



MINISTRY OF LABOR AND SOCIAL POLICY  
OPERATIONAL PROGRAMME

„HUMAN RESOURCES DEVELOPMENT“ 2014-2020

PROJECT: BG05M9OP001-4.003-0046-C01

„Adaptation and Implementation of Social Innovations for Employment of Marginalised  
Groups through Public Procurement“



*Report with analysis of the results of the public procurement for pilot employment of persons from the target group and implementation of the good Finnish practice, conducted by the Municipality of Botevgrad under the project "Adaptation and implementation of social innovations for the employment of marginalized groups through public procurement," funded by Grant Contract № BG05M9OP001-4.003-0046-C01, through the Operational Program "Human Resources Development 2014-2020"*

Vratsa, November 2020



The current report covers:

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- Comparative analysis of the applied Finnish practice
  - Assessment of the correct implementation of the good practice of the Finnish state identified under the project
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On 12.06.2020 through the Public Procurement Agency (PPA) a public procurement was announced under Chapter Twenty-six of the Public Procurement Act (PPA) through "collection of tenders with announcement", № C-10 of 12.06.2020 ., ID № 9099615, with Assignor Botevgrad Municipality. The subject of the procurement is from the field of construction and is announced as follows: "Repair of the sidewalk on Zelingrad Street in the section between Patriarch Evtimiy Street and Khan Asparuh Street, Botevgrad".

The fact that the public procurement meets the national legislative system's regulatory requirements is proved by the event of its publication by the PPA. The announcement is duly declared and reveals in detail all the formal conditions and requirements to inform the interested parties. The procedure for collecting and evaluating the submitted offer proposals by the public procurement participants has not been appealed, which testifies to the absence of significant gaps.

The current analysis focuses on point four of the Selection Criteria related to the PROJECT REQUIREMENTS BG05MOP001-4.003-0046-C01, "*Adaptation and implementation of social innovations for the employment of marginalized groups through public procurement.*" It is clear that, in its entirety, the explicitly announced public procurement aims to adapt and validate social innovations formulated in the context of the ESF Regulation 1304/2013/13. To meet the social needs expressed in the municipality of Botevgrad, striving to increase the effect of social interactions at the local level and working to improve the capacity of individuals, Botevgrad Municipality introduces the pilot use of social criteria in public procurement.

Botevgrad municipality transfers the good practice from the innovative Finnish models. The expectations here are that they will lead to integration and reintegration into the labor market of marginalized groups and/or individuals. Initially, this was implemented at the local level in the Botevgrad municipality, with the option at a later stage to establish the model as national.

The documents' content analysis revealed that the public procurement conducted by the Botevgrad Municipality with a pilot condition for hiring people from the target groups successfully adapted the good practice applied in Finland to the objective local conditions. The municipality has studied, discussed, and practically worked on the spot within the project mentioned above. The conducted public procurement (through "collection of offers with an announcement", № C-10 from 12.06.2020, entered in the register of PPA with ID № 9099615), under Art. 20, para.3 of the Public Procurement Act, was performed in the following sequence of steps, described in the reports of the experts involved in the implementation of the project:



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*First*, according to the description of the study on Finnish principles, requirements and standards regarding the conduct of public procurement procedures with employment criteria included, and according to a cited study by Mikko Kesha (conducted in 19 Finnish municipalities), they include the following elements:

- Clear criteria for employment;
- Good practices for public procurement, without increasing overall costs;
- Existence of fair and loyal competition;
- Additional support for companies in hiring people who meet the criteria for employment, as well as bureaucracy decrease.

Project "*Adaptation and implementation of social innovations for the employment of marginalized groups through public procurement*," implemented by a team of municipal officials involved in the procurement process and labor, health, educational, social mediators (working with the Roma community in the municipality of Botevgrad and, accordingly, having an increased capacity to attract marginalized groups to the labor market), has a partnership character. The full participation of the Finnish National Institute of Health and Welfare (THL) helps to assess the adequacy of the Finnish requirements formulated in this way and their possible adaptation to Bulgarian conditions.

In order to ensure the successful introduction of social innovations, Botevgrad Municipality relies on the approach "from the private to the whole," in which we observe the local (micro) environment as a reflection of the national (macro) environment in all its aspects - economic, social, political, normative, and others. Thus, considering the above requirements at the micro and macro level, the contracting authority has a second reason to validate public procurement's good practice with employment criteria studied in the cities of Helsinki and Vantaa within the project. According to the document analysis, the contracting authority is obliged (as a beneficiary under the project contract and to its partners) to use and evaluate the specific public procurement for pilot employment of target groups effect. On the other hand, it faces the challenge of determining this innovation's functional and systemic potential to become a national practice in our country.

*Secondly*, to assess the correct implementation of the good Finnish practice identified in the project, this report is based on a comparative analysis of the Finnish recommendations for action in the presence of the above basic requirements:

► *Recommendation 1 - the inclusion of employment criteria as minimum criteria or their inclusion in the evaluation methodology so that the participant receives additional points for fulfilling the employment criterion.*

**Implementation:** Public procurement number C-10 / 12.06.2020, entered in the register of PPA with ID № 9099615, with contracting authority Botevgrad Municipality includes a



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minimum criterion for participants to provide ten people from marginalized groups of the Roma community to support employment contract and to support their integration.

The interested legal entities have hired employees who have submitted a declaration that they are part of the defined project target group. As the public procurement is "formatted" through the project "Adaptation and implementation of social innovations for marginalized groups' employment through public procurement", the condition is the same for all participants. Still, in subsequent announcements, the requirement can be approached differently - through a table (scale) "from - to" depending on the number of employees and referring to the number of points in the ranking of tenderers.

► *Recommendation 2 - the public procurement notice should indicate the number of persons to be employed, the term of employment or the percentage of employees of the total value of the contract*

**Implementation:** The Municipality of Botevgrad systematically aims to effectively solve the identified problem related to the deepening of families and individuals' marginalization in the municipality. The efforts are evident in the local network of mediators' results and the project "Adaptation and implementation of social innovations for marginalized groups' employment through public procurement." We have analyzed public procurement number C-10 / 12.06. 2020, entered in the PPA register with ID № 9099615.

Sub-item 4.2 of the public procurement notice describes the condition for the interested parties (the participants) to employ 10 (ten) people from the marginalized groups in the municipality. The social analysis shows that these are people mainly from the Roma community, for whom the conclusion of an employment contract is of crucial importance and their inclusion in the labor market through a similar mechanism (laid down in the present procedure, and in further similar public procurement procedures) will provide vital support for their integration. Under the public procurement number C-10 / 12.06.2020, entered in the register of PPA with ID № 9099615 and the performance contract concluded with the company "David 2015" EOOD, the minimum terms for hiring the ten persons from the marginalized groups are fixed. The employment contracts concluded with them are bound by the general period of performance of the public procurement contract, but at the same time, there are all prerequisites for them to be transferred into "indefinite" according to the national legislation.

► *Recommendation 3 - Employment criteria may also cover internship/apprenticeship opportunities or other cooperation arrangements. They will promote young people's employment prospects, people with disabilities, immigrants, or people who have been unemployed for a long time, and other vulnerable groups in the labor market.*

**Implementation:** The contracting authority has not explicitly provided and indicated directly in the published announcement conditions for internship/apprenticeship or other



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cooperation arrangements. However, the legal entity's fulfillment of several conditions that have won public procurement can be indirectly considered such elements. For example, the ten employees will be affected by the employer's contractual obligations. They will be trained in health and safety work, in compliance with environmental, labor, technological, and production standards; as well as in minimum professional requirements; quality control, and others.

Separately, within the framework of this recommendation, we note that the subject of the public procurement and the implementation of the related construction activities fully fit into our traditional building practice of master builder professional. It is based on professional growth in traditional crafts, known as "apprentice - journeyman - master." The ten employees from the marginalized groups, depending on their dexterity and skills, and their attitudes to learning and gaining professional experience, can become masters in a construction team. Moreover, they can go through the validation of professional skills acquired through non-formal learning and become entrepreneurs in various construction fields.

► *Recommendation 4 - the employment criteria can be defined in such a way that the employment covers each position in the company, or the contracting authority has explicitly indicated in the contract the positions and tasks*

**Implementation:** In the case of the analyzed public procurement, the Municipality of Botevgrad has set a specific set of requirements for the applicant companies, guaranteeing the construction activities' quality performance. First, they are part of the social environment and should improve it according to the population's needs. Therefore, the company breakdown suggests that the group of 10 employees cannot adapt to most of the company structure positions, to which there are conditions for high expertise related to taking responsibility for people, the end product of their work, and compliance with a wide range of rules and regulations.

The persons employed under this order are currently left out of the labor market. These individuals are also representatives of marginalized groups with deficient qualification levels, beneficiaries of social programs (for inclusion, literacy, acquisition of a profession, and others), living in closed communities, and almost completely lost their work habits. Therefore, the analyzed public procurement aims at their involvement in the gradual implementation of specific tasks. These tasks follow the recommendation and arise directly from their commitments under the concluded employment contracts, in fulfillment of the construction contract.

► *Recommendation 5 - Employment criteria may be specified in the contract notice, for example, as part of the conditions attached to the description of the specific process*

**Implementation:** The Municipality of Botevgrad implemented the social innovation adopted on the example of the National Institute of Health and Social Welfare (Finland) by



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including an employment condition in a specific public procurement. Although a pilot, this practice has the potential to become a strategic tool. The employment criteria for a wide range of potential public procurements can be successfully integrated into the development of bid evaluation methodologies under the "Economically most advantageous tender" award criterion or, as is known in practice, in the "Quality/Price" ratio.

In this case, the contracting authority gave a 60% advantage to the "Quality" component, taking a specific approach. First of all, it evaluates the "Proposed approach, work plan, and organization," through which the best realization of the employment criterion set in the announcement is sought - the subject of social innovation. Secondly, it compares the bids received under the Bid component, for which a 40% weight is foreseen in the evaluation.

Additionally, from a functional and practical point of view, the present analysis also evaluates the line adopted by the contracting authority - the condition for employment in the specific public procurement to be placed to those interested in it, as previously implemented and proven by documents at the application stage. This reinforced the "Quality" component weight in public procurement as part of the conditions under which it has been announced.

► *Recommendation 6 - it is necessary to report and monitor the fulfillment of the employment criteria by the contracting authority*

**Implementation:** The Municipality of Botevgrad is not facing the need to create additional conditions for detailed reporting and monitoring of the employment criteria' fulfillment under the pilot public procurement, especially regarding the previously fulfilled ones by the participants in the procedure. Actions of this kind would only complicate the procurement procedures, increase the administrative burden for the contracting authority, and reduce trust between the partner countries.

In particular, the feasibility is fully traceable by informing about the ten concluded employment contracts' current status in the responsible institutions' official pages. For the studied implementation of the public procurement and the project, within which the good foreign practice has been validated, monitoring of the implementation of the employment criteria can be carried out through a general analysis of the documents reported by the contractor - payrolls and remunerations, instruction sheets, handover protocols from the contractors of the construction activities, ascertainment protocols, and many others.

Apart from the official (institutional) way, reporting documents verification on the public procurement and monitoring the fulfillment of the employment criteria by the Municipality of Botevgrad can be done by inspections at the place of execution of the construction activities, which are carried out within walking distance from the management administration.

According to the contract provisions, the company is obliged to provide quantitative and qualitative information required by the contracting authority on all matters affecting



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employment, mainly based on maintaining the employment from the marginalized groups in the municipality.

► *Recommendation 7 - in case of non-compliance with the employment criteria, the contracting authority may impose a sanction or may offer a bonus for additional job proposal*

**Implementation:** Within the pilot public procurement with employment condition, with contracting authority Municipality of Botevgrad and the subject of implementation - construction activities, this recommendation's components are not included, due to practicality considerations and lack of sufficiently rich practice on which to base their formalization.

Leading in this social innovation is the partnership principle, and it is essentially in a broader format. On one side is the project's foreign partner, whose good practice is implemented through the current public procurement. On the other hand, there are the contracting and highly formalized parties - municipal administration (the contracting authority) and legal entity (contractor), and their interest in the comprehensive implementation of all conditions under the construction contract is undisputed. An excellent contractual basis is a condition for preventing subsequent sanctions.

The third-party involved in implementing public procurement are the ten employees from the marginalized groups in the municipality. They have signed the contract documents themselves, but if, for various reasons, some of them or the partnership format altogether leave, the other two parties do not have the appropriate tools to overcome this deficit.

► *Recommendation 8 - the employment criteria and possible sanctions or bonuses are recorded in the performance contract*

**Implementation:** As has been repeatedly stated above, public procurement with employment criteria is an innovative social practice in Bulgaria. In this sense, the validation of the experience in this field gained by the Municipality of Botevgrad through a partnership project implementation "Adaptation and implementation of social innovations for the employment of marginalized groups through public procurement" is also a pilot.

The analysis of the conditions, the existing formal procedures, and the documentary samples, part of the documentation for participation in the public procurement shows that the lack of good practice in our country is why avoiding the inclusion of sanctions and bonuses as an element of the procurement. Subsequently, this applies as an element of the contract for its award.

► *Recommendation 9 - the contractor could be offered assistance in meeting the criteria for employment and finding employees. It is also appropriate to cooperate with the structures offering employment services*



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**Implementation:** Undoubtedly, the circumstances and the efforts made by the Municipality of Botevgrad to introduce in its public procurement practice the innovative social experience of Finland have a dual effect. The team's administrative structures for implementing the project mentioned above have enriched their practices for offering assistance to persons from marginalized groups. The project team and the planned activities also include local mediators actively working with the Roma community. We will emphasize that the partnership activity mediating the supply of labor by marginalized local groups is a fact in the administration and mediators' face at the local level. It has a sustainable development over time and is upgraded with the activities of the present project.

In the conditions of the public procurement, there is no way to provide precisely the type and manner of assistance in meeting the employment criteria, as the latter would contradict the applicable law. However, on local soil indirectly, the application of such social instruments is favored by active network performance on the municipality's territory. The established relationship between administration, mediators, and beneficiaries improves the environment and labor supply culture by groups at risk. Moreover, the analyzed public procurement with employment criteria (and all similar ones in the future) improves the culture of hiring workers from marginalized groups by local companies.

► *Recommendation 10 - it is necessary to verify that the person employed meets the social criteria set out in the public procurement contract*

**Implementation:** Within the framework of public procurement, a requirement has been set by the contracting authority in the Municipality of Botevgrad, the employment criterion (employment of 10 persons from the identified marginalized groups) to be fulfilled in advance by the tender participating companies. The set of documents that they submit to the Commission for evaluation of the offers includes hand-signed declarations by ten persons, already employed under the employment contract, for the circumstances to which they correspond.

Moreover, the administration employees could at any time make an official reference for the degree of social comparability of the status of the person with whom the applicant company has concluded an employment contract and the social criteria set in a given public procurement.

► *Recommendation 11 - it is advisable to arrange regular meetings between the contractor and the contracting authority for the duration of the contract in order to monitor the fulfillment of the employment criteria*

**Implementation:** We have already noted that the explicit monitoring of the employment criteria' fulfillment is unnecessary for this specific contract. Here we can add that the subject of the assignment and the related construction activities require an administrative person's almost daily presence, controlling the processes "on the ground." The analysis showed no objective



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need to draw up a specific "Working Plan" to implement this innovative social technique. However, such can be drawn up (and accordingly controlled for execution) outside the list of formal documents on the announced contract (the content of which is not less regulated in the law and its regulations), including good practice in adaptation and enforcement of European social innovations in Bulgaria.

► *Recommendation 12 - the contractor reports on the fulfillment of the employment criteria as part of the reporting of the contract*

**Implementation:** Within the implementation of the agreed construction activities and by conducting a public procurement with a criterion for employment with the contracting authority Municipality of Botevgrad, a system for reporting by the contractor is provided for:

- Planned stage start, implementation, and completion of each activity;
- Circumstances that arose during the various stages of implementation and violated the action plan;
- Circumstances arising outside the subject of the public procurement and threatening the overall achievement of the agreements.

Information explicitly related to the fulfillment of the employment criteria is also accepted as an element of these reports. The latter can be an element of both the technical reporting and the financial reporting in connection with the requests for advance, interim and final payment provided for in the contract.

► *Recommendation 13 - Assess the procurement process with employment criteria, focusing on the overall process of promoting employment through public procurement. Methods may include self-assessment, feedback from employment services, employers, and employees. Systematic monitoring of results will contribute to developing a method that supports the continuous development of socially responsible procurement.*

**Implementation:** Although a pilot project, the current public procurement with included employment criteria is an objective fact and practice on which observations, analyzes, forecasts can be made, and recommendations for effective adaptation and future implementation can be formulated.

In this sense, within the project evaluations of the process were performed by all involved partner countries: the project team - for its reporting; the municipal administration - for the implementation of innovative social practices; mediators - for efficiency in working with marginalized local groups; local business - for its strategic interests and the expansion of its social responsibility; potential direct beneficiaries - for their reintegration into society and the realization of their employment potential.



## CONCLUSION

The present report on analysis of the results of the public procurement with pilot hiring of persons from marginalized local groups, revealed that the experience of the National Institute of Health and Social Welfare (Finland), as well as the good Finnish practice of introducing social innovation in public procurement, have been effectively studied, adapted and piloted in the implementation of the project "Adaptation and implementation of social innovations for the employment of marginalized groups through public procurement."

The comparative analysis between the pilot public procurement with set employment criteria and the contracting authority Municipality of Botevgrad on the one hand, and the Finnish practice identified under the project BG05M9OP001-4.003-0046-C01, on the other hand, showed that for its validation and objective conditions in the municipality, the studied practice has been properly applied and successfully implemented.

The recommendations therefore to the Municipality of Botevgrad are to develop its efforts and potential in expanding the scope of public procurement that allow the setting of employment criteria as their central element. There are good opportunities to promote the good practice identified in the Finnish state and apply it among other municipalities in Bulgaria. Various contracting authorities, business and employers' organizations, NGOs, mediation and volunteer networks, universities, and public procurement consulting firms could benefit from the good practice identified and implemented within the project.

The potential of public procurements with employment criteria should be revealed through their full compliance with national legislation, their overlap with the public interest, the enrichment of local practices for efficient use of resources of various kinds, and in the context of the European concept of expanding partnerships.

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