



Reimagining Transition in Eastern Wielkopolska

Recommendations to build a sustainable ecosystem for social entrepreneurship that benefits citizens and local communities affected by the energy transition

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Table of contents

Introduction and executive summary	3
Strategic and operational context informed by conceptual framework: the why and how of supporting social enterprises in Eastern Wielkopolska	6
Developments and experiences in public procurement to support social enterprises and community wealth building	8
Social public procurement in practice	8
EU Policy Framework	8
Polish Policy Framework	9
Public procurement as an instrument for Community Wealth Building	10
Three-year Pathway Plan for the development of Social Enterprises to support Community Wealth Building	13
Potential opportunities for social enterprise development in Eastern Wielkopolska (linked to CWB)	17
Annex 1: Use of public procurement to promote social (and green) economy development.....	19
Guidance and support materials for social public procurement	19
Social public procurement strategy	20
Public procurement planning	21
Reserved and 'light regime' tendering procedures	22
Defining the subject matter of the contract	22
Drafting technical specifications	23
Defining exclusion and selection criteria:.....	23
Defining award criteria	23
Defining contract performance clauses.....	24
Annex 2: Considerations for other Coal+ regions	25

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Disclaimer

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Introduction and executive summary

As the only Polish coal region committed to coal phase-out by 2030, and climate neutrality by 2040, Eastern Wielkopolska is on an ambitious journey of transition. Embarking on this journey are communities that are highly dependent on lignite mining and power generation as providers of employment and incomes. To ensure this transition is just (i.e., that transition process are inclusive and its outcomes are fair), local policy innovators in the public sector and the third sector – e.g., local administrations, social enterprises, charities, and voluntary groups - are boldly reimagining how jobs and wealth can be created and retained within these communities. This “reimagining” concerns not only affected power plant workers, miners, and their families but, also, looks more broadly at impacted groups throughout the local population, including its younger generations. To this end, the concept of Community Wealth Building is being embraced, particularly through the promotion and development of local social enterprises.

One of the three support pathways proposed for affected ZE PAK workers (i.e., current, and former employees), which will be co-financed from the EU’s Just Transition Fund, is focussed on employment creation in new and existing social enterprises. This “social economy pathway” targets social enterprises as a vehicle towards a dynamic and more sustainable local economy. It is an approach that is fully aligned to the Eastern Wielkopolska Development Strategy to 2040, which recognises the important role that social enterprises can play in creating a vibrant economy that delivers jobs and wealth for its communities.

Strategic intent and availability of EU funding will not, on their own, be enough to bring about the successful development and expansion of social enterprises in Eastern Wielkopolska. It will require, also, that local public sector organisations recognise the crucial role that their public procurement decisions can play in fostering and sustaining growth of the social economy and Community Wealth Building. On average within the EU, public procurement equates to 14 percent of GDP, meaning that it is a powerful social and economic public policy tool which can have a huge impact on markets and employment when it is used in a strategic and progressive manner. It has been demonstrated in other European localities that within the space of five years, progressive procurement policies and practices can lead to a doubling of the amount of procurement spending going to local suppliers and service providers. Creating, in turn, hundreds of jobs, and retaining wealth in local communities through direct, indirect, and induced multiplier effects.

The high levels of solidarity for which coal communities are renowned can help them to become incubators for social economy approaches that both build-on and sustain this solidarity. By supporting social enterprise development and Community Wealth Building, Eastern Wielkopolska could be a notable policy laboratory for understanding the role, potential and contribution of social enterprises to achieving a Just Transition. The implementation and outcomes of Eastern Wielkopolska’s ambitions, plans, and activities to support social enterprise development will be of relevance to other coal regions within and outside Poland that are also striving to achieve a Just Transition.

Considering the context outlined above, in 2023 the EU Coal Region’s in Transition technical assistance programme (START) worked with worked with the Wielkopolska Social Economy Support Center (WOES)¹ and “Europe, a Patient” to engage with local stakeholders to map the potential opportunities for the development of social enterprises and to set out the steps that need to be taken in partnership to deliver these opportunities. This document is a synthesis of this work. It explains the rationale for supporting social enterprise development in the context of coal phase-out and attaining Net Zero, and how this can be embedded in a framework of Community Wealth Building. It considers good practices for promoting a Community Wealth Building approach to local economic development and social cohesion. It outlines the ways that EU and national enabling policies and public procurement frameworks can support social and sustainability objectives, especially regarding social enterprises. Finally, the document outlines a three-year pathway plan for developing social enterprises and Community Wealth Building in Eastern Wielkopolska and identifies some potential opportunities areas where this development could be taken forward.

Crucially, this document is a vehicle to promote partnership working in Eastern Wielkopolska; for without commitment and collaboration across the public, private and third sectors this bold agenda of local change cannot be fully realised.

Based on the outcomes of the work undertaken and reported in this document, there are some core recommendations for furthering social enterprise development and Community Wealth Building in Eastern Wielkopolska. These are:

1. Wielkopolski Ośrodek Ekonomii Społecznej (WOES) is run by Stowarzyszenie Na Rzecz Spółdzielni Socjalnych - The Association for Social Cooperatives, a non-governmental organisation that has been operating in the social economy sector for over 10 years.

1. **Awareness and recognition of the potential of the social economy and Community Wealth Building to contribute to and accelerate a Just Transition away from fossil fuels and to attaining Net Zero by 2040 should be enhanced.** Policy makers, public administrations, and other development actors should build-on the Eastern Wielkopolska Development Strategy until 2040, which foresees promotion of the social and solidarity economy as an important element of the future development of the region. These actors should champion and defend measures to develop and support the social economy in the region, including using public procurement to boost demand for the products and services of social economy entities and social enterprises .
2. **Efforts to foster and sustain social economy development and Community Wealth Building should be cognisant of the wider economic, social, and environment challenges of the region.** Achieving a Just Transition should not be seen as limited to addressing the concerns of affected businesses and workers. It should encompass, also, other groups at risk of being negatively affected by the transition or for which the transition opens-up new opportunities. In particular, **young people, whose futures will be shaped by any “reimagining” of how jobs and wealth are created and retained within their communities, need to be engaged and energised.**
3. **The inherent solidarity of local communities, workers, and other stakeholder groups in Eastern Wielkopolska should be leveraged to generate a broad political and social consensus** favourable to social economy development and Community Wealth Building in the region. The underlying values and approach of social entrepreneurship resonate strongly with the region’s deeply rooted embrace of collective solidarity. In this respect, it needs to be recognised that social enterprises can play a crucial role in creating and delivering social services that are vital to many citizens; for example, from care services for the elderly and retirees, to providing nurseries and kindergartens that can be critical for attracting and retaining young families.
4. **A “Partnership for the social economy” should be created in Eastern Wielkopolska to take forward the region’s efforts towards social economy development and Community Wealth Building.** This partnership should encompass a coalition of core actors – e.g., local public authorities, social economy representatives, other institutional and development partners – that cooperate based on mutually shared aspirations and a common willingness to build a sustainable ecosystem for social entrepreneurship in the region. It is recommended that the partnership is formalised (e.g., through a memorandum of understanding or partnership agreement), to provide required clarity among the partners on their respective roles and responsibilities, and related decision-making and communication arrangements, including interaction with other stakeholders. This should engender a sense of shared responsibilities, while ensuring a commitment to inform and engage with citizens and communities affected by transition so that they feel included in the social economy development process.
5. **Collective engagement of key actors directly affected in the transition away from fossil fuels – ZE PAK management, trade unions, employees, and sub-contractors – should be deepened and maintained,** for example through open and regular dialogue. Their involvement in, and support for, measures and activities to develop and strengthen a social enterprise culture will be crucial for realising the potential opportunities of the “social economy pathway”.
6. **Policies and concrete measures and actions to encourage and support social economy development and Community Wealth Building should be integrated in the respective future business plans of regional and local public administrations and related institutions** in Eastern Wielkopolska. As a first step, each local administration (commune) should be encouraged to implement an analysis of their public procurement spending – both current and expected future planned expenditures – to identify potential opportunities for social enterprises to deliver required works, products, and services.
7. **Regional and local public authorities should take concrete actions to further open their procurement to social economy entities, including social enterprises.** Full use should be made of the opportunities and flexibility of the legal framework for using public procurement to achieve social, environmental, and other objectives of common interest. Public procurement plans and processes – including the application of reserved contracts for social enterprises and insertion of social clauses – should be systematically used as instruments for supporting and preserving local businesses and workplaces, creating and maintaining local jobs, and generating incomes in local communities.

8. Regional and local public authorities should take measures to increase transparency and stability of their procurement practices, especially as it concerns social enterprises. Transparency of procurement could be enhanced through more open dialogue with the social enterprise community with a view to matching procurement needs to the capabilities and capacities of social enterprises, or through advanced publication of, and consultation on, procurement plans and pipelines, and early notification of contracts. Stability, would require treating the social dimension as a strategic, systemic, and constant element of procurement behaviour, as opposed to an occasional “add-on”. To this end, public authorities should regularly and openly consult with social enterprises (e.g., through dialogue sessions between municipal authorities and social enterprises operating in their location) to enhance mutual understanding and build more effective cooperation to optimise the social dimensions of public procurement.

9. To promote transparency and ongoing dialogue, regional and local public authorities should regularly share information and analysis on their social public procurement performance with stakeholders. For example, public authorities could provide annual summaries of the value and composition of social public procurement and objective measures of contract performance, which would provide all interested stakeholders with necessary information to monitor and assess what has been accomplished, what has not worked, and what more needs to be done.

10. To optimise the effectiveness and efficiency of social (and green) public procurement, a “Partnership for socially responsible procurement” covering regional and local public procurement bodies should be established. The purpose of this “partnership” would be to promote collaboration, economies of scale, and shared learning among the partners with the aim of adopting common approaches (i.e., standardisation) and simplifying procurement processes so that current spend could be better accessed by local suppliers, including social enterprises.

11. To support social (and green) economic development and Community Wealth Building, consideration should be given to the creation of an intermediary body dedicated to promotion, information and knowledge sharing, and monitoring of the social economy in Eastern Wielkopolska. This intermediary body should advise and support public authority procurement departments and their contractor counterparts,

together with other concerned development partners, to acquire a better understanding of the opportunities and obligations of social (and green) procurement and its utilisation in practice. The intermediary body could support public and private entities to establish a consensus around shared common social, environmental, and other procurement objectives, and it could monitor progress towards these goals in Eastern Wielkopolska.

12. The three-year pathway plan for social economy development and Community Wealth Building linked to the potential growth opportunities, as outlined in this report, should be progressed.

The pathway plan outlines a series of actions that can contribute to the development of local social enterprises and, in turn, advance Community Wealth Building in Eastern Wielkopolska. Policy makers, public administrations, and other development actors, together with social economy entities (including social enterprises) need to collaborate to create consensus around the proposed pathway plan and agree concrete steps to further its implementation.

Strategic and operational context informed by conceptual framework: the why and how of supporting social enterprises in Eastern Wielkopolska

Eastern Wielkopolska is the only coal region in Poland with clear commitment to phase-out coal - by 2030 at the latest. It also declared an ambition to achieve climate neutrality in 2040, ten years earlier than the EU target. The sub-region prepared a strategy² outlining its pro-climate approach to socio-economic development, which responds to the key challenges of Eastern Wielkopolska related to global warming and climate change, i.e.: decarbonisation of the energy sector, fair transformation of the economy towards a zero-emission and circular economy, revalorisation of existing and development of new housing stock towards zero-emission and energy-saving construction, transformation of the transport sector towards zero-emission transport and preservation of biological diversity. In that context, the sub-region plans to implement actions leading to increase in energy efficiency, increase in the use of renewable energy and hydrogen (with particular emphasis on green hydrogen), circular economy and clean mobility.

By 2030, the sub-region plans to end the exploitation of coal and phase out its use in electricity generation and heating. As a result, in the next few years, Eastern Wielkopolska will experience profound economic transformation, especially in those municipalities with the highest socio-economic dependence on the exploitation of fossil fuels. In addition, the sub-region is currently one of the least economically developed areas in Wielkopolska (its GDP per capita is 55% of the EU average and 77.5% of the Polish national average). In that context, the sub-region will need to mitigate negative aspects related to the transition, but also try to maximise opportunities that come with it. Sustaining and optimising local wealth creation focused on locally based investments and social economy enterprise development offers stakeholders and citizens in Eastern Wielkopolska an opportunity to re-imagine their local economy. Moreover, industrial and coal communities, such as the one in Eastern Wielkopolska, are characterised by high level of solidarity where social enterprises can benefit from and sustain such solidarity, thus contributing to a just transition in the region.

In this regard, the Community Wealth Building (CWB) model can be emulated in Eastern Wielkopolska to create and harness wealth in affected local communities. CWB is an internationally recognised model of economic development designed to tackle profound challenges facing local economies by considering the ways in which wealth is generated and retained in communities. The CWB approach seeks to transform local economic systems to enable communities to have a stake in and benefit from the wealth a local economy generates. At its core, CWB seeks to:

- create fair work opportunities
- develop progressive procurement approaches
- create locally supportive financial systems
- advance just use of land and property
- place more assets in the hands of local people and communities

CWB places a strong emphasis on the creation and expansion of local social enterprises (such as workers co-operatives, social co-operatives and other entities engaged in public benefit activities). By encouraging and supporting social enterprises, CWB aims to create an inclusive and productive economic base, in which profit and income are retained locally and local supply chains are developed.

Social economy development is one of the measures spelled out in the Eastern Wielkopolska Development Strategy until 2040³, which foresees the promotion of the social and solidarity economy within the sub-region. The Strategy proposes to boost demand for the products and services of social economy entities and social enterprises by promoting their involvement in the delivery of social services and encouraging local self-governing administrations to open their procurement to social enterprises (e.g., using social clauses in public procurement). Indeed, public procurement is one of the crucial elements for social economy to grow.

Public procurement can be a powerful tool both for advancing sustainable economic development and for achieving regional or local social objectives. Under EU public procurement rules, contracting authorities may take multiple aspects into account when purchasing works, goods, or services. Through public procurement that takes into account social and environmental goals, public authorities can promote employment opportunities, up and reskilling of the workforce, decent work, social inclusion, gender equality and non-discrimination, accessibility, and seek to achieve wider compliance with social standards.⁴ Local public

2. Strategy for Climate Neutrality of Eastern Wielkopolska until 2040, https://wbpp.poznan.pl/download/129/strategia_na_rzecz_neutralnosci_klimatycznej_wielkopolska_wschodnia_2040.pdf

3. <https://arrtransformacja.org.pl/wp-content/uploads/2022/12/SRWW-przwyjeta.pdf>

4. <https://ec.europa.eu/docsroom/documents/44504>

Figure 1 Conceptual framework for supporting social enterprises in Eastern Wielkopolska

authorities can include social considerations in different stages of public procurement procedures to achieve social and environmental objectives (see [Annex 1: Use of public procurement to promote social \(and green\) economy development](#)). Therefore, **local governments in Eastern Wielkopolska can directly support the development of social economy enterprises in their sub-region by purchasing works, products, or services delivered by their local social enterprises.**

The workers and local communities in Eastern Wielkopolska have been and will continue to be negatively impacted by the phase out of coal activities as ZE PAK gradually decommissions coal fired power plants and plans to cease mining activities by 2030.⁵ To support the affected workers in the transition, a **“social economy pathway” which will allow ZE PAK workers to find employment in new and existing co-operatives and social enterprises has been proposed** as one of the supporting mechanisms to be co-financed from the Just Transition Fund.

In terms of workers characteristics, nearly all ZE PAK workers have a profound sense of belonging to their communities and are committed to finding alternate employment locally. Moreover, they have higher educational levels compared with local standards, display a notable desire for relatively well salaried, stable employment in a workplace that values collective endeavour, and show general willingness to learn new skills and openness to working in alternate sectors⁶. Given the workers characteristics, the labour market conditions in Eastern Wielkopolska, and the available support on the ground to develop social enterprises, the social economy pathway can offer a viable employment alternative. Accordingly, the social and solidarity economy can be an effective vehicle for delivering a just transition in accordance with Eastern Wielkopolska’s ambitions for decarbonisation of economic activities, environmental sustainability, and social solidarity. **A regional transformation model which relies on expansion of social enterprises keeps in sight the main goal of the ongoing energy transition: ensuring stable jobs and good quality of life for the local community.**

5. Employment at ZE PAK (including subsidiaries) was approximately 5,300 in 2018. It dropped to around 3,330 in 2022 and is expected to decrease further to approximately 1,750 in 2026 and stay at this level until 2029, when approximately additional 850 people will lose their jobs. After 2030 around 800-900 of employees will maintain employment at the Konin Power Plant and companies unrelated to mining (including those related to the development of renewable energy).

6. <https://energy.ec.europa.eu/system/files/2023-10/Assessment%20of%20Development%20Opportunities%20for%20Social%20Economy%20Enterprises%20in%20Eastern%20Wielkopolska%20-%20START%20technical%20assistance.pdf>

Developments and experiences in public procurement to support social enterprises and community wealth building

Social public procurement in practice

European and national-level legal frameworks provide the flexibility for contracting authorities to use public procurement in a more strategic manner that can support social economy development and improve the access of social enterprises to public markets. Although it is beyond the scope of this report to offer detailed guidance on the development and implementation of social public procurement approaches, Annex A1 highlights some key aspects of the possibilities for promoting social public procurement available in current legal frameworks, and for developing and implementing effective social public procurement at regional and local levels. It also indicates some of many already existing sources of information, guidance, and good practice examples for using public procurement to promote social (and green) economy development.

Although legal frameworks provide the flexibility for innovative and progressive approaches, it is fair to say that the full potential of social public procurement is far from being fully utilised. For this reason, the recent European Council Recommendation on developing social economy framework conditions (see Section [EU Policy Framework](#)) calls upon Member States to do more to foster the use of socially responsible public procurement. In the Polish case, recent developments in the legal framework (see Section [Polish Policy Framework](#)) have transposed European procurement directives and established solutions to support social entrepreneurship and development of the social economy in the country. Still, there is scope to do more promote the utilisation of public procurement to achieve social (and green) development objectives; for example, increasing knowledge and building capacity among regional and local-level public authorities and economic operators, design of socially responsible procurement procedures that encourage bidding by SMEs and social economy enterprises, and promotion of market dialogue between end users, potential social economy suppliers and public buyers.

EU Policy Framework

The European Commission actively promotes the development of social economy enterprises and organisations, through developing the conditions to allow them to compete effectively and fairly, without regulatory discrimination and considering their particular needs. Under the [European Action Plan on Social Economy](#) (2021), the Commission proposed to act in three main areas:

- 1. Creating the right conditions for the social economy to thrive**, with a focus on adaptation of taxation, public procurement, and State aid frameworks to the needs of the social economy.
- 2. Opening opportunities for social economy organisations to start up and scale up**, by increasing financial support to the social economy⁷. To this end, among other actions, the Commission launched a new [EU Social Economy Gateway](#) in 2023 to ensure social economy actors can find all the information they need in one place on EU funding, policies, training and initiatives.
- 3. Making sure the social economy and its potential are recognised**, for example, through collection of improved qualitative and quantitative data to better understand the social economy across and organisation of training courses for public officials to promote the social economy at regional and local levels and fostering cross-border exchanges.

In June 2023, the European Commission set out concrete measures to support the social economy in the form of a proposed [European Council Recommendation on developing social economy framework conditions](#). On 9 October 2023, political agreement on the Recommendation was reached, meaning that it will be shortly formally adopted, after which Member States will have two years to adopt or update their national strategies on the social economy.⁸

Regarding public procurement, the Council Recommendation (§ 14-16) asks that Member States improve social economy entities' access to markets by fostering the use of socially responsible public procurement in line with the possibilities offered by the current European legal framework on public procurement and supporting cooperation between social economy entities and mainstream businesses. Essentially, this recommendation recognises that

7. Under InvestEU, the allocation for budgetary guarantees and financial instruments in the social sector under is increased to €2.8 billion, compared to the previous long-term EU budget amount of €2.2 billion.

8. See: <https://www.consilium.europa.eu/en/press/press-releases/2023/10/09/social-economy-council-recommends-member-states-tap-its-full-potential/>

although EU public procurement rules provide the flexibility for contracting authorities to use public procurement in a more strategic manner by setting innovative, green, and social criteria (see Section [Social public procurement in practice](#)), most tenders are still awarded solely based on price⁹, putting social enterprises committed to providing societal and collective benefits at a disadvantage. Accordingly, the proposed Council Recommendation calls on Member states to:

- **adopt policy tools to foster the uptake of socially responsible and innovative solutions** in public procurement (e.g., policy guidance and procurement strategies, raising awareness, confirming and monitoring compliance with social and labour obligations, encouraging dialogue with the social economy and other stakeholders);
- **make better use of the flexible provisions under the existing legal framework** (e.g., fostering market dialogue, reserving contracts for social enterprises, setting proportionate and inclusive selection criteria, using social award criteria in line with the ‘most economically advantageous tender’ rule and social contract clauses, setting performance or functional requirements including in technical specifications) (see [Annex 1: Use of public procurement to promote social \(and green\) economy development](#));
- **foster cooperation between social economy entities and mainstream businesses** (e.g., raising awareness and promoting best practices to involve social enterprises in supply/value chains (e.g. ‘buy social’), provision of mentoring, matchmaking, and facilitation services, support social enterprise employees to gain experience on the open labour market, helping social economy entities to make the best use of new technologies).

Polish Policy Framework

There are solutions supporting social entrepreneurship in the Polish national legal order, as evidenced, for example, by the new regulation of the Public Procurement Law that *inter alia* implements pro-social solutions resulting from European Union public procurement law.¹⁰ Solutions supporting social entrepreneurship are also contained in the Act of 5 August 2022 on social economy (effective from 30 October 2022), which is the first attempt to legally regulate the social economy in Poland.

9. See: [Commission Staff Working Document SWD\(2021\) 373](#) accompanying the European Action Plan on Social Economy

10. The Public Procurement Law of 11 September 2019 (“PPL”) came into force on 1 January 2021. The Public Procurement Law implements the EU Directive 2014/24/EU on public procurement, repealing Directive 2004/18/EC.

Currently, the national legal order ensures the functioning of solutions supporting social entrepreneurship, notably through the following legal acts:

1. **The Law on Social Economy** of August 5, 2022, which contains provisions regulating:
 - a. the organisation and principles of operation of a social enterprise;
 - b. rules for obtaining and losing the status of a social enterprise and supervision of a social enterprise;
 - c. instruments of support for the social enterprise;
 - d. principles and forms of support for the development of social economy by public administration bodies;
 - e. protection of personal data in connection with the implementation of the objectives under the Act
2. **The Public Procurement Law** of September 11, 2019, which contains provisions on the tools for supporting social entrepreneurship, including social aspects as well as tools for realizing environmental aspects in the procedure of spending public funds. This Law includes a clause allowing for the reservation of certain public procurement to entities whose goal is the social and professional reintegration of socially excluded persons and employing such persons (features of a social enterprise). It also includes clauses allowing for an evaluation procedure to take account of how the bid will meet social or environmental aspect indicated in the contract.
3. **The Act on Social Cooperatives** of April 27, 2006, which contains provisions defining the rules for the establishment, operation, merger, and liquidation of social cooperatives, which is the basic form of running a social enterprise.
4. **The Act on Public Benefit Activity and Volunteerism** of April 24, 2003, which contains provisions regulating the area of public benefit, which is an important element in the functioning of social entrepreneurship.
5. **The provisions of acts regulating the functioning of individual categories of social economy entities** referred to in the Law on Social Economy, including associations, foundations, occupational therapy workshops and vocational activity establishments, social integration centres and social integration clubs, labour cooperatives, associations of local government units, church legal entities and capital law companies operating in the form of “non-profit”.

These legal acts provide the basis for the implementation of European Union regulations governing social enterprises and social entrepreneurship in Poland, and for pursuing the European Commission's recommendations for the creation of appropriate legal and support conditions for systemic development of the social economy (e.g., Law on Social Economy) and solutions to promote social responsibility in public procurement procedures (e.g., Public Procurement Law). For example, the Law on Social Economy guarantees support to social economy entities by enabling them to use various support instruments and by specifying the principles and forms of support for development of the social economy to be provided by public administration bodies in cooperation with social economy support centres.

Regardless of the outlined national legal framework, social economy entities - including social enterprises - have for many years had the opportunity to benefit from free support through a network of social economy support centres operating throughout the country. The quality of such services is under the responsibility of the Minister in charge of the social security department, who is responsible for issuing decisions on accreditation and status of a social economy support centre.¹¹ Social economy support centres also play an important role in educational activities to disseminate knowledge about the social economy and to promote pro-social public procurement which, although supported under the Public Procurement Law, is not obligatory.

Furthermore, under the coordination of actions for the development of social economy, which was regulated by the Social Economy Act, dissemination of knowledge about the social economy is also part of the activities of the Minister responsible for social security. One key aspect has been to raise awareness and sensitise public officials - especially at the municipal level - to the use of pro-social tools in their decisions on how to spend public funds. Social economy support centres have contributed to this activity through the creation of partnerships between public entities and social economy entities within the framework of the applicable standards of operation.

Public procurement as an instrument for Community Wealth Building

As previously noted, one of the five central aims of Community Wealth Building is to develop progressive local procurement approaches.¹² Two places in the United Kingdom are seen as international exemplars of using public procurement to support Community Wealth Building: Preston in northern England; and North Ayrshire in south-west Scotland. Both places contain many communities that have in recent history suffered from industrial restructuring and significant associated negative socio-economic impacts. The two cases are provided to illustrate good-practice and lessons regarding public procurement to support Community Wealth Building that have relevance to Eastern Wielkopolska.

11. Accreditation and status of a social economy support centre are granted for a period not exceeding 2 years

12. The other four relate to creating fair work opportunities, creating a locally supportive financial system, the just use of land and property, and placing more assets in the hands of local communities.

The “Preston Model”, Europe’s Community Wealth Building Exemplar, Preston City Council, England

Context:

Preston is the administrative centre of the county of Lancashire. The city has a population of 114,000; a figure that rises to over 300,000 when adjacent communities are included. Like many cities in Northern England, the area witnessed significant economic restructuring from the 1980s onwards, leading to high unemployment and a loss of local income. Just over a decade ago, the unemployment rate in Preston was 15% (2012). However, in November 2018 Preston was named the “Most improved city in UK”, with unemployment down to 3.1% and improvements above the national average for health, transport, work-life balance, and for the skills among both the youth and adult populations. Many of these gains have been attributed to the city adopting Community Wealth Building principles from 2013 onwards. The resulting “Preston Model” is seen as an exemplar in the UK, Europe and globally for policy makers interested in sustainable, community-centered development.

Good practice:

Progressive procurement policy and practice is a key part of Preston’s Community Wealth Building approach; ensuring that procurement processes are made simpler for potential local and regional suppliers and that the procurement of goods and services can benefit local communities. Preston demonstrates how the scale of local procurement can change in a relatively short timeframe, if there is buy-in and planned and coordinated action amongst public sector actors. Over a five-year period, from 2012/13, locally retained spend increased within Preston from 5% to 18% and within Lancashire from 39% to 79%, representing a rise of £74m in Preston and £200m in Lancashire, respectively.

This success in increasing the share of local public sector spend was built on utilising national procurement legislation and local political commitment and innovation; which made the area an international and national exemplar for Community Wealth Building and progressive local procurement.

The Public Services (Social Value) Act came into force on 31 January 2013. The Act encourages commissioners to talk to their local provider market or community to design better services, often finding new and innovative solutions to difficult problems. Social value will be evaluated based on qualitative responses from bidders, and not on volumes. This means that larger suppliers are not able to win on scale alone; all bidders must set out what they will deliver and how they will deliver it and it is this information that will be scored in bid evaluations. The minimum weighting that should be applied to social value is 10%.

This success in increasing the share of local public sector spend was also built on rigorous research and evidence, commitment and co-ordination across local /regional anchor organisations (i.e., local councils, universities, colleges, local housing bodies and local emergency services), and having a clear pathway for implementing progressive procurement policy and practice.

Key steps in its pathway to increasing local procurement included: development of a Procurement Practitioners’ Group, led by and managed by Preston City Council, involving the anchor organisations; research to identify scale and sources of potential local / regional procurement spend across the anchor organisations and its assess potential local / regional economic impact; development of a shared procurement strategy; development of a dynamic supplier database, including local and regional social enterprise suppliers; breaking contracts down into smaller lots to encourage smaller enterprises and social enterprises to bid; a dedicated tenders and procurement webpage; and regular meet the Buyer events.

Additionally, an agreement was established between public sector organisations and local social enterprises to simplify the procurement process to the latter’s advantage. The agreement included: a commitment to simplicity and proportionality within public sector procurement (i.e., to make the process commensurate to the size of a potential tendering organisation and the amount of money involved); standardisation of the procurement process, where possible, across public sector organisations; adequate advance notice of public procurement opportunities to enable sufficient resource planning prior to the bidding process; and ongoing learning, communications and capacity development support.

Lessons for Eastern Wielkopolska:

The case of Preston demonstrates how progressive procurement can fundamentally improve a local economy and generate and retain wealth in local communities. Key lessons:

- Progressive Procurement is a vital enabling dimension of Community Wealth Building
- It requires joined up working and shared ambition across local anchor organisations, although one organisation can act as the main co-ordinating partner
- Undertaking research to identify scale and sources of potential local / regional procurement spend is important for building political commitment and targeting areas of greatest opportunity
- An agreement between public sector organisations and local social enterprises encourages the latter can make the investment of resources to compete for local contracts in the knowledge that their offer and contribution is understood and valued, and that their unique role as a local development partner is recognised
- Progressive public procurement requires detailed planning over several years; a pathway of change needs to be designed and implemented.

Sources

https://cles.org.uk/wp-content/uploads/2019/07/CLES_Preston-Documents_WEB-AW.pdf

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Scotland's First Community Wealth Building local authority, North Ayrshire, Scotland

Context:

North Ayrshire is an area that is both urban and rural in character. Its administrative centre, Irvine, has a population of 34,000, and the overall local authority area has a population of 134,000. Irvine is a new town, created in 1966 beside an adjacent older town. The new town provided a workforce for several large enterprises, in sectors such as chemicals and engineering, which provided high wages. However, closures and severe downsizing in the private sector, especially among the large enterprises, led to unemployment and a significant loss of local income in the town and other North Ayrshire communities. To respond to these challenges, the local authority was the first in Scotland to adopt a Community Wealth Building strategy for local development in 2020, an accolade that has ensured a high level of national interest and government attention.

Good practice:

North Ayrshire Council is committed to maximising Community Benefits from its procurement activities and build economic, social and environmental considerations into the delivery of all Council contracts. To this end, the Council and other local anchor organisations (the local college, health service and police) have innovatively interpreted the Procurement Reform (Scotland) Act 2014.

Any contractor/supplier/service provider is required to actively participate in the economic and social regeneration of North Ayrshire. To ensure this, the tender process follows a "Minimum Requirement" route in which tenderers are required to complete a "Community Benefits Requirements Template" identifying commensurate and appropriate community benefits for each contract. This information needs to demonstrate that the specific mandatory Community Benefits within an Invitation to Tender document will be delivered. This is a pass/fail minimum requirement. Tenderers are also encouraged to propose additional voluntary Community Benefits. The information on community benefits is not scored as part of the tender evaluation, although it is included as part of the evaluation at the award stage. The delivery of the stated benefits is a contractual requirement.

North Ayrshire's procurement rules also ensure that private sector enterprises work with and support third sector organisations (TSOs) wherever possible. TSOs are deemed in the Procurement Reform (Scotland) Act 2014, as bodies, other than those established under an enactment, which exist to provide benefits for society and/or the environment. To this end, private sector contractors need to confirm and provide details in their tender on how they will: assist in delivering the Council's aspiration that one or more TSOs are awarded work through the contract; ensure that subcontracting opportunities are accessible to TSOs; work with TSOs from North Ayrshire and provide support in their area of expertise to assist their development.

Lessons for Eastern Wielkopolska:

North Ayrshire's economic and social structures and the challenges it faces are in many respects similar to Eastern Wielkopolska. Key lessons are:

- Public authorities and other local anchor organisations need to be innovative in their procurement behaviour, taking advantage of the flexibility available in national legislation to promote social and environmental considerations and deliver community benefits.
- Tender scoring is not the only means to ensure that Community Wealth Building and TSO development objectives are met; a "Minimum Requirement" criterion can also be effective.
- Anchor organisations in a locality should act in unison regarding procurement, thereby creating greater policy leverage and economic impact.
- Private sector enterprises can be actively encouraged to work with TSOs in the delivery of contracts, especially larger contracts, by making them state how they will comply with this contractual requirement in the procurement process.
- Active promotion of local CWB practices in the national media and national policy circles brings significant national attention and "soft" support to a locality.

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Three-year Pathway Plan for the development of Social Enterprises to support Community Wealth Building

A pathway plan informed by progressive international public procurement policy and practice and national and local legislation and approaches has been created to map the development of local social enterprises and, in turn, advance Community Wealth Building in Eastern Wielkopolska.

The pathway has a three-year time horizon and is built around five objectives with related actions, aims, main target groups and timings. It is a relatively top-level prescription. One that avoids micro-planning to ensure that changes in what will be a fluid context of delivery can be accommodated and the pathway's relevance remains over time.

Objective 1: Advocacy, awareness, buy-in and coordination

Action	Aim	Main target group	Timeline
1.1 Planned political engagement	To explain benefits of progressive procurement and Community Wealth Building to regional and local politicians and gain buy-in	Regional and local politicians and senior officials of public administrations	Year 1
1.2 Planned beneficiary engagement	To reach out and explain benefits of social enterprises to potential founders and employees	ZE PAK workers, former ZE PAK workers, workers from ZE PAK subcontractors and suppliers. Persons sharing a household with workers from the abovementioned groups Other impacted or vulnerable groups (e.g., young people)	Year 1 – 3
1.3 Planned information campaign	To explain the benefits of social enterprises and linkages to social (and green) economic development and a Community Wealth Building approach	Target groups identified under Action 1.2 Other key representative and development actors (e.g. ZE PAK, trade unions, labour market bodies, business support bodies, civil society organisations) General public (citizens) and actors in affected communities	Year 1 – 2
1.4 Create a “Partnership for the social economy”	To drive and coordinate the region's efforts for social economy development and Community Wealth Building, linked to the creation of an intermediary body	A coalition of core actors – e.g., local public authorities, social economy representatives, other institutional and development partners	Year 1-2
1.5 Promote and publicise Eastern Wielkopolska's experience of social enterprise development and CWB	To share experience and successes at regional, national, and international levels To make Eastern Wielkopolska an exemplar of progressive and innovative social (and green) procurement policy and practice	Regional, national, and international policy makers and interested parties	Year 2 - 3

Objective 2: Policy and administrative certainty and transparency

Action	Aim	Main target group	Timeline
2.1 Interpretation of national procurement policy	To establish – identify and clarify – possibilities to facilitate and implement progressive procurement practices within the framework of national legislation	WOES, local government, and other appropriate public sector bodies	Year 1
2.2 Building consensus, and approval for the “social economy pathway” of the ZE PAK Worker’s Support Programme	To detail and clarify the scope of activities, resources, and anticipated outcomes of the “social economy pathway” To build consensus, gain approval, and secure “buy-in” of delivery partners, recipients/beneficiaries, and other promoters/collaborators of the “social economy pathway”	WOES and related beneficiaries	Year 1
2.3 Interpretation of national and local business regulations, ordinances, and administrative requirements	To establish – identify and clarify – rules and administrative requirements for the creation, operation, and conduct of commercial activities of social enterprises To ensure operational certainty and optimal commercial conditions for social enterprise (e.g., clarification of fiscal obligations and arrangements)	WOES and related beneficiaries	Year 1

Objective 3: Partnership and knowledge for progressive public procurement

Action	Aim	Main target group	Timeline
3.1 Creation of a public procurement practitioners forum	To assemble all main local public procurement bodies (“anchor organisations”) to promote collaboration, exchange of experience, and shared learning on social public procurement The forum will focus on the technical and operational aspects of public procurement	Local government and other appropriate public sector bodies (with input from WOES, the “Partnership for the social economy” and subsequent intermediary body)	Year 1
3.2 Creation of social public procurement monitoring system	To put in place a mutually agreed system to collectively track change in local social procurement spend in the short and long-term To provide information to assess procurement performance and to support modification of policy and practice accordingly	Local government and other appropriate public sector bodies (with input from WOES, the “Partnership for the social economy” and subsequent intermediary body)	Year 1
3.3 Establishing a public procurement baseline	To identify the scale and sources of local / regional procurement spend across the “anchor organisations”	Local government and other appropriate public sector bodies (with input from WOES, the “Partnership for the social economy” and subsequent intermediary body)	Year 1 - 2
3.4 Assessment of opportunities to enhance social public procurement and retention of expenditures in the local economy	To establish the characteristics of public procurement spending (e.g., scope, gaps, local retention, and leakage) To identify opportunities to improve access for local suppliers (including social enterprises) to public procurement contracts To evaluate the consequential monetary, economic, and social benefits of improved local supplier access	Local government and other appropriate public sector bodies (with input from WOES, the “Partnership for the social economy” and subsequent intermediary body)	Year 1 - 3
3.5 Creation of a multi-annual, multi-partner strategy for progressive procurement	To ensure common, transparent ambition and a consistent, structured approach across “anchor organisations”	Local government and other appropriate public sector bodies (with input from WOES, the “Partnership for the social economy” and subsequent intermediary body)	Year 2
3.6 Implementation of a social public procurement monitoring system	To undertake annual monitoring of local / regional procurement spend and assess performance. To adjust policy and practice accordingly, and promote transparency	Local government and other appropriate public sector bodies (with input from WOES, the “Partnership for the social economy” and subsequent intermediary body)	Year 2 - 3

Objective 4: Redesign of local procurement systems

Action	Aim	Main target group	Timeline
4.1 Redesign of public procurement contracting processes	<p>To make contracting processes easier for social enterprises</p> <p><i>For example, through:</i></p> <ul style="list-style-type: none"> • Simplify and standardise procurement procedures and documents (e.g. bidding forms) • Enhance consultation and market dialogue • Enhance transparency and planning (e.g. prior information and advanced notice) • Division of larger contracts into lots • Use of reserved and “light regime” procurement and framework contracts 	Local government and other appropriate public sector bodies	Year 1
4.2 Design of bidding requirements and criteria, etc.	<p>To allow social enterprises to compete more effectively for local contracts</p> <p><i>For example, through inclusion of social aspects in:</i></p> <ul style="list-style-type: none"> • Technical specifications • Exclusion, selection, and award criteria • Performance requirements 	Local government and other appropriate public sector bodies	Year 1
4.3 Promotion of cooperation between private sector and social enterprises for delivery of public procurement projects	<p>To inform private sector entities of opportunities and approaches to working with social enterprises when bidding for and delivering public procurement contracts</p> <p>To motivate private sector entities to integrate social enterprises in their bids for (larger) public procurement contracts (e.g., through tendering requirements to demonstrate social benefits and/or sub-contracting opportunities that will be accessible to social enterprises)</p> <p>To support and enhance mutually beneficial cooperation between private sector entities and social enterprises for the delivery of (larger) public procurement contracts</p>	Local government and other appropriate public and private sector bodies	Year 1
4.4 Implementation of procurement system redesign	To operationalise the programme of public procurement policy and practice changes and, thereby, to create a progressive procurement system that supports involvement of social enterprise and promotes Community Wealth Building	Local government and other appropriate public sector bodies	Year 2

Objective 5: Social enterprise creation, capacity development and demonstration projects

Action	Aim	Main target group	Timeline
5.1 Implement a programme of social enterprise recruitment	To identify, engage and mobilise founders and employees of social enterprises through training, counselling, and business plan support	ZE PAK workers, former ZE PAK workers, workers from ZE PAK subcontractors and suppliers. Persons sharing a household with workers from the abovementioned groups Other impacted or vulnerable groups (e.g., young people)	Year 1 - 3
5.2 Implement a programme of social enterprise support	To build capacity in emergent, new, and existing social enterprises through training, counselling, expert services, and advice (financial, legal, marketing, etc.)	Emergent, new, and existing social enterprises	Year 1 - 3
5.3 Create a suppliers database	To create a living database of social enterprises that can be referenced by “anchor organisations” to identify and engage with potential suppliers of “socially responsible” works, products, and services	Social enterprises, local government, and other appropriate public sector bodies	Year 1 - 3
5.4 Enhance market transparency and dialogue	To improve transparency, information exchange, and dialogue between public sector contracting bodies and social enterprises <i>For example, through a program of regular “Meet the buyer” events, to share information on procurement intentions and potential “socially responsible” delivery options</i>	Social enterprises, local government, and other appropriate public sector bodies	Year 1 - 3
5.5 Establish an agreement to promote social enterprises’ access to procurement markets	To formalise mutually agreed commitments to promote and facilitate social enterprises access to the public procurement market <i>For example, through a Memorandum of Understanding between public sector organisations and local social enterprises to work together to find solutions to improve access to the latter’s advantage (e.g. redesign and simplifying of the procurement process, enhanced market dialogue, etc.), while avoiding distortion of competition</i>	Social enterprises, local government and other appropriate public sector bodies	Year 2
5.6 Deliver a programme of demonstration projects	To demonstrate the economic, social, and environmental benefits of “socially responsible” public procurement policies and processes and the constructive engagement and inclusion of social enterprises in the delivery of public procurement contracts	Local government and other appropriate public sector bodies	Year 2 – 3

Potential opportunities for social enterprise development in Eastern Wielkopolska (linked to CWB)

Identifying and prioritising potential opportunities for Social Economy Enterprises

Based on a previous synthesis of data and information¹³, a concise SWOT analysis has been created to illuminate key local considerations to assist identification and prioritisation of opportunities for the creation and expansion of social economy enterprises.

Table 1: Eastern Wielkopolska: SWOT Assessment

Strengths	Weaknesses
<ul style="list-style-type: none"> • Agriculture / arable land • Central location and connectivity • Education, skills, attributes of ZE PAK workers • External profile for green transition • High levels of community belonging/affiliation • Local construction and industrial processing 	<ul style="list-style-type: none"> • Aging population • Brownfield sites / former industrial sites • Entrepreneurial culture • Housing stock and energy efficiency • Out-migration of young families and people • Service sector
Opportunities	Threats
<ul style="list-style-type: none"> • Energy efficiency and retrofitting of buildings • Circular economy • Green mobility • Growing national expenditure on food, health and care • Public procurement and public sector reform • Restoration of brownfield sites • Social & care services e.g., for old and young • Tourism (e.g., cycling) 	<ul style="list-style-type: none"> • Contracting tax base and public services • Declining incomes and local wealth • Demographic imbalance • Digital exclusion • Energy poverty • Increase in vulnerable groups • Loss of community cohesion / resilience

Criteria for selection

To facilitate selections and prioritisation of opportunities a set of criteria was identified:

- i. Addresses several dimensions of the SWOT analysis
- ii. Fit with skills of affected workers
- iii. Fit with aspirations and working culture of affected workers
- iv. Availability of funding and support and policy fit
- v. Demand and sustainability of opportunity
- vi. Level of displacement
- vii. Retains opportunity and wealth in local community

Assessment of potential opportunities

Based on the above SWOT and criteria, eight indicative opportunities for the creation and expansion of local co-operatives have been identified for further consideration. Although this is not a definitive list, it illustrates the breadth of opportunities that exist.

13. Please see the report Assessment of Development Opportunities for Social Economy Enterprises in Eastern Wielkopolska https://energy.ec.europa.eu/topics/oil-gas-and-coal/eu-coal-regions/start-technical-assistance_en

Table 2: Eastern Wielkopolska: Summary rationale for opportunity selection

Opportunity	Rationale for Selection
Brownfield site rehabilitation	<ul style="list-style-type: none"> • Addresses Weakness and Opportunity (e.g., tourism) • Fit with skills of affected workers • Fit with aspirations and working culture of affected workers • Demand and sustainability of opportunity (in medium term) • Low level of displacement (new activity) • Retains opportunity and wealth in local community
Circular economy	<ul style="list-style-type: none"> • Addresses Opportunity • Fit with skills of affected workers • Availability of funding and support and policy fit • Demand and sustainability of opportunity • Retains opportunity and wealth in local community
Digital systems, services and platforms	<ul style="list-style-type: none"> • Addresses Weakness and Threat • Availability of funding and support and policy fit • Demand and sustainability of opportunity • Retains opportunity and wealth in local community
Greening of transport system (incl. charging points, e-bikes, cycling)	<ul style="list-style-type: none"> • Addresses Strength and Opportunity • Fit with skills of affected workers • Fit with aspirations and working culture of affected workers • Availability of funding and support and policy fit • Demand and sustainability of opportunity • Level of displacement (new activity) • Retains opportunity and wealth in local community
Higher value agriculture / food production	<ul style="list-style-type: none"> • Addresses Strength and Opportunity • Demand and sustainability of opportunity • Level of displacement (could be low) • Retains opportunity and wealth in local community
Renewable energy	<ul style="list-style-type: none"> • Addresses Strength, Opportunity, and Threat • Fit with skills of affected workers • Fit with aspirations and working culture of affected workers • Availability of funding and support and policy fit • Demand and sustainability of opportunity • Level of displacement (new activity) • Retains opportunity and wealth in local community
Retrofitting and energy efficiency	<ul style="list-style-type: none"> • Addresses Strength, Weakness, Opportunity, and Threat • Fit with skills of affected workers • Fit with aspirations and working culture of affected workers • Availability of funding and support and policy fit • Demand and sustainability of opportunity • Retains opportunity and wealth in local community
Social care and social services	<ul style="list-style-type: none"> • Addresses Strength, Weakness, Opportunity, and Threat • Availability of funding and support and policy fit • Demand and sustainability of opportunity • Retains opportunity and wealth in local community

Annex 1: Use of public procurement to promote social (and green) economy development

development of the social economy and social enterprises and that provide recommendations for national and local-level public bodies seeking to develop and implement social public procurement policies, together with multiple real-world examples of how social public procurement has been applied in practice. Some of these guidance documents are identified in [Box 1: Guidance and examples on social \(and green\) public procurement](#).

Guidance and support materials for social public procurement

There are many existing guides that demonstrate how public procurement can be used to promote

Box 1: Guidance and examples on social (and green) public procurement

European Commission Guidance:

As part of its efforts to promote the development of the social economy and social enterprises the European Commission collects and disseminates good practices to inspire and encourage public buyers to use public procurement to achieve positive social and ethical impact:

- **Buying Social - A Guide to Taking Account of Social Considerations in Public Procurement** (second edition), published in May 2021, is a practical guide for public buyers on taking account of social considerations in public procurement, covering the whole procurement process, and including concrete suggestions and examples. [Polish language version available].
- **Making socially responsible public procurement work**, published in September 2020 (revised), is a collection of 71 good practice cases showing how public buyers have implemented socially responsible public procurement (SRPP).
- **Promoting Social Considerations into Public Procurement Procedures for Social Economy Enterprises - Matrix of the social clauses of Directive 24/2014/EU**, published in 2019, which provides for a legal explanation of the social clauses of Directive.
- **Buying for Social Impact: Good practice from around the EU**, published in 2019 as part of the Buying for Social Impact (BSI) project, contains 22 examples from 12 EU Member States of good practice of public procurement procedures and policy initiatives to promote the use of social considerations in public procurement procedures.
- **Best practices in the field of social clauses in public procurements in Europe**, published in 2016 as an annex to the report of the Commission Expert Group on Social Entrepreneurship '[Social enterprises and the social economy going forward](#)'.

Additionally, as part of guidance on the use of the new and updated standard forms that from 25 October 2023 must be completed by public buyers, the European Commission has published:

- **eForms Policy Implementation Handbook** that explains the use of an optional field allowing for the inclusion of information on whether a social objective is being pursued through the procurement procedure; using this option should contribute to more accurate data collection and analysis of the use of socially responsible public procurement (SRPP).

Finally, good practice examples and criteria with reference to green public procurement (GPP) can be found at:

- **Green Business – Good Practice Library**, which provides a compilation of case studies on green and socially responsible public procurement across Europe.
- **Green Public Procurement Criteria and Requirements**, which provides information on common EU GPP criteria that can be incorporated into a public procurement procedure for goods, services or works to reduce the environmental impact of a purchase.

Guidance in Polish

The Public Procurement Office, the national institution in charge of public procurement law in Poland, has compiled guidance materials on social and green procurement:

- **Dobre praktyki z zakresu społecznych zamówień publicznych** (Good practices in the field social procurement)
- **Dobre praktyki w zakresie społecznych zamówień publicznych** (Good practices in the field social procurement)
- **Dobre praktyki z zakresu zielonych zamówień publicznych** (Good practices in the field of green public procurement)
- **Dobre praktyki z zakresu zielonych zamówień publicznych** (Good practices in the field of green public procurement)

Further, WOES has compiled a collection of materials on the social economy and social enterprises

- **Social economy - collection of publications**

European Commission Guidance:

Other reports and guidance:

- **Social Clause in the Implementation of the 2014 Public Procurement Directives (2021)**, published by the European Trade Union Confederation, examines how, and how far, four Member States (France, Germany, Italy, and Spain) have exploited the social clauses present in the Public Procurement Directives.
- **Social Clauses in Public Procurement: A Practical Handbook (2018)**, delivered in the framework of the Erasmus+ project “EMPUBLIC”, this report provides guidelines on how to include social values in the preparation and award of public contracts that support self-entrepreneurship and employment of disadvantaged persons.
- **Social clauses: Why so important and how to implement them (2015)**, published by RREUSE, provides brief examples of effective social clauses in use in four Member States (Belgium, France, Italy, and Spain).
- **Public Procurement for Social Progress: a guide to the EU Public Procurement Directive (2015)**, published by Social Platform, aims to facilitate the understanding of the EU Public Procurement Directive by social economy enterprises and non-profit social and health service providers. It includes examples of good and bad practices related to different clauses of the Directive (2014/24/EU).
- **The Procura+ Manual - A Guide to Implementing Sustainable Procurement (2016)**, published by ICLEI for the Procura+ European Sustainable Procurement Network.
- **A Social Value Toolkit for District Councils (2019)**, published by the Social Value Portal to help District Councils in the UK implement social value in procurement based on tried and tested approaches.
- **The Better Entrepreneurship Policy Tool**, jointly developed by the European Commission and OECD, is an online tool designed for policymakers and other interested parties at local, regional and national level. It includes policy guidance notes and inspirational case studies on key policy areas of inclusive and social entrepreneurship, alongside a [self-assessment component](#) to assess whether current policies and programmes enable and support social enterprises to start-up and scale-up.

Social public procurement strategy

Turning social public procurement from an abstract concept into a practical reality is not something that will happen overnight. It is generally recognised that implementation of social (and green) public procurement requires gathering support and securing political commitment, especially where it requires overcoming inertia in existing public procurement procedures and practices, or where there is a preconception that more socially responsible approach to procurement will increase the costs of procured goods and services. These activities can be the first steps towards adopting social public procurement in a formalised strategy or policy.

Good practice guidance suggests that building a social public procurement strategy requires identifying and mapping the organisation’s policy objectives and priorities and then assessing the potential contribution of social procurement to meeting these objectives. It also requires considering how social objectives align with existing procurement policy and practice, and where there are potential synergies, gaps, or barriers to achieving social objectives within the current procurement system. To build understanding of barriers and opportunities for enhancing social procurement may, in turn, require consulting relevant stakeholders, both internal (e.g., procurement departments) and external (e.g., suppliers and service users). Such consultations can serve, also, to raise awareness, build ‘buy-in’ from stakeholders, and strengthen commitments to achieving social public procurement strategy objectives.

An important step in formalising an organisation’s strategy for social public procurement is to set out the scope of procurement actions that will be covered and to set targets – for example, in terms of key performance indicators – demonstrating the level of ambition and allowing for subsequent assessment of whether the strategy has achieved its objectives. Scoping can involve identifying and prioritising those categories of products and services that will be the focus for social procurement actions¹⁴, or which parts of the organisation are covered by the strategy. Targets should be set for each product or service category that relate to each social objective, and to be effective these targets should be SMART (Specific, Measurable, Achievable, Relevant, and Time-related).

The strategy will need to be integrated into the organisation’s procurement activities, which will require assigning responsibilities for implementation and ensuring effective internal and external communication to ensure that staff and suppliers are aware of the organisation’s social procurement objectives and are able to react and prepare accordingly. Communication to the public based around the strategy and social procurement objectives can serve to raise awareness and set an example which can inspire wider action, while also increasing the organisation’s accountability to deliver on its social procurement commitments.

14. This may involve a risk assessment of the organisation’s procurement to identify the social impacts associated with different purchase categories. The risk assessment should identify events or conditions, which may prevent the organisation’s procurement from meeting social objectives.

Public procurement planning

The social dimension of public procurement should be adequately considered before publishing a contract award notice. Even before designing a contract, there are a few preliminary steps that good practice guidance¹⁵ suggests may be undertaken to enhance the outcomes of social public procurement processes:

- **Needs assessment:** consultation with staff and end-users to ensure you are buying the right product or service, and in a way that can provide positive social outcomes. The needs assessment aims to ensure that real demand for the goods, services or works exists, and to identify the ways of meeting that need in the most socially responsible manner. Assessing real needs in terms of outcomes sets the scope and nature of requirements, allowing a more flexible and potentially cost-effective response from the market.
- **Market Dialogue:** if it is undertaken in a transparent way and does not distort competition, EU procurement law permits organisations to undertake market consultations with a view to preparing the procurement and informing economic operators of their procurement plans and requirements. It is typically used to identify potential suppliers and relevant products and services and give them time and notice to prepare for the tender. Market dialogue can allow buyers to discuss their needs, including social requirements, while giving suppliers the opportunity to explain how they can deliver contracts in a socially responsible manner, and allow relevant stakeholders, such as social partners or NGOs, to provide expert input.

Contract design can play a crucial role in determining the social impact of procurement. Of relevance in this context are the following:

- **Size and duration of the contract:** as social economy organisations and social enterprises may lack the capacity to deliver on large contracts. Smaller contracts, including the division of contracts into lots (see next point), may facilitate access by organisations that are already active in delivering social benefits.¹⁶ Duration of the contract can be important in allowing adequate time for the contractor to invest in and deliver social outcomes; this is especially true if new methods or systems are being introduced. Also, if the duration of the contract is insufficient, it can also negatively affect the quality and continuity of a service.

- **Use of lots:** EU rules highlight the possibility to divide contracts into lots and require public buyers to explain where the decision is taken not to do this. It is also possible to limit the number of lots awarded to any single bidder, based on objective and non-discriminatory criteria, established in advance. Lots can be defined based on the type of deliverable, the size of individual contracts, or the geographic area of delivery. The use of lots can ensure that smaller operators, social economy organisations or social enterprises can compete for public contracts even if they may not be able to deliver all aspects of a large contract.
- **Use of framework agreements:** a framework agreement with one or more operators allows for the award of multiple contracts without repeating the whole procurement process. This can provide greater flexibility in the award of contracts and may also increase the incentives for suppliers to offer solutions with higher social returns, due to the potential to win multiple contracts and therefore recoup any additional expense involved in implementing these solutions.

Finally, procurers have a choice over the type of procedure they use. European Law (Directives 2014/24/EU and 2014/25/EU) identifies 5 types of procedures, also recognised under the Polish Public Procurement Law of September 11, 2019¹⁷:

- **Open procedure:** any interested economic operator may submit a tender.
- **Restricted Procedure:** at least five bidders are selected to submit bids based on objective criteria – following a call for tenders, tenders may be submitted only by economic operators who have been invited to tender as they meet the conditions for participation.
- **Competitive Procedure with Negotiation:** at least three bidders are selected to submit bids based on objective criteria – after a contract notice and prequalification, selected economic operators are invited to submit initial bids, which are then subject to negotiation, after which economic operators are invited to submit final bids.
- **Competitive Dialogue:** at least three candidates are chosen to supply solutions based on a description of the public buyer's requirements – after a contract notice and prequalification, selected economic operators are invited to negotiate, after which economic operators are invited to submit final bids.

15. Key points in this sub-section are taken from [Buying Social - A Guide to Taking Account of Social Considerations in Public Procurement](#) (second edition).

16. It is prohibited to subdivide a contract with the effect of circumventing EU obligations, unless this is objectively justified

17. In addition to the procedure noted here, the Public Procurement Law allows for: negotiation procedure without prior publication; single-source procedure; design contest; and simplified procedure for low-value contracts (contracts under EU thresholds). Source: ICLG.Com: <https://iclg.com/practice-areas/public-procurement-laws-and-regulations/poland#:~:text=The%20Public%20Procurement%20Law%20of,and%2089%2F665%2FEEC>.

- **Innovation partnership:** at least three candidates are chosen to develop and supply goods or services which do not yet exist on the market, using a phased contract structure – this is a special procedure designed for the purchase of innovative goods, services or works containing elements of a negotiated procedure with prior publication.

In an open procedure, although any supplier can bid, their technical and professional ability (including previous experience) can be evaluated on a pass/fail basis either before or after the evaluation of tenders. Multi-stage procedures (i.e., all except the open procedure) offer the opportunity to select bidders in advance based on criteria, which may include the capacity to deliver social aspects of the contract.

Although there may be concern that criteria applied for social public procurement can dissuade bidders, this may be addressed through market dialogue/consultation, as discussed above. Moreover, procedures that allow more interaction with bidders can be used to ensure a good response to social criteria. For example, in a competitive procedure with negotiation, it is possible to negotiate aspects of social performance (above any set minimum requirements) and the reporting arrangements which will apply. The competitive dialogue and innovation partnership procedures can help to address complex social problems by allowing bidders to develop and refine new solutions.

Reserved and ‘light regime’ tendering procedures

European Public Procurement Law allows contracting authorities to reserve some tendering procedures to organisations – such as sheltered workshops and social enterprises – that promote the integration of disadvantaged persons. Reserved procedures can be used for all types of work, services and supplies but to be able to participate at least 30% of the bidding company’s employees must be persons with disabilities or from disadvantaged groups¹⁸.

Additionally, a separate reservation is available to Member States for certain services (e.g., specific social, health, education, and cultural services) covered by the ‘light regime’. The ‘light regime’ has been introduced in recognition that such services are generally of limited cross-border interest, and are organised in different ways across the EU, reflecting different cultural traditions. Procedures for awarding light regime contracts can be more flexible than for other contracts allowing, for

example, for closer involvement of users and potential service providers in the design of the service, or in negotiations on aspects such as quality, coverage, and staffing arrangements. The light regime is focussed on organisations which pursue a public service mission linked to the contract being awarded, such as social enterprises, employee-led mutuals and charities. To participate, organisation must meet conditions relating to their objectives, reinvestment of profits, and employee ownership or participatory governance.

Defining the subject matter of the contract

Generally, procurement law does not restrict the subject-matter of a contract, leaving contracting authorities with a wide discretion in determining what they want to buy to meet their needs.^{19,20} Nonetheless, how a contracting authority defines the subject matter of the contract can open-up opportunities to link procurement to social, environmental, and other objectives. This is because any social or environmental criteria applied as part of the procurement process must be linked to the subject matter of the contract. Typically, the subject matter of the contract will consist of a description of the goods, services or works that the contracting authority intends to purchase. If this description goes beyond a narrow technical specification and, instead, expresses requirements in functional or performance terms then it can allow for a greater emphasis on social considerations in procurement decisions and help to promote social innovations and new ideas from the market.

The definition of the subject matter of the contract will determine which criteria can be considered as relevant and, therefore, potentially applicable to the procurement process. Use of public procurement to achieve social objectives will, in turn, depend on shaping and combining technical specifications, selection criteria, award criteria, and contract performance conditions (as described below) so that the contract delivers on the desired social outcomes. Care also needs to be taken to ensure that selection and award criteria are distinct from each other (i.e., criteria used in the selection or pre-qualification process should not or be revisited at the award stage).²¹

19. For example, a contracting authority can choose to purchase electric, hybrid or low-emission vehicles (instead of a petrol or diesel fuelled fleet), or they can opt to purchase electricity produced from renewable energy sources.

20. This freedom to determine the subject-matter of the contract is subject to certain safeguards, notable compliance with the principles of non-discrimination, free movement of goods, freedom to provide services, and avoidance of unjustified obstacles to competition.

21. Information Note: Incorporating Social Considerations into Public Procurement, Government of Ireland <https://assets.gov.ie/135726/0e83e854-7811-418b-bc26-7b11c23cac66.pdf>

18. “Disadvantaged person” should be interpreted as for example, the unemployed, members of disadvantaged minorities or otherwise socially marginalised groups.

Drafting technical specifications

Once the contracting authority has defined the subject of the contract, it needs to be translated into measurable technical specifications that can be applied directly in a public procurement procedure.²² Offers not complying all technical specifications are rejected.²³ Functional or performance-based specifications²⁴ may be particularly appropriate for service contracts which include social aspects (e.g., relating to the desired social outcomes of the service). For example, when procuring home care services for older people, the specifications may require certain outcomes in terms of the independence and well-being of recipients of the service.²⁵

Technical specifications may refer to the specific process or method of production or provision of the requested works, supplies or services or to a specific process for another stage of its lifecycle. This also applies when these elements are not part of the material substance of the procurement, provided they are linked to the subject matter of the contract and proportionate to its value and its objectives.²⁶

Defining exclusion and selection criteria:

EU Public Procurement Law recognise that certain economic operators should not be eligible to win public contracts. Mandatory grounds for exclusions include convictions for serious criminal offences or unethical practices, or breach of obligations relating to the payment of taxes or social security contributions (where this is established by a judicial or administrative decision). Non-mandatory grounds for exclusion may include violation of applicable social and environmental obligations (as defined under EU or national law, or collective agreements, or international conventions);

22. It is a legal obligation for public buyers to provide goods, services and works which are accessible to all users. Accordingly, for all procurement which is intended for use by natural persons, whether general public or staff of the contracting authority, the technical specifications shall, except in duly justified cases, be drawn up so as to take into account accessibility criteria for persons with disabilities or design for all users. Furthermore, the EU Public Procurement Directives include a social and environmental clause, stating that Member States need to take appropriate measures to ensure that in the performance of public procurement contracts economic operators comply with 'applicable obligations in the fields of environmental, social and labour law established by Union law, national law, collective agreements or by the international environmental, social and labour law provisions.

23. https://www.socialplatform.org/wp-content/uploads/2015/10/Public_procurement_for_social_progress.pdf

24. A performance-based or functional specification will describe the desired result and which outputs (for example in terms of quality, quantity, and reliability) are expected, including how they will be measured.

25. <https://ec.europa.eu/docsroom/documents/45767/attachments/1/translations/en/renditions/native>

26. For example, this would allow for requirements for the supply of electricity which is produced from renewable sources, or food produced from organic agriculture.

documented breaches of corporate responsibility or grave professional misconduct; or poor previous performance (i.e., significant, or persistent deficiencies in the performance of a substantive requirement under a prior contract).

As compared to exclusion criteria, which focus on negative aspects, selection criteria may be used to identify operators that are best placed to deliver social or environmental aspects of a contract. Selection criteria may cover, for example, economic and financial standing, technical and human resources, experience and expertise, and evidence of successful completion of previous contracts of a similar nature, scale, or complexity as that which is being procured. Such criteria can be used to help deliver on social and environmental outcomes, for example through requirements on specific previous experience of delivering contracts with similar social, environmental and sustainability requirements, or by requiring that the operator have access to certain technical equipment or facilities for ensuring compliance with sustainable and environmental objectives. Such criteria must, however, always be relevant to the subject matter of the contract.

Defining award criteria

Public Procurement Law allows for contracts to be awarded based on the lowest price, the lowest cost, or the Best Price-Quality Ratio (called “most economically advantageous tender – MEAT”).²⁷ This latter option is considered as the one that contracting authorities should choose in most circumstances, unless the good or service to be supplied is largely homogenous in nature. In addition to price (or cost) and quality, additional criteria that may be used to award contracts using the Best Price-Quality Ratio include aesthetic and functional characteristics, cost-effectiveness, after-sales service and technical assistance, delivery date and delivery period or period of completion. Social, environmental and sustainability criteria may be added to this list, and the EU Directives specifically mention social aspects as being amongst the factors which can be included in award criteria, along with accessibility, design for all users, and trading and its conditions (i.e., ‘fair trade’ considerations).

Examples of social award criteria highlighted in the EU Buying Social Guide (see [Box 1: Guidance and examples on social \(and green\) public procurement](#)) are:

- Methodology for ensuring social inclusion in the delivery of the service.
- Number and quality of apprenticeships/training opportunities created in the delivery of the contract.

- Third-party certification for ethical sourcing of products delivered under the contract.
- Measures to ensure gender equality.
- Additional accessibility requirements.

Use of such criteria can allow contracting authorities to award contracts to suppliers that provide for social considerations, such as a company employing long-term unemployed or disadvantaged persons to perform the contract, provided that the social consideration is linked to the subject matter of the contract (i.e., the specific goods, services or works being purchased, as described in Section 3.4.5).

EU Public Procurement Law does not assign a maximum or minimum weighting to be given to price (or cost), quality, social or other award criteria. However, it makes sense that social award criteria are given a greater weighting when potential social risks or social benefits of the procurement are high. For example, the UK-based [Social Value Portal](#) recommends that a standalone weighting of 10-20% for Social Value is included alongside the Quality/Price matrix for evaluating procurements to ensure that contractors take social value seriously in their bids ([Table 3: Suggested social value weightings to be used in bid evaluation](#)).

Defining contract performance clauses

Contract performance clauses, which are used to specify how a contract is to be carried out, can be included in public procurement contracts if they are linked to the subject matter of the contract. As well as social and environmental considerations²⁸, these or cover economic, innovation-related, and employment-related performance requirements. Provided the requirements are linked to the subject matter, performance clauses can cover aspects such as human rights compliance along the supply chain, fair trade, or specific social outcomes. Performance conditions delivering social outcomes could, for example, require that a certain share of the work under a construction project is carried out by workers on an apprenticeship or a training contract, or could require provision of specific training to workers delivering services to a particular social group (e.g., elderly or persons with disabilities). Similarly, environmental performance clauses could include requirements for contractors to take back, recycle or reuse product packaging or require efficient use of energy and water on site.

Table 3: Suggested social value weightings to be used in bid evaluation

Evaluation Criteria	Where price is important	Where quality of service is important	Where social value opportunity is high
Quality	35%	50-55%	40%
Price	50-55%	35%	45%
Social Value	10-15%	10-15%	15-20%

Source: [Social Value Portal](#)²⁹

27. Under European Public Procurement Law, contracting authorities are obliged to investigate any tender for which the price (or cost) appears to be abnormally low and to seek an explanation from the bidder regarding its pricing. This may be particularly relevant where the pricing of a tender causes concerns that the bidder will not be able to deliver on social or environmental requirements. Bidder can be required to confirm their compliance with applicable social and labour legislation and collective agreements, and in the case of non-compliance, the bid must be rejected.

28. A Social Value Toolkit for District Councils: <https://www.local.gov.uk/sites/default/files/documents/District%20Councils%20Social%20Value%20Toolkit%20Final.pdf>

29. https://www.socialplatform.org/wp-content/uploads/2015/10/Public_procurement_for_social_progress.pdf

Annex 2: Considerations for other Coal+ regions

EU coal+ regions are undergoing fundamental change as traditional carbon-intensive economic activities in the local economy are phased-out. This transformation not only presents fundamental challenges for the structure of the local economy and related employment, but also local wealth creation, demographic stability, tax generation, the provision of local public and private services, and the maintenance of cultural identity and sense of collective belonging.

Transformations in Coal+ regions, particularly in those with narrow industrial bases, require innovative policy and practice responses, such as Community Wealth Building (CWB) and social enterprise development.

CWB is an internationally recognised model of economic development designed to tackle profound challenges facing local economies by considering the ways in which wealth is generated and retained in communities, to encourage socio-economic resilience and opportunity based on an endogenous development paradigm. The CWB approach seeks to transform local economic systems to enable communities to have a stake in and benefit from the wealth a local economy generates.

CWB places emphasis on the creation and expansion of local social enterprises (such as workers co-operatives, social co-operatives and other entities engaged in public benefit activities). By encouraging and supporting social enterprises to meet local demand, CWB aims to create an inclusive and productive economic base, in which profit and income are retained locally and local supply chains are developed.

Given the high levels of socio-economic and cultural solidarity found in Coal+ communities they represent particularly promising places for such policy and practice innovation.

Additionally, as noted in this report, the European Union is increasingly interested in alternate models of enterprise, economic and social development, and their role in achieving a Just Transition and the ambitions of the European Green Deal. Thus, social enterprise development linked to the CWB approach merits further attention by EU, national, regional, and local policy actors in localities pointedly affected by energy transition.

If no place or person is to be left behind, all credible policy instruments must be considered, including CWB and social enterprise development. Therefore, Eastern Wielkopolska represents a key reference and source of learning for other EU Coal+ regions who wish to pursue a people-centred and fair transition.

Reimagining Transition in Eastern Wielkopolska

Recommendations to build a sustainable ecosystem for social entrepreneurship
that benefits citizens and local communities affected by the energy transition