concluded several agreements on RBC with Dutch sectors and civil society organisations. The agreements set out how companies can work with civil society organisations and government to prevent abuses in the areas of human rights, labour rights and the environment (Dutch Government, n.d.^[88]). Over the past years, several OECD countries have adopted regulations requiring companies to either conduct due diligence or be transparent about how they tackle certain issues in their supply chain.⁶ The Norwegian Transparency Act, which entered into force in June 2022, requires enterprises that are resident or offer goods and services in the country to conduct and publish due diligence expectations in terms of public transparency, as evidenced by recent progress in the Sustainability Disclosure Standards promoted as part of the International Financial Reporting Standards.

SSE entities face common barriers to access both private and public markets

Contractual complexity, particularly in outcome-based procurement, requires skills and implies high transaction costs. A majority of SSE actors are small and medium-sized entities; therefore, large contract volumes represent a recurring hurdle. The upfront cost of preparing tenders may prevent them from engaging in open, competitive procedures with uncertain chances of success. Furthermore, SSE entities may have difficulty demonstrating their financial stability and track record, as they may not have the same financial resources as larger, for-profit corporations. This can make it difficult for them to meet the financial requirements for tender applications, such as minimum annual turnover or credit ratings. Additionally, SSE entities often lack of knowledge of and networks into public/private procurement markets and practices, as well as the skills necessary to manage procurement processes, including accessing information around procurement opportunities in the first place.

Additional challenges are more specific to certain SSE legal certification and/or linked to the sector of activity. For example, SSE entities report that the variable volume of projects and particular market cycle of the construction sector constitute a challenge (Cornforth, 2014^[89]). Non-profit certifications may restrain against certain types of economic activity and cap the possibility of income generation from market trading. In addition, expanding into new areas of work may sometimes raise questions as to potential mission drift among members and internal stakeholders (Teasdale, Buckingham and Rees, 2013^[90]).

A lack of collaboration among SSE entities is compounded by competition from for-profit and inclusive businesses. For instance, the OECD policy review in Brandenburg (Germany) found a lack of collaboration between traditional charitable organisations and more innovative social start-ups (OECD, 2021^[84]). Moreover, not all policy frameworks that allow for preferential treatment automatically help SSE entities. In Korea, for example, SSE entities experience competition with SMEs and women's enterprises which are also beneficiaries of preferential public procurement policies (Yoon, Lee and Lee, 2022^[49]).

Single-client dependency poses problems in terms of financial sustainability. While accessing public and private market through procurement can be an important source of income for SSE entities, they need to be careful of the so-called “single client.” SSE entities relying on government monopsony (i.e. dependency on only one buyer) are at risk of collapsing when they lose a contract.

Social impact measurement represents a challenge for all actors involved

Buying institutions as well as selling SSE entities encounter the difficulty to measure and demonstrate social impact (OECD, 2021^[39]), while the core principle of social procurement is to create social value through purchasing. Assessing the evidence on how social procurement produces social value requires defining what is social value and then finding ways to determine how social value has been measured (Halloran, 2017^[91]). OECD consultations revealed that contracting authorities, lead corporate suppliers and SSE entities do not always share a similar understanding of what social impact is (Barraket, Keast and Furneaux, 2016^[12]). A study of buyers engaged in social procurement in Australia and New Zealand found that more than one-third did not have specified social impact goals (Barraket et al., 2021^[69]). Even in the realm of green public procurement strategies, only 12 out of 34 OECD countries (38%) surveyed in 2022 report on their impact and are therefore able to understand how they are contributing to meeting their sustainability goals (OECD, 2023^[5]).

Due to the lack of a common framework for social impact measurement,⁷ public authorities might face difficulties justifying preferential treatment of SSE entities and deviating from unrestricted market competition. For this reason, SSE entities are sometimes required by legal frameworks or certification protocols to adopt and report upon harmonised impact metrics to maintain a particular legal status or form. When introducing such obligations, policy makers need to be aware that SSE entities may be serving multiple stakeholder needs with the ways they measure and communicate social impacts, and that the burden of social impact measurement does not outweigh the potential benefits. Hence, an SSE entity may need support to meet the additional requirement without impinging on its capacity to compete on the market (OECD, 2021^[39]).

Outcome-based procurement does not fit all policy areas. Programmes that attempt to influence diverse and difficult-to-quantify outcomes, such as programmes that target a community rather than individuals, may not be able to settle on a few measurable outcomes. They require careful design, as the perspectives of service providers, clients and funders need to be considered when selecting outcomes (Farthing-Nichol, 2017^[92]). Moreover, evidence of their relative efficiencies and effectiveness remain limited. Most evaluations tend to focus on the effectiveness of particular initiatives relative to their social outcomes, rather than the added value that may be attributed specifically to this contractual model (Gibson, n.d.^[93]).

With increased interest in social procurement, “social washing”⁸ practices are emerging that work against the procurement goals. The difficulty of defining and measuring social value leads also to the risk of buying into marketing claims by for-profit companies, which might present a false picture of their social and environmental impact, engage in exploitative practices when partnering with SSE entities, or misrepresent their adherence to the SSE values and characteristics.

Notes

¹ www.buyingfor.vic.gov.au/social-procurement-annual-reports.

² Note that the state government of Victoria has endeavoured to report on outcomes where possible, such as hours of employment generated and jobs created, as well as including many case studies to highlight the qualitative impacts of social procurement on people's lives. These can be seen in past annual reports available at: www.buyingfor.vic.gov.au/social-procurement-annual-reports.

³ Individual corporate commitments, such as SAP's "5 & 5 by 2025" (Dupain et al., 2021^[152]) (SAP, 2020^[153]), or as part of business coalitions, which may include public and multilateral actors, such as Business for Inclusive Growth (B4IG) at the OECD.

⁴ The right to reserve social contracts for SSE entities has been the subject of many disputes, complaints and court cases. One of the most recent such cases is the judgment of 28 March 2023 in case E-4/22 Stendi AS and Norlandia Care Norge AS v Oslo municipality. The main proceedings in that case concerned the procurement by Oslo municipality of services relating to the operation of nursing home places. Participation in that procurement procedure is reserved for so-called "*ideelle organisasjoner*", preventing profit-making operators from competing for such contracts. The Oslo District Court asked the Court of the European Free Trade Association (EFTA) whether Directive 2014/24/EU precludes national legislation allowing contracting authorities to reserve the right to participate in tendering procedures for the award of public contracts for the provision of social services. The EFTA Court concluded that the Directive does not preclude such reservation provided that two conditions are fulfilled. First, the legal and contractual framework within which the activity of those organisations is carried out must actually be grounded in the principles of universality and solidarity, which are inherent to a social welfare system, as well as in reasons of economic efficiency and suitability, and contribute effectively to the social purpose and objectives of solidarity and budgetary efficiency on which that system is based. Second, that the principle of transparency is respected (EFTA Court, 2023^[158]; Caimi and Sansonetti, 2023^[16]).

⁵ OECD consultations with SSE representatives reinforced the general observation that public procurement officials tend to be risk-averse and reluctant to try new approaches towards social procurement.

⁶ <http://mneguidelines.oecd.org/due-diligence-policy-hub.htm>.

⁷ Several terms are frequently used interchangeably, such as (social) impact assessment, social value measurement, social performance measurement or reporting. For a more detailed discussion on the different interpretations of this term, please refer to (OECD, 2021^[21]).

⁸ Social washing, like green washing, refers to exaggerated (or false) claims made by firms that mislead customers or investors about the impact of their business practices on people and the environment (Hilbrich, 2021^[155]).

4 Policy tools can promote procurement from the social and solidarity economy

Policy makers can use several levers to influence social procurement practices in a way to improve access to both public and private markets for social and solidarity economy (SSE) entities. These policy opportunities can be broadly grouped in three levels:

- **developing a conducive policy and regulatory framework**, by “setting the rules of the game” to increase social procurement opportunities that actively include the SSE;
- **shaping procurement activities in the form of direct buying from SSE entities**, by better integrating social considerations, or moving into social outcomes contracting;
- **providing tools and support measures** to facilitate matchmaking via digital platforms, SSE registries, and networking, but also through awareness-raising and capacity-building initiatives for both the public and the private actors (especially on social impact measurement).

Developing a conducive policy and regulatory framework

Regulations relating to public and private social procurement can be found on the international, supranational (European Union [EU]), national and/ or subnational levels. The applicable regulatory framework is different for public administration, private economic actors and SSE entities, and additionally depends on the good or service being procured, as well as the value of the contract. Social procurement from SSE entities needs to take into account the specificities of SSE entities (i.e. primacy of people over capital, focus on societal objectives). Consultations conducted by the Organisation for Economic Co-operation and Development (OECD) with SSE representatives have stressed the importance of designing regulations and policies that address social procurement from SSE entities specifically, bearing in mind the distinction to “mainstream” social procurement from conventional businesses. In a similar vein, the EU project Buying for Social Impact found that the implementation of socially responsible public procurement (SRPP) is easier in countries where legal frameworks or legal forms for social economy enterprises exist (European Commission, 2020^[65]).

Policy makers can foster the SSE involvement in public contracts through sector regulations and dedicated legal frameworks

Legislation on social procurement is emerging across the world. For example, the United Kingdom (UK) adopted the Public Services (Social Value) Act 2012, which places a requirement on commissioners to consider the economic, environmental and social benefits of their approaches to procurement before the process starts (Box 4.1). Since January 2021,¹ the act requires a minimum of 10% of every procurement decision to be based on the scoring of a social value proposal attached to a procurement bid. Within their respective competences, subnational governments can also enact mandatory social

procurement rules. For example, the state government of Victoria (Australia) has launched a Social Procurement Framework that is mandatory for over 270 public agencies (Box 4.2).

Box 4.1. Social Value Act (United Kingdom)

In 2020, the United Kingdom spent 16.1% of its gross domestic product (GDP) on public procurement (OECD, 2021^[3]). The potential of these public expenditures was acknowledged and oriented through the Public Services (Social Value) Act in 2012. The law requires public commissioners to take into account the economic, environmental and social benefits, starting from the pre-procurement stage. In 2020, the Social Value Model introduced an explicit obligation to consider social value in public procurements by the central government and aimed to standardise the measurement approach. More precisely, minimum 10% of the decision weighting must be determined by the social value of the commissioned services.

The National Social Value Taskforce was set up in February 2016 to support the implementation of the act and create a best-practice framework. This led to the publication of the National Social Value Measurement Framework in November 2017, with annual updates by the Social Value Portal (SVP). Structured around common themes, outcomes and measures, the framework provides standardised monetary valuation through proxies for all entities that engage in outcome-based contracting. When the government adopted the Social Value Model, based on five pillars (COVID-19 recovery, tackling economic inequality, fighting climate change, equal opportunity, well-being), the SVP adapted its themes, outcomes and measures through a Central Government Mapping Tool, linking data points from the framework to the criteria spelled out in the model. The nation-wide tool is used by most public and private organisations that engage in procurement to comply with the act.

In the United Kingdom, voluntary, community, and social enterprises play a central role in the economy, with around 250 000 active organisations according to the Department for Culture, Media & Sport. However, they still face persistent challenges in both access to markets and funding, placing them at a disadvantage against traditional for-profit competitors. Overall, it is estimated that only 5% of these entities successfully engage in public contracting each year, mostly with local governments. Overall, 68% of contracts awarded to voluntary, community, and social enterprises come from a local government client. This was followed by central government (13%) and the National Health Service (11%) in 2020.

The Social Value Act has gradually introduced the concept of social value in the commissioners' work, before formalising it into a mandatory step. It made the British public administration more accountable for its social and environmental impacts when procuring. It also raised awareness around social impacts among traditional economic actors, pushing them to engage in corporate social responsibility. Although they do not directly target social economy entities, the act and the model recognise their contributions in terms of social impact.

Sources: [The role of Voluntary, Community, and Social Enterprise \(VCSE\) organisations in public procurement \(www.gov.uk\)](https://www.gov.uk/government/publications/the-role-of-voluntary-community-and-social-enterprise-vcse-organisations-in-public-procurement); [Social Value Act: information and resources \(www.gov.uk\)](https://www.gov.uk/government/publications/social-value-act-information-and-resources); [Social Value Model \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/publications/social-value-model); [Public contract wins by social enterprises at lowest level for two years - UK Fundraising: Government at a Glance | OECD iLibrary \(oecd-ilibrary.org\)](https://www.gov.uk/government/news/public-contract-wins-by-social-enterprises-at-lowest-level-for-two-years-uk-fundraising); [VCSE Procurement \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/publications/vcse-procurement).

Box 4.2. Victoria's Social Procurement Framework (Australia)

In Victoria, social procurement is primarily considered as a tool for delivering additional social and environmental value on top of the value of goods, services and construction procured. In particular, and of relevance to the SSE, the focus is primarily on using social procurement as a way to use government purchasing to generate opportunities for those who need them the most.

In April 2018, the Victorian government released a Social Procurement Framework (SPF) that aims to ensure that value-for-money considerations are not exclusively focused on price but encompass opportunities to deliver social and sustainable outcomes. The SPF in Victoria is a mechanism that can make a difference to Victorians through creating job opportunities or skills-based training in areas of disadvantage, addressing structural and systemic inequalities, or delivering environmental benefits for local communities.

The framework distinguishes between a direct and indirect social procurement approach. The direct approach includes the purchasing of goods, services or construction from “social benefit suppliers”, i.e. verified Victorian social enterprises, Victorian Aboriginal businesses or Australian Disability Enterprises. In the indirect approach, departments or agencies purchase from a “mainstream supplier” using invitations to tender and clauses in contracts to influence the delivery of social and sustainable outcomes (e.g. maximising recyclable/recovered content, minimising waste and greenhouse gas emissions). This includes subcontracting prioritised social benefit suppliers in supply chains.

The framework is mandatory for all departments and agencies that are subject to the Standing Directions of the Minister for Finance, meaning approximately 275 agencies. For public buyers, the framework provides the guidance to embed social and sustainable procurement into existing processes, using a scalable approach based on expenditure (by threshold: AUD <1 million, AUD 1 million to 20 million, AUD 20 million to 50 million, > AUD 50 million) and scope of procurement activity (e.g. regional or state-wide procurement). For suppliers, the framework seeks to inform them of the methods to deliver government objectives, while continuing to grow their business by participating in government procurement.

To facilitate the implementation of the framework, a social procurement document library was established on the Buying for Victoria website providing buyers with practical guides on concepts, planning, individual procurement activity requirements, evaluation and contract management. The state government of Victoria is currently in the process of refreshing this guidance and creating an online Knowledge Hub on social procurement (forthcoming). Additionally, a social procurement toolkit contains templates for social procurement strategies, self-assessment, evaluating offers, contract clauses and other related documents. At the end of 2021, a Social Procurement Community of Practice was established to create a broad government forum for information sharing and presentation of case-studies to promote peer-to-peer learning and exchange within the public sector. Moreover, the government produces annual social procurement reports informing on changes in volume disbursed to different SSE suppliers.

In 2019-20, the first full year of Whole of Victorian Government reporting, there was a total spend of AUD 135 million and engagement of 459 social benefit suppliers. Being the first of its kind in Australia, Victoria's SPF has influenced other state governments to also adopt social and sustainable procurement policy initiatives. For example, Western Australia adopted a Social Procurement Framework and Practice Guide in 2021 and New South Wales adopted a Procurement Policy Framework in 2021 that includes objectives on economic development, social outcomes and sustainability.

Sources: www.buyingfor.vic.gov.au/social-procurement-framework; www.buyingfor.vic.gov.au/social-procurement-document-library; www.buyingfor.vic.gov.au/social-procurement-toolkit; www.buyingfor.vic.gov.au/social-procurement-annual-report-2019-20; <https://djpr.vic.gov.au/about-us/overview/strategies-and-initiatives/social-enterprise>; [Victoria's Social Procurement Framework \(Australia\); The Better Entrepreneurship Policy Tool.](#)

Some procurement laws specifically target social procurement from SSE entities. In 2014, the city of Seoul (Korea) enacted the ordinance Public Purchases and Marketing Support for the Products of Social Economy Organisations, which provides for preferential access to social enterprises in public procurement (Ji, 2023^[94]). Public procurement policies require 5% of sourcing from certified social enterprises. As a result, the public procurement market for the social economy in Seoul grew by KRW 80 billion (approximately USD 63 million) in 2015 (Impact Investors Council, 2021^[95]). The Italian Legislative Decree 124/2019, amending the discipline on public procurements, introduced a new scoring criterion for tenderers that measure their social or environmental impact. In particular, measuring impact through the specific assessment method provided by Law 208/2015 (which regulates the Italian benefit corporations, for-profit entities that purposely pursue, alongside profit, a shared value) has become one of the criteria which can be established by the public administration to recognise a higher score in calls for tenders. The express reference to the “external evaluation standard” of benefit corporations does not limit access to this benefit only to such companies; on the contrary, all companies are encouraged to measure their social or environmental impact (RP Legal & Tax, n.d.^[96]). The Social Economy Action Plan adopted by the European Commission on 9 December 2021 explicitly aims to improve good practice on socially responsible public procurement and promote the targeting of the social economy outside EU borders.

Governments can enshrine social procurement obligations into sectoral policies or legislations, which at times explicitly mention SSE entities. Specific procurement conditions might apply to public administrations operating in certain policy areas (e.g. public schools, hospitals, utilities). For example, Spain’s Law on Waste and Contaminated Soil for the Circular Economy stipulates that 50% of public tenders related to the collection, transport, and treatment of textile waste, furniture and other goods must be awarded to social enterprises (RREUSE, 2022^[97]). In Brazil, since 2009, the law establishing the School Feeding Programme (*Programa Nacional de Alimentação Escolar*) mandates that 30% of ingredients for state-led school lunch catering must come from family farms, which are often organised as cooperatives and associations (Mariosa et al., 2022^[98]; Rodriguez et al., 2016^[99]).

SSE entities may also benefit from targets set for small and medium-sized enterprises (SMEs) and inclusive businesses. For instance, in Korea, the Act on Facilitation of the Purchase of SME-Manufactured Products and Support for Development of Their Markets requires that 50% of total public procurement be from SMEs, 8% from women’s enterprises, and 1% from enterprises hiring persons with disabilities, while purchases from social enterprises are recommended but not required.² In India, the 2012 Public Procurement Policy Bill introduced annual procurement targets for ministries and departments from micro and small enterprises (20%), but also from scheduled castes and tribes entrepreneurs (4%) (Brown et al., 2022^[82]). In late 2020, the New Zealand government announced its aim to commit at least 5% of all procurement contracts from its approximate NZD 51 billion annual spend to Māori businesses (Government, n.d.^[100]; Te Puni Kōkiri Ministry of Māori Development, n.d.^[101]). Under Rule 17 of the Government Procurement Rules, agencies must consider how they can create opportunities for New Zealand businesses, including Māori, Pasifika and regional businesses, as well as social enterprises. Similarly, Australia has an Indigenous Procurement Policy that requires Australian Commonwealth entities to award 3% of Australian Commonwealth contracts to Indigenous businesses. The policy also requires that certain contracts be set aside for indigenous businesses and that a number of other contracts include minimum indigenous employment or supplier use requirements (OECD, 2019^[11]).

Legal frameworks on the SSE as a whole or specific SSE entities can include relevant provisions on social procurement (OECD, 2023^[102]). For example, France’s 2014 Law on the Social and Solidarity Economy stipulates the obligation to adopt and publish a scheme to promote socially responsible procurement (*Schéma de promotion des achats publics socialement et écologiquement responsables*, SPASER) for public contracts above EUR 100 million excluding tax. Approximately 320 local authorities are affected by the obligation to adopt a SPASER. However, as of 31 December 2020, only 21% of them had done so (Acheter responsable, 2023^[103]). The city of Nantes has had a SPASER since 2017 and revised it recently to reflect its increased ambition and commitment to include an environmental or social

clause in 100% of public procurement contracts by 2026 (Box 4.3). Similarly, the Canadian government has a Social Innovation and Social Finance Strategy that includes a commitment to increasing procurement from social enterprises and diverse suppliers (e.g. SMEs owned by equity-deserving groups).

Legal forms and statuses for SSE entities can help by raising their visibility and providing a clear framework for identifying and working with them (OECD, 2023^[102]). Evidence suggests that the implementation of socially responsible public procurement is easier in countries where legal frameworks or legal forms for social economy entities exist (European Commission, 2020^[65]). By working with legally-recognised social enterprises, procurement officers can have greater confidence that the businesses they are working with are committed to social and environmental standards. In jurisdictions where there is no dedicated legal form, certifications of SSE status by specialised intermediaries play a role in facilitating access between public and private procurers.³ These certifications involve due diligence and regular recertification, which provides assurance of authentic social enterprise status to procurement officers. Still, barriers to entry – such as cost or minimal demonstrable benefit – can limit the take-up of certification opportunities by some SSE entities, and limit use of certification by some procurers (Barraket, 2020^[104]). While this can be mitigated by mandating certification or legal recognition of SSE status within procurement policies and contracting procedures, care must be taken not to create new barriers to market participation in the process.

Box 4.3. Nantes' strategy for socially and environmentally sustainable procurement (France)

In 2020, France spent 15.6% of its GDP in public procurement. The importance of procurement for broader policy goals, not only price, is recognised by French policy makers as a crucial step towards more sustainable societies. The 2014 French SSE law requires all public administrations with total annual contracts worth over EUR 100 million to define a strategy for socially and environmentally sustainable procurement (*Schéma de promotion des achats publics socialement et écologiquement responsables*, SPASER). In 2022, the Climate and Resilience bill introduced sustainability as an award criteria for all public procurements by 2026 and lowered the threshold for a mandatory SPASER to EUR 50 million from 1 January 2023. This doubled the number of public buyers concerned, from 160 to 320 across various levels of government. However, as of December 2022, only 51 (i.e. just above 30%) of the mandated authorities had adopted a SPASER.

The city and metropolitan council of Nantes are among the first local entities to have adopted a SPASER. The metropolitan area counts over 2 870 SSE entities, which represent 13.9% of private employment. The first SPASER, published in 2017, included 11 pillars orienting public procurement towards greater sustainability. The city and metropolitan council perform around 1 300 procurements every year, accounting for EUR 530 million, in addition to EUR 500 million in decentralised services.

The first SPASER strategy aimed to improve the socio-economic integration of people with disabilities or other factors of vulnerability through the SSE. Over the period 2017-22, it delivered almost 480 000 hours of labour market integration carried out through public contracts, mainly for the benefit of young people and people with low levels of qualification.

The new SPASER for the 2022-26 period builds on the lessons learned, setting even higher ambitions, in terms of both actions and objectives. The council used the renewal to focus on indicators. In the first version, their multiplication and complexity sometimes altered the overall spirit of the plan. It also considers the necessity for better reliable data, while acknowledging the current situation for the upcoming four years. Overall, the SPASER is said to have been simplified in its application to better achieve the new challenges. Eight overarching goals were set up, with quantifiable objectives under each of them. In 2026, Nantes expects 100% of its procurement contracts to include a social or environmental clause. Another priority of the new scheme is capacity building for public officials. Trainings will be offered, and the SPASER will be supported by ambassadors in the concerned administration.

Sources: [20222026 SPAR NantesetNantesMétropoleOK.pdf \(rtes.fr\)](#); [État des lieux sur les SPASER - décembre 2022 | RTES](#); [www.paysdelaloire.fr/sites/default/files/2023-02/SSPASER%20R%C3%A9gion%20PDL%202023.pdf](#); [Le rapport annuel de Nantes Métropole 2021 \(reze.fr\)](#); [\[Infographie\] Des achats publics plus responsables | metropole.nantes.fr](#); [Government at a Glance | OECD iLibrary \(oecd-ilibrary.org\)](#); [Data 44 2022 \(cress-pdl.org\)](#).

International pressure can trigger more responsible practices in private procurement

Governments and/or international governmental organisations can offer incentives towards private social/sustainable procurement in the form of internationally acclaimed labels or pledge initiatives.

Historically, such initiatives have started by incentivising corporations to operate more responsibly towards the planet and the people, being centred around the idea of “doing no harm.” More recently, the attention has shifted towards “doing actively good” and creating social impact through their business activities in general and purchasing power in particular. Rooted in corporate social responsibility (CSR) ambitions as well as the recognition that responsible procurement may increase a company’s competitiveness in the market (LePage, 2014^[17]; Varga, 2021^[72]), many private sector companies adhere to several international or regional voluntary commitments.

International commitments can be shaped in several ways. Under the aegis of international organisations, governments may jointly establish RBC obligations and/or recommendations for corporations operating under their jurisdictions:

- **OECD Guidelines for Multinational Enterprises on Responsible Business Conduct:** non-binding principles and standards for responsible business conduct in a global context consistent with applicable laws and internationally recognised standards. The guidelines, grounded in the 2022 OECD Recommendation on the Role of Government in Promoting Responsible Business Conduct,⁴ are the only multilaterally agreed and comprehensive code of responsible business conduct that governments have committed to promoting (OECD, 2023^[105]).
- **The United Nations (UN) High-Level Expert Group on the Net Zero Emissions Commitments of Non-State Entities** recommended that businesses should include renewable energy procurement targets as part of net zero transition plans (United Nations’ High-Level Expert Group on the Net Zero Emissions Commitments of Non-State Entities, n.d.^[106]).
- **The UN Centre for Trade Facilitation and Electronic Business** has developed Policy Recommendation n°43 on Sustainable Procurement, seeking to provide guidance and support for financially sound, environmentally sustainable and socially responsible procurement in business-to-government and business-to-business transactions. It suggests a minimal set of common requirements to select sustainable suppliers, while avoiding imposing additional administrative burden on micro, small and medium-sized enterprise suppliers (UNECE, 2019^[107]).
- **The UN Guiding Principles on Business and Human Rights** help states and companies to prevent, address and remedy human rights abuses committed in business operations (United Nations, 2011^[108]).

Additional examples include the international labour standards and tripartite conventions promoted by the International Labour Organization.

In conjunction with or independently of international public efforts, private companies can collectively commit to procure in a responsible/social/sustainable way. Examples of such commitments include:

- **UN Global Compact** is the world’s largest corporate sustainability initiative. It is a purely voluntary initiative that is designed to stimulate change, promote corporate sustainability, and encourage innovative solutions and partnerships. To date, the UN Global Compact counts over 22 000 signatories in over 160 countries (UN Global Compact, n.d.^[109]).

- **G7 Sustainable Supply Chain Initiative:** Launched in 2021, this initiative convenes 22 global food and agriculture companies to pledge to improve the environmental, social and nutritional impact of their operations and supply chains. Additionally, there is an open call for other companies (outside the G7) to join the initiative (Open Planet Network, 2022^[110]). The performance of participating companies will be measured against the Food and Agriculture Benchmark developed by the World Benchmarking Alliance (OECD, n.d.^[111]).
- **Business for Inclusive Growth (B4IG)** is a partnership between the OECD and major corporations from across the globe, encouraging major international businesses to tackle inequality and promote diversity in their workplaces and supply chains. It is another effort to foster a sense of social purpose among firms. B4IG strives to equip member companies and the business community with operational and practical tools. Most recently, B4IG developed 13 indicators to help companies analyse and measure the social challenges of the just transition that affect the companies' own operations, their supply chains and their business relationships (B4IG, 2023^[112]).

Several other initiatives have emerged to promote sustainable reporting by private actors, including businesses and financial institutions,⁵ which may indirectly affect their procurement practices.

Shaping procurement activities

Social procurement for SSE entities can take three forms depending on the focus

Social procurement can foster the SSE involvement in three general ways, by focusing on the Who, How or What. These three groupings can adopt an implicit or explicit intention to target SSE entities as suppliers, and they can be equally applied to public and private transactions. The first option entails setting aside a percentage of the contracted amount to SSE entities (which can be registered social enterprises, certified public benefit or non-profit organisations). By design, the tendering process provides preferential treatment to a specific subset of potential providers. When dealing with public resources, any form of preferential treatment must be fully justified under competition policy. In the second option, the intent of the procurement process is to purchase a specific good or service, with an additional, indirect social outcome embedded in the terms of reference. The pre-tendering process will set specific conditions on how the contract should be performed, e.g. by respecting minimum social or environmental standards. This may include the requirement of internationally recognised product labels and/or supply chain certifications. Hence, the social outcome remains secondary to the main objective of the procurement process (Furneaux and Barraket, 2014^[113]). The third option requires the upfront definition of quantitative social and/or environmental targets that condition the awarding of the contract as well as, potentially, the ensuing payments by the buyer. Here, what is being procured are not activities or outputs; the focus is shifted directly onto medium-term outcomes.

Table 4.1. Social procurement approaches that may involve the social and solidarity economy

	Focus	Intention to target the SSE
Procurement from SSE entities (legally defined or certified)	Who – who can best perform the contract in order to achieve the (direct and indirect) social outcomes	Explicit
Procurement with social considerations	How – how can the contract be performed in order to (indirectly) achieve better social outcomes	Implicit
Procurement for social outcomes	What – what are the desired social outcomes, independently of the activities and suppliers (direct)	Implicit

Source: Authors' elaboration, adapted from (Barraket, Keast and Furneaux, 2016^[12]).

Social considerations that relate to SSE entities can be embedded at different stages in the procurement cycle.⁶ Recent evidence shows that they are most frequently applied in the development of requirements and technical specifications, but also in the preceding needs and market analysis and later on, in the evaluation of bids/proposals received (UNEP, 2022^[53]). Within the existing legal framework, social considerations can typically be integrated at four different steps of the procurement cycle:

PRE-PROCUREMENT

For all market actors, and especially for SSE entities, active engagement and clear communication with the buyer will help prepare and enhance the competitiveness of their bids. Likewise, for public and private buyers, the pre-tender phase is critical to prepare the entire procurement process and help ensure that longer-term benefits are achieved (OECD, 2021^[62]). This entails providing clear guidance on the buyers' expectations (including specifications and contract as well as payment terms) and binding information about evaluation and award criteria and their weights. The 2015 OECD Recommendation on Public Procurement⁷ encourages public buyers to engage in transparent and effective stakeholder participation through regular dialogue with suppliers and their umbrella associations, but also to provide opportunities for direct involvement in the procurement system to increase transparency and integrity. In addition, risk assessment at this stage can help identify and prevent adverse social impacts, including risks to gender equality, throughout supply chains (OECD, 2023^[114]).

When pre-qualifying suppliers, buyers can restrict eligibility to legally defined or certified SSE entities. In the selection criteria, buyers can decide to reserve contracts (or a proportion thereof) for particular types of suppliers (e.g. social enterprises, work integration enterprises, inclusive businesses). For instance, both national and municipal governments in Korea have preferential procurement policies with specified targets for purchasing from SSE entities (Chartered Institute of Building, 2023^[115]). This approach is often coupled with identifiable legal forms of targeted businesses or a certification/labelling mechanism. This implies a selective competitive tendering process that can be considered appropriate where there is market failure and/or imperatives for diversification and equity in economic systems (Box 3.1). When compliant with competition rules, division of the contract into lots is another way to allow a wide range of bidders, including SSE entities.

Alternatively, buyers can introduce selection criteria and technical specifications that the procured goods, services and works shall meet. When defining the subject-matter of a contract, contracting authorities have great freedom to introduce minimum social and/or environmental standards, provided that these are linked to the actual supplies, services or works to be purchased (European Commission, 2020^[116]). Selection criteria can be designed to avoid potentially harmful practices (by exclusion) or to enhance the expected social and/or environmental impact, for instance by embedding product labels or supply chain management requirements in the call for tenders. For instance in Scotland, United Kingdom, the Procurement Reform Act 2014 introduced the expectation that contracts with a value of GBP 4 million or more will consider community benefit clauses where there is a legal basis to do so (Scottish Government, 2015^[117]). According to the EU Directive, if a contract concerns social services or other services to people, public buyers may lay down tender requirements to ensure that the specific needs of different categories of users, including disadvantaged and vulnerable groups, are met and that they are actively empowered by the contractor's activities (Caimi and Sansonetti, 2023^[16]). Finally, buyers may engage in a negotiated procedure with a shortlist of potential suppliers based on their capacity to deliver on measurable social outcome targets.

PROCUREMENT

When evaluating tenders, buyers may choose to prioritise legally defined or certified SSE entities in the award criteria. In addition to the lowest price, buyers can introduce social and environmental criteria in the scoring of tenders, which shall be communicated since the pre-tendering stage. These criteria can be considered as a minimum threshold to be met or they can be attributed a specific weight in the decision-

making process. However, award criteria need to be linked to the subject matter of the contract (OECD, 2020^[14]; European Commission, 2020^[116]). As mentioned above, sometimes legal fear of buyers when introducing selection and award criteria. For example, the UK Birmingham City Council's 2023 Social Value Policy specifies a default social value weighting of 20% and a minimum of 10% in eligible contract assessments (Birmingham City Council, 2023^[118]). In social outcomes contracting, this will imply reaching an agreement between buyers and suppliers on measurable social outcome targets. Several contracting models and incentives mechanisms have been developed in this regard (Outcomes Based Healthcare, 2014^[119]).

When drafting the contract, buyers may need to define (or refine) specific performance clauses or targets. Technical specifications can be set for the goods, services or works being purchased, in line with the initial call for tenders. For example, buyers may require suppliers to meet social and environmental standards throughout the supply chain management. The possibility of subcontracting is another way to facilitate the involvement of SSE entities in public and private markets, provided that social and labour legislation is respected. Examples of social performance clauses include social integration of vulnerable groups, compliance with fundamental ILO Conventions, recruitment of disadvantaged persons, implementation of training measures for unemployed or young persons, accessibility for persons with disabilities, gender equality (Caimi and Sansonetti, 2023^[16]). The Belgian government has mandated since 2019 the inclusion of social clauses in public works contracts to create opportunities for people who are long-term unemployed and socially excluded (European Commission, 2020^[65]). Going one step further, buyers may set quantitative (activity or outcome) targets as a condition for disbursement. In outcome-based procurement, payments will be linked to the achievement of social outcomes.

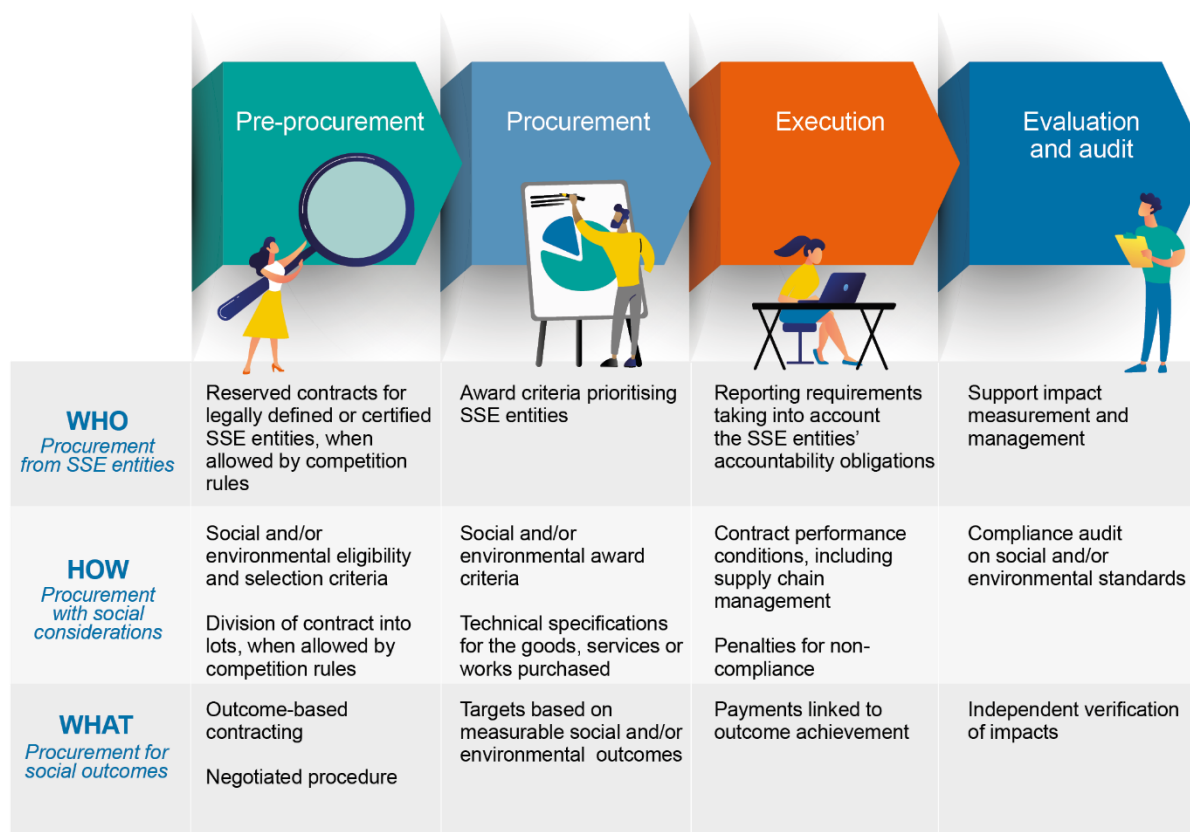
EXECUTION

During the contract management phase, buyers will monitor the implementation of the contract. If the inclusion of contract performance clauses in a tender is not coupled with appropriate measures to ensure the monitoring of their correct implementation, they will be ineffective. Hence, buyers will expect regular reporting and enforcement of the commitments made by bidders in their offers. This may include verifying the respect of due diligence clauses, incl. social and labour law by subcontractors and in supply chains (OECD, 2018^[120]; OECD, 2020^[14]). Penalties can be foreseen for non-compliance with minimum social and/or environmental standards (Caimi and Sansonetti, 2023^[16]). In the case of SSE entities, buyers may strive to adapt their reporting expectations to pre-existing accountability obligations, linked to their legal form or status, so as not to create an additional administrative burden.

EVALUATION AND AUDIT

After the contract implementation, buyers need to assess value for money but also the achievement of social objectives. End-of contract reporting be carried out by the public or private buyer or the contractor itself (including in relation to its subcontractors). SSE entities may particularly lack of the competencies and resources needed to undertake social impact measurement activities (OECD, 2021^[39]). Besides investing in technical assistance and capacity development for social impact measurement, one good practice in this case may be for buyers to ring-fence a percentage of the contract value to cover monitoring and evaluation activities (OECD, 2023^[1]). In some cases, third-party audits or inspections are foreseen, for instance to confirm compliance with equal pay, working conditions or whistleblowing provisions. Buyers can also decide to mandate the independent measurement and/or verification of the social impacts achieved. This process, frequently referred to as impact assurance, is becoming increasingly common.

Figure 4.1. How SSE entities can be better integrated through the social procurement cycle



Note: Social and Solidarity Economy (SSE)

Source: Authors, based on (UNEP, 2022^[61]; Caimi and Sansonetti, 2023^[16]; OECD, 2020^[14]).

To promote effectiveness, fairness and best value of social procurement, social considerations can be taken into account across all phases of procurement. This includes pre-procurement market research, the implementation of procurement contracts, the monitoring during the contract implementation and appropriate penalties for non-compliance (Tepper et al., 2020^[25]; Barcelona City Council, 2017^[85]). Research on the adoption of social procurement practices in Scotland (UK) revealed that although it has progressive laws, the effective implementation of these practices is hindered by the absence of social enterprises in the initial stages of designing and commissioning public services (Aitken, 2022^[121]). Engaging suppliers, including from the SSE, in policy design related to social procurement can enhance policy outcomes related to SSE participation in particular and social value creation in general (Barraket, Keast and Furneaux, 2016^[12]). Such engagement can facilitate learning between procurers and diverse supply chain actors, and integrate into policy design expertise related to social value creation held by SSE entities and other suppliers.

Local governments can pioneer social procurement in innovative ways

Subnational and municipal governments can facilitate social procurement by introducing public policies and implementation measures. The COVID-19 pandemic further increased pressure on local spending and public procurement procedures (OECD, 2021^[122]). Many local governments promote social procurement practices through strategies, programmes, frameworks, guides etc. For example, Nova Scotia (Canada) has adopted a Social Enterprise Strategy that includes social procurement for enhancing market

access for social enterprises. Also in Canada, the municipal government of Victoria has introduced a Social Enterprise and Social Procurement Strategy, and the municipal government of Vancouver has introduced a Sustainable Purchasing and Ethical Purchasing Policy. In the United States (US), the city of Louisville, Kentucky, has introduced a Procurement Policy and Manual that promote sustainable procurement. The city of Amsterdam was the first local government to embrace the concept of Doughnut economics⁸ as a tool to guide its social and economic recovery from the COVID-19 pandemic (Amsterdam Donut Coalitie & the DEAL Team, n.d.^[123]). As such, the Amsterdam City Doughnut includes a focus on procurement guidelines adopted by the municipality in 2016 (Doughnut Economics Action Lab, 2020^[124]).

In some instances, local authorities took the initiative to generate social value through their procurement ahead of the transposition of the European Commission Directive 2014/24/EU at the national level. In Spain, several public administrations included responsible planification in their management before the 2017 reform. For example, the Barcelona City Council established the Mixed Commission for Socially Responsible Public Procurement and engaged with numerous relevant actors in the drafting of the Municipal Decree 4043/13 for Socially Responsible Public Procurement (OECD, n.d.^[125]) (Box 4.4). Similarly, the Autonomous Community of Aragón adopted measures for the strategic use of public contracts in support of common social objectives and deficit reduction (Decree HAP/522/2017 publicising the Agreement of 28 March 2017). The city of Seoul (Korea) enacted the Municipal Framework Ordinance on the Social Economy (2014) and an additional three municipal ordinances, thereby creating a regulatory framework that is aimed at facilitating social economic enterprises' (as defined by article 4 of the framework ordinance) access to markets through creation of a preferential treatment in public procurement. In doing so, the ordinances collectively aim to shift away from a policy tradition to provide direct support to social enterprises (through wage support, etc.) towards an indirect support to foster the social economy ecosystem in the metropolitan city by advancing the business capabilities of social economy entities. These ordinances also inspired other local governments in Korea, such as Daegu, to enact similar statutes on the social economy (ILO, 2017^[126]).

Box 4.4. Barcelona City Council Decree for Socially Responsible Public Procurement (Spain)

With the aim to use the city's vast procurement activities to tackle increasing unemployment rates, especially among the most vulnerable, the city of Barcelona adopted the Socially Responsible Public Procurement Decree in 2013, replaced in 2017 by the Sustainable Public Procurement Decree S1/D/2017-1271.

The decrees stipulate social clauses for public procurement contracts, allowing public authorities to tackle the issue of social vulnerability while creating synergies between the social and financial actors. The 2017 decree strengthened social procurement in the city, based on the experience gathered from the first decree and in compliance with EU Public Procurement Directive 24/2014. Affecting all public procurement in the city of Barcelona, it is a significant legal step, as the 42 726 contracts executed by the city council in 2019, with a value of more than EUR 1 336 million, should legally include social clauses.

Social clauses are focused on three areas: contracting workers at risk of exclusion; social reserves, namely reserved contracts for the SSE; and subcontracting to SSE entities. These can be included in procurement through priority scoring, social performance conditions or the creation of reserved contracts for the social economy. Implementation of the decree was supported by the publication of a Social Public Procurement Guide, which identifies labour, social, economic and environmental rights, and innovation and new economic models as areas in which clauses could be added. The labour rights section, for example, recommends favouring fair wages for workers and open-ended contracts when assessing proposals. In addition, the city council and the public local development agency, Barcelona

Activa, created a specific training for SSE entities, which includes an initiation to public procurement, its economic aspects, information on the social clauses, budget management and technical assistance.

In the first year of implementation (2015), around 75% of contracts signed included social clauses, benefiting 770 individuals in situations, or at risk, of social exclusion. Considering the delays imposed by multi-annual contracts, that will incorporate social clauses when they come up for renewal, the decree has yet to reach its full impact. Reserved contracts for SSE entities amounted to EUR 10 million in 2022. Additionally, over 200 participants followed Barcelona Activa's procurement course in the same year.

The innovative reform inspired other municipalities, in Spain and abroad, to move towards socially responsible procurement. When implementing pilot projects for social employment, representatives from the cities of Vantaa and Helsinki (Finland) met with the Barcelona City Council to better understand their first-hand experience on social procurement. Additionally, Barcelona organised presentations and social procurement events for the Catalan network of city councils for the social economy (*Xarxa de Municipis per l'Economia Social i Solidària*, XMESS), promoting the policy at the regional level.

Sources: [Contratación pública | Ayuntamiento de Barcelona](#); [Boosting Social Enterprise Development: Good Practice Compendium \(oecd-ilibrary.org\)](#); [Guía de contratación pública social \(barcelona.cat\)](#); [www.barcelonactiva.cat/en/social-clauses-public-procurement](#).

Private procurement is influenced by public requirements

Public social procurement policies can indirectly influence corporate practice.⁹ As governments progressively embrace social procurement policies, for-profit companies that sell directly to the public administration, as well as other firms in public works supply chains, become increasingly engaged in social procurement. Reflecting on the influence of the UK Social Value Act, for example, a recent report concludes that effective engagement with social procurement within supply chains is growing commercial demand for small and medium-sized suppliers in the UK construction industry (Chartered Institute of Building, 2023^[115]). Also in the construction and architecture industries, which comprise 4-6% of the US economy, large private sector employers are increasingly demanding contractor diversity and active inclusion of people-of-colour firms as well as for workers of supply chain partners (Fairchild and Rose, 2018^[127]). Public policies, like quota systems, can provide incentives for mainstream companies to purchase from work integration social enterprises.

Raising public standards around sustainability reporting and disclosure de facto pushes private entities to reconsider the impact of their value chains. There are several EU regulations and directives that address environmental, social and governance (ESG) reporting, such as the Non-Financial Reporting Directive,¹⁰ the Taxonomy Regulation,¹¹ the Corporate Sustainability Reporting Directive¹² and the Sustainable Finance Disclosure Regulation.¹³ These legal tools collectively contribute to the development of a more robust and standardised framework within the European Union. By fostering corporate commitment to socially and environmentally conscious business activities, they indirectly influence private procurement practices as well, leading to the emergence of new criteria in supplier selection. As the recipient companies are pushed to more carefully evaluate their sustainability throughout the whole value chain, the predisposition to transparency and strong social performance of SSE entities may be a competitive advantage.

Providing tools and support measures

Tools and other services to support implementation of social procurement in general can also encourage procurement from SSE entities. Such measures may include provision of guidelines and training, knowledge-sharing, and help desks. They could be provided to the public sector, private sector and SSE entities alike. Often these initiatives are complementing legal frameworks and/or are developed as part of public policies on social procurement. Nevertheless, without senior-level management support in an organisation, it is really difficult to move ahead with this agenda.

Awareness raising and capacity development within the public administration

The capacity of the public workforce is crucial to ensure that the procurement system delivers not only on value for money, but also on its strategic policy objectives. Public procurement is a multidisciplinary process that requires specific competences, not only technical ones (market analysis, tender evaluation, contract management, etc.), but also soft skills (such as cognitive, social and behavioural ones). When developing a capability-building system, countries may want to focus on advanced topics such as contract award criteria and sustainable public procurement, including green public procurement, innovation, SME development and social aspects (OECD, 2023^[128]). Additional measures to be considered when developing a professionalisation strategy include competency and certification frameworks and incentive mechanisms, which could for instance be linked to social policy targets.

Procurement procedures can further take into account the unique characteristics of SSE entities. One way to do this is by adjusting the size of tenders (allotment strategies) and reserving contracts or a proportion of contract delivery for SSE entities. However, it is important to clearly communicate the submission requirements and evaluation criteria ahead of the procurement process to ensure transparency and fairness. Additionally, splitting contracts into smaller lots can help better match SSE absorption capacity, while still complying with competition regulations. The municipality of Preston (UK), for instance, has divided a large contract for the Preston Market into smaller lots, allowing SMEs to bid, and attaching social clauses to contracts (e.g. guaranteeing workers decent wages). This policy has boosted the local economy and reduced Preston's dependence on multinational corporations (Hoedeman, 2020^[71]).

Publicly available guidance and tools offer concrete inspiration and hands-on support for public buyers on how to implement social procurement. Such material is being developed for procurement officers at different levels of government. For example, a compendium of 71 best practice examples of socially responsible public procurement was developed under the EU #WeBuySocialEU project. The OECD Public Procurement Toolbox includes a collection of country case studies, for instance on green procurement and fostering the participation of SMEs.¹⁴ The European Commission's guide on Buying Social already outlines a number of measures that can be taken to provide opportunities for SSE entities such as reserving contracts for work integration social enterprises or the division into smaller lots that can be more accessible for SSE entities (European Commission, 2020^[116]). In Victoria (Australia), a social procurement library was established providing buyers with practical guidance on concepts, planning, procurement requirements, evaluation and contract management (Box 4.2). Additionally, a social procurement toolkit contains templates for social procurement strategies, self-assessment, evaluating offers, contract clauses and other related documents. In 2016, the Emilia-Romagna Region (Italy) adopted a guide on contracting social and health services from social cooperatives (both A-type and B-type cooperatives) (Emilia-Romagna Region, 2016^[129]). In Belgium, the Flemish Government has produced a manual on social procurement for local governments, which raises awareness on the benefits of including social value creation in procurement, and offers practical tips on how to do so.¹⁵ Similarly, the Czech Republic fosters the development of socially responsible public procurement in a holistic approach, which includes advice and various support services (Box 4.5).

Box 4.5. Promoting the implementation and development of Socially Responsible Public Procurement in Czech Republic

In the Czech Republic, the Ministry of Labour and Social Affairs has actively promoted responsible public procurement since 2014. In particular, the project “Promoting the Implementation and Development of Socially Responsible Public Procurement” aimed at further developing responsible public procurement, and thereby overcoming the persistent price-focused approach in public procurement.

To this end, it created a long-term expert platform (www.sovz.cz/en) that offers advice and support to contracting authorities and private actors, including social enterprises, on the implementation of responsible public procurement from legal, analytical and methodological perspective. The platform also provides informative materials in the form of methodological guides, examples of good practices, sample texts and presentation of foreign experiences, which were produced during the course of the project, along with a collection of research articles. In addition, the platform informed about the educational events for the exchange of experience (e.g. workshops, conferences, schools) available for both contracting authorities and private actors interested in engaging in responsible public procurement, including social enterprises. Furthermore, the project produced the guide “Socially responsible public procurement and social enterprises” and created a page on the platform specifically dedicated to supporting the participation of social enterprises in public procurement. The project also produced a collection of case studies of social enterprises involved in public procurement as well as templates for tender documents aimed at supporting these actors. In addition, an 800-page catalogue listing existing social enterprises was prepared for public institutions and companies interested in purchasing products and services from them. At the same time, the project team focused on this topic in capacity-building events for contracting authorities and participated in social enterprises’ events where they presented successful practices.

Although there is no specific information yet on the impact of the project on the participation of social enterprises in public procurement, it has likely been beneficial, especially considering the wide range of activities put in place to support them. The survey conducted among the public authorities and the private actors whose contacts were obtained during the project implementation shows the project areas in which they more often applied the principles of responsible public procurement. Twenty-three percent of the respondents mentioned the area “promoting access to public procurement by social enterprises,” while 57% mentioned the area “promoting employment opportunities for disadvantaged people.” Since 2020, project activities have been followed up by the project “Responsible Approach to Public Procurement - Strategic Public Procurement,” which will run until June 2023.

Source: [Promoting the Implementation and Development of Socially Responsible Public Procurement in Czech Republic | The Better Entrepreneurship Policy Tool](#).

Existing knowledge hubs or (online) resource centres for the public administration can incorporate social procurement practices and devote specific attention to SSE entities. This is particularly relevant in federal countries with multiple levels of government. For example, in Germany the Procurement Agency of the Federal Ministry of the Interior (*Beschaffungsamt des Ministeriums des Inneren*) has created a competence centre for sustainable procurement practices (*Kompetenzstelle für nachhaltige Beschaffung*). Local governments and all other public agencies can seek advice on how to implement sustainable and innovative procurement practices. This information is also open to the public via the competence centre’s website, where information about the procurement rules and practices of individual Länder can be found and accessed (OECD, 2021^[84]). The region of Navarra (Spain) has set up a dedicated

website on reserved contracts, which collates the available information and resources for local public administrations to comply with the reserve objective set by it.¹⁶ At the international level, the International Labour Organization's International Training Centre (ITC-ILCO) offers a six-week online workshop on sustainable public procurement, with the objective to improve the capacity of decision-makers and practitioners in the conceptualisation and implementation of environmental and social considerations in procurement operations according to internationally accepted principles and practices (ITC-ILCO, 2023^[130]). The United Nations (UN) has developed detailed guidance on sustainable procurement for the whole UN system (One Planet Network, 2019^[131]).

Ongoing research, dissemination of information and collection of case studies are stimulating social procurement activities. Since 2010, the European Commission has run a help desk on green public procurement to provide timely and accurate answers to stakeholders' enquiries. As of 2022, the help desk expanded its scope to also cover the social responsibility dimension of procurement. Part of the help desk service is a newsletter covering the latest news on green and social procurement in the European Union as well as a selection of good practice examples illustrate how SPP can be done in practice. Furthermore, the European Commission is collaborating with the European Association for Innovation in Local Development (AEDIL) in further collecting good practice cases of SPP (AEDIL, n.d.^[132]). Another EU-funded project is CO-RESP, which seeks to support local economies towards creating new jobs for persons with disabilities and other vulnerable groups, including through public procurement. A survey is open to SSE entities, conventional private sector entities and public and local authorities to identify good practice examples on employment of persons with disabilities through public procurement (EASPD, n.d.^[133]). In Belgium, Wallonia set up a network of facilitators to help public authorities in using environmental, social and ethical clauses in their public procurement (Avisé, 2021^[134]).

Policy makers can encourage the establishment, communication and reporting of social procurement targets by public and private actors.¹⁷ Setting percentage objectives of procurement to come from SSE entities can encourage buyers to actively seek out and engage with social economy suppliers. In addition, specifying social value types and targets can support the development of common measurement norms and longitudinal insights about the effectiveness of social procurement strategies. A review of the UK Social Value Act revealed that procurement commissioners need to enhance their capacity to gauge and quantify the social results they intend to incorporate into a procurement procedure (UK Cabinet Office, 2014^[83]). To this end, public authorities could further develop tools and indicators for monitoring the progress of social procurement activities in the public and private sectors, not just in terms of number of contracts and volumes awarded, but also on the impacts achieved.

Matchmaking between supply and demand for social procurement

Social procurement is facilitated by bringing buyers and suppliers together (matchmaking). The public sector, private sector, SSE entities and/or intermediaries do this through various avenues already, for example by identifying SSE entities and curating catalogues or operating digital platforms. Public Services and Procurement Canada is currently piloting developing supplier lists of SSE entities and minority suppliers for regional catering services. Recognising their reach into the social economy, it is also working with intermediaries and business networks to actively promote social procurement opportunities to social enterprises and "minority" suppliers (Government of Canada, n.d.^[135]). Furthermore, events are organised where potential buyers and suppliers can find each other, often at the local level. For example, in the Netherlands, the municipalities of Amsterdam and Utrecht together with intermediaries organised a Buy Social event to raise visibility of SSE suppliers and connect them with private sector buyers (Social Enterprise NL, n.d.^[136]). The city of Seoul (Korea) has organised an annual fair where SSE representatives and procurement officials can network (Ji, 2023^[94]). Similarly, the French city of Grenoble organised an annual event where public purchasers informed potential candidates of their social and environmental requirements and presented their procurement plans for the coming year (Hoedeman, 2020^[71]). The

regional chamber of the SSE of Languedoc-Roussillon (France) organises biennial business fairs dedicated to SSE entities (Coventis, n.d.^[137]).

Policy makers can encourage the development of digital platforms, as a way of facilitating the information flow and reducing the administrative burden. Some digital platforms serve as simple digital lists of potential SSE suppliers and/or tender offers, whereas others function as an “online mall” with a direct purchasing function (Box 4.6). An online available catalogue can help private and public buyers to identify potential suppliers from the SSE. Digital platforms can also provide rating and review systems that allow buyers to assess the quality of products and services provided by SSE entities. This can help build trust and confidence in SSE entities and encourage more buyers to purchase from them. They can even offer a messaging system that allows buyers to ask questions about the SSE entity’s products and services, or to request custom orders. Matchmaking through digital platforms is becoming increasingly common and several examples dedicated to the SSE have already been developed at the national or local level (see for example Box 4.8). While holding much potential, it should also be acknowledged that digitalisation in the public sector is often not very advanced and/or public officials are reluctant to engage in digital advancements.

Networking between the SSE and potential buyers can be a significant driver in many procurement processes, as it is in other commercial activities. Collaborative interactions between buyers and the SSE can go beyond the tendering process, to inform the co-programming, co-design and provision of impact-oriented works, good and services, in the private and public sector alike. A combination of these structured activities and championship of social procurement within commercial firms often leads to the formation of peer-based communities of practice, across and within industries, creating collectively self-driven forms of advisory support within the for-profit sector (Theodorakopoulos, Monder and Beckinsale, 2013^[138]; Barraket, 2020^[104]). One example is the global Social Procurement Community of Practice gathered by the Social Enterprise World Forum in partnership with the Euclid Network and the World Economic Forum (SEWF, n.d.^[139]).

Intermediaries serve as important matchmakers that connect SSE entities with opportunities in private and public supply chains. Business zones, incubators and chambers of commerce have long played a role in brokering these kinds of encounters. Yet these entities typically have very limited engagement with the SSE, reflecting lack of visibility of the social economy within mainstream business sectors. OECD policy reviews have observed that they often fail to involve SSE entities in networking and partnership opportunities, especially when they are non-profits (OECD, 2021^[84]; OECD, 2022^[140]). Specialised intermediaries¹⁸ instead will typically coordinate “meet and greet” and promotional events to enable new procurement and supply chain relationships between SSE entities and commercial and government buyers. For instance, Buy Social Canada plays this function with financial support from the government of Canada to build cross-sector relationships. Policy makers can further mobilise intermediaries for awareness-raising campaigns on existing opportunities for social procurement. This includes engaging SSE representatives to identify good practices that are fit for both buying and supplying SSE entities, and leveraging existing professional procurement networks that can advocate for the training of workforces and the development of information systems and tools for social procurement.

Box 4.6. Digital platforms for the SSE

Australia

Social Traders Australia is an intermediary dedicated to connecting businesses and governments with social enterprises and has developed Australia's first national portal of certified social enterprises. The database comprises approximately 460 certified social enterprises. Among surveyed Australian-based organisations, 30% were members of Social Traders.

France

In France, the 2014 SSE framework law entrusted the Regional Chambers of SSE (*Chambres Régionales de l'Economie Sociale et Solidaire*) with the publication and maintenance of a list of SSE entities.

Korea

The Korean Social Enterprise Agency (KoSEA) operates the online platform “e-store 36.5+2” enabling public agencies to search and purchase products from social enterprises. Offline versions of such stores to shop for products from social enterprises exist as well, including 10 stand-alone stores and 89 shared stores. Shared stores are mostly located within consumer cooperative stores. Additionally, public authorities and all kinds of businesses have access to Korea's Online e-Procurement System (KONEPS) which is an advanced electronic procurement system that enables parties to handle the entire process digitally. It displays bidding posts from all public organisations, and also has a social economy exclusive store. The system has earned wide recognition and appreciation for its transparency and its ability to save considerable amounts of money and time.

Netherlands

In the Netherlands, conventional businesses contribute to an average of 40% of the turnover of social enterprises. The “Social Impact Market”, also known as “Buy Social” platform, was launched in January 2016 and is managed by the Social Impact Factory in co-operation with Social Enterprise NL. It is an online business-to-business marketplace for public authorities and firms seeking opportunities to purchase social products or services. Social enterprises participating in the platform first undergo a quick scan highlighting their societal objective; how they reinvest profits; how their ownership reflects the enterprise's mission by using democratic principles or focusing on social justice; and the number of people they have hired who were excluded from the employment market. Purchasing managers in traditional companies and municipalities use the platform to post their procurement needs or search for possible suppliers. As of June 2018, the Social Impact Market has led to at least 100 matches, totalling at least EUR 500 000 in value. It should be noted that the actual numbers are likely to be a lot higher since, being a freely accessible platform, not all matches are registered.

United Kingdom

The intermediary Social Enterprise UK runs a UK-wide Social Enterprise Directory. In Scotland (UK) a directory to display supplying social enterprises in a wide range of industries (manufacturing, hospitality, consultancy, offices and buildings, etc.) has also been created.

Sources: www.socialtraders.com.au/news/pace2022; www.csi.edu.au/research/state-of-social-procurement-in-australia-and-new-zealand-2021/; www.ess-france.org/fr/la-liste-des-entreprises-de-less; <http://ciriec.es/valencia2022/wp-content/uploads/COMUN-241.pdf>; 256 Publicatie SE monitor2018_EN.indd (social-enterprise.nl); Boosting Social Entrepreneurship and Social Enterprises Development in the Netherlands (oecd-ilibrary.org); Home - Buy Social (buy-social.nl); <https://directory.socialenterprise.org.uk/s/all-social-enterprises>; www.buysocialscotland.com/business/directory; Directory | SocEnt.ie.

Support measures for private buyers

Increasingly public authorities, networks and private sector entities themselves are establishing support measures for corporations interested in social procurement from SSE entities. For instance, the European Union has launched a call for proposals on supporting the creation of local and regional partnerships aimed at helping businesses to engage with SSE suppliers and embed sustainability and diversity into their operations and value chains (European Commission, 2022^[141]). Yunus Social Business has designed a social procurement manual to provide guidance to companies interested in engaging in social procurement. It offers insights and frameworks to facilitate a better understanding of social procurement, its benefits for corporations, and the necessary tools to establish efficient partnerships with SSE entities (Yunus Social Business, 2022^[142]). In the Netherlands, the *City Deal Impact Ondernemen* (City Deal Impact Entrepreneurship) comprises a collaborative network of governments, businesses and civil society organisations with the objective to promote sustainable and responsible entrepreneurship. Among its various working groups, there is one with the aim of enhancing the implementation of social procurement. This is achieved through the creation of guidance materials and the provision of practical examples that exemplify good practices (City Deal Impact Ondernemen, n.d.^[143]).

Publicly funded intermediaries can assist private buyers in their commitments to social procurement, by helping them with sourcing, supplier selection, contract negotiation, and post-contract management. For example, Buy Social USA assists corporations throughout their procurement cycle by conducting an opportunity analysis, connecting them with potential SSE suppliers, supporting impact reporting and developing a social procurement plan (Buy Social USA, n.d.^[144]).

Where policy frameworks are in place, government guidance on social procurement can help lead suppliers and supply chain partners adapt their approaches. As detailed elsewhere, effective operationalisation of social value required through social procurement is important in supporting supplier knowledge and delivery, as is active dissemination of advisory information to smaller organisations and those lower down the supply chain. For instance, with the aim of creating a “buy social” business-to-business market, the European Commission launched in 2022 a programme to raise awareness for mainstream enterprises to work with social enterprises.¹⁹ Coordinated by national SSE intermediaries and European networks, the five grant-funded projects, with a total budget worth EUR 1.3 million, aim to improve the visibility and positioning of social enterprises as suppliers for the EU corporate purchasing market and to create new partnerships in the field of private procurement.

Measures to support the tendering capacity of the SSE

Effective market participation requires equitable access to information and market opportunities. Smaller suppliers typically have relatively less access to formal procurement information and procurement relationships, which often concerns the SSE (Saastamoinen, Reijonen and Tammi, 2017^[145]). Providing and actively disseminating information to diverse suppliers and/or to promote goods and services offered by SSE entities can help mitigate this challenge. The publication of public procurement plans can help potential tenderers, from the SSE and beyond, prepare in advance and increase the competitiveness of their offers, for instance through partnership or subcontracting. Further awareness-raising activities such as workshops, training sessions, and information campaigns help SSE entities understand relevant policies and procurement processes and the opportunities available to them. In some countries, public authorities contribute to enhancing the visibility of procurement opportunities for SSE entities (Box 4.7).

Box 4.7. Procurement training programmes for SSE entities

Korea

A public institution under the Ministry of Employment and Labor, the Korea Social Enterprise Agency (KoSEA) provides developmental resources and advisory support to social economy organisations. KoSEA takes an ecosystem approach, seeking to advance links and networks between social economy and mainstream business, and brokering communication between policy and practice.

United Kingdom

The UK Department of Culture, Media & Sport's Contract Readiness Programme aims to increase the participation of voluntary, community and social enterprises in public service procurement. As part of this programme, it supports the Public Services Hub hosted by Social Enterprise UK, which provides online information and links to additional support programmes and funding for SSE entities seeking to access public procurement opportunities. Other relevant elements include the three-tiered training programme based on pre-existing level of contract readiness (Government Contracts Revealed, Government Contracts Ready, Government Contracts Win), and meet-the-buyer events between commissioners and voluntary, community and social enterprises.

In Scotland (UK), the government supports the Supplier Development Programme, providing free tender training, events and workshops, enabling SMEs and SSE entities to win contracts and expand their businesses. Furthermore, the Partnership for Procurement programme offers assistance to SSE entities wishing to collaborate on public contract bids. The Just Enterprise programme is tailored to help Scottish social enterprises and charities to develop and expand.

Sources: www.socialenterprise.or.kr/engsocial/?m_cd=0101; www.buysocialscotland.com/business/blog/the-scottish-governments-procurement-report-2020-2021; www.socialenterprise.org.uk/public-services-hub/www.the-sse.org/vcse-contract-readiness-programme/; www.socialenterprise.org.uk/public-service-hub/vcse-contract-readiness-programme/.

Intermediaries and SSE umbrella organisations offer training and capacity-building programmes to SSE entities to help them develop their business skills, improve their products or services, and meet the procurement requirements of buyers. The Transform Support Hub is an accelerator cofinanced by the UK Foreign, Commonwealth and Development Office which connects social enterprises with corporates, peers, free learning content, and a global community of pro bono professionals across Africa, Asia and beyond. Buy Social Canada offers training and online resources for social enterprises in social procurement fundamentals and storytelling for social purpose suppliers. In Montreal, CESIM (*Conseil d'économie sociale de l'île de Montréal*) offers support programmes to SSE entities to improve their marketing strategies, promote their business development, build and consolidate their business relations (Box 4.8).

Box 4.8. Social procurement matchmaking in Montreal, Canada

CESIM (*Conseil d'économie sociale de l'île de Montréal*), Montreal's social economy development body launched the initiative “*L'économie sociale, j'achète!*” (Social economy, I buy!) in 2013. The aim is to stimulate public institutions and large corporations to procure from local social economy enterprises. Acting as an intermediary, CESIM brings together social economy enterprises with public institutions and large companies in annual cohorts. As a result, buyers gain a better understanding of the social economy, and social economy enterprises can develop novel business links, which in many cases lead to the signing of contracts that would have been otherwise inaccessible to them. Social economy enterprises, as defined by the Quebec Social Economy Act of 2013, that enter into a cohort also get access to support programmes provided by CESIM. Depending on the maturity of the enterprise, two programme tracks are offered in order to facilitate participants' capacity to sign and deliver on procurement contracts, particularly by improving their marketing strategies, supporting their business development, as well as building and consolidating their business relations.

Between 2013 and 2023, the initiative generated more than 1 800 contracts in Montreal, representing a total turnover of more than CAD 55 million. During the fourth cohort alone, taking place from January 2020 to March 2021, more than 418 contracts were signed for a total value of more than CAD 24 million. This contributed, among other things, to the socio-professional reintegration of people far from the labour market, to the fight for food security and to the greening of public spaces. In 2021, the fifth cohort of the initiative brought together 26 social economy enterprises and 33 public institutions and large companies. Overall, more than 100 public and private organisations across Quebec have already signed a non-binding declaration of commitment to purchase from social economy enterprises.

Sources: Consultation with CESIM, <https://economiesocialejachete.ca/>; www.esmtl.ca/site/assets/files/5554/2021_-_repertoire_esja5.pdf; www.esmtl.ca/site/assets/files/5554/descriptif_parcours_esja_2021.pdf.

Collaboration among SSE entities can also help them build their tendering capacity by pooling their resources and expertise. Besides sub-contracting from peer SSE entities, this can involve forming consortia or partnerships to bid jointly for procurement offers. In France, the public procurement platform offers a virtual space for SMEs to connect and prepare joint tenders (*bourse à la cotraitance*).²⁰ In Italy, consortia of cooperatives manage the provision of goods and services from small-scale cooperatives that are specialised in certain fields and located in specific regions. This facilitates the sharing of resources, such as marketing and accounting positions (Les Repères de l'Avise, 2014^[47]). This is also common practice in servicing cooperative housing in the United Kingdom, and reflects the international Principle of Cooperation that cooperatives help other cooperatives.²¹

Promote social impact measurement capacity for all actors involved

Reinforced demonstration of and communication about the social impact and economic relevance of SSE entities is instrumental to boosting social procurement. A common understanding of the social and economic relevance of SSE entities and the possible social impact in buying from them can help formulate social evaluation criteria that go beyond a mere “tick the box” exercise. Social procurement needs to document that it is meeting the interests of both the public sector and private sectors, i.e. achieving secondary policy objectives. Reviews of existing policy (UK Cabinet Office, 2014^[83]) and research (Barraket and Loosemore, 2018^[146]) suggest that greater specification of social value sought through tenders and codified in contracts can improve outcomes, as well as market opportunities for SSE entities as suppliers of social value. As detailed above, monitoring and measuring social procurement outcomes remains piecemeal in many jurisdictions. Increased consistency could both improve efficiencies

in applying social procurement and establish the market intelligence needed to assess and grow SSE participation in procurement based on performance.

The OECD Framework for Measuring Well-Being can help structure the impact measurement process of public procurement (OECD, 2019^[147]) in a comprehensive manner, taking into account the four types of capital (economic, natural, human and social capital). In particular, social capital includes trust (both in public institutions specifically, and trust among citizens more generally), as well as social networks, cooperative norms and aspects of governance. In addition, acts of civic engagement (e.g. volunteering and voting) can be considered as investments (inflows) into the stock of social capital. Procurement from the SSE has the potential to push for collective progress on all these indicators.

Impact reporting obligations in the implementation of procurement contracts may offer a competitive advantage when tendering from the SSE. Public disclosure on the social impacts achieved by the SSE, be it as part of specific contracts or in their statutory activities, can enhance their visibility and ultimately open up new market opportunities with impact-oriented buyers. For instance, the Italian Ministry of Labour and Social Policies adopted in 2019 guidelines for the impact assessment of the activities carried out by third-sector entities as part of public contracts for goods and services (OECD, 2021^[39]). Similarly, Scotland's 2014 Procurement Reform Act incorporates social value measurement within the procurement process.

Raising the bar on impact reporting obligations needs to be matched by capacity building efforts. In Australia, the Sector Readiness Fund supported social enterprises in developing impact measurement frameworks.²² More recently, a component of the Social Enterprise Development Initiative includes online education and mentoring on outcome and impact measurement for social enterprises, intermediaries and investors.²³ Acknowledging that impact measurement is a critical component for the success of its ongoing Social Procurement Initiative,²⁴ British Columbia (Canada) introduced in 2022 an Impact Measurement Framework, accompanied by a guide and a set of tools, also in alignment with the UN Sustainable Development Goals (Buy Social Canada, 2023^[148]).

Databases on social value monetisation can encourage outcome-based procurement, which often favours the SSE. For example, the SVP in the United Kingdom is designed to help its users to easily procure, measure, manage, and report social value activities. The SVP has been created with a specific focus on addressing the needs of public sector suppliers, SSE entities, and public sector procurers. Therefore, it provides a range of specialised tools and features that are tailored to meet the specific requirements of these actors (Social Value Portal, n.d.^[149]). The Government Outcomes Lab, hosted by Oxford University has produced several resources to help public buyers in assessing value for money and sharing data around social outcomes (GoLab, n.d.^[150]). To understand the results of building social value into procurement, policy makers at national and local levels will need to build a baseline and a means of aggregating the net social value delivered over time (Nicholls, 2023^[151]).

Notes

¹ As per amendment introduced by the Procurement Policy Note 06/20 of September 2020. PPN 06_20 Taking Account of Social Value in the Award of Central Government Contracts (3) (publishing.service.gov.uk).

² In Korea, the Framework Act on the Social Economy draft still remains pending in the National Assembly. As part of this, a special bill on Public Purchases and Marketing Support for Products of Social Economy

Organisations (drafted in 2014 but never adopted) required 5% of sourcing from certified social enterprises (Yoon, Lee and Lee, 2022^[49]).

³ For instance, in Finland and the United Kingdom, a recognised social enterprise mark is owned and awarded by the not-for-profit Association for Finnish Work and the Social Enterprise Mark Community Interest Company, respectively. In Australia, the not-for-profit social enterprise procurement intermediary, Social Traders, awards social enterprise certification that is recognised by private and public procurers. In Canada, social enterprise Buy Social Canada, certifies social enterprises.

⁴ <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0486>.

⁵ Just to name a few: the Capitals Coalition gathers over 400 organisations including businesses, financial institutions, government institutions and UN representatives with the objective to better include the value of natural capital, social capital and human capital in their decision-making. The Global Reporting Initiative's sustainability reporting standards are used by more than 10 000 organisations in over 100 countries. The World Benchmarking Alliance, with a community of over 300 global organisations, aims to measure and compare corporate performance on the Sustainable Development Goals.

⁶ A public procurement cycle refers to the sequence of related activities, from needs assessment, through competition and award, to payment and contract management, as well as any subsequent monitoring or auditing (OECD, 2015^[55]).

⁷ <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0411>.

⁸ The Doughnut is a visual framework for sustainable development which combines the concept of social and planetary boundaries. Within this model, an economy is considered prosperous when all social foundations are met without overshooting any of the ecological ceilings. For further information, see the Doughnut Economics Action Lab: <https://doughnuteconomics.org>.

⁹ Note that governments can also directly influence corporate behaviours by banning commercial activities in embargoed or sanctioned countries or in controversial industries (e.g. tobacco, alcohol, gambling, defense). However, this approach pertains more to harm avoidance, rather than positive social value creation.

¹⁰ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32014L0095>.

¹¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32020R0852>.

¹² <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32022L2464>.

¹³ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32019R2088>.

¹⁴ www.oecd.org/governance/procurement/toolbox/principlestools/countrycases.

¹⁵ www.vlaanderen.be/publicaties/aankopen-met-sociale-impact-praktijkgids.

¹⁶ <https://reservadecontratos.navarra.es/es/home>.

¹⁷ To advance the implementation of social procurement, the OECD public procurement performance framework identifies “procurement volume with social criteria” as a standalone indicator to track the achievement of strategic social policy objectives (OECD, 2023^[160]).

¹⁸ Many of them are social economy organisations themselves. Some are dedicated to SSE entities in particular (e.g. in Korea, KoSEA’s Public Procurement Support Centre) whereas others may develop a specific activities dedicated to facilitating social procurement, e.g. ACCIÓ in Catalonia, Spain.

¹⁹ For more information, see: <https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/opportunities/topic-details/smp-cosme-2022-buysocialb2bmarket-01>.

²⁰ www.economie.gouv.fr/dae/bourse-a-cotraitance-service-pour-aider-entreprises.

²¹ www.ica.coop/en/cooperatives/cooperative-identity.

²² www.dss.gov.au/communities-and-vulnerable-people-programs-services-social-impact-investing/sector-readiness-fund.

²³ www.dss.gov.au/communities-and-vulnerable-people-programs-services/social-impact-investing; www.dss.gov.au/publications-articles-corporate-publications-budget-and-additional-estimates-statements/entrenched-disadvantage-package.

²⁴ www.bcspi.ca.

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