



## Making Socially Responsible Public Procurement Work: 71 Good Practice Cases

#WeBuySocialEU  
May 2020



# Haarlem's approach to Social Return on Investment

City of Haarlem, the Netherlands

# Haarlem's approach to Social Return on Investment

**Name of procuring authority, Country:** City of Haarlem, the Netherlands

**Product or service sector:** All sectors that involve the use of labour (tenders for services and works)



## Introduction/procurement objective

Haarlem is a pioneer in applying the 'Social Return on Investment' concept in tenders, encouraging suppliers to create social value. Since 1995, the City of Haarlem has been using Corporate Social Responsibility/Social Return on Investment in their procurements as a special condition relating to the performance of a contract. This is a proven method for the creation of job opportunities for people with poor job prospects.

There are various ways in which Social Return in the Netherlands can be incorporated into public procurement. Options include setting special terms and conditions of performance, the inclusion of award criteria, or the reservation of a contract with sheltered employment companies. For other example, see the cases in this collection from Wageningen ([p. 227](#)) or Rotterdam ([p. 134](#)).

## Subject matter

Increasing labour force participation and employment among jobseekers and people with disabilities.

## Stage of procurement phase and criteria

During the procurement process, bidders have to agree to a special contract performance condition to contribute an amount equal to 5% of the contract value to increase labour participation by supporting people far from the labour market. The value can be provided through employment, internships or other activities carried out on the specific contract. The value of the required social return on investment (SROI) is proportionate to the object and scope of the contract: 5% SROI is applied in tenders for services or work. For supply contracts with a low labour value component, a lower SROI percentage is used.

### Social policy objective and/or reference standard

The initiative aligns with the following policy goals:

- Contribute to achieve a more inclusive labour market
  - More residents work and perform according to their ability
  - Increasing labour market participation of unemployed residents
  - Reduce early school dropout
  - Connecting education and the labour market
- By bringing people back into the labour market further social objectives can be achieved
  - Improve local living environment and social cohesion
  - Strengthen self-reliance of jobseekers
  - Prevent and control debt problems and loneliness
  - Supporting social enterprises and (local) entrepreneurship

### Verification

- Calculate SROI value = contract value \* SROI % in this case 5%
- Calculate achieved SROI value using standard category values. The standard category values refer to the activities which a contractor can do to meet the SROI condition. There are three main kinds of activities: a) jobs or internships for people who haven't been in a stable employment condition; b) involvement of Social Enterprises in delivery of the contract, and c) other CSR activities linked to the specific contract.

### Contract value

SROI is used for all contracts valued at or above €200,000. The corresponding percentage of the contract value dedicated to SROI, 5%, would represent a value greater than or equal to €10,000.

### Instrument

- Art. 70 on conditions for performance of contracts of Directive 2014/24/EU.

- Under a City Council regulation<sup>1</sup>, Haarlem applies SROI to all tenders for services or work with an expected value equal to or higher than €200,000.

### Actors

- Contracting authority: City of Haarlem
- Beneficiaries: Unemployed/Jobseekers, people with disabilities

### Social impacts

- Raising labour participation rate: SROI increases job prospects for the target groups. Annually hundreds of long-term unemployed people and people with disabilities are getting involved in the labour process by starting a job or internship.
- Corporate social responsibility: SROI encourages the market to get involved and take part in achieving social objectives.

### Other benefits

- Reduction of social welfare payments: SROI increases the chances for long-term unemployed people of getting a paid job. They will then not be in need of unemployment benefits.

### Lessons learned and future challenges

The following parameters have been key to the success of the initiative:

- For a successful implementation of the SROI policy, it is very important to get all stakeholders on board. It begins with gaining their support, especially of the decision makers and the market. Political backing ensures continuity of SROI in the City's procurement.
- Market dialogue and mutual interests: the task will be done by the market getting involved in offering job opportunities for the target group. It is important to keep in touch and talk about possibilities, difficulties and their needs.

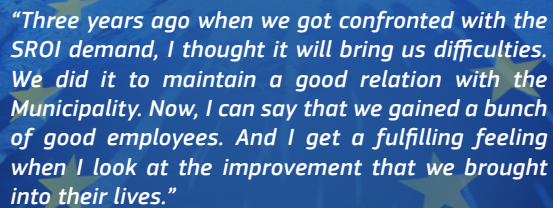
<sup>1</sup> <https://haarlem.pleio.nl/file/download/48093642>

- Practical, flexible, simple and clear rules and regulations make SROI easier for contractors to comply with and facilitate more straightforward enforcement.

The future challenge is to cooperate with the (semi) public contracting authorities in the region, such as other Municipalities and other public service organisations.

### Contact

Khalil Khuwam, Account and Contract Manager,  
City of Haarlem, [kkhuwam@haarlem.nl](mailto:kkhuwam@haarlem.nl)



*"Three years ago when we got confronted with the SROI demand, I thought it will bring us difficulties. We did it to maintain a good relation with the Municipality. Now, I can say that we gained a bunch of good employees. And I get a fulfilling feeling when I look at the improvement that we brought into their lives."*

*Supplier to the Municipality of Haarlem*