

Social Procurement Guide

A Roadmap for Reducing Inequalities, Involvement of Disadvantaged Groups in Public Procurements and Supply Chains



International
Labour
Organization



INNOVATION FOR
DEVELOPMENT

Social Procurement Guide

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Social Procurement Guide

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Reader's Guide



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Why Social
Procurement?

The “open blue square” in the navigation menu shows the section where you are.

5 Methods of
Procurement

If you click on the section name of the navigation menu, you may go to that section.



The symbol with round, yellow letter “i” means “Information Corner”.



The yellow star symbol indicates “Inspiring Examples” sections.

[https://](#)



Underlined websites shown in the references section can be clicked on.

Message from I4D

Due to the pandemic conditions, poverty and lack of social security have been on the rise. Ever since the Sustainable Development Goals emerged as the general framework to create more livable cities and achieve a sustainable future all around the world, unfair distribution of income and visible as well as invisible barriers to equal opportunity make it necessary to put forward an alternative paradigm of development through a different understanding of the economy based on a new relationship with nature other than the one we've had in this Anthropocene Era, during which humankind has brought about devastating impacts. The common point of alternative economic approaches that started discussing the matter outside the growth and GDP (paradigms), moving away from boundaries of the mainstream economy, is working together on a new human nature that will increase inclusiveness and reduce the existing tension between humanity and nature. We too on account of this report, suggest using more frequently qualitative adjectives such as “woman-friendly” and “ecological” rather than “profitability” and “productivity”, words which are commonly used recklessly in our vocabulary and include these words in the procurement processes in this era when different points of view are becoming more and more prominent. While the limits of our planet

are being exceeded much earlier than the projected expiration and following the onset of the pandemic, the income distribution inequality gap between the poorest and the richest groups is opening at a dazzling speed when compared to the pre-pandemic era. We need bold steps and a framework innovation in the procurement process that will lead to changes on a system level to meet the conditions of inclusive and fair growth.

We prepared the Social Procurement Guide for policymakers and public authorities. We propose the issue of social procurement which has not been discussed adequately in the public sector to the local and central government as a suggestion for policy-making and development of a practice for the fight against poverty and reduction of inequalities. We believe and hope that this guide will be influential and inspiring in the fight against poverty, given the transformative power and leverage effect of procurement.

Doğan Çelik

Innovation for Development (I4D)

Concepts frequently used in our guide:

Impact:

The concept used to define social, environmental, and cultural changes occurring because of an act's (procurement), positive results.

Public service:

General and common needs of people being met by the state and the other public legal entities.

Public interest:

A set of values that corresponds to the requirements of the state and meet such requirements, which are beneficial for the community.

Procurement:

Procurement of products or services that are most meaningful in financial terms to be able to meet a need.

Social impact:

Clear impact of an act (procurement) on welfare of communities or individuals.

Social initiative:

Impact-oriented initiatives that try to solve societal problems by focusing on benefits, which do not seek profit and assure societal, environmental and cultural transformation.

Social policy:

All policies implemented by the state to provide welfare and social protection in society.

Social procurement:

Procurement of a product or service to meet a certain need, taking into account not only the financial aspect but also the social and environmental impact created by such procurement.

Supply or supply activity:

Activity performed by the state and public sector institutions to purchase goods and/or services from suppliers.

Supplier:

A real or legal entity, manufacturing, supplying goods, or rendering services for business owners. The supplier does not have to be the manufacturer. A seller may sell goods purchased from another seller to a third party by setting a new price.

What is Social Procurement?



In this part, we address what social procurement means, its objectives and the conditions it needs to meet.

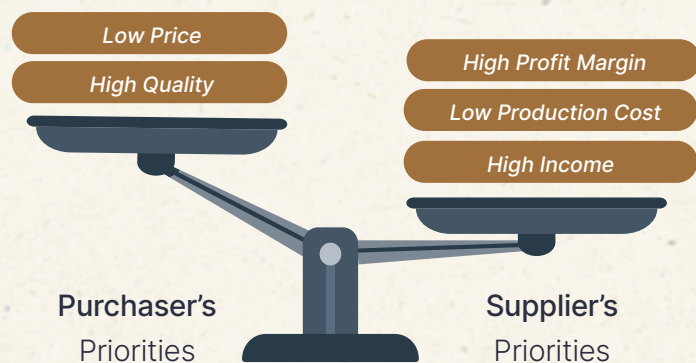
To put it simply, **social procurement** is defined as a procurement approach whereby social and environmental impact is as decisive as the value of the service and product demanded. The social procurement concept is also referred to as “**innovative procurement**”, “**responsible procurement**” or “**socially responsible public procurement**.”

Each procurement has an impact, regardless of whether it was intended or not. Social procurement aims to have the best possible impact on society and the environment and sees the procurement transaction as an opportunity for supporting the market and suppliers.

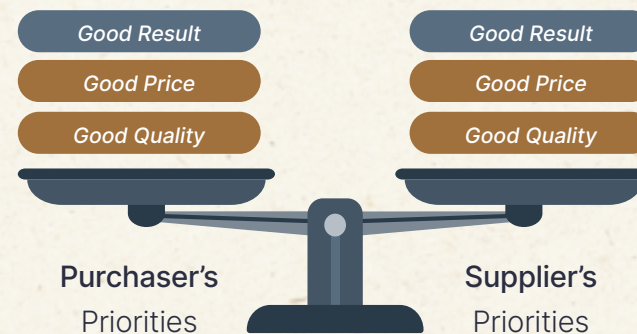
Social procurement happens when a consumer's purchase of products and services are influenced by certain ethical concerns and social criteria. The traditional understanding of public administration and procurement gives priority to financial criteria such as cost and payments. Whereas the social procurement approach adds societal and environmental criteria to the process.

Once priorities of supply are reconsidered, the state's social procurement approach adds an impact-oriented function to the local, regional, national, and global markets and supply chains. This development helps "impact-oriented suppliers" such as social initiatives enhance their capacities and their capability to respond to the increased demand.

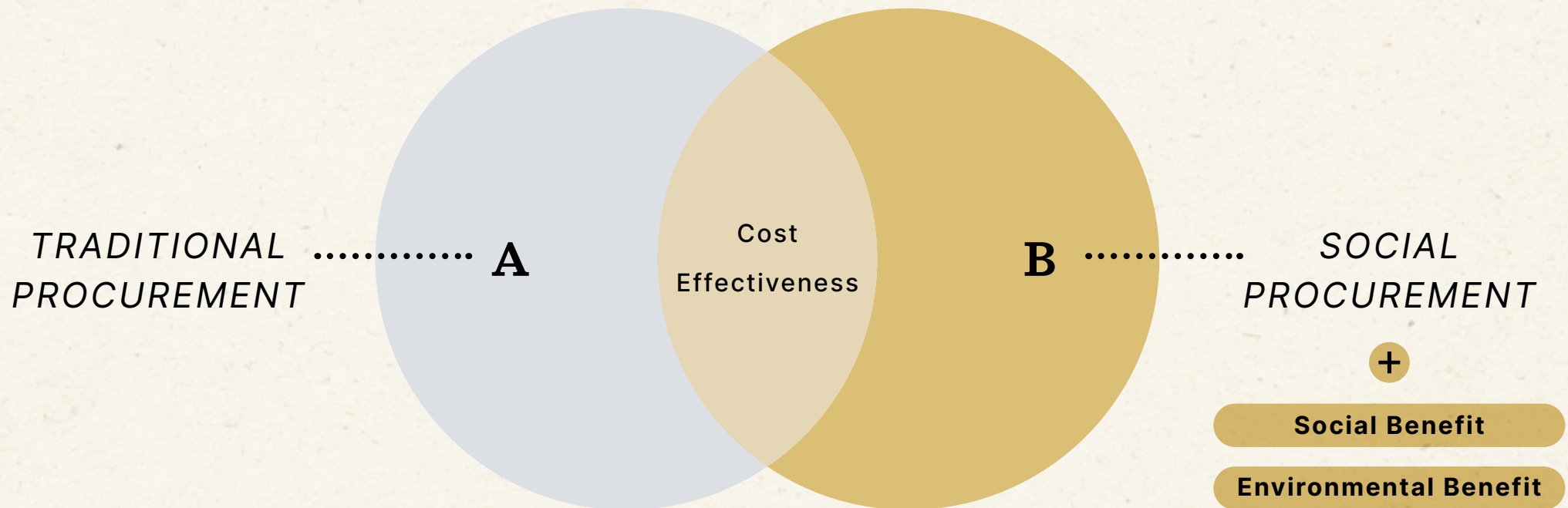
Traditional Procurement Model



Social Procurement Model



Social Procurement in the Public Sector



What is the Purpose of Social Procurement?

Social procurement considers social criteria as well as economic criteria.

Social procurement includes the following approaches rather than the more general aims of increase in production, job creation and effective use of public resources.

- Reviving the social and solidarity economy
- Ensuring equality of opportunity for small-scale manufacturers and social entrepreneur(s) who do not have the competitive power in the existing market structure
- Making it easier for vulnerable and disadvantaged groups to be involved in economic activities in terms of production capacity, inclusive employment and income distribution
- Creating channels for groups suffering from exclusion or discrimination to actively participate in economic activities

The social value created by social procurement is both a purpose and an instrument due to the multiplier effect that increases. The social benefit expected to be derived, directly or indirectly, through the social procurement must be planned

before the procurement and targets must be set accordingly. We can highlight three key elements that stand out from the research on social procurement.

1. **Social procurement includes various products and services.** Social procurement cannot be reduced to any sector, product type or merely social service procurement.
2. **Social procurement aims to create, directly or indirectly, a social impact.** This is achieved by setting the primary aim of the contract as a social benefit or the contract indirectly leading to a social impact.
3. **For the impact desired to be created with the social procurement, social targets are set before the transaction and the supply process is conducted with such awareness.** In other words, the fact that the procurement results in an unplanned social benefit by way of coincidence is not equal to social procurement.

What is the Correlation between Social Policy and Social Procurement?

Social procurement serves a social policy function by creating inclusive opportunities for disadvantaged, non-competitive groups of society who cannot be a part of the economy without certain social services rendered by public institutions.

The social public procurement choice may also be considered a social policy instrument due to this feature.

Social policy can be defined as a set of policies designed and developed by the state for:

1. Reducing social inequality
2. Ensuring a basic standard of living for the whole society
3. Solving the problems faced by disadvantaged groups

Social policies, apart from equal access to education, healthcare services and retirement security for the elderly, include all social protection services offered for disabled, persons and groups not economically active and other vulnerable groups.

TRADITIONAL PROCUREMENT:

Meeting the need

SOCIAL PROCUREMENT:

Meeting the need

+ Supporting the aims of Social Policy

Social procurement in the public sector gains importance as a social policy instrument at this point. Within the framework of this “new social policy understanding”, in cases where the state is unable to create alternative resources, it needs to transform the existing resources in a manner consistent with social policy requirements. This kind of transformation enables the state to perceive the beneficiaries of its social policies as active actors redefining themselves, while also creating social value and benefit instead of simply passive recipients.

The state carries out certain public expenditures in the form of procurement. Thinking of such procurement as a public policy with a social effect instead of a simple economic trade makes sure that social policy aims are also implemented along with economic priorities. Such an approach ensures a multi-functional policy set, used concurrently instead of sequential and linear solutions. The developments observed at a global scale indicate that states need to develop different approaches in their social policies. Therefore, social procurement emerges as an instrument regulating the market economy and preventing economic collapse.

What are the Steps of the Social Procurement Process?

Social procurement is a practice that has become more and more popular across the world, leading to an increased awareness of the social outcomes of economic activities. Social procurement is a pragmatic and solution-oriented approach, functioning as a bridge

between the old and the new world, instead of radically changing the relationship with the state. Social procurement based on this new approach the following key elements stand out.

Leadership

Establishing the procurement unit or initiative and determining the principles related to social procurement in the public sector at the level of the relevant public institution and transferring them to relevant actors, setting and conducting the social procurement as a priority.

Planning

Meeting with stakeholders and ascertaining needs, calculation of the supply capacity, conducting data analysis and determining strategies suitable for them.

Identification of resources

Researching and determining potential suppliers, contacting those suppliers chosen, establishing frameworks of contracts, negotiation, and striking deals.

Coordination

Establishing a coordination committee within the relevant institution, assuring and conducting interaction among stakeholders of the procurement.

Management

Putting the contract in effect, management, development and renewal of the scope of the contract.

Assessment

Carrying out assessments and evaluations aimed at improving, enhancing and generalizing social procurement.

IN WHICH SECTORS CAN SOCIAL PROCUREMENT BE IMPLEMENTED?

Social procurement is an approach that can be implemented in both the public and private sectors. The public sector has been a pioneer for the social procurement approach to increase the social impact and raise awareness in this field. However, the fact that large companies are adding local producers to their supply chain indicates that social procurement is becoming more prevalent.



INSPIRING EXAMPLE: THE MUNICIPALITY OF BUDAPEST



The Municipality of Budapest organizes a tender for chimney sweeping services through its wholly-owned chimney sweeping company FÖKETÜSZ (Capital Chimney Sweeper Ltd.). The most important requirement of the tender is the employment of Roma people residing in Budapest whose population is about 100,000 according to unofficial data. The city hall used for the first time, a criterion other than the price as a tender condition and prioritized employment of Roma. The company that would submit a bid was required to make an agreement with the Roma Public Interest Institution prior to bidding and 8% of the workforce employed by the company had to be Roma. In addition, employees had to be chosen from disadvantaged individuals. Thus, the public sector and public service procurements serve as employment opportunities for the above mentioned group of people.

Why Social Procurement?



In this part, we discuss the importance of social procurement, its differences from traditional procurement and what role it plays in globalization.

- ▶ History of Social Procurement
- ▶ What Results Do Procurement Decisions Lead to?

History of Social Procurement

In the post-1980s era, the most important development that directed the international system and political economy approaches of national states has been the globalization process. In the 1970s, the oil crisis and stagnation in national economies coupled with advancements in communication

and transportation technologies enabled nation-states to conduct cross-border economic activities and allowed for the mobility of capital, products and services as well as the workforce. This process took its intellectual foundations from neoliberal understanding.

Neoliberalism, unlike the classic liberal thought, is a structure in which the state's intervention in the economy is minimal. The state completely reduces its roles as investor, employer regulator, welfare distributor and instead, the economic order is dominated by the free-market principles, companies and, notably, multi-national companies.

History of Social Procurement

The influence of neoliberalism on a global scale led to a deepening of social inequalities and the emergence of many poor households as opposed to a very limited number of ultra- rich individuals. Abandonment of social policy functions, insufficiency in balancing income distribution, failure to intervene with problems such as chronic poverty, inequality and social exclusion led to an increase in the number of disadvantaged and vulnerable groups which resulted in exclusion from the system completely. At the same time, states procured goods and services for their administrative mechanisms, corporate infrastructure and limited public services. Throughout this period purchasing goods and services from market actors by public procurements was preferred instead of manufacturing the goods and services. Since such traditional procurements occur as a result of a cost- benefit analysis, cheap and mainstream goods and services, meaning large companies were preferred.

The economic approach of public procurements means small and medium scale businesses, small-scale manufacturers who cannot gain from demand, cooperatives and similar social businesses are excluded from production, because they are unable to compete with large-scale capital. This also means disadvantaged and vulnerable groups who are consumers of public services and social security networks are excluded from production and turned into passive buyers. However, diversifying suppliers in public procurements and involving the beneficiaries of public services in production will result in social benefit in addition to economic priorities. This is the main agenda of social procurement in the public sector which this guide deals with.

What Results Do Procurement Decisions Lead to?

Public procurements are procurements intended for public services and their infrastructure. Therefore, they include certain social goals. However, limiting such social goals to the public offering phase will limit the social benefit derived from public services. Social procurement places social benefits offered by public services as its priority, including the phases of procurement, production and public offering.

What Results Do Procurement Decisions Lead to?

TRADITIONAL PROCUREMENT:

IF ► the procurement is merely based on an economic point of view

AND ► prioritizes cheap and mainstream companies

RESULT ► it will end up supporting large scale businesses

IMPACT ► resulting in small-scale manufacturers, cooperatives and similar social businesses failing to compete with large-scale capital and exclusion from production

What Results Do Procurement Decisions Lead to?

SOCIAL PROCUREMENT:

IF ► procurement is used to revive the demand for suppliers creating positive impact

AND ► it diversifies suppliers involved in procurement processes

RESULT ► the market including small-scale social businesses and impact-oriented suppliers grows and thrives to be able to meet the increasing demand

IMPACT ► ensures social and environmental benefit

INSPIRING EXAMPLE: SWEDEN



Sweden historically has been a social democratic welfare state. This structure has ensured social justice by maintaining high employment and high taxation rates. Today, even when it is said that the social safety net is relatively weaker, Sweden is still known as a country prioritizing social equality, distribution, integration and inclusiveness. When looking into the public procurements of Sweden, a figure equal to one-sixth of its GDP can be mentioned, which is quite high. In 2017, 76% of bidders were small and micro businesses whereas the rate of large businesses was only 4%. The number of tenders organized in the country is higher in comparison to other EU member states. Sweden prioritizes social conditions in terms of employment with regards to public tenders and draws up contracts in a way which enables SMEs and social businesses to take a share while putting into practice such conditions.

INSPIRING EXAMPLE: STOCKHOLM MUNICIPALITY



Stockholm Municipality, by setting a good model of municipal government, included the creation of employment opportunities in contracts as a social condition for public procurements. When implementing this, the municipality conducts a process whereby the requirements of suppliers and skills of job seekers are matched up during the production process of goods or services procured by the public. Correctly defining employment needs during the procurement process and the supplier's commitment to offering internships or employment to one or more people having difficulty in stepping into the job market are prerequisites to bidding. While this practice helps more people to find a job and gain work experience, suppliers take the opportunity to hire people with new skills according to their requirements.

Social Procurement in the Public Sector



This part deals with the importance of the state in social procurement, its social, economic and environmental impacts as well as challenges that may be faced.

- ▶ Changing - Transforming - Evolving Roles of the State
- ▶ How Should the Public Procure?
- ▶ Social, Economic and Environmental Impacts of Social Procurement in the Public Sector
- ▶ Impacts of Social Procurement in the Public Sector upon Sustainable Development Goals
- ▶ What are Challenges and Problems associated with Social Procurement?

Changing - Transforming - Evolving Roles of the State

The state's various roles as a result of its economic activities is changing every day. The role assumed by the state becomes more complicated day by day due to regulations concerning economic activities as well as the development and diversification of social policy instruments. It is evolving from developmental state to green developmental state, from enterprising state to social enterprising state.

DEVELOPMENTAL STATE

The state and its institutions compensate for the delay in industrialization by taking an active role.

GREEN DEVELOPMENTAL STATE

The concept refers to the state and its institutions prioritizing the worsening climate crisis and mitigating the impacts of more frequent and severe disasters brought on by climate crisis upon communities through public policies.

ENTERPRISING AND INNOVATIVE STATE

The enterprising state is a concept that refers to the state promoting private companies to achieve high brand value and innovative competitiveness through the support and incentives of the state. The most prominent property of the enterprising state is that it acts as a venture capitalist.

SOCIAL ENTERPRISING STATE

The concept defines the social role of the state in a manner covering entrepreneurship and social innovativeness in today's world where inequalities increase in severity regardless of developed or underdeveloped countries and regions.

If aspects of states that ideally change, transform and evolve are addressed in terms of public procurement strategies and policies, it can be observed that we are in a transformation from innovative economic development to social innovative economic and social development.

The transformation from unconditional growth, which is the primary objective of economic policy, to planned, sustainable and socially responsible growth is based on a calculated downsizing. This transformation does not mean abandoning economic growth. It means a responsible production and consumption-based economic development process that focuses on the environmental, natural and human resources as well as social development. One of the most important objectives of this kind of policy are socially responsible public procurements.

The state focusing on socially responsible public procurements sees the process as an instrument of industrial policy with objectives such as enhancement and promotion of domestic production capacity. The procurement process and its technologic capabilities determine the sector priorities, strategies and optimization of research and development activities within this framework. However, this kind of state also sees it as a social policy instrument within the framework of “social procurement.”

How Should the Public Procure?

Even though public procurement methods are determined within certain legal frameworks, we will be discussing in this part how such frameworks can and should be completed. The public sector, as a crucial purchaser, regulates its procurement criteria, contents and standards and assumes the role of a market maker for manufacturers and suppliers. Using this elbow room for innovative and competitive development is considered normal in policy processes. However, the challenging times the world is

going through and social, economic and ecologic damages caused indicates that we have to re-think the design of public procurement policies as well as many policy design processes. In other words, sustainability, social responsibility, and environmental impacts of public procurements play a crucial role. Public procurements may direct, determine, and strengthen the public authority's tendency for environmentally friendly and sustainable production and consumption.

INSPIRING EXAMPLE:

ADANA METROPOLITAN MUNICIPALITY, MERYEM WOMEN'S COOPERATIVE



Meryem Women's Enterprise Production and Operation Cooperative, founded in 2020 with the cooperation of Adana Metropolitan Municipality and International Labor Organization (ILO) Turkey Office, has created jobs for 135 individuals most of whom are refugee women. The cooperative was founded on principles of solidarity, equality and production. It aims to create employment opportunities for women and empower them in different production fields. The cooperative is engaged in activities such as open agriculture, mushroom cultivation, greenhouse cultivation, fruit and vegetable drying, and visor and mask production. It prioritizes women who have immigrated into Adana and are disadvantaged in numerous ways. Beneficiaries are provided with technical and vocational training by the cooperative. This training is carried out so that the cooperative will continue sustainable production even without the project's support. Adana Metropolitan Municipality allocated a 60k-sqm plot and a sale location to the cooperative. Also, the municipality matches beneficiaries of the cooperative with the private sector and supports activities of the cooperative.

INSPIRING EXAMPLE: IZMIR METROPOLITAN MUNICIPALITY



Izmir Metropolitan Municipality purchased milk from producer cooperatives and distributed it to 210,000 children in 240 schools across the province in 2005. This exemplary project was re-named “Süt Kuzusu” by the Ministry of National Education. This project kicked off in 2012 across the whole country.

The Süt Kuzusu Project, designed as a cooperation model between the local government and producer cooperatives in Turkey, ensures that direct procurement from producer cooperatives is carried out. 8 litres of milk per month is delivered to households with children aged 1 to 5.

Since 2012, 125,000 children benefitted from this service in different districts of the city such as Konak, Karabağlar, Buca, Gaziemir, Balçova, Güzelbahçe, Bayraklı, Bornova, Çiğli, Karşıyaka and Narlıdere. 11,500 refugee children who fled the war and took shelter in Izmir were also added to the project in 2018. In the second half of 2019, other districts such as Torbalı, Menderes, Urla, Seferihisar, Kemalpaşa, Menemen, Foça and Aliağa were added. Since September 2020, Bergama, Dikili, Kınık, Bayındır, Selçuk, Ödemiş, Tire, Beydağ, Kiraz, Çeşme and Karaburun were also included in the project. The Süt Kuzusu Project has reached 157,000 children throughout 30 districts, in 601 neighborhoods with 78 teams.

Social, Economic and Environmental Impacts of Social Procurement in the Public Sector

- Supports diversity and inclusiveness in employment.
- Helps reduce complicated local challenges and their impacts observed at a local level or in excluded groups (such as unemployment, crime and economic rout).
- Supports local economic development and socially responsible growth.
- Supports involvement of individuals in social relationships and the economy.
- Ensures that SMEs and social benefit providers are associated with each other, and opportunities offered to the other businesses are also given to SMEs.
- Supports inclusive employment of those suffering from long-time unemployment, those on housing benefits, the disabled, refugees, the homeless and disadvantaged other groups.
- Plays a facilitating role in helping public authorities achieve environmental goals, sets an example for the business world, and also contributes to the development of environmental awareness.
- Facilitates the innovative industry to attach importance to and prioritize the environmental impact, assures savings by reducing life cycle costs of products.
- Increases, directly and indirectly, quality of life and helps environmental standards of products and services to be increased and helps create a more livable world.

Social Procurement, when compared to Traditional Procurement, in the achievement of

- Environmental, social and corporate governance goals
- Increase of the corporate brand value
- Employment relations and skill acquisition
- Development of goodwill and building economic relationships with external stakeholders
- Enhancement of customers' responsible brand awareness

*offers an
improvement
of*

50%

- Change of mindset, cultural change and corporate transformation
- Employment relations and qualification

*offers an
improvement
of*

80%

Impact of Social Procurement in the Public Sector on the Sustainable Development Goals

One of the most important advantages of social procurement in the public sector is that it acts in alignment with the United Nations' Sustainable Development Goals (SDGs). Social values emerging as a result of social procurement contribute to reduced poverty (SDG 1), gender equality (SDG 5), decent work and economic growth (SDG 8), reduction of inequalities (SDG 10), sustainable cities and communities (SDG 11), responsible consumption and production (SDG 12), peace, justice and strong institutions (SDG 16) and partnerships for goals (SDG 17). Social procurement is not only of paramount importance for beneficiaries, but also the transformation of institutions as a result of inclusive and innovative practices. Such transformations also include a transformation of mindset towards public opinion and institutions as well as transformation of financial conditions and applied practices.



SDG 1 NO POVERTY

SDG 5 GENDER EQUALITY

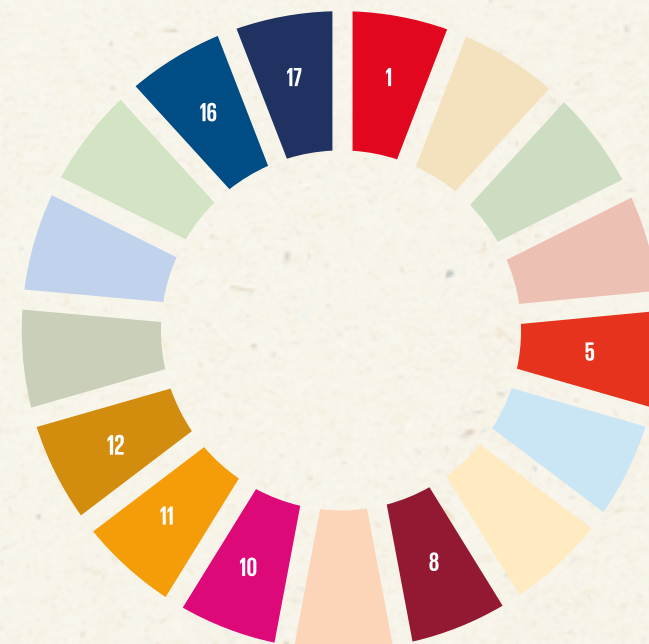
SDG 8 DECENT WORK AND ECONOMIC
GROWTH

SDG 10 REDUCED INEQUALITIES

SDG 11 SUSTAINABLE CITIES AND
COMMUNITIES

SDG 12 RESPONSIBLE CONSUMPTION
AND PRODUCTION

SDG 16 PEACE, JUSTICE AND STRONG
INSTITUTIONS

SDG 17 PARTNERSHIPS FOR THE
GOALS


What are the Challenges and Problems associated with Social Procurement?

Social procurement practices in public procurements vary from country to country. Such variations may be because of the functioning structures, approaches, and legal regulations of institutions responsible for public procurements, as well as the diversity of social problems and requirements that emerge in every country. Some of the problems and challenges may be summarized as follows:



Public employees' lack
of knowledge



Difficulty in measuring
the impacts created



Lack of
communication



Lack of competence
in SMEs and social
businesses



The failure of the public
institutions to internalize
social procurement

What are the Challenges and Problems associated with Social Procurement?



Public employees' lack of knowledge

Public procurement officials may not be familiar with social procurement's preliminary qualification criteria to be included in the procurement process, thereby, they may not include such provisions in the contract. Therefore, traditional qualification criteria may, from time to time, be still applicable for the procurement process in some cases.



Difficulty in measuring the impact created

Another challenge is the measurement of the social value created by social procurement in the public sector. To eradicate this problem, monitoring and assessment must absolutely be carried out at every step of the procurement process such as tendering, contracting, procurement, implementation and assessment of results. Prudential improvements may be done by keeping data of and analyzing previous procurements.



Lack of communication

All stakeholders of the procurement process in the public sector need to communicate their priorities and needs clearly. All stakeholders of social procurement in the public sector must take into account the status of beneficiaries as well as their own priorities. Keeping communication channels open at all times and reaching targeted outputs are of paramount importance for the right intervention at the right time.

What are the Challenges and Problems associated with Social Procurement?



Lack of competence in SMEs and social businesses

One of the biggest challenges of social procurement is that SMEs and social enterprises are unable to get involved in social procurement in the public sector in terms of skills and capacity. These businesses, most of the time, lack competent specialists in the field of law, accounting and similar effective managerial field specialists and specializations. These are small-scale structures doing, from time to time, business with traditional methods and outsourcing technical jobs. They are deprived of the knowledge, skills and time required for participation in a tender. They are naturally eliminated from large-scale tenders because they do not have sufficient production capacities. Therefore, division of tenders or including articles that assign a certain part of the work to SMEs and/or social businesses in contracts may be an option.



Failure of public institutions to internalize social procurement

Another challenge regarding social procurement is that social procurement is only regulated by law but not practiced in actual procurement processes. If social procurement is not put into practice in the public sector and its social and economic impacts are not observed and measured, but remain simply a projection, it is not possible to bring about the expected social benefit and transformation.

5 Methods of Social Procurement



We address social procurement methods and tips to include cooperatives and social entrepreneurs in the existing public tender system.

Existing tender models of legislation which prioritize entrepreneurs running operations aimed at developing innovative and permanent solutions focusing on eliminating a social problem or meeting a social need can be grouped into 5 different methods, such as **direct supply, bargaining, procurements under the exemption, procurements under supplementary article.9., procurements via municipal corporations.**

1. Direct Supply

Under subparagraph (d), article 22 of the Municipality Law, needs up to 121,405 Turkish Liras for administrations within the boundaries of metropolitan municipalities and up to 40,443 Turkish Liras for administrations outside the boundaries of metropolitan municipalities may only be procured from the market following a price inquiry.

→ **For instance**, it is possible to directly procure toys or other products used for children at nurseries run by municipalities from cooperatives or social initiatives manufacturing toys as part of social procurement.

2. Bargaining

Negotiated tenders in the form of bargaining are divided into two as an invitation to tender and advertised tenders and consist of six subparagraphs. When looking into six subparagraphs of the relevant article, negotiated tenders seem to be suitable for social procurement under subparagraph (f) of the procedure. Upon the invitation of a minimum of three bidders as set by the Contracting Entity, requirements for goods and services that are worth less than 404,732 Turkish Liras may be met within the framework of social procurement.

→ **For instance**, part of textile products required by municipalities such as tablecloths used at municipal facilities or clothes worn by municipality workers may be procured from cooperatives or social initiatives through the procedure of negotiation within the scope of social procurement.

3. Procurements Under Exemption 4734-3(a)

DIRECT PROCUREMENTS RELATED TO AGRICULTURE OR LIVESTOCK PRODUCTS FROM PRODUCERS OR THEIR PARTNERS

Based on the existing system, according to subparagraph (a), article 3 of the law concerning the subject matter, direct procurements related to agriculture or livestock products from producers or their partners, “Direct procurements from producers or their partners by institutions falling within the scope of the law for processing, putting to good use, improvement or selling as per the purpose or legislation of the relevant institution” are exempted from the law. The intent of the exemption provision is to facilitate purchases of the said nature by institutions such as Toprak Mahsulleri Ofisi (Turkish Grain Board), Tarım İşletmeleri Genel Müdürlüğü (Directorate General of Agricultural Enterprises), Türkiye Şeker Fabrikaları A.Ş. (Turkey Sugar Factories Inc.), Çay İşletmeleri A.Ş. (Tea Enterprises Inc.) whose task and scope of activities include processing, putting to good use, improving or selling agriculture or livestock products according to

the purpose or legislation of relevant institutions, directly from their producers. For the exemption provision to be put into practice, a task or scope of activities associated with processing, putting to good use, improvement or selling of agriculture and livestock products must be defined in the establishment purpose or legislation of the relevant institution.

→ **For instance,** a municipal corporation whose establishment purpose is the landscaping of parks and gardens, environmental planning, reforestation of catchment basins and growing plants for such applications, purchasing and enhancing plants from producers (transferring plants into pots with suitable soil structure, pruning plants, forming plants, etc.), producing soil mixture material, preparing and implementing projects for all of these works may procure plants needed by it from cooperatives.

3. Procurements Under Exemption 4734-3(a)

SERVICE PROCUREMENTS FROM DEVELOPMENT COOPERATIVES OF FOREST VILLAGES AND VILLAGERS

According to subparagraph (a), article 3 of the Law numbered 4734, service procurements from development cooperatives of forest villages and villagers are exempt from the scope of the law as per the Forest Law numbered 6831.

The referred article 40 of the Forest Law numbered 6831 indicates: “Forest works such as reforestation, caring, zoning, road building, cutting, picking, transportation, and manufacturing are primarily assigned to development cooperatives of forest villages located at and in the vicinity of the place of work and villagers residing at the place of work or villagers undertaking forest works in the vicinity of the place of work, taking into account their distances and their workforce, regardless of borders of province and forest organization within which place of work and those who are to work at the place of work lie.”

→ **For instance**, services may be procured from villagers or cooperatives within the scope of the exemption (such as labour and transportation) for road building work carried out by regional forestry directorates or operation directorates, employing their equipment and machinery.

4. Procurements under Supplementary Article 9 of the Law

If goods procurements are carried out to serve the purpose of assuring regional development, enhancing strategic sectors and local production based on the transfer of technology, encouraging project-based investments and research, development and innovation, the provisions of this article apply. Requirements may be met within the scope of one or more procurement from one or more bidder through division in terms of time, quantity, or portions by publishing an advert or through invitation. Technical requirements, cost and performance criteria and conditions of agreement may be negotiated depending on characteristics of the need and bidders and contracting entities may cooperate with each other when necessary. In the event of goods procurements for the purpose of development of domestic production in strategic sectors which are based on the transfer of medium-high and high

technology not produced domestically or produced at a very limited level, encouraging research, development and innovation, assuring regional development and for project-based investments, the procurement guarantee may be given, provided that one or more than one of conditions such as production, domestic contribution, investment, employment, export and technology transfer are satisfied and criteria of cost and performance are met. Also, a procurement guarantee may be given for goods and services procurements that are associated with information and communication technologies regarding education and training of the Ministry of Education.

4. Procurements under Supplementary Article 9 of the Law

Within the scope of the regional development program, the State Supply Office may procure requirements of administrations without being limited to the goods listed in its articles of association and

the monetary limit specified in subparagraph (g), article 3 of this Law is implemented as an amount twice the said limit.

→ **For instance,** the project “Keçi Belediyeden, Süt Köylüden, Peynir Kooperatiften” (Goats from the Municipality, Milk from the Villagers, Cheese from the Cooperative) is implemented within the scope of the Program for Supporting Social Development run by the Ministry of Industry and Technology which receives a grant support of 78% from the Zafer Development Agency. In this scope, Kütahya Emet Municipality covered TRY 1,050,000 of the project worth TRY 1,350,000 as grant support and 1000 goats were delivered to 25 breeders as part of this project. The said project aims to increase the number of animals kept by breeders who reside in the Emet district, either in the city center or in villages and to increase milk production and transform this production into goat cheese production. Within the content of the project, the Emet Municipality both procures milk and cheese directly from the producers and sells them.

5. Procurements Through Municipal Corporations 4734-3(g)

According to subparagraph (g) of Article 3 of the Law, within the framework of commercial and industrial activities of the municipal corporations, goods or services procurements by such companies with an approximate cost and contract price not in excess of TRY 18,619,202 for producing goods, services or meeting their own needs related to their main activities are not subject to the Public Procurement Law, except for provisions of prohibition due to penalties and violations.

Indication of all elements that can be subject of the social procurement in the scope of activities of a company that may be incorporated for the purpose of carrying out social procurement activities will enable us to carry out high amounts of social procurement for not only goods purchases but also for services procurements and production works.

→ **For instance**, it is possible to procure all foodstuffs required for the social facilities of the municipality directly from producers through this method. Social procurement activities may be carried out for all types of tenders, not only for goods procurements, to the extent of the breadth of activity field of the company to be established with this method.

5 Methods of Social Procurement

To conclude

Within the public tender system, goods and services with the potential of social procurement may be carried out through varying procurement methods such as direct supply under the negotiation procedure, within the scope of the exemption, under supplementary article 9 of the law and procurements through municipal corporations.

THE TENDER PROCESS

1. PREPARATION BEFORE THE TENDER

- Preparation of Technical Specifications
- Determination of the Approximate Cost
- Preparation of the Tender Documentation via EKAP
- Obtaining Tender Approval
- Carrying out Invitation Procedures

2. THE TENDER PROCESS

- Invited Parties Download the Tender Document
- Preparation and Submission of Bids
- Evaluation of Bids
- Notification of the Finalized Tender Decision

3. THE CONTRACT PROCESS

- Invitation to Contract
- Signature of the Contract
- Delivery of Goods
- Inspection and Acceptance
- Payment



Examples of social procurement of goods and services as a method of cooperating with cooperatives and social initiatives as part of social procurement according to the current tender system are

shown on the next page after the of information regarding the public tender system.

Example: Social Procurement with the “Bargaining Method”

Foodstuff Purchase for Use at the Social Facilities

The administration’s list of requirements for the tender to be organized for procurement of breakfast supplies with an approximate cost of TRY 404,732 TL or less for the year 2021 includes agricultural and livestock products such as cheese, jam, olives, etc. A collective procurement is planned to be carried out by the municipality for 17 social facilities within the borders of the province. After inviting at least three bidding cooperatives with operations in the agriculture and husbandry sectors and the assessment of initial bids to be submitted by the bidders, final discounted bids are taken and the tender process is completed. A contract is signed with the cooperative presenting the most economically advantageous bid.

Example: Social Procurement with the “Direct Procurement Method”

House Cleaning Service Procurement for the Elderly

As part of the tender organized by the Social Support Services Directorate of a municipality, a part-time house cleaning service is to be procured in order to meet the day-to-day needs of the elderly. Daily cleaning service procurement with an approximate cost of TRY 121,405 or less, within the boundaries of the municipality, can be carried out within the scope of direct supply. This service may be procured from women’s cooperatives by only conducting a price enquiry in the market.

INSPIRING EXAMPLE:

ANTALYA METROPOLITAN MUNICIPALITY



Korkuteli's first-ever cooperative, Korkuteli Agricultural Development Cooperative's (KORKOOP), is supported by Antalya Metropolitan Municipality with the target of local development. Women prepare products such as tarhana (a mixture of sun-dried curd, tomato and flour), tomato paste, dry foods and vinegar made especially for use in winter and sell them at "Halk Et Satış" (Public Meat Vendor) shops allocated by the municipality. An old school building renovated by the Technical Works Department of Antalya Metropolitan Municipality in 2021 is used by the cooperative as a food production and packaging facility. The production facility employs women. Thanks to the drying facility, products manufactured by KORKOOP can be more rapidly dried and released into the market. This facility also helps expand the marketing network for products made by women employed by KORKOOP. The municipality also supports women in online sales marketing. Also, the building of a nursery for the children of the women working at the facility continues at a great pace.

Suggestions for Social Procurement Policy and Implementation



This part addresses social procurement specialists, policymakers and suggestions regarding social procurement in general.

What has been discussed up to this point has drawn an overall picture of the content of social procurement in the public sector and why it is important. The following pages deal with **how social procurement can be put into practice**, which is what we need to focus on. It will be explanatory to create a certain roadmap to evaluate at this point what needs to be done under three main areas: Suggestions for Public Procurement, Suggestions for Policymakers and General Suggestions.

Suggestions for Public Procurement

1

NOTICING THE UNSEEN

Noticing progressively deepening inequalities

The number one reason for inequalities is ignoring the level of poverty, the loss of jobs and income as well as the climate crisis the world is faced with which have been exacerbated along with the pandemic.

Man-made and natural disasters which increase the vulnerability of communities and economies and lead to irreparable damages, now occur more frequently and more severely, driven by the effect of the climate crisis. Vulnerabilities induced by these situations rise as the level of income goes down. However, the economic loss caused by disasters rise as income increases. When such an unbalanced structure encounters an outbreak at a global scale, income inequality becomes even more severe. In addition to all

these factors, the world is getting hotter each day, resulting in irregular rainfall, forest fires and diminishing biodiversity.

SUGGESTION:

Everyone is responsible for these inequalities which can't be ignored. The public however, must be inclusive in its procurement policies, consider everything and everyone as an actor that can take a versatile position.

Suggestions for Public Procurement

2

PARADIGM SHIFT

The only way for all actors to avoid the new big crash is a paradigm shift

The status quo shaped by the pandemic may be defined in many different ways.

The only way of overcoming this deepening crisis is through collective action. The most important criterion for collective action is making it sustainable. Designing public procurements, with the aim of responsible production and consumption, in a manner that is inclusive, based on solidarity and eco-friendly principles and making implementation of these procurements mandatory may be the most important step of the roadmap. Changing the mindset to social responsibility instead of an obligation, will clearly reveal the effect of this critical phase.

The Sustainable Development Goal 12, “Responsible Consumption and Production” is the only paradigm shift that can make it mandatory and permanent for the public sector to purchase more sustainable goods and services which generate less waste during both production and consumption processes and are more eco-friendly.

SUGGESTION:

What lies one step ahead of the ability to make invisible things visible is developing change in behaviour and attitude for eliminating problems related to what we see. The said change in attitude is crucially important so that it can lead to a common effect on the side of producers and suppliers and on the side of the users of goods and services procured by the public.

Suggestions for Public Procurement

3

WHAT IS GOING ON? KNOWING

Who is producing what and where?

For the public to create an inclusive procurement procedure that supports solidarity and is climate-friendly and to realize such procurements sustainably, they need to know who is producing what and where. Especially knowing those producers and suppliers who employ women and disadvantaged groups, which focus on societal development, support the production, especially eco-friendly production with local resources and their products and potentials is the most crucial point of this phase. During this process of learning, there must be an efficient flow of information for producers and suppliers to be in compliance with social criteria and to realize that there may be a regular buyer for what they produce.

SUGGESTION:

The public should be knowledgeable about what they can buy from whom, where and for how much to be able to popularize and support social enterprises, social cooperatives and networks as well as producers' associations. It is important to underline that interface (certification institutions offering technical support, consultancy companies working with social enterprises and cooperatives as well as non-governmental organizations, etc.) structures will play a crucial role in bringing together parties.

Suggestions for Public Procurement

4

WHAT CAN BE DONE? ESTIMATING

Who can produce what competitively and economically with what support?

During the socially responsible public procurement process, the ability to determine to what extent the capacity and skills increase within the framework of financial and human resources as well as who can produce what, where and for how much is important for both sustainability and corporate development. This step can be thought of together with the previous phases to create a production potential that takes into account many social and economic criteria that differ.

SUGGESTION:

A plan involving multiple stakeholders that considers production potentials, regional advantages, opportunities that stand out and aspects that get stronger is especially important for both support and incentive mechanisms of the public and planning of the potential procurements.

Suggestions for Public Procurement

5

HOW CAN IT BE MATERIALIZED? SUPPORTING

What kind of support and incentive mechanisms should be designed for whom, what and which methods of production?

In addition to the existing production capacity and skills, knowing who has the potential of producing what, where and for how much, finding out about it and planning for procurement may bring about a design of support and incentive mechanisms in this direction. Production with a procurement guarantee can be mentioned as one advantage of public procurements that is probably the most important of all.

At this stage, it is suggested that a series of support, incentive or grant programs be designed for products and services the public may purchase for purposes such as offering social benefits, supporting welfare, reducing inequalities apart from procurement of its primary and urgent requirements. Sectors that are strategically

prioritized and desired to be supported as well as goods and services produced by such sectors may turn the development-based public procurements into a more strategic instrument.

SUGGESTION:

Products, services or sectors in which the public, as well as non-governmental organizations, professional organizations, producers' associations and related parties, are involved should be prioritized. The added value to be generated by the support and incentive mechanisms to be designed with the focus on products, services and/or sectors and the common social impact are crucial and decisive.

Suggestions for Policy Makers

1

CHANGING THE WAY REQUIREMENTS ARE ADDRESSED

How could requirements be classified based on their qualities in the public tender system?

According to the existing public tender system, how the law is to be enforced is determined based on goods, services, manufacturing and consultancy application regulations, issued by the Public Procurement Authority. Requirements in the public sector are shaped based on the types of tenders. These tender types constitute the basis for procedures and principles that are to be applicable for tenders. This makes it mandatory to implement different procedures and principles for goods, services and manufacturing works within the scope of social procurement.

When arrangements made in a traditional procurement model fail to meet needs such as localization, technology transfer, social aid and sector-based purchases, an exemption is introduced related to the law for every new situation.

SUGGESTION:

The Public Procurement Authority may prepare a sound classification for sector-based purchases and should issue a social procurement regulation and establish procedures and principles related to purchases falling under such scope. Classification of requirements over types of tenders might be abandoned and as part of the exemption, arrangements introduced with a supplementary article incorporated into the law might be addressed as a whole, under a single heading.

Suggestions for Policy Makers

2

INCREASING LIMITS FOR DIRECT PROCUREMENT AND NEGOTIATION PROCEDURE

How can social procurement be rendered sustainable?

Existing monetary limits of the tender system lead to problems regarding the sustainability of social procurement. Apart from the low amounts of monetary limits, another thing that makes things hard for the administration is that only a certain portion of the budget outlined in the legislation for procurements below monetary limits can be used for such expenditures. Contracting authorities determine bidders themselves for tenders of direct supply and the negotiation procedure within monetary limits. However, since limits are restricted in contrast to the large social procurement requirement, this makes it hard for contracting authorities to carry on works in a sustainable manner all year round. However, according to subparagraph (I), article 62 of the Law, the annual sum of expenditures to be made within monetary limits specified in articles 21 and 22 of the Law may not be more than 10% of allowances of

the total budgets of contracting authorities to that end (unless it is approved by the Public Procurement Board).

SUGGESTION:

The limits of direct procurements might be twice the amount they are now. In the case of negotiation tenders within the scope of social procurement, contracting authorities might be able to purchase up to the threshold value amount instead of the existing limit. If the restriction of 10% is not applied for procurements within the scope of social procurement, the capacity of contracting authorities will go up and requirements that can be procured through social procurement may be completely met.

Suggestions for Policy Makers

3

ORGANIZING TENDERS ONLY FOR COOPERATIVES OR SOCIAL ENTERPRISES

What kinds of arrangements can be made so that social and environmental cooperatives or enterprises are required to be the suppliers?

An arrangement might be introduced whereby only social procurement parties that are relevant entrepreneurs, are allowed to submit bids for tenders. These are associated with contracting authorities' requirements with relatively high amounts, for which limits of direct procurement and negotiation procedure are not sufficient and which can be subject to the open tender procedure.

SUGGESTION:

Arrangements are expected to be introduced to the Public Tender Law so that only those entrepreneurs aiming for professional and social integration of the groups of society in need of social aid and protection can participate or which make it possible to procure a part of the work that is subject to the tender from such entrepreneurs. At the stage of preparing the application regulation regarding how the law enacted is to be enforced upon granting the authority for establishing procedures and principles related to tenders to be organized in this scope to the Public Procurement Authority, the process can be conducted soundly by ensuring that stakeholders of the work and the Public Procurement Authority exchange ideas.

Suggestions for Policy Makers

4

ESTABLISHMENT OF A QUALIFICATION SYSTEM FOR SOCIAL PROCUREMENT

How is it possible to ensure that requirements are met dynamically in public procurements?

Developing a model whereby public institutions and organizations directly procure agricultural and livestock products from producers with qualification systems consisting of social entrepreneurs and cooperatives will contribute to the development and sustainability of social procurement. This method can ensure that public requirements are met and social procurement can become widespread.

SUGGESTION:

Special arrangements for social procurement whilst establishing the scope of the qualification systems in the public tender legislation may be introduced. The qualification system will enable entrepreneurs who participate in the tender to easily integrate themselves into the tender process ensuring that the number and quality of social cooperatives and enterprises increase.

General Suggestions

1

BUREAUCRATIC EFFORTS

How can inherently static bureaucratic processes of public procurement be turned into dynamic and agile systems?

After putting into practice the roadmap for social procurement in the public sector, several difficulties, practical hardships, bureaucratic setbacks or legislation-based restrictions that have not been projected may emerge. In this case, it would be more accurate to consider public procurement in the public sector as a dynamic process rather than a static model. This kind of dynamic approach requires social procurement processes in the public sector to be configured with a flexible structure in a manner covering differences on a national, regional, and local level. Diversity may emerge in goods and services procurements and/or production and stakeholders' internal dynamics as well as their relations with one another.

SUGGESTION:

Certain amendments to the legislation may be introduced given the lengthy and detailed process necessary for changing and revising laws. Such amendments or flexibilities can be supported with protocols made between stakeholders and procurement processes based on agreements.

General Suggestions

2

SUGGESTIONS FOR SUPPLIERS

What steps should suppliers who are among the most crucial stakeholders of social procurement take to facilitate processes?

Organizations that are non-profit or which work for the public welfare such as state institutions and organizations, public professional organizations, associations, cooperatives, social enterprises and NGOs can be included in and invited to social procurement activities. For this inclusion to be realized efficiently by the supplier, the party making the social procurement and the beneficiary, suppliers need to do some prioritizing. First of all, it is required to ensure that all bidders enter into a protocol via Electronic Public Procurements Platform (EKAP), run by the Public Procurement Authority, which is mandatory for participation in tenders organized in our country. Besides, it should be ensured that they are smoothly integrated with the system through constant and sustainable training and consultancy support regarding the legislation.

SUGGESTION:

Focusing on what is local: Inclusion of local resources in the production process makes it possible to derive the social benefit targeted by public procurements quickly and effectively. Giving priority to local human resources for recruitment would be, again, an approach likely to increase the inclusivity of societal benefit. In cooperation with chambers of commerce and industry, providing bidders of the social procurement with training and consultancy support that contains information and guidance concerning the tender system will facilitate the integration of relevant actors with the process.

Stakeholder Networks: The network approach contributes to the building of reciprocity and development of the social benefit in an interactive manner in comparison with vertical organizational models since it organizes inter-unit relations and enables stakeholders to participate. Suppliers may ensure that the involvement of different groups in the production process is continuous through networks among their stakeholders.

General Suggestions

3

COMMUNICATING THE EFFECT

How can social procurement awareness be raised in all groups?

To make social procurement sustainable, the level of knowledge and awareness regarding social procurement should be raised for both the procuring party and society. It is important to share the positive effects created as a result of a transparent, sincere, measurable social procurement with the public to be able to raise awareness.

SUGGESTION:

Communication strategies can be built where positive results of the projects that are subject to social procurement are defined and the effect created is shared. Making social development visible in a way accessible by all parties will bring about interest and demand.

All of these suggestions may not be true for all public, social procurements. In such cases, institutions need to first, determine their social targets specifically for their scope of activities, define measurable indicators to that end and decide how they will incorporate them in the contract before the procurement process. A common template intended for social procurement practices containing steps such as stakeholders,

targets, planning, management, measurement, and reporting could be a good solution. Apart from this template, interactive preparation of social procurement plans, setting a common language for this, building relations based on cooperation between stakeholders is also important. Practices intended for social procurement in this sense can only be built with stable and collective efforts.

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