

Socially Responsible Public Procurement Practices

Examples from Romania



Diana Chiriacescu, FONSS, Romania
Brussels – October 17th 2019

Romania in EU



EU Member since 2007

19.5 mln inhabitants

GDP: 202 billion EUR
(2018)

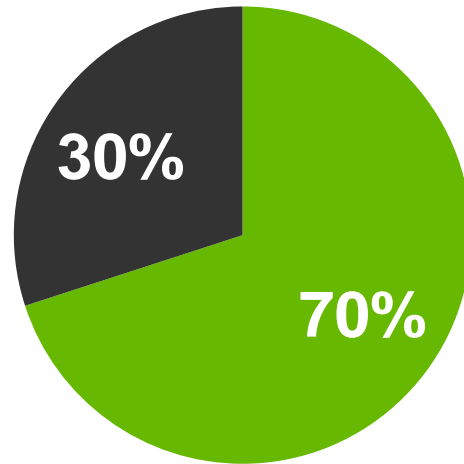
Directive 2014/24/EU in Romania

- Translated in Romania in 2016 (Law 98/2016)
- Guidelines and implementation norms available
- A revision of the norms in 2017

Who provides social services in Romania?

- The central and local authorities (in house)
- Private organizations
 - Non-profit
 - For-profit
 - Church
 - Informal (voluntary-based) – families, volunteers

Social service providers in Romania



■ Private providers of social services (NGOs, church, for profit providers)

2810 providers of social services in total (accredited providers) – elderly, disability, child protection, domestic violence, homelessness, etc. The number of public service providers is decreasing dramatically in the last 6 months.

However:

3950 accredited services at this moment (October 2019) (57.5% public, 42.5% private)

The public budget allocation for social services in Romania

- From 0.6% of GDP in 2013
- To an estimative of **0.2% of GDP in 2017** (1.8 bln Euro)
- ...compared to **2.7% GDP in EU Member States**

Unfinished decentralization

- County authorities are partially co-funded by the central budget for the social services sector
- Local authorities (municipalities, communes) are not funded from the central level. They can develop social services only from their local budgets.
 - Very difficult for communes
 - Clustering strategies ongoing...(GAL – LEADER)

Social clauses in public procurement - RO

- **Relatively weak use of social clauses in contracts**, because:
 - **No “objective” social indicators**, manageable by contracting authorities
 - **No regular use of social labels** (the practice of labels is generally weak in Romania)
- **Quota system** – optional procuring from sheltered workshops - no longer available. This lead to the decrease of sheltered workshops from 708 (2017) to 21 (2019).

In the procurement of goods, services

- The regular social clauses are mostly related to the inclusion of persons from marginalised groups in the labour market (numbers, easy to measure)
- No clause related to the social impact in communities (how to measure?)
- No policy based on social value indicators.

Reserved contracts, the trap of the RO application norms

- The reservation is possible in Romania.
- But it is allowed ONLY to sheltered workshops and social enterprises, for 3 years maximum.
- **Challenges:**
 - Services are continuous, the 3 years limitation is not always appropriate in the social services sector;
 - Sheltered workshops almost collapsed in 2017 (Govt.Ordinance);
 - Social enterprises have no economic facility in the Romanian legislation, so they decrease in number every year.
 - No other operator can benefit from the reservation of market.

Why public procurement of social services is strongly encouraged in RO?

- Reservation of market is only possible for sheltered workshops and social enterprises
- Vouchers and personalised budgets are not yet working in Eastern Europe:
 - Underdeveloped spectrum and number of services
 - Weak choice abilities and behaviour from clients
- Private investment is almost inexistent in the social sector...

Where difficulties occur?

- **Costing** – minimum standards of cost versus costs reflecting the quality of the service
- **Minimum quality standards** – which could be the additional quality requirements in the tenders, to make a difference between competitors?
- **Under the threshold** (750.000 EUR) the Romanian legislator decided to maintain the possibility of the **lowest price criteria**. MEAT is mandatory only above the threshold.
- **Auditors agency** is not familiar with the specificity of the social service sector

Current situation in procurement

- Auditors agency and the Public Procurement Agency work with the NGO sector to develop guidelines for the procurement of social services.
- Advocacy efforts are ongoing for revitalizing the social enterprise policies.
- A specific percentage of public budgets is proposed by private providers, for the reservation of contracts for social services (2%-10%). Trials for overcoming the 3-year limit, in the social services sector.

Thank you!

diana.chiriacescu@fonss.ro