



*Enhancing VET for social impact: putting
social public procurement into practice*

Module 2: Legislation and Regulations

Developed by UniWA

Training Curriculum of the Deal4Good Project



EUROPEAN CENTER
FOR SOCIAL FINANCE



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Deal4Good is funded by the European Union. Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union or the European Education and Culture Executive Agency (EACEA). Neither the European Union nor EACEA can be held responsible for them. Project number: 2024-1-DE02-KA220-VET-000244401

Welcome to Module No2 Regulations and Legislation!

What will be covered in this Module...

- EU and national legal frameworks
- Tendering processes and contract laws
- Overview of public procurement schemes



Why is this Module important?

This module provides the legal foundation for **effective social economy and social public procurement**.

- Clarifies rights, obligations & opportunities for social enterprises and contracting authorities
- Enables “Social Public Procurement (SPP)” or “Socially Responsible Public Procurement (SRPP), hereafter SPP” within EU and national law
- Ensures fairness, transparency & legal compliance in procurement processes
- Reduces legal risks and supports sound governance and procedures
- Aligns procurement with social and sustainability policy goals
- Builds a common legal language for cooperation and co-design



Contents of Module No2 Regulations and Legislation!

2.1 EU social economy framework and public procurement schemes

2.2 Existing National Regulations and Legislation per partner country

2.3 Tendering processes and contracting laws for public procurements in EU

Let's Begin...

2.1 EU social economy framework and public procurement schemes



Main EU Legal Framework (Binding Law)

- Directive 2014/24/EU for public procurement
- Buying Social - EC Guide (2021)
- EC Guidance on high quality social/health/education services & light regime (2021/C 237/01)

Official EU sources are:

- 1) European Commission - Public Procurement
- 2) European Parliament Briefing - EU Public Procurement Framework.
- 3) EU Public Procurement Guidance for Practitioners.
- 4) European Commission (2021) - Buying Social: A guide to taking account of social considerations in public procurement
- 5) European Commission - Social Procurement

Why Public Procurement Matters in the EU

Key importance

- Supports the functioning of the **Single Market**
- Ensures **cross-border opportunities** for businesses
- Helps public authorities achieve **value for money**
- Reduces risks of corruption, discrimination, inefficient contracting

Procurement Principles

EU principles guiding procurement, are foundation for all schemes,

All public procurement schemes must be based on:

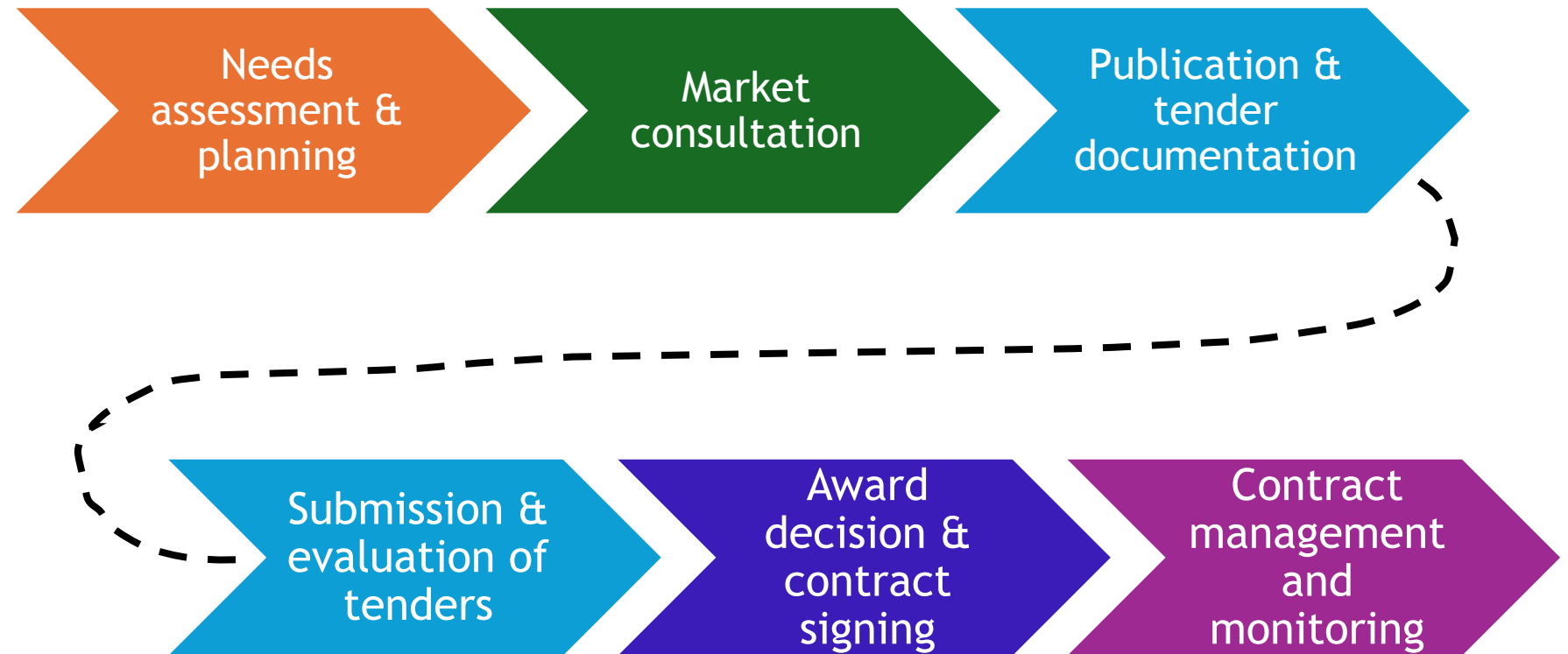
- Transparency
- Equal treatment
- Non-discrimination
- Proportionality
- Competition and fair access

These principles aim to
make procurement legally
robust and
market-friendly.

Procurement Lifecycle: From Planning to Delivery

Procurement as a structured process

Typical
procurement
cycle includes:



Strategic Procurement Schemes

Using procurement to achieve policy goals

EU procurement is increasingly used to support wider goals:

- Green Public Procurement
- Innovation-driven procurement
- Social Public Procurement (SPP) or Socially Responsible Public Procurement (SRPP)

Strategic procurement
means: **buying not only
for price, but for
outcomes and impact.**

Social Public Procurement (SPP): What it adds

Adding social value through procurement

Social procurement schemes aim to integrate:

- social inclusion
- fair working conditions
- employment opportunities
- accessibility
- ethical supply chains

Examples include:

- requirements linked to labour conditions
- encouraging equal opportunities
- support to social enterprises



Tools to implement Social Procurement

How SPP is applied in practice

Public buyers can use social considerations through:

- technical specifications
- selection criteria (e.g., capacity/experience)
- award criteria (MEAT with social value)
- contract performance clauses
- reserved contracts (where allowed)

Social objectives must remain connected to the contract and be applied fairly.

Social Public Procurement for Public Buyers



What to remember from this chapter

- EU public procurement uses **structured procedures** and strong principles
- It aims to ensure **fair competition** and efficient public spending
- Modern procurement supports strategic goals (**green, innovation, social**)
- Social procurement is achieved through **clear criteria and clauses**, not by “separate rules”



Key References for further reading

- Communication from the Commission on “Making Public Procurement work in and for Europe”, COM(2017)
- Directive 2014/24/EU on public procurement
- Directive 2014/25/EU on procurement by entities operating in the water, energy, transport and postal services sectors
- Communication from the European Commission on “Public procurement for a better environment”, COM (2008)
- Communication from the Commission on “Making Public Procurement work in and for Europe”, COM (2017)
- European Commission (2018), “Commission notice - Guidance on Innovation Procurement”, C(2018)
- Communication from the Commission on “Pre-commercial Procurement: Driving innovation to ensure sustainable high quality public services in Europe”, COM(2007)
- European Parliament resolution of 4 October 2018 on the public procurement strategy package
- European Commission (2016), “Buying Green! A handbook on green public procurement”
- Communication from the Commission on “Making Public Procurement work in and for Europe”



Test time - Instructions

The test includes **8 multiple choice** questions regarding the subject analyzed before.

- Each question has four possible answers (A, B, C, D).
- Only **one answer is correct** for each question.

GOOD LUCK



Test time

Q1. What is the main purpose of public procurement in the EU?

- A. To support private companies
- B. To ensure public authorities can purchase works, supplies, and services fairly and efficiently
- C. To reduce public spending to zero
- D. To avoid competition in the market

Test time

Q2. Which of the following is NOT a key EU public procurement principle?

- A. Transparency
- B. Equal treatment
- C. Proportionality
- D. Exclusivity

Test time

Q3. Which of the following would most likely violate the principle of proportionality?

- A. Requiring a minimum turnover equal to the contract value
- B. Requiring technical capacity linked to contract complexity
- C. Allowing reliance on third-party capacity
- D. Using MEAT as award method

Test time - Instructions

Q4. Which of the following is an example of Strategic Public Procurement?

- A. Choosing suppliers randomly
- B. Ignoring environmental and social impacts
- C. Including green, innovative, or social objectives in purchasing decisions
- D. Selecting bids only by personal preference

Test time

Q5. Which of the following is a valid tool to implement SPP?

- A. Contract performance clauses
- B. Secret evaluation criteria
- C. Awarding contracts without rules
- D. Ignoring labour conditions completely

Test time

Q6. Social considerations can be included in public procurement through:

- A. Technical specifications, award criteria, and contract conditions
- B. Personal agreements outside the procedure
- C. Changing evaluation rules after submission
- D. Avoiding transparency measures

Test time

Q7. One key reason EU procurement frameworks support the Single Market is because they promote:

- A. Closed local markets only
- B. Cross-border competition and equal access
- C. Only national suppliers
- D. Procurement without publication

Test time

Q8. Which of the following can be considered a common risk in EU-funded procurement projects?

- A. Clear documentation and good planning
- B. Strong contract monitoring
- C. Weak planning and implementation issues
- D. Using guidance and templates

**Let's move on to the
next chapter...**

2.2 Existing Regulations and Legislation per partner country



Facts about Germany

- Its economy is the **largest** in Europe
- Faces challenges of **aging population** and **disparities**
- **Lacks** legal definition of Social Enterprises
- Has no official registration system for SEs
- Hosts **70k** SEs



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Social Economy in Germany: Context and Importance

- Germany has a **well-established and diverse social economy**, playing a significant role in service provision, employment, and social inclusion.
- Social economy organisations operate in areas where **market solutions alone are insufficient**, such as care services, education, integration, and environmental protection.
- These organisations combine **economic activity with social value creation**, often filling gaps in public service delivery.
- The sector is recognised as a **key contributor to sustainable development and social cohesion**.



Legal and Organisational Forms of the Social Economy

- Germany's social economy is characterised by **multiple legal forms**, rather than a single social enterprise model.
- **Cooperatives (Genossenschaften):**
Democratically governed organisations focusing on member benefit (e.g. housing, energy, agriculture).
- **Associations (eingetragene Vereine - e.V.):**
Widely used for social, cultural, and educational activities, often volunteer-based.
- **Foundations (Stiftungen):**
Asset-based organisations supporting long-term social or environmental goals.
- **gGmbH:**
Non-profit limited liability companies combining **entrepreneurial management** with a public-benefit mission.

These forms provide **legal certainty, credibility, and access to public funding and procurement.**



Understanding Social Enterprises in Germany

- Germany does not have a **formal legal definition** of a social enterprise.
 - Instead, social enterprises are identified by **how they operate**, not by a specific label.
 - Typical characteristics include:
 - A **clear social or environmental mission**
 - Use of **market-based income** to achieve social goals
 - **Reinvestment of profits** into the mission
 - Often participatory or inclusive governance structures
 - Recognition is mainly achieved through:
 - **Non-profit status (Gemeinnützigkeit)**
 - Legal forms such as the **gGmbH**
- ➡ This flexible approach allows diversity, but also creates challenges in visibility and data collection.



Support Structures and Ecosystem

- The German social economy is supported by a **strong but decentralised ecosystem**.
- **SEND e.V.** represents social enterprises at national level, advocating for better policy frameworks.
- **DSEE** supports civic engagement, volunteering, and capacity-building, particularly in rural areas.
- Additional support is provided through:
 - NGOs and foundations
 - Regional and thematic networks
 - Incubators and accelerator programmes
- ➡ These actors compensate for the absence of a formal registration system by providing **visibility, guidance, and networking**.

Size and Economic Relevance of the Sector

- Approx. **70,000 social enterprises** operate in Germany.
- The social economy employs around **2.3 million people**.
- This corresponds to approximately **4.1% of total employment**.
- While growth data is not systematically available, the sector shows **strong innovation and resilience**, particularly during social and economic crises.
- ➡ The figures underline the **economic weight** of the social economy alongside its social impact.

Social Public Procurement (SPP) in Practice

- Germany has developed **practical tools and platforms** to support contracting authorities in implementing SPP.
 - **Kompass Nachhaltigkeit:**
Central online platform offering legal guidance, criteria, product examples, and case studies.
 - **Competence Centre for Sustainable Procurement (KNB):**
Provides advisory services, templates, and training for public buyers.
 - **Fairgabe initiatives:**
Regional networks promoting fair trade and social procurement, especially at municipal level.
- ➔ These tools reduce uncertainty and support **legally sound implementation** of SPP.

Legal Framework Enabling SPP

- Social considerations in procurement are **explicitly permitted** under German law.
 - **GWB** sets general procurement principles, including competition and transparency.
 - **VgV** regulates procedures above EU thresholds.
 - **UVgO** applies to procurement below thresholds, where social criteria are often easier to integrate.
 - Social and environmental aspects can be included in:
 - Award criteria
 - Contract performance conditions
 - Selection and exclusion criteria
 - EU Directive **2014/24/EU** is fully transposed.
- ➔ Contracting authorities can actively promote social goals **without violating competition law**.

Education and Training on SPP

- Formal education on SPP is **emerging but not yet widespread**.
 - **KNB workshops and webinars** focus on legal certainty and practical application.
 - **Chambers of Commerce and Crafts (IHK, Handwerkskammer)** offer local seminars.
 - **Universities and Universities of Applied Sciences** increasingly integrate SPP into public management and sustainability curricula.
 - **Informal learning** occurs through NGOs and social enterprise networks such as SEND.
- ➡ Capacity-building remains a **key success factor** for effective SPP.

Federal-Level Responsibilities

- At federal level, responsibilities are **shared across ministries**:
 - **BMI**: Coordinates sustainable procurement in federal administration and hosts the KNB.
 - **BMWK**: Shapes procurement law and promotes SME and innovation participation.
 - **BMZ**: Integrates fair trade and human rights in global supply chains.
 - **BMAS**: Focuses on labour standards, accessibility, and inclusion of vulnerable groups.
 - **BMUV**: Leads environmental sustainability in procurement.
 - **BMVg**: Manages defence procurement under special rules, aligned with sustainability principles.
- ➔ This multi-ministry approach reflects the **cross-cutting nature** of SPP.

State-Level Governance

- Germany's 16 federal states regulate **sub-threshold procurement**.
- State procurement laws may include:
 - Mandatory social clauses
 - Fair trade or ILO standards
- Administrative regulations often bind municipalities.
- Some states operate **competence centres or sustainability units**.
- ➡ States act as a **bridge** between federal strategy and local implementation.

Municipal-Level Implementation

- Municipalities are **key implementers** of SPP.
 - They account for **around half of public procurement expenditure**.
 - Social criteria are integrated through:
 - Local procurement guidelines
 - Political resolutions
 - Award and performance clauses
 - Practical examples:
 - Fair workwear (Würzburg, Dortmund)
 - Recycled paper procurement (Freiburg)
 - Inter-municipal cooperation (Ravensburg)
- ➔ Local level is where **policy translates into real impact**.

Key Messages for Learners

- Germany provides a **strong legal and institutional framework** for social economy and SPP.
- Social enterprises benefit from **multiple legal pathways**, despite no single definition.
- SPP is legally feasible at all levels of government.
- Effective implementation depends on:
 - Legal knowledge
 - Institutional coordination
 - Skills and capacity-building



Facts about Italy

- Has the **third largest economy** in Europe
- Faces challenges of **economic stagnation** and **aging demographic**
- Has one of the **most structured legal frameworks of Social Enterprises**
- Has an **official registration system** for social economy organisations
- Hosts **393k SEs**



Social Economy in Italy: Context and Role

- Italy has one of the **most mature and structured social economy ecosystems in Europe**, with strong historical roots and institutional recognition.
- The social economy plays a central role in:
 - Reducing socio-economic inequalities
 - Promoting territorial cohesion
 - Supporting employment inclusion for vulnerable and marginalised groups
- Social economy organisations are deeply embedded in **local communities**, often acting as partners to public authorities in welfare provision.
- The sector is recognised not only as a social actor, but also as a **key economic and employment driver**.

Organisational Forms of the Social Economy

- Italy's social economy includes a wide range of legally recognised entities.
- **Social Cooperatives** (core actors):
 - **Type A:** Provision of social, health, and educational services
 - **Type B:** Work integration of disadvantaged groups
- **Associations and Foundations:**
 - Active in culture, sport, housing, environmental sustainability, and civic engagement
- **Mutual Aid Societies:**
 - Historically rooted organisations supporting collective welfare and solidarity
- ➡ These forms ensure **democratic governance, reinvestment of profits, and strong community orientation.**

Social Enterprises: Legal Recognition in Italy

- Italy was among the **first EU countries** to introduce a **formal legal definition** of social enterprise.
 - Initial framework: **Legislative Decree No. 155/2006**
 - Strengthened by the **Third Sector Reform**:
 - Decree No. 106/2016
 - Decree No. 112/2017
 - Social enterprise is a **legal status**, applicable to different legal forms (including limited liability companies).
- ➔ This provides **legal clarity, transparency, and policy recognition**.



Criteria to Qualify as a Social Enterprise

To be recognised as a social enterprise in Italy, an organisation must:

- Pursue a **clearly defined social mission** (e.g. welfare, work integration, education, culture)
- Operate in a **stable and entrepreneurial manner**
- **Reinvest at least 50% of profits** into social objectives
- Apply **inclusive and democratic governance** principles
- Produce an **annual social report (bilancio sociale)**

➡ These criteria ensure a **balance between social impact and economic sustainability**.



Main Areas of Activity

Italian social enterprises operate primarily in **public interest sectors**, including:

- Work integration of disadvantaged groups (especially via Type B cooperatives)
- Health and social care services
- Education and training
- Environmental services and sustainable agriculture
- Urban regeneration and social housing
- Cultural and creative industries
- Social tourism and circular economy initiatives

➡ Many of these activities align directly with **public procurement needs**.

Support Ecosystem and Knowledge Infrastructure

Italy benefits from a **strong national support ecosystem**.

- **Legacoop Sociali and Confcooperative Federsolidarietà:**
 - Representation, advocacy, training, and technical support
 - **Forum del Terzo Settore:**
 - Policy dialogue and coordination across the third sector
 - **Research and policy centres:**
 - **EURICSE**
 - **AICCON**
 - These bodies provide:
 - Data and research
 - Impact assessment tools
 - Evidence for policymaking
- ➔ The ecosystem strengthens both **practice and policy coherence**.

Registration and Transparency: RUNTS

- Since 2021, the **Single National Register of the Third Sector (RUNTS)** is the official registration system.
 - Managed by the **Ministry of Labour and Social Policies**
 - RUNTS ensures:
 - Legal recognition
 - Transparency and accountability
 - Access to public funding and fiscal benefits
 - Monitoring and data access supported by:
 - **EURICSE Statistical Portal**
- ➔ RUNTS increases **trust, visibility, and market access.**

Social Public Procurement (SPP): Policy Framework

- Italy has an **advanced legal framework** for Social Public Procurement.
 - **Public Procurement Code:**
 - Legislative Decree 50/2016
 - Amended by Legislative Decree 209/2024
 - Explicit recognition of:
 - Social clauses
 - Reserved contracts
 - Social impact criteria
 - European guidance (e.g. **Buying Social Guide**) is widely used.
- ➡ SPP is embedded in **mainstream procurement law**, not treated as an exception.

Key SPP Mechanisms in Italy

Two main legal instruments support SPP:

1. Social Clauses

- Articles 57 and 61
- Allow:
 - Employment requirements for disadvantaged groups
 - Reserved contracts for social cooperatives and social enterprises

2. Reward (Quality) Criteria

- Introduced in 2019
- Provide **evaluation bonuses** for:
 - Social impact
 - Labour standards
 - Environmental performance
- ➡ This shifts procurement from **price-only** to **value-based** evaluation.

Training and Capacity-Building on SPP

Training opportunities are **developing but unevenly distributed**.

- Regional procurement authorities:
 - Workshops and webinars on social clauses
 - National bodies:
 - **ANAC**
 - **MiSE**
 - **Ministry of Labour**
 - Umbrella organisations:
 - Partner with universities for specialised courses
 - Structured national certification:
 - Still limited
- ➔ Capacity-building remains crucial for **effective and consistent implementation**.

Institutional Responsibilities for SPP

SPP governance in Italy is shared across multiple institutions:

- **ANAC:**
 - Oversight, compliance, and anti-corruption
- **MiSE:**
 - Procurement policy design and digital platforms
- **Ministry of Labour and Social Policies:**
 - RUNTS management and fiscal incentives
- **Regional and local authorities:**
 - Main implementers of SPP
 - Some regions (e.g. Lombardy, Trentino) issue dedicated social clause guidelines

➡ Decentralisation enables **experimentation and local innovation.**

Key Messages for Learners

- Italy offers one of the most advanced legal frameworks for social economy and SPP in Europe.
- Social cooperatives play a central operational role in welfare and employment inclusion.
- Social Public Procurement is legally embedded and enforceable.

Successful SPP depends on:

- Legal knowledge
- Institutional coordination
- Skills and monitoring capacity



Facts about Greece

- Its' economy is based mostly on the **tertiary sector**
- Faces challenges of **high unemployment rate** and **aging demographic**
- The term "**social enterprise**" is **relatively new** in the Greek context
- Has **no guidelines or strategic plan** for the implementation of Social Public Procurements
- Has an **official registration system** for social economy organisations
- Hosts almost **3k SEs**



Social Economy in Greece: Context and Evolution

The concept of **social enterprise** is relatively new in Greece, but the broader notion of **Social and Solidarity Economy (SSE)** is now institutionally recognised.

- Greece formally adopts the term **Social and Solidarity Economy** through **Law 4430/2016**
 - SSE is defined as a set of economic activities based on:
 - Democracy and equality
 - Solidarity and cooperation
 - Respect for people and the environment
 - The sector has gained importance in:
 - Addressing unemployment
 - Supporting vulnerable groups
 - Strengthening local development and social cohesion
- ➡ The Greek model emphasises **values-driven entrepreneurship** rather than profit maximisation.

Legal Framework

Law 4430/2016 constitutes the **cornerstone** of SSE in Greece.

- It formally defines:
 - The concept of Social and Solidarity Economy
 - Eligibility criteria for SSE organisations
- It establishes:
 - Governance principles
 - Registration procedures
 - Public oversight mechanisms

The law also created the **Special Secretariat for Social and Solidarity Economy**, responsible for:

- Policy design
- Monitoring
- Sector support

➡ This law marked the **institutional consolidation** of the sector.

Main Legal Forms of SSE Organisations

The most prominent SSE entities in Greece are **Social Cooperative Enterprises (SCEs)**.

- SCEs are **civil cooperatives**, governed by:
 - Law 1667/1986
 - Law 4430/2016
- They are legally recognised as **commercial entities**
- Their statutory purpose is:
 - Collective benefit
 - Social benefit

Categories of SCEs:

- **Inclusion SCEs:**
 - For Vulnerable Groups
 - For Special Groups
 - **Social Cooperatives of Limited Liability**
 - **Worker Cooperatives**
- ➡ These forms combine **economic activity with social objectives**.

Areas of Activity of Social Enterprises

- Greek social enterprises operate in a **limited but gradually expanding range of sectors.**
- Main areas of activity (2021):
- **Education - 11%**
- **Wholesale & retail trade (excluding vehicles)**
- **Activities of organisations**
- **Food service activities - ~7%**
- ➡ The sector is still **developing its economic diversification**, with strong potential for expansion through public procurement and local partnerships.

Governance and Institutional Responsibilities

SSE policy in Greece is **centrally coordinated**, but involves multiple ministries.

- **Ministry of Labour and Social Affairs:**
 - Overall coordination of SSE
- **Additional regulatory roles:**
 - Ministry of Interior
 - Ministry of Economy & Development
 - Ministry of Health
 - Ministry of Rural Development & Food
- **The Special Secretariat for SSE:**
 - Identifies
 - Supports
 - Monitors SSE entities

➔ Governance reflects the **cross-sectoral nature** of SSE activities.

Representation and Collective Structures

Institutional representation of SSE actors has **significantly strengthened** in recent years.

- **12 Regional Unions** recognised under Law 4430/2016
 - **11 out of 13 Regions** have active secondary associations (as of 2023)
 - These unions:
 - Represent social enterprises
 - Promote social entrepreneurship
 - Operate democratically
 - At national level:
 - **Panhellenic Confederation** represents 8 regional unions
 - **KAPA Network**:
 - Cooperative education
 - Policy advocacy
- ➔ Collective organisation enhances **visibility, advocacy, and policy dialogue**

Support Ecosystem and Capacity-Building

Greece's SSE ecosystem has grown rapidly, especially at regional and local level.

- Advisory bodies and support offices in most regions
- Accelerators and networks supporting:
 - Volunteering
 - Enterprise creation
 - Social innovation
- Academic involvement:
 - Postgraduate and lifelong learning programs
 - Hellenic Open University
 - University of Crete
- Citizen-oriented initiatives:
 - **Popular University of SSE (univsse.gr)**
- Government-supported spaces:
 - “Merchants Arcade” for SSE product promotion
- ➡ The ecosystem supports both **entrepreneurship and citizen engagement**.

Complementary Innovation & Support Initiatives

Some initiatives are not SSE-specific but remain **highly relevant**:

- **Athens Startup Incubator (The Athens Incube)**
- **InnovAthens Accelerator**
- **Foundations, NGOs, and support organisations:**
 - Incubation: ACEin, Orange Grove
 - Advisory services: Militos Consulting, Social Dynamo
 - Training: HIGGS, Athens Makerspace
 - Finance & capacity-building:
 - Action Finance Initiative
 - The People's Trust

➡ These actors strengthen the **broader social innovation ecosystem**.

Registration System for SSE Organisations

Greece operates a **formal national registration system** for SSE entities.

- Managed by the **Ministry of Labour and Social Affairs**
 - Registration requires:
 - Electronic application
 - Articles of Association
 - Supporting documents (vary by entity type)
 - For **Worker Cooperatives**:
 - Member insurance as self-employed professionals is mandatory
 - Registration certificate enables:
 - Legal recognition
 - Start of commercial activity
- ➔ Registration ensures **transparency, legality, and public trust.**

Social Public Procurement (SPP): Policy Context

- Greece has a **legal basis** for SSE participation in public procurement, while SPP is **gradually emerging**.
- SSE participation is permitted in public tenders
- **Action Plan for Social Economy (up to 2027):**
 - **Action 6:** Capitalisation of SPP for SSE development
 - **Action 7:** Training SSE organisations on procurement framework
- Responsible bodies:
 - Ministry of Labour and Social Affairs
 - General Secretariat for Employment Support
 - Single Public Procurement Authority
- ➡ SPP is recognised as a **strategic tool**, but still under development.

Institutional Roles in Public Procurement

Multiple ministries share responsibility for procurement and SSE-related policies:

- **Ministry of Development:**
 - Economic programs and SSE funding tools
- **Ministry of Interior & Ministry of Justice:**
 - Public procurement processes
- **Single Public Procurement Authority:**
 - Oversight and coordination
- **Ministry of Health:**
 - Social Cooperatives of Limited Liability
- **Ministry of Rural Development:**
 - Agricultural and women's cooperatives
- **Ministry of Environment & Energy:**
 - Energy communities

➔ Institutional fragmentation remains a **key challenge**.

Role of Local Authorities

Municipalities play a **crucial operational** role in SPP.

- SSE organisations mainly interact with:
 - **First-degree local authorities**
 - Cooperation occurs through:
 - Socially Responsible Public Procurements
 - Programmatic contracts
 - Municipalities can:
 - Create supportive local ecosystems
 - Pilot innovative procurement models
 - Impact depends on:
 - Available resources
 - Political will
 - Administrative capacity
- ➔ Local level is essential for **practical implementation**.

Key Messages for Learners

Greece has a clear legal framework for Social and Solidarity Economy.

- The sector is growing, but still relatively small.
- Strong emphasis on:
 - Cooperative models
 - Social inclusion

Social Public Procurement is:

- Recognised in policy
- Still in an early implementation phase

Future progress depends on:

- Capacity-building
- Clear SPP guidelines
- Stronger local-level engagement



Learning video time...





Facts about Spain

- Has the **fourth largest economy** in the Eurozone
- Faces challenges of **aging population**
- Has a **social economy** with a wide variety of organisations
- Follows **guidelines based on EU directives** to support Social Public Procurements
- Lack an **official registration system** for social economy organisations
- Hosts **43k SEs**



Social Economy in Spain: Overview and Role

Spain has a **well-established and diverse social economy**, playing a significant role in employment, inclusion, and sustainable development.

- The social economy includes organisations that prioritise **social value over profit maximisation**.
 - It contributes strongly to:
 - Social inclusion and cohesion
 - Employment creation, especially for vulnerable groups
 - Sustainable and green development
 - Social enterprises are an integral part of this ecosystem, combining **economic activity with social objectives**.
- ➡ The Spanish model emphasises **social impact, democracy, and solidarity**.

Main Organisational Forms

The Spanish social economy encompasses a **variety of organisational types**.

- **Cooperatives:**
Democratically governed enterprises operating in sectors such as agriculture, services, energy, and care.
- **Mutual societies:**
Organisations providing social protection and collective benefits.
- **Associations and foundations:**
Active in social services, culture, education, health, and environmental protection.
- **Social enterprises:**
Organisations that adopt a social economy model while operating sustainably in the market.

➡ This diversity allows the sector to **respond flexibly to social and territorial needs**.

Defining Social Enterprises in Spain

In Spain, a social enterprise is understood as:

- An organisation operating within the **social economy framework**
 - Its primary aim is to **serve the general interest**, not maximise profit
 - It combines:
 - Social or environmental mission
 - Economic sustainability
 - Democratic and inclusive governance
- ➔ While the definition is widely accepted in practice, it is **not linked to a single legal status**.

Criteria to Qualify as a Social Enterprise

To be recognised as a social enterprise in Spain, organisations typically meet the following criteria:

- **Social mission:**
Addressing a clear social or environmental challenge
 - **Profit reinvestment:**
Profits are reinvested to support the mission
 - **Inclusive governance:**
Democratic decision-making, often involving workers, users, or beneficiaries
 - **Social impact orientation:**
Activities are designed to generate measurable social value
- ➔ These criteria ensure **credibility and accountability**, even without formal certification.

Main Areas of Activity

Spanish social enterprises operate mainly in **public-interest and impact-oriented sectors**.

- **Social inclusion and employment**

Supporting unemployed people, persons with disabilities, migrants, and other vulnerable groups

- **Sustainable development**

Environmental protection, renewable energy, circular economy

- **Health and social services**

Care services, support for elderly and dependent persons

➔ These areas strongly align with **public policy priorities and procurement needs**.

Support Ecosystem and Networks

Spain benefits from a **strong support and representation ecosystem**.

- **CEPES** (Spanish Business Confederation of Social Economy):

- Main national umbrella organisation
- Advocacy, policy dialogue, and sector representation

- **Regional networks and federations:**

- Provide training, consultancy, and networking

- Support services include:

- Capacity-building
- Legal and business advice
- Market access support

➡ Networks compensate for the lack of a formal registration system.

Recognition and Visibility

- Spain does not operate a **mandatory registration or certification system** for social enterprises.
 - Organisations may:
 - Voluntarily join networks such as **CEPES**
 - Identify themselves as part of the **Social Economy**
 - Recognition is based on:
 - Compliance with social economy principles
 - Public reputation and network participation
- ➡ This flexible model encourages participation but limits **systematic data collection**.

Social Public Procurement (SPP): Policy Context

Spain promotes Social Public Procurement mainly through **EU-aligned legal frameworks**.

- Implementation is guided by:
 - EU Public Procurement Directives
 - Social and environmental considerations are increasingly integrated into procurement strategies.
 - Platforms such as **Convalores**:
 - Support social enterprises
 - Provide tools to access public procurement markets
- ➔ SPP is viewed as a **strategic tool for social value creation**.

Legal Framework for Social Procurement

The main national legal instrument is:

- **Public Sector Contracts Law (Ley 9/2017)**
 - This law allows contracting authorities to:
 - Include **social criteria** in award procedures
 - Consider **social value**, not only price
 - Promote participation of social economy entities
- ➡ The law provides **legal certainty** for socially responsible procurement.

Learning and Training Opportunities

The main national legal instrument is:

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 - Promote participation of social economy entities
- ➡ The law provides **legal certainty** for socially responsible procurement.

Institutional Responsibilities for SPP

SPP responsibilities are shared across levels of governance.

- **Ministry of Economic Affairs and Digital Transformation:**
 - Oversees procurement legal framework
 - **Regional and local authorities:**
 - Implement social procurement strategies
 - Adapt national rules to local needs
 - Collaboration with:
 - Social economy networks
 - Support platforms
- ➔ Decentralisation allows **context-specific implementation**.

Key Messages for Learners

Spain has a strong and diverse social economy with significant employment impact.

- Social enterprises are defined by values and practices, not by a single legal form.
- Social procurement is legally supported and EU-aligned.

Effective implementation depends on:

- Awareness of legal tools
- Training of public authorities
- Strong support networks

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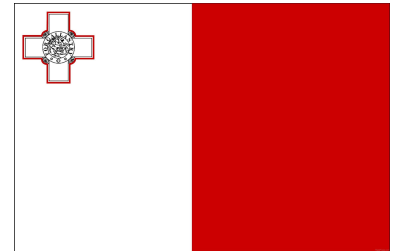
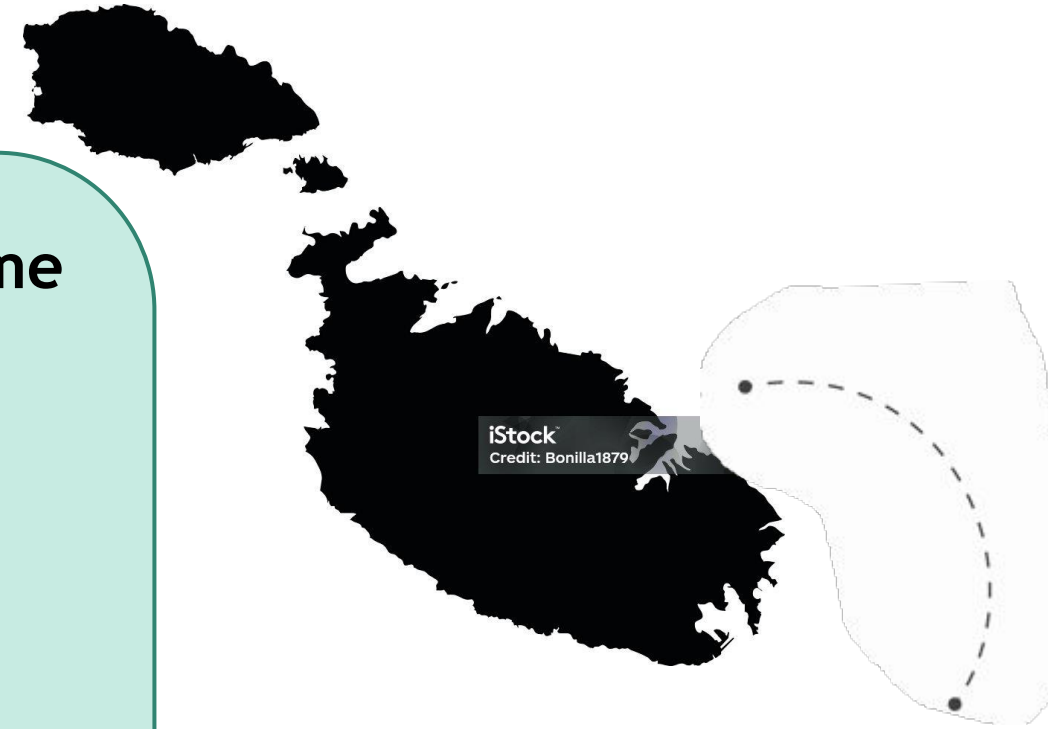
Learning video time...





Facts about Malta

- Its' economy is characterized by **high-income status**
- Faces challenges of **poverty and social exclusion**
- Has a **no official, in-force legal framework** for SEs
- **Lacks** dedicated national SPP **guidelines**
- The learning and training opportunities on SPP offered are **fragmented**
- Hosts the low number of **750 SEs**





Social Economy in Malta: Context and Background

Malta has a **long-standing tradition of voluntary action and cooperation**, forming a strong but largely **informal social economy**.

- Social initiatives in Malta date back centuries through:
 - Voluntary associations
 - Cooperatives
 - Cultural and sports organisations
- A “**de facto**” **social economy** exists, even though formal social enterprise policy is still emerging.
- A recent study identified around **750 de facto social enterprises**, contributing to:
 - Job creation
 - Social inclusion
 - Community cohesion

➡ Malta’s social economy is **active and impactful**, but still in the process of formalisation.



Main Types of Social Economy Organisations

The Maltese social economy consists mainly of **three organisational groups**:

- **Voluntary Organisations (VOs) (~394):**
 - Governed by the **Voluntary Organisations Act (2007)**
 - Supported by the **Malta Council for the Voluntary Sector (MCVS)**
- **Cooperatives (~57):**
 - Governed by the **Cooperative Societies Act (2001)**
 - Represented by the **Malta Cooperative Federation (MCF)** and **Koperattivi Malta**
- **Cultural and Sports Clubs (~299):**
 - Often operate with social missions
 - Function as **de facto social enterprises**

➡ These entities deliver social value but often lack **formal recognition as social enterprises**.

Social Enterprise Development in Malta

Malta does not yet have a fully operational legal framework dedicated solely to social enterprises.

- The **Social Enterprise Act (SEA - Act IX of 2022)**:
 - Published in February 2022
 - Represents a major policy milestone
 - **Not yet in force**, pending Government Gazette notice
 - Formalisation through the SEA is essential to:
 - Enable tailored support
 - Improve scalability
 - Increase access to funding and procurement
- ➔ The sector is currently in a **regulatory transition phase**.

Defining Social Enterprises under the SEA

The Social Enterprise Act defines social enterprises through **two alternative pathways**:

- **Income-based pathway:**
 - At least **60% of income** generated through trade for a social purpose
 - **Employment-based pathway:**
 - At least **30% of full-time equivalent workers** are disabled or disadvantaged
 - Additional recognition criteria include:
 - **Clear social mission**
 - **Profit reinvestment:**
 - Maximum 25% distribution over three years
 - **Approved legal form:**
 - Company, partnership, or cooperative
 - **Autonomy from government**
- ➔ These criteria align Malta with **EU good practices**.

Registration and Regulatory Framework

The SEA mandates:

- A Social Enterprise Regulator
 - A Register of Social Enterprise Organisations
 - These structures aim to:
 - Ensure transparency and accountability
 - Enable monitoring and policy support
 - However, since the SEA is not yet in force:
 - The Regulator and Register are not operational
 - Access to benefits (e.g. **Micro Invest scheme extension**) is delayed
- ➔ Regulatory uncertainty remains a **key structural challenge**.

Support Ecosystem and Funding Sources

Malta's social economy is supported by a **mixed public-private ecosystem**.

Key networks and associations:

- Malta Cooperative Federation (MCF)
- Koperattivi Malta
- Social Entrepreneurs Association Malta (SEAM)

Public institutions:

- Malta Council for the Voluntary Sector (MCVS)
- Office of the Commissioner for Voluntary Organisations
- Board of Cooperatives

Funding sources:

- EU programmes (e.g. ESF+)
- Malta Microfinance Ltd
- APS Bank
- Micro Invest scheme (pending SEA activation)

➡ Support exists, but remains **fragmented**.

Areas of Activity of Social Enterprises

Social enterprises in Malta operate across **diverse and socially relevant sectors**:

- Social services:
 - Health, elderly care, disability support, childcare
 - Education and training
 - Employment and work integration:
 - A key SEA recognition pathway
 - Environmental sustainability
 - Cultural activities and fair trade
 - Rural tourism and holistic services
- ➡ These activities strongly align with **national development priorities**.

Key Challenges and Opportunities

Main challenges:

- Social Enterprise Act **not yet in force**
- Regulatory uncertainty
- Limited access to targeted incentives
- Fragmented support ecosystem

Key opportunities:

- SEA commencement unlocking:
 - Financial incentives
 - Formal recognition
 - Promotion of inclusivity
 - International collaboration:
 - SEAM's membership in the **Euclid Network**
 - Introduction of **social impact reporting**
- ➡ The sector's future depends on **policy implementation**.

Social Public Procurement (SPP): Legal Context

Malta's SPP framework is legally permitted but underutilised.

- **Public Procurement Regulations (S.L. 601.03):**
 - Allow **Reserved Contracts** (Reg. 161-165)
 - Require at least **30% disabled or disadvantaged employees**
 - Additional relevant legislation:
 - Public Finance Management Act
 - Voluntary Organisations Act
 - Cooperative Societies Act
- ➔ Legal tools exist, but practical use remains limited.

SPP Practice, Tools, and Training

Malta lacks **dedicated national SPP guidelines**

- EU-funded initiatives:
 - **WeBuySocialEU**
 - **Deal4Good**
 - Procurement platform:
 - **eTenders (ePPS)** is mandatory
 - Lacks SPP-specific tracking features
 - Training opportunities:
 - University of Malta
 - MCAST
 - Institute for the Public Services (IPS)
 - Private academies
 - Support from:
 - MCF, MCVS, SEAM
- ➔ Capacity-building is **fragmented but growing**.

Institutional Responsibilities for SPP

Key public bodies include:

- **Ministry for the Economy, Enterprise and Strategic Projects**
- **Ministry for Inclusion and Voluntary Organisations**
- **Department of Contracts (DoC)** - central procurement authority
- **Supporting institutions:**
 - Malta Business Registry (MBR)
 - Commissioner for Voluntary Organisations (CVO)
 - Cooperatives Board
 - Malta Enterprise
 - Servizzi Ewropej f'Malta (SEM)

➔ **Stronger inter-ministerial coordination is needed.**

Key Messages for Learners

- Malta has a vibrant but largely informal social economy.
- Formalisation through the SEA is critical for sustainability and scale.
- SPP is legally possible but underdeveloped.

The next phase depends on:

- Policy implementation
- Capacity-building
- Coordinated governance

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Learning video time...



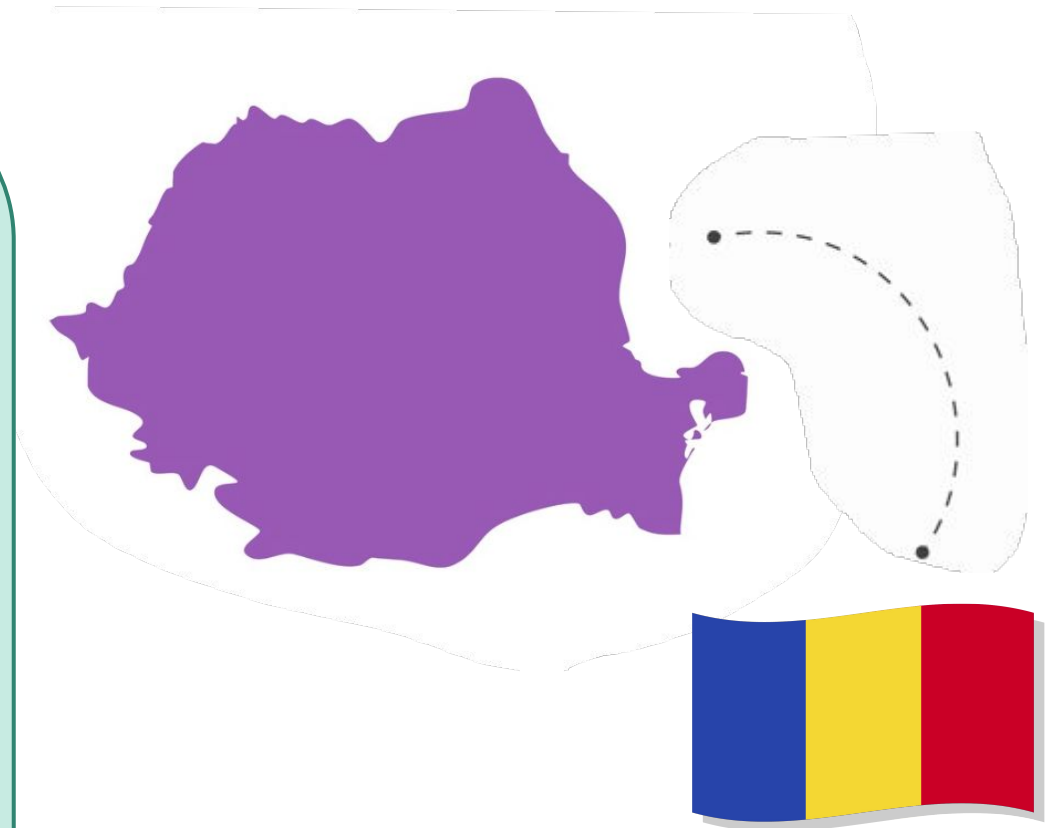


Mario Mallia



Facts about Romania

- Its' economy focuses on **services, industry and agriculture sectors**
- Faces challenges of **poverty and social exclusion**
- It provides **certificate** to social enterprises
- It **does not have** a centralized toolkit or dedicated online **platform** focused on SPP
- The **learning and training opportunities** related to SPP remain underdeveloped
- Hosts almost **3k SEs**





Social Economy in Romania: Legal and Policy Context

Romania has a **clear legal framework** for the social economy, anchored in national legislation.

- The social economy is regulated by:
 - **Law no. 219/2015 on Social Economy**
 - **Government Decision no. 585/2016**, which sets out the methodological norms
 - Social economy is recognised as a tool for:
 - Social inclusion
 - Employment creation
 - Addressing community needs
 - The law provides **formal recognition mechanisms**, distinguishing Romania from countries with only informal definitions.
- ➔ Romania follows a **regulated and certification-based approach** to social enterprises.



Definition of Social Enterprise in Romania

Under Law no. 219/2015, a social enterprise is:

- A **private legal entity**
 - Whose founding and organisational documents clearly demonstrate:
 - Compliance with the **definition of social economy**
 - Adherence to its **core principles**
 - Recognition is not automatic:
 - Organisations must apply for **official certification**
- ➔ Legal recognition is **conditional on compliance**, not on legal form alone.

Eligible Legal Forms for Social Enterprises

A wide range of entities can qualify as social enterprises, including:

- **Associations and foundations**
 - **First-degree cooperatives**
 - **Federations**
 - **Credit cooperatives**
 - **Mutual aid societies** (for employees and pensioners)
 - **Unions of legal entities**
 - **Other private legal entities meeting the legal criteria**
- ➔ This inclusiveness allows **diverse organisational models** to operate within the social economy.

Certification System: Social Enterprise Certificate

- To be officially recognised, organisations must obtain a **Social Enterprise Certificate**.
- Certification confirms:
 - Alignment with social economy principles
 - Eligibility for specific policy measures
- For work-integration-focused entities, an additional status applies:
 - **Social Insertion Enterprise**, certified through the **Social Brand (Social Mark)**
- ➡ Certification is central to **visibility, credibility, and policy targeting**.

Social Insertion Enterprises and the Social Brand

- The **Social Brand** is a specialised certification for **Work Integration Social Enterprises (WISEs)**.
 - It recognises direct contribution to:
 - General interest
 - Improvement of conditions for vulnerable groups
 - The Social Brand includes:
 - A certificate valid for **3 years**
 - A **mandatory visual identity element**
 - The visual identity must appear on:
 - Products
 - Works
 - Service documentation
- ➔ The Social Brand enhances **market recognition and public trust**.

Criteria to Qualify as a Social Enterprise

- To obtain certification, organisations must demonstrate that they:
 - Serve a **social purpose or the general interest**
 - **Reinvest at least 90% of profits** into:
 - Social mission
 - Statutory reserves
 - Commit to:
 - Transferring remaining assets, upon liquidation, to another social enterprise
 - Promote **fairness in the workplace**:
 - Equitable salaries
 - Maximum pay ratio of **1:8** between highest and lowest earners
- ➔ These strict criteria ensure **strong social impact and ethical governance**

Support Ecosystem and Key Networks

- Romania's social economy is supported by an **active civil society ecosystem**.

Key supporting organisations include:

- **RISE Romania** - Romanian Social Economy Network
- **Social Economy Coalition**
- **FONSS**
- **Ashoka Romania**
- **NESsT**

They provide:

- Funding and investment readiness support
- Training and mentoring
- Advocacy and policy dialogue

➔ These actors play a crucial role in **capacity-building and reform**.

Social Public Procurement (SPP): Policy Landscape

- Romania does not yet have a **dedicated national SPP toolkit or platform**, but several frameworks support SPP.
- **National Strategy for Public Procurement (2015-2020):**
 - Identified gaps in integrating social objectives
- Relevant legislation includes:
 - **Law no. 448/2006** - Sheltered units and disability employment
 - **Law no. 98/2016** - Public procurement, including reserved contracts
- ➡ Legal provisions exist, but **implementation remains limited**.

Reserved Contracts and Current Practice

- Romanian law allows:
 - Reserved contracts for sheltered units
 - Contracts supporting employment of persons with disabilities
 - In practice:
 - Public authorities rarely use these options
 - Engagement with social enterprises is inconsistent
 - Key barriers:
 - Lack of obligation
 - Limited awareness
 - Procedural complexity
- ➔ The challenge is not legality, but **practical uptake**.

Recent Legislative Developments (2024-2025)

In 2024, a major reform initiative was launched by:

- **ADV Romania Group**
- **RISE Romania**
- **Social Finance Association**

Key proposal:

- Public authorities with procurement budgets over **€3 million** must allocate:
 - **0.5%** to contracts with **WISEs**

Status:

- Passed in the **Senate**
- Under review in the **Chamber of Deputies**

➡ This would represent a **systemic breakthrough** for SPP.

Training and Capacity-Building on SPP

Training on social procurement remains **underdeveloped**.

- Existing initiatives:
 - Workshops by **IES (Institute of Social Economy)**
 - Policy dialogues by **RISE Romania**
 - Gaps:
 - Tendering procedures
 - Pricing and costing
 - Legal compliance
 - Barriers:
 - Limited outreach
 - Administrative complexity
- ➔ Capacity-building is essential to **activate existing legal tools**.

Institutional Responsibilities for SPP

Key institutions involved include:

- **ANAP (National Agency for Public Procurement):**
 - Regulates procedures
 - Provides technical guidance
 - **Ministry of Labor and Social Protection:**
 - Manages sheltered unit programs
 - **Department for Sustainable Development (Prime Minister's Office):**
 - Coordinates social policy alignment
 - **Social economy organisations:**
 - Advocacy, training, legislative reform
 - **Local public authorities:**
 - Main implementers, but often lack expertise
- ➔ Coordination and guidance remain **fragmented**.

Recent Progress and Outlook

- December 2024:
 - National webinar on SPP and WISEs organised by ADV Romania and partners
- Outcomes:
 - Strong participation from public authorities and SEs
 - Increased awareness
- Follow-up:
 - **ANAP committed to expanded training in 2025**
- ➡ Momentum is building toward **wider adoption of SPP.**

Key Messages for Learners

- Romania has a robust legal and certification framework for social enterprises.
- Social impact requirements are among the strictest in Europe.
- Social Public Procurement is legally possible but rarely applied.

Key priorities include:

- Legislative reform
- Mandatory SPP quotas
- Simplified procedures
- Capacity-building for public buyers and SEs

Facts about Bulgaria

- 66% of its' economy is **service-oriented**
- Faces challenges of **aging population**
- Has an **Act** that legally defines a social enterprise
- Its' **legal framework** for Social Economy supports SPP but lacks strong mandates
- **Capacity-building efforts** on SPP exist but are still developing
- Hosts a low number of **170 SEs**



Social Economy in Bulgaria: Context and Development

Bulgaria's social economy is a **developing but institutionally recognised sector**, focused on social impact and inclusion.

- The sector is composed mainly of:
 - Cooperatives
 - Associations
 - Foundations
 - Other social-impact-oriented entities
 - Social economy organisations contribute to:
 - Employment creation
 - Social inclusion of vulnerable groups
 - Local and community development
 - Although still relatively small, the sector is **gaining policy attention and structural support**.
- ➡ Bulgaria represents an **emerging social economy ecosystem** with clear growth potential.

Legal Framework for the Social Economy

The social economy in Bulgaria is underpinned by a **dedicated legal framework**.

- **Social and Solidarity-Based Enterprises Act (2018):**
 - Provides a **legal definition** of social enterprises
 - Establishes criteria for recognition
 - The Act strengthens:
 - Legal certainty
 - Transparency
 - Public sector engagement with social enterprises
 - Oversight is provided by the **Ministry of Labour and Social Policy (MLSP)**.
- ➡ The law marks an important step toward **formalisation and legitimacy**.

Defining Social Enterprises in Bulgaria

Under Bulgarian legislation, a social enterprise is an entity that:

- Has a **primary social mission** benefiting the community
 - Generates **measurable social added value**
 - Operates with **democratic and participatory governance**
 - **Reinvests the majority of its profits** into social objectives
- ➡ Recognition focuses on **impact and governance**, not only economic activity.

Registration and Recognition System

- Bulgaria operates an **official registration system** for social enterprises.
 - Managed by the **Ministry of Labour and Social Policy**
 - Registration provides:
 - Formal recognition
 - Increased visibility
 - Eligibility for public engagement and support
 - Registered status helps public authorities:
 - Identify eligible social enterprises
 - Design targeted procurement and support measures
- ➔ Registration is a key tool for **policy implementation and trust-building**.

Main Areas of Activity

Social enterprises in Bulgaria are mainly active in:

- **Social services**
Care, support services, and community-based assistance
 - **Employment of vulnerable groups**
Including persons with disabilities and long-term unemployed
 - **Manufacturing activities**
Often linked to social employment objectives
 - **Environmental activities**
Recycling, green production, and sustainability initiatives
- ➔ These sectors closely align with **public policy and procurement needs**.

Support Ecosystem and Networks

- The Bulgarian social economy is supported by a **growing support infrastructure**.
- **Bulgarian Social Enterprise Network (BULSEN):**
 - Advocacy and representation
 - Training and networking
- **Six regional focus centres:**
 - Local support and advisory services
 - Capacity-building and awareness-raising
- NGOs and EU-funded projects:
 - Provide expertise, pilots, and funding opportunities
- ➡ Support is **expanding geographically**, though still uneven.

Social Public Procurement (SPP): Strategic Context

Bulgaria supports Socially Responsible Public Procurement through:

- Strategic policy documents
 - National and EU-level guidance tools
 - Digital procurement infrastructure
 - Alignment with EU social and green procurement priorities
- ➡ SPP is recognised as a **policy instrument**, though not yet mainstreamed.



Legal Framework for SPP

The **Public Procurement Act** provides the legal basis for SPP.

- **Article 12** allows:
 - **Reserved contracts** for social enterprises
 - Requirement: at least **30% disadvantaged staff**
 - The Act also enables:
 - Social clauses
 - Green criteria
 - The **Social Enterprises Act (2018)**:
 - Encourages public bodies to engage with registered social enterprises
 - The **National Strategy** promotes procurement from:
 - Specialised enterprises (e.g. cooperatives for people with disabilities)
- ➡ Legal tools exist, but innovation mandates remain limited.



Tools, Platforms, and Guidance for SPP

Several tools support SPP implementation in Bulgaria:

- **Public Procurement System (AOP):**
 - Centralised digital platform
 - Guidance on green and social criteria
 - Explanation of procurement procedures
 - Additional toolkits:
 - **ROMACT Guidelines**
 - **Interreg Circular Procurement Guidebook**
- ➡ These resources support compliance, but practical uptake varies.

Learning and Capacity-Building Opportunities

Capacity-building for SPP is **developing but fragmented**.

- Training initiatives include:
 - **OECD-supported activities**
 - Courses and guidance by **AOP**
 - Workshops and forums:
 - Organised by NGOs
 - Supported by EU-funded projects (Interreg, CO-RESP)
 - EU funding (Interreg, Cohesion Funds):
 - Plays a crucial role in SPP skill development
- ➔ Continuous training is essential to improve **implementation quality**.

Institutional Responsibilities for SPP

Key public bodies involved include:

- **Ministry of Finance:**
 - Leads procurement policy and legislation
 - **Public Procurement Agency (AOP):**
 - Guidelines, training, and platform management
 - **Ministry of Labour and Social Policy (MLSP):**
 - Social enterprise register
 - SPP policy coordination
 - **Ministry of Environment & Energy Efficiency Agency:**
 - Development of green and social criteria
- ➡ Governance is shared, requiring **strong coordination**.

Key Challenges and Opportunities

Main challenges:

- Small size of the sector
- Limited innovation incentives in procurement
- Uneven awareness among public buyers
- Fragmented capacity-building

Key opportunities:

- Existing legal provisions for reserved contracts
- Centralised procurement platform
- Strong EU support mechanisms
- Growing regional support structures

➔ The framework exists; **implementation is the next step.**

Key Messages for Learners

- Bulgaria has a formal legal definition and registration system for social enterprises.
- The social economy is small but institutionally recognised.
- Social Public Procurement is legally possible through reserved contracts and social clauses.

Future progress depends on: Capacity-building

- Stronger policy incentives
- Better coordination between institutions
- Effective use of EU support

Facts about Cyprus

- Over 80% of its' economy is **service-based**
- Faces challenges of **aging population**
- Has **not defined** social and solidarity economy in any legal or official text
- Has a **Registry of SEs**
- Has **no specific law or guidelines** that define the implementation of SPP
- Offers **no SPP training programs**



Social Economy in Cyprus: Context and Recent Developments

- In Cyprus, the **social and solidarity economy (SSE)** is a **recently institutionalised field**, with limited historical legal recognition but growing policy attention.
 - Until recently, SSE was **not formally defined** in legislation or official policy.
 - A major milestone was the adoption of the **Social Enterprises Act (2020)**.
 - In **December 2023**, the Act was amended with regulations enabling the creation of the **Registry for Social Enterprises**.
 - The Registry is still in an **early implementation phase**, marking Cyprus as a country in **transition from informal to formal recognition**.
- ➡ Cyprus is building its SSE framework from the ground up.

Legal Framework: Social Enterprises Act (2020)

- The **Social Enterprises Act (2020)** establishes the first legal definition of social enterprises in Cyprus.
- A social enterprise is an enterprise **registered in the official Register of Social Enterprises**.
- The law introduces:
 - Eligibility criteria
 - Governance requirements
 - Profit distribution rules
- The Register is managed by:
 - **Registrar of Cooperative Societies & Social Enterprises**
 - Under the **Cooperative Societies Service (CSS)**, a national public authority

➔ Legal recognition depends on **formal registration**, not self-identification.



Types of Social Enterprises in Cyprus

- The law distinguishes two types of social enterprises:
- **General Purpose Social Enterprises**
 - Pursue social, cultural, and/or environmental goals
- **Social Inclusion Social Enterprises**
 - Focus on labour market integration
 - Target persons with disabilities and other vulnerable groups
- ➡ This distinction mirrors EU practice, especially in relation to **Work Integration Social Enterprises (WISEs)**.

Core Requirements for Registered Social Enterprises

To be registered, a social enterprise must:

- Provide goods or services with **at least 70% of revenue from business activities**
 - Operate in a **business-like, responsible, and transparent manner**
 - Ensure **participatory governance**, involving:
 - Members
 - Employees and/or customers
 - Apply remuneration policies that **limit wage gaps**
- ➔ The model combines **entrepreneurial activity with social accountability.**

Profit Reinvestment Rules

Profit distribution differs by type of social enterprise:

- **General Purpose SEs:**
 - Reinvest at least **80% of surplus** into their social mission
 - **Social Inclusion SEs:**
 - Reinvest at least **40% of surplus** into their social mission
 - Deliver social impact primarily through employment inclusion
- ➡ Reinvestment thresholds ensure **long-term social value creation**.

Legal Forms within the Social Economy

Social economy actors in Cyprus operate under **multiple legal forms**:

- **Cooperatives**
 - Long-standing tradition
 - Governed by the **Cooperative Societies Law**
 - **Associations and Foundations**
 - Common for NGOs and community initiatives
 - **Private Limited Companies**
 - By shares or guarantee
 - **Partnerships**
 - Operating as social enterprises under the 2020 Act
- ➡ The law allows **legal flexibility**, provided social criteria are met.

Size and Employment of the SSE Sector

In 2020, Cyprus recorded:

- **581 SSE entities**
- **Over 50% were associations**
- Total employment in SSE:
 - **3,529 people**

The sector is still **small in scale**, but strategically important for:

- Inclusion
 - Innovation
 - Community services
- ➔ **Early-stage development offers room for targeted growth.**

Key Institutions and Governance

The **Cooperative Societies Service (CSS)** is the main focal point for SSE.

- CSS responsibilities include:
 - Cooperatives
 - Social enterprises
 - Promotion of **Corporate Social Responsibility (CSR)**
 - Complementary institutions:
 - Ministry of Labour, Welfare & Social Insurance
 - Ministry of Commerce & Industry
 - Ministry of Finance
 - National Authority for Innovation
- ➔ Governance is **centralised but multi-sectoral**.

Support Ecosystem and Networks

Key non-governmental and semi-public actors include:

- **Cyprus Network for Social Entrepreneurship**
 - Principal community of SEs
 - **Centre for Social Innovation**
 - Incubation and innovation support
 - Other initiatives support:
 - Youth engagement
 - Technology-driven innovation
 - Social inclusion projects (e.g. Future Worlds Center)
- ➔ The ecosystem is **small but dynamic**, with innovation potential.

Areas of Activity of Social Enterprises

- Social enterprises in Cyprus are active in:
- Social inclusion and employment
 - Persons with disabilities
 - Vulnerable groups
- Environmental projects and circular economy
- Cultural and community services
- Youth engagement and civic participation
- Technology-driven social innovation
- ➡ Activities align with **national and EU policy priorities.**

Registration Procedure for Social Enterprises

- Applications must be submitted within **20 working days**
- A decision must be issued within **30 days**
- Registration grants:
 - Official recognition
 - Entry into the national Register
- The system is still **new and evolving**, with limited practical experience so far
- ➡ Efficient procedures support **early-stage uptake**.

Social Public Procurement (SPP): Legal Context

- Cyprus does **not** have a dedicated SPP strategy or guidelines.
- The main legal framework is:
 - **Law 73(I)/2016 - Public Procurement and Related Issues**
- The law fully transposes **EU Directive 2014/24/EU**
- It allows the integration of **social criteria** across procurement stages
- ➡ SPP is **legally enabled**, but not yet strategic.

Social Clauses in Public Procurement

- Law 73(I)/2016 allows Contracting Authorities to include social clauses, provided they:
- Are **linked to the subject-matter** of the contract
- Are appropriate to the **procurement stage**
- Respect:
 - Equal treatment
 - Transparency
 - Proportionality
- Apply **equally to all economic operators**
- ➡ Social clauses must create value **without discrimination**.

Reserved Contracts and Inclusion Mechanisms

- Key provisions include:
- **Article 7:**
 - Allows awarding contracts to entities employing **≥30% persons with disabilities or disadvantaged groups**
 - Requires a **Council of Ministers decision**
- **Articles 74-77:**
 - Special award regime for social, health, and cultural services
 - Possibility to **reserve contracts** for eligible social economy entities
 - Maximum contract duration: **3 years**
- ➡ These provisions offer strong but **underused tools**.

Social Criteria across Procurement Stages

The law enables social considerations at multiple stages:

- **Technical specifications (Art. 39):**
 - Accessibility and design-for-all
 - **Labels (Art. 40):**
 - Social and environmental compliance
 - **Exclusion grounds (Art. 57):**
 - Tax and social security compliance
 - **Award criteria (Art. 67):**
 - Best price-quality ratio, including social aspects
 - **Contract performance clauses (Art. 70):**
 - Employment and social conditions
- ➔ Cyprus has a **comprehensive legal toolbox** for SPP.

Training and Institutional Responsibilities for SPP

- No Cyprus-based specialised SPP training programmes exist yet
 - Key responsible bodies:
 - **Public Procurement Directorate (Treasury):**
 - Legal compliance
 - Best practices
 - **Council of Ministers:**
 - Approval of reserved contracts
 - **Ministries of Labour & Commerce:**
 - Policy coordination and funding support
- ➔ Capacity-building is a **critical next step**.

Training and Institutional Responsibilities for SPP

- No Cyprus-based specialised SPP training programmes exist yet
 - Key responsible bodies:
 - **Public Procurement Directorate (Treasury):**
 - Legal compliance
 - Best practices
 - **Council of Ministers:**
 - Approval of reserved contracts
 - **Ministries of Labour & Commerce:**
 - Policy coordination and funding support
- ➔ Capacity-building is a **critical next step**.

Key Messages for Learners

- Cyprus has recently established a legal framework for social enterprises.
- The Registry is operational but still in early implementation.

Social Public Procurement is:

- Fully legal
- Rich in tools
- Underutilised in practice

Future progress depends on:

- Awareness and training
- Strategic use of SPP
- Stronger links between SEs and public authorities

**Moving on to the last
chapter...**

2.3 Tendering processes and contracting laws for public procurement in EU





The “Schemes” of Public Procurement: Main Procedures

Core procurement procedures applied in the EU

Public procurement “schemes” are mainly implemented through structured procedures, such as:

- Open procedure
- Restricted procedure
- Competitive procedure with negotiation
- Competitive dialogue
- Innovation partnership

The choice of procedure depends on **complexity, market conditions, and procurement objectives.**

The “Schemes” of Public Procurement: Main Procedures

Open procedures

any interested supplier may submit a tender

! simple / high competition

Restricted procedures

two stages: request to participate
→ shortlisted bidders submit tenders

! useful when many suppliers exist

Competitive procedure with negotiation

negotiation allowed after initial offers

! best for complex service/solutions

The “Schemes” of Public Procurement: Main Procedures

Competitive dialogue

dialogue to define the solution before final offers
! for highly complex projects

Innovation partnership

develop and then buy innovative solution
! for R&D + procurement combined

Award Criteria: How the EU selects the best offer

From “lowest price”
to “best value”

Contracting authorities may
award contracts based on:

- Lowest price
- Cost-effectiveness
- Most Economically
Advantageous Tender (MEAT)

— MEAT can include:

- quality
- technical value
- Environmental performance
- social criteria
- life-cycle costing

How Awarding Works (MEAT)

Contracts are typically awarded using MEAT which may include:

- price/cost (incl. lifecycle costing)
- quality and technical merit
- delivery and implementation plan
- social and environmental value
- after-sales service, warranties, operational performance

Award criteria must be:

- linked to the subject matter of the contract
- objective, transparent, and verifiable

Qualification, Exclusion & Selection

Exclusion grounds

(mandatory and discretionary)

Examples:

- criminal offences / fraud / corruption
- serious professional misconduct
- non-payment of taxes / social security

Selection criteria

- suitability to pursue professional activity
- economic/financial standing
- technical and professional ability

Contract Law in EU Procurement: Key Rules

EU procurement law strongly affects the “contract stage”, including:

- contract performance conditions (e.g., labour, environment)
- subcontracting rules
- payments and contract management requirements
- termination rules (in specific cases)
- legal framework for contract modifications

In practice: the tender documents become part of the “**contract law package**”

What EU Law says for Contract Modifications

DOs

EU rules **allow modifications** in certain cases:

- clearly defined review clauses in tender docs
- additional works/services (under conditions)
- unforeseen circumstances (under conditions)
- minor changes (below thresholds/limits)

DON'Ts

A modification may require a new tender if it:

- changes the economic balance in favor of the contractor
- expands scope significantly
- would have allowed different bidders to win originally

“Light Regime” for Social & Specific Services

EU law provides **special flexibility** for some services such as: health, social care, education, cultural services

Key characteristics:

- simplified rules compared to standard procedures
- emphasis on quality, continuity, affordability
- supports “human-centred” service delivery instead of only price-based competition

This **regime** exists to protect the nature of social services



What to remember from this chapter

- Tendering procedures balance: competition + fairness
efficiency + legal certainty
- Contract law under procurement rules strongly governs:
award criteria, performance, modifications,
termination
- Social objectives can be integrated legally through:
MEAT criteria, performance clauses, reserved
contracts, light regime services





Test time - Instructions

The test includes **8 multiple choice** questions regarding the subject analyzed before.

- Each question has four possible answers (A, B, C, D).
- Only **one answer is correct** for each question.

GOOD LUCK



Test time

Q1. Which procurement procedure allows any interested economic operator to submit a tender?:

- A. Restricted procedure
- B. Competitive dialogue
- C. Open procedure
- D. Negotiated procedure without publication

Test time

Q2. Which procurement procedure is particularly suitable for highly complex projects where solutions are not predefined?:

- A. Restricted procedure
- B. Competitive dialogue
- C. Open procedure
- D. Framework agreement

Test time

Q3. What does “MEAT” stand for in EU procurement?

- A. Minimum Estimated Administrative Threshold
- B. Most Economically Advantageous Tender
- C. Maximum Efficiency and Transparency
- D. Method of External Assessment Tool

Test time

Q4. Which of the following is a mandatory exclusion ground under EU procurement law?:

- A. Low bid price
- B. Failure to submit clarifications on time
- C. Conviction for corruption or fraud
- D. Lack of previous public contracts

Test time

Q5. Why does EU procurement law regulate contract modifications?:

- A. To allow unlimited renegotiation
- B. To avoid unfair “backdoor” changes after award
- C. To simplify contract termination
- D. To promote informal agreements

Test time

Q6. What is the main characteristic of the “light regime” for social and other specific services?:

- A. Full application of all procurement procedures
- B. Complete exemption from EU law
- C. Simplified rules with emphasis on quality and continuity
- D. Mandatory lowest-price award

Test time

Q7. Under EU procurement law, which condition must always be satisfied when defining selection criteria?

- A. They must maximize competition at all costs
- B. They must be identical for all procedures
- C. They must be proportionate and linked to the subject matter of the contract
- D. They must exclude SMEs unless justified

Test time

Q8. What is the main risk if a contracting authority introduces new award criteria during evaluation?

- A. Administrative delay
- B. Violation of transparency and equal treatment
- C. Reduced competition
- D. Higher contract price

Overall Module assessment test



Self assessment time - Instructions to answer the test

The test includes **self-assessment** statements for SEs and 5 for CAs.

Each statement should be rated on a **scale of 1 to 5** indicating how much you agree or disagree with the statement.

The scale used is

- 1 — Strongly Disagree
- 2 — Disagree
- 3 — Neutral
- 4 — Agree
- 5 — Strongly Agree

Self assessment time

(Please indicate how strongly you agree with the following statements)

Statement 1:

I understand the **basic EU and national legal framework** for social economy and public procurement

(1 = Strongly disagree | 5 = Strongly agree)

1	2	3	4	5

Statement 2:

I know my **rights, obligations, and opportunities** in public tenders

1	2	3	4	5

Statement 3:

I can identify **procurement procedures** that are accessible to social enterprises

1	2	3	4	5

Self assessment time (Please indicate how strongly you agree with the following statements)

(1 = Strongly disagree | 5 = Strongly agree)

Statement 4:

I know how to demonstrate **social impact** in a legally compliant way

1	2	3	4	5

Statement 5:

I can recognize and **avoid legal and compliance risks** when participating in tenders

1	2	3	4	5

Self assessment time (Please indicate how strongly you agree with the following statements)

Statement 1:

I understand the **EU and national procurement** legal framework

(1 = Strongly disagree | 5 = Strongly agree)

1	2	3	4	5

Statement 2:

I can **legally integrate social criteria** into procurement procedures

1	2	3	4	5

Statement 3:

I can design **procurement processes** that ensure fairness, transparency, and equal access

1	2	3	4	5

Self assessment time (Please indicate how strongly you agree with the following statements)

Statement 4:

I can manage procurement procedures while **reducing legal and compliance risks**

(1 = Strongly disagree | 5 = Strongly agree)

1	2	3	4	5

Statement 5:

I can align procurement practices with **social, inclusion, and sustainability policy goals**

1	2	3	4	5

Statement 6:

I can identify procurement practices that may expose a contracting authority to legal challenge.

1	2	3	4	5



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