Socially Responsible Public Procurement - Norway

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Public procurement in Norway

- Total government expenditure: Approx. 50 billion Euros, 15% of GDP
- Decentralised – each public sector entity carry out own procurement
  - Several thousand entities
- Public Procurement Act and Regulations
  - EU public procurement directives apply
Agency for Public Management and eGovernment - Difi’s role

- Implement Government’s public procurement objectives
  - Good procurement practice
  - Innovation
  - Sustainable green growth
  - Social responsibility
  - Digitalisation of procurement process

- Capacity building, develop and disseminate guidance material on legal framework and good procurement practices
  - Web, seminars, courses, etc.
Socially Responsible Public Procurement (SRPP)

The Norwegian Procurement Act § 5

Contracting Authorities “shall implement appropriate measures to promote human rights in public procurement when risk is present that these said rights may be violated”.

Agency for Public Management and eGovernment
Social and ethical contract performance clause:

- Difi has, in collaboration with Etichal Trade Initiative of Norway, developed a template for SRPP performance clause that refers to:
  - The UN Declaration of Human Rights
  - ILO’s 8 core conventions
  - National labour law (wages and social security) in the production country
  - Paragraph on follow-up practices

- The SRPP contract performance clauses can be downloaded here: [https://www.anskaffelser.no/verktoy/standard-kontraktsvilkar-etiske-krav](https://www.anskaffelser.no/verktoy/standard-kontraktsvilkar-etiske-krav) (in Norwegian only).
Establishing SRPP routines

- The Contracting Authorities are responsible for implementing routines
- The routines must be reflected in the procurement processes
Best practice example from the South Eastern Regional Health Authority in Norway:

- Procurement of surgical instruments:
- Use of selection criteria:
  - High risk products—«mature» suppliers
  - Low cost countries
  - Labour intensive production
Selection criteria:

The bidder shall have:

- established a quality assurance system for ethical trade, which describe how the company works towards compliance with requirements for ethical trade in the enterprise and in the supply chain.
- a system for traceability that gives an overview at any given time of the suppliers guidelines for ethical trade in their contracts which shall include the same elements as the ethical levels in the contract with the authority communicated the CoC in writing to those involved in this procurement in the supply chain.
- an adequate system for monitoring the supply chain, so as to ensure that the CoC is complied with for this procurement.
The winner of the tender was B Braun. Their production sites for surgical instruments were in Malaysia.
Audit in Malaysia - findings

- Immigration workers from Vietnam
  - No access to own passports
  - Had paid a huge agent fee (1500 US dollar)
  - Only contracts in English
  - Long hours

- The auditor and two representatives from the South Eastern Norway Regional Health Authority met the management to find solutions and to plan correction actions. The findings were very surprising for the supplier.
Audit in Malaysia - corrections

- Immediate access to passports
- All workers got the agent fee paid back
- The contracts were translated to Vietnamese
- A better system for monitoring working hours
This was the first time this supplier had had a social audit on one of their production sites.

The findings were very surprising - and was an eye opener to them.

The supplier did strategical and structural changes to make sure they were compliant in the future.

It was a very good cooperation between the procurer and the supplier.

The life of 600 Vietnamese workers got much better.
Procurement of coffee, tea and cocoa

In 2015 Difi procured coffee machines with ethical and organic coffee, tea and cocoa
Follow up:

- Regular follow up meetings with the supplier about service, delivery, quality of products
- Regular follow up to ensure that the supplier provides ethical and organic products
- Expensive?
  - Increased consumption of coffee – higher value of contract than estimated
Thank you for listening!
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