

Supply chain management and social responsibility assessment:

Experience from North-Rhine Westphalia, Germany

North Rhine-Westphalia is the most populous state of Germany, with a population of approximately 18 million, and the fourth largest by area. Its capital is Düsseldorf; the biggest city is Cologne. Four of Germany's ten biggest cities—Cologne, Düsseldorf, Dortmund, and Essen—are located within the state, as well as the biggest metropolitan area on the European continent, Rhine-Ruhr.



Since 2010 the State Government is headed by premier Hannelore Kraft of the Social Democratic Party. She is supported by members of the Social Democratic Party and the Green Party as head of the various departments (ministries). The State Government is deeply committed to the idea of sustainability and has adopted various laws to promote the topic.

Every year a sum of 50 billion Euros is spent by the State, its municipalities and public institutions for the procurement of products and services. This gives the public sector an enormous purchasing power and the opportunity to influence economical processes.

newtrade nrw was founded in 2013 with the mission to support the strategic direction of the State Government of North Rhine-Westphalia in the field of sustainable *procurement*.



Its work is based on the Frameworks of the

**One World Strategy, Sustainability Strategy &
Collective Agreement and Public Procurement Act (TVgG-NRW)**

newtrade focusses on the ILO Core Conventions and tackles them in two fields of activity

1. **Systematic and structural improvements** to facilitate sustainability in public procurement (with special focus on the ILO Core Conventions)
2. **Changing the paradigm of public procurement and consumption patterns (Konsumwende)** through Strategic communication, aiming at raising awareness and gaining acceptance



Solingen

- 162.000 inhabitants, every 3rd with immigration background
- traditional center of cutlery, mechanical engineering industry, metalworking and plastics processing industry
- Attractive region because of its nature and landscape



- Various and intensive process of sustainable development with lots of partners in the civil society

- Based on the SDGs Solingen is developing - as one of the first communities - a strategic programme to obtain the transfer to sustainable living and producing



Procurement of the Municipality of Solingen – Some facts

- Expenses of procurement: about 100 Million € every year
Including: about 30 Mio. € for building, 500.000 € for food, 7 Mio. € for engery, 9 Mio. € for transportation
- Basically the procurement is centralised:
-> one service center (includes management of contracting) and six competence center with resonsibility for different product groups
- Decentralised procurement – p.e. for food
- Rules of procurement -> economic viability and sustainability



Competence Center

- ✓ Workwear, office equipment and furniture
- ✓ Energy
- ✓ Transportation / Car Pool
- ✓ IT – Information technology
- ✓ Building technology
- ✓ Insurances
- ✓ Cleaning

Printing Green in Solingen



Initial point

- 1600 work stations with computer in three main public locations and 96 smaller locations (schools, kindergarten etc.)
- about 1000 devices (printer, scanner, telefax, photocopier as stand-alone units), 155 different types, 11 different companies, overaged, expenses about 1 Million Euro/year, degree of capacity utilisation: 0,5 %

Intention

- Implementation of a print-out-solution in order to improve quality standards, green IT, costs, technological progress ...

**Intensive working process with a lot of administrative offices
-> change management**

Results

- 239 multifunctional devices, 8 different types, 1 company, 300.000 Euro/year cost savings, high energy saving ...
- benefits for the user: IT modernisation and higher comfort



Pilot Project for the compliance with social criteria in public procurement

The project focusses on the visualization and control of supply chains in the context of public procurement to ensure compliance with the regulations.

A study of the TVgG-Law from 2012 conducted by Kienbaum Consulting demonstrated the general approval of the law by companies and government employees with the exception of a lack of control.

Project Goals:

- Getting an insight into the supply-chain of a publicly procured product.
- Identification of Hot-Spots with an increased risk of violations in the supply-chain.
- Development of measures to improve the situation at these Hot-Spots.

Long Term Goal:

- The implementation of a state-run system for the control and improvement of supply-chains in public procurement

Cooperating Partners



Kommunalagentur NRW

- Provides legal counsel



Collaborating Centre on Sustainable Consumption and Production (CSCP)

- Offers the possibility to identify Hot-Spot in the supply-chain
- Works closely with NGO to identify Hot-Spots and to verify data about them



Systain Consulting

- Experts on supply chain mapping and visibility
- Offers tools for follow-up-training



Methodology

Procurement Process

- Tender offer by the City of Solingen
- Legal Counsel through Kommunalagentur NRW
- Consultation for social and ecological Criteria through all partners

Analysing and Controlling

Winning tenderer has the contractual obligation to cooperate with Systain and CSCP in the analysis of the supply chain. If possible NGOs are involved.

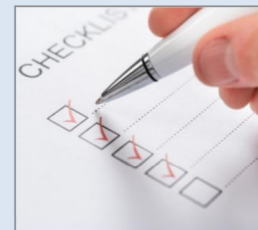
Training

Systain and CSCP offer training and consultation for companies in the supply chain who are not able to comply with legal and contractual standards and agreements.

Pilote project – office furniture - Quality standards -> in discussion for the call for proposals

Social (minimum) standards

- ✓ ILO core labour standards
- ✓ additional ILO standards in discussion p.e.: limitation of working hours (Convention 1), application of minimum wages (131), minimum standards of social security (102) etc. -> in consideration for the 2. project



2013	190.000 Euro
2014	270.000 Euro
2015	400.000 Euro

**Office furniture
volume of costs**

Environmental (minimum) standards

- ✓ standards for furniture „Blue Angel eco-label” (p.e. materials free from harmful substances, RAL UZ 38)
- ✓ standard of the Forest Stewardship Council (FSC) or the PEFC (Programme for the Endorsement of Forest Certification)
- ✓ mechanical separability and use of long-lasting materials.
- ✓ existence of an environment management system (p.e. ISO 14001)
- ✓ in consideration: recycling of aluminium, if it's used (...)

Thanks a lot for your attention
and the active discussion!



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