



**AMSTERDAM USES PUBLIC PROCUREMENT TO SUPPORT ITS YOUNG PEOPLE AT RISK OF EXCLUSION TO OBTAIN A FORMAL ENGINEERING QUALIFICATION AND WORK EXPERIENCE. IT COMBINES TRAINING MEASURES WITH CREATING JOB PLACEMENTS SPECIFICALLY FOR THIS TARGET GROUP.**



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#### KEYWORDS

public procurement, 'social return' clause, education and work programme, young people, public private partnerships, reintegration

# SOCIAL CLAUSES IN PUBLIC PROCUREMENT FOR SUSTAINABLE EMPLOYMENT

## CONTEXT

In 2013 Amsterdam's youth unemployment reached 24%. Currently there are 32,000 young people in the city without any work. These young people do not have a secondary education, vocational or third-level qualification, or previous work experience. As a result they have little chance of gaining permanent employment.

Amsterdam also has the ambition to improve its sustainability and become greener. The city's objective is to cut CO<sub>2</sub> emissions by 40%<sup>5</sup> by 2025 through energy savings, increased use of sustainable energy, and using the energy from fossil fuels more efficiently.

## SOLUTION

Amsterdam has a pioneering approach in its public procurement to maximise the social value of the money spent by the city. The 'social return' clause requires contractors to add activities to their tender that create employment, training or work experience placements for job seekers, young people without qualifications or work experience, and other vulnerable groups. The clause also specifies a minimum percentage of the profit earned by a contractor in each tender that needs to be invested in these activities. Procurers are free to specify exactly how they will fulfil the clause requirements but the goal is to have an impact that lasts beyond the duration of the project, both for the target group and the company.

## EXAMPLE

Rutte, which is a road construction company, is one example of how the clause works. The company has a strong sustainability philosophy and contributes to Amsterdam's CO<sub>2</sub> emissions reduction target by greening its operations, saving non-renewable resources and limiting its construction site waste.

Rutte incorporated an education and work programme in civil engineering as part of its tender for constructing and renovating roads and squares in the city. The programme lasts two years and after participants graduate guarantees them a six month full-time contract. The programme is dedicated to people aged between 18 and 25 who are on social welfare and who have no formal qualifications, lack work experience, come from a difficult background or have some form of disability.

<sup>5</sup> Compared to the 1990 baseline.



## CHALLENGES

Many candidates for the education and work programme have had problems remaining in formal education or sustaining jobs. Before enrolling in the programme the candidates first go through a reintegration course. For three months, the candidates work on a cultural heritage preservation project at the Forts of Amsterdam. They learn basic employment skills such as arriving on time, following rules and regulations, as well as basic construction and renovation skills. At this stage they still receive welfare support.

Only after the successful completion of this reintegration phase do the participants start the work and employment programme and receive a salary.

To ensure that the participants stay motivated to complete the programme, the company's craftsmen also act as counsellors. They build trusting relationships with the participants and are available to discuss any obstacles the young people may experience including ones in their private lives. The craftsmen can also link them with relevant organisations should they need professional help. The craftsmen follow special courses to prepare for this role and to learn how to deal constructively with any difficulties that may occur.

The participants of the programme study one day a week and work four days at Rutte, where they get on-the-job training guided by the company craftsmen. On the job the participants gain first hand experience in environmentally friendly methods of running a business. For example they gain knowledge in preventing damage to the environment and their health while working with silica dust, a highly hazardous material, which occurs in the process of grinding and polishing stone and concrete.

The study component of the programme is developed and delivered in partnership with a training institution SPG Amstelland. The course gives participants the opportunity to gain certificates to work in civil engineering, including:

- a basic 'health and safety' certificate,
- a 'safety in work terrain' certificate, on how to erect roadblocks in a safe way,
- an 'earthwork' certificate, on how to connect drains, and
- a 'safety, health and environment' certificate on working safely on sites with health and environmental risks.



## IMPACT

The public-private partnerships arising from the 'social return' clause in public procurement bring both social and environmental sustainability into the city's activities.

Ten young people have taken part in Rutte's education and work programme so far. Seven have almost completed their education and will soon start their six month contract. The programme provides jobs and income to disadvantaged youth improving their future prospects on the labour market. In the past two years the city of Amsterdam has saved €100,000 in welfare costs, since the participants earn a wage instead of claiming benefits.

The indirect social benefits of the programme are that the participants are able to take better care of their families, and this prevents an intergenerational transfer of poverty and saves future welfare costs.

## FUNDING

The programme is funded by Rutte. The 'social return' clause stipulated that the company had to spend a minimum of €388,197 on the activities with a social added value. To date the company has spent an additional €55,854 towards the programme; as it was found to be a very good way of meeting their staffing needs.

The city administration funds the reintegration component of the programme.