

14<sup>th</sup> June 2021

## **MEETING REPORT**

### **Online Social Services Network Meeting**

At the beginning of the summer, Eurodiaconia held an online Social Services Network Meeting on the 14<sup>th</sup> of June. It was a great opportunity for members to share good practices, learn from each other, and identify cross-cutting challenges in the provision of social services.

The meeting focused on public procurement as a significant source of financing for social services. We looked at the current funding models across our membership and also discussed the newly published guidance on Socially Responsible Public Procurement (SRPP).

In the first part of the meeting, **Kewan Mildred**, Eurodiaconia Policy and Membership Development Officer, welcomed all the participants and thanked them for being present. She then gave the floor to our members, who shared their experiences with public procurement. **Romana Bělová**, from **Slezská Diakonie** started by sharing some experiences on provision of social services in the Czech Republic, under the law on social services. She explained that their main funding comes from governmental budgets, with co-finance from the public budget of municipalities and sometimes from the payments of beneficiaries.

Moreover, she added that in their experience with public procurement, the services with a social focus are the ones that the regional authorities want to develop. For example, they apply for some projects, such as job-coaching for people with disabilities, or support of families in social risk. Also, they have some experience with municipalities that want to provide, for instance, elderly care in a certain building, and they contract organisations through tendering to provide the service.

She stated that while this system has worked well for them, they face some challenges, such as a lack of quality criteria in the selection process. Very often, the final key criterion is the lowest price. Another challenge is that very often, the tenders ask for people who are flexible in their working conditions, which exerts pressure towards the labour market. She also mentioned the lack of sustainability of the projects to be a major challenge- the activities that are run under public procurement are very limited in time, which provokes a lack of continuity of good projects.

She said that they have also developed good practices, particularly regarding continuous cooperation with regional authorities. For instance, they have preparatory meetings with some professionals at the beginning of the projects, where they are asked to provide the criteria that are important for them as possible providers. They are also advocating for changes to include the quality criteria and other aspects, such as the involvement of people with reduced opportunities in the labour market.

**Johanna Pisecky** from **Diakonie Austria** took the floor. She explained that Diakonie Austria has a limited number of social enterprises, which is relevant for public procurement. They are mostly publicly funded, with two-thirds of their income coming from the State. She agreed with Romana on the sustainability challenge. They also believe in the need to diversify their funding, so they do not only rely on public money.

She added that for their work on access to employment for persons with disabilities public procurement is especially relevant since persons with disabilities in Austria very often work in sheltered workshops, patient therapy or capacity-oriented activities, which are not considered as regular work. She clarified that they are working on changing that to get a more inclusive job market. What is produced in these sheltered workshops by people with disabilities who work there can be bought by the State.

She affirmed that the lack of a common quality system in public procurement is also a problem in Austria, thus they are advocating for quality standards at a federal level that is appropriate to the social services they provide. Also, measuring the social impact of services is something for which Austria has a long way to go. This is challenging not only for the service providers, but also for the aim to call for tenders that correctly assert what is needed. She concluded by adding that finding the balance of having a quality system, but also having the opportunity to get funded is a challenge.

**Cristian Pavel**, from **Filantropia Timișoara- Romania** agreed with the challenges already mentioned by the previous speakers.

He explained that in Romania, public procurement does not work everywhere in the same way, because different laws apply in different counties and municipalities. Usually, the Ministry of Labor provides subventions and public tenders, and there is also the local level, which provides this type of financial support for private social providers, but under different rules: if you want to receive money from the Ministry, the service must be provided for beneficiaries of more than one county. On the contrary, if you to provide social services in just one city, you should apply for projects at the local level. The problem, he detailed, that more than 60% of the counties do not organize this kind of tenders.

Thus, he asserted, the state remains the biggest provider of social services, to the detriment of private providers such as churches or NGOs. That is why Filantropia usually uses its own funds. He emphasized that it is complicated to have better quality social

services from private actors. As a church, they cannot ask for money from their beneficiaries because most do not have that money. Another challenge he identified is that there is usually a big delay on payments under public contracts, which last just for a year. This makes it very difficult for NGOs and discouraging. Equally, the continuous change of providers is not good for the beneficiaries.

He finished by adding that though there is a good law in place, but real access to public procurement remains a problem because not everywhere in Romania there is a willingness to work in partnership between the state and the private sector. And this results in less quality.

Finally, **Magdalena Bordagorry**, Eurodiaconia Policy Assistant briefed the participants on the information that Diakonie Deutschland had provided before the meeting. She explained that in Germany there was a major public procurement reform on 2017, to implement the Public Procurement EU Directive from 2014. However, these new regulations only concern the procedures in which the contract value exceeds a certain threshold specified by the European law. For the lower threshold allocations, the federal government has only regulatory authority to the extent that it is its own tenders. Then, each federal state and municipality regulates the procurement law that is relevant to them, with a lot of leeway to do this.

She detailed that the new public procurement law did not exclude the social sector from tenders. However, it introduces a light regime that allows buyers to deviate from general procurement law in certain points when tendering social (and other special) services. This leads to the threshold for social and other special Services to be set well above the general threshold for procurements.

Moreover, she detailed that the federal government is trying to disseminate the idea of socially responsible public procurement, but it takes political will at every level of political decision making, which is difficult in a federal state. In this context, she emphasised that Diakonie Deutschland has been advocating for social service providers to be strengthened through this leeway. For example, a bidder who pays wages over the legally fixed minimum wages cannot automatically be sorted out as not eligible and too expensive, if not, it is not possible for social services to compete.

After this, we had a very enriching presentation from **Anna Lupi**, Legal and Policy Officer from DG Grow at the European Commission. She presented the new guidance on Socially Responsible Public Procurement released by the European Commission and clarified some general aspects of the public procurement directives.

She explained that while these are quite bulky, regarding criteria and specific considerations, the public authorities are free to choose. In that sense, the use of quality or price criteria are free choices of public buyers. So, some use a combination of the two,

or only the lowest price. There are also different ways to integrate social considerations into public procurement.

Furthermore, she clarified that public procurement rules apply when in a public contract between a public authority and a provider (private or public), that involves an acquisition and an exclusive relationship between the public authority and the provider. She also reaffirmed that EU rules on public procurement only apply above certain threshold. If the price of the contract is not very high, these rules may not apply.

She then detailed that in the public procurement directives, there is the regular regime, very strict in terms of the procedure, and a light regime for services with little cross-border interest (such as social services). The directive recognizes this peculiarity of social services, as they are services to the person, and therefore there is a much higher threshold than for other services. Below this amount, it is up to the national authorities to decide how to organise the procedure. Some countries have some legislation in this field, others only have guidelines, some have nothing.

She emphasized that they want to encourage Member States to use quality rather than price as key criteria, as well as social and green considerations in public procurement, because what you buy as a contracting authority has an impact on people's lives and on the planet. What you want to provide is not something cheap but useful for the community. She further clarified that the Commission has some legislative proposal with provisions on public procurement (Minimum Wage and Pay Transparency directives) and the recently published guidance on socially responsible public procurement, which covers the whole procurement process. Some of the social objectives that are considered in the guideline are common in traditional public procurement such as social and professional inclusion, but others are more innovative such as gender equality, respect for human rights in supply chains, or accessibility.

She noted that the guidelines also contain some case studies from public buyers across the EU and a collection of good practices. There is also a section regarding social services and the light regime. Finally, she expressed that the guide is available in all EU languages.

We finished the meeting with an interesting Q & A session, where the participants were able to raise their questions and provide their feedback.