

BACKGROUND INFORMATION

PROCURER City of Helsinki

OBJECT OF PROCUREMENT

Milk, dairy products and plant-based products used by the schools and daycare centres of the City of Helsinki, Service Centre Helsinki, foundations and the facilities of the Social Services and Health Care Division.

PROCUREMENT VALUE
Approximately €14 million

PROCUREMENT
PROCEDURE
Open procedure



Case: Milk and dairy products

Procurement aiming to reduce emissions and increase responsibility

Service Centre Helsinki and the City's foundations use less than 2.5 million litres of milk and dairy products annually in the food services of education and care facilities. In preparation for this recurring procurement, ways were sought to reduce the impact on the climate and environment, a significant part of which arises in primary production. Another aim was to find out whether carbon footprint calculation could be included in the tendering process or the contract period, thereby pursuing measurable emissions reductions. Furthermore, the use of procurement criteria that improve responsibility and transparency was promoted.

Procurement carried out in multiprofessional cooperation

The procurement was carried out in cooperation between the Procurement and Tendering Unit of the City Executive Office and the Service Centre Helsinki. Procurement and Tendering, Service Centre Helsinki and the experts of the Canemure project cooperated in the implementation of the entire procurement process, taking into account the different aspects of the procurement, such as the customer's and

low-carbon perspectives. In addition to this, experts from Motiva, the Ministry of Agriculture and Forestry, Sitra and Natural Resources Institute Finland were consulted regarding the environmental and responsibility criteria of the procurement.

Procurement criteria steer companies' provision

Environmentally responsible procurement criteria can be used to steer the product and service provision on the market. Helsinki is currently developing its existing procurement criteria and introducing new ones that take the lifecycle impact, circular economy and climate perspective better into account. The tendering for milk and dairy products is one of the case procurements of the Towards Carbon Neutral Municipalities and Regions (Canemure) project, aiming for low-carbon procurement. At the same time, the project is piloting the suitability of carbon footprint calculation as a factor to steer procurement. The output of the project will support the City's carbon neutrality actions.

Companies consulted in market dialogue

During the procurement preparations, a joint market dialogue was held with potential tenderers to examine the market's capacity to respond to low-carbon measures and the possibilities for calculating the procurement object's carbon footprint. Based on the dialogue, a table of approximately 40 criteria was compiled, including other responsibility criteria in addition to the climate criteria. The table was sent for comments to potential tenderers who commented on the feasibility and cost impact of the criteria. After the comment round, one-on-one dialogues were held with the operators, addressing other procurement and contract matters in addition to responsibility.

Transforming climate impact and responsibility goals into criteria

To reduce the climate impact, each tenderer was required to have enclosed to the tender an action plan to 1) increase the proportion of renewable energy, renewable fuels or alternative fuels, 2) reduce food waste, 3) promote carbon sequestration and maintain carbon storages and 4) advance the carbon footprint calculation of products and the offering of comparable carbon footprint data. The plan was to cover the activities related to the object of the procurement (including contract facilities, production facilities and transportation).

The action plans were reviewed during the tender review phase and approved as part of the contract period. The implementation and monitoring of the plan will be specified with the contractor chosen within six months of the commencement of operations under the contract. The supplier will commit to the development work specified in the plan and report on the progress of the work.

Furthermore, the following environmental and responsibility criteria were utilised:

- ▼ The supplier has an environmental management system and a person responsible for environmental matters.
- ▼ The emission level of the transport vehicles is at least Euro 5. The transport vehicles must have an emission level of at least Euro 6 by 31 December 2022.
- ▼ The employment clause to employ three people in a weak labour market position during the contract period.
- ▼ Audit clause to verify the compliance with environmental and responsibility criteria.
- ▼ The percentage of contract cattle herds included in the Centralized Health Care Register for Finnish Cattle Herds (Naseva) must be indicated in the tender and verified at the beginning of the contract period. If the percentage is less than 100%, the tenderer must attach to the tender a description of how the health care requirements for cattle herds set out in the invitation to tender are met on holdings not in the Naseva register.
- ▼ Antimicrobials, such as antibiotics, are only used to treat sick animals with a prescription and under the supervision of a veterinarian. Records must be kept of the use of antimicrobials. The milk must have been tested for antimicrobial residues and the result must have been negative.
- ▼ A description of the traceability of raw materials and the quality and risk management of the raw material chain.
- ▼ The animal feed used in the production chain is mainly free from soy. If animal feed contains soy, the soy used in it must be traceable in a documented manner throughout the supply chain.
- ▼ The foodstuffs are GMO-free and do not contain genetically modified ingredients.
- ▼ All products offered are free from monosodium glutamate.



New development and change bring challenges

The procurement of milk and dairy products is a large entity in the City of Helsinki's food procurement. Although the procurement was divided into multiple parts, the order volumes of the parts are significant, the product options extensive and delivery schedules tight, and it is not easy for all operators in the industry to meet these. In addition to having logistically functional and sufficient capacity, the supplier was required to take an active approach to verify the responsibility of the procurement object and to reduce the carbon footprint of its operations during the contract period.

There were no ready-made climate criteria, so the work was started with very open and even innovative ideas. To ensure the feasibility of the criteria, the market dialogue played a key role. However, intensive dialogue required resources in both organising and analysing the data obtained.

Carbon footprint analysis in food procurement was also a completely new approach. However, carbon footprint calculation was taken into closer consideration, as there is a standardised calculation method for the environmental impact of dairy products. This Product Environmental Footprint (PEF) method is also recommended by the European Commission. The utilisation of the PEF method in the procurement was examined in cooperation with researchers from the Finnish Environment Institute. Based on the examination, it was found that, at present, calculating the carbon footprint of a product and producing the carbon footprint data in a comparable manner for the procurement is complicated and requires time, money and skills. Collecting the initial data required by the method could also have been an unreasonable requirement for the supplier within contract period. In addition, it is noted that the method, as it is, does not take market's ambitious targets on carbon sequestration into account.

Successful tendering to show its climate benefits during the contract period

Overall, everyone were very satisfied with the resulting contracts and the two suppliers selected. Although the optimistic goals of including carbon footprint calculation in the tendering process had to be changed, there was great progress in terms of climate and responsibility criteria that have been carefully chewed over, and take the market into account. It is likely that, instead of calculating the carbon

footprint of a few products, introducing comprehensive responsibility criteria and an action plan addressing the climate impact achieved better effectiveness. The action plan addressing the climate impact more broadly gave the market the freedom to choose suitable measures to focus on together during the contract period. The action plan will facilitate development during the contract period and the advancement of climate work.

The development work managed to steer activities and create discussion both in the market and within the City. The multi-stage dialogue also managed to communicate the City's will to take the climate impact into account. The dialogue gave a good picture of the current market situation in relation to the criteria and highlighted the advantageousness of cooperation opportunities, as the market is currently taking many climate actions.

The climate and responsibility criteria are unlikely to have had an impact on the number of tenders, as the number was expected to be low due to this being a challenging procurement as it is. Moreover, the climate and responsibility criteria had no direct cost impact, and the contracts have been introduced in good spirits. Indirectly, the criterion work affected the cost as working hours spent on it.

The fulfilment of the climate and responsibility criteria will be monitored during the contract period, which will also allow the assessment of the concrete effectiveness of the procurement. Emission reductions are likely to be both direct and indirect. Clear tangible effects include increased cooperation and the utilisation of expert network.

Roadmap for future contract periods

The market dialogue and criteria work were an educational experience that also helped create a roadmap for future contract periods. The development work has also helped harmonise the environmental and responsibility criteria in the City's food procurement. Both the responsibility criteria used in the tendering process and the action plan that maintains the cooperation during the contract period have also been successfully utilised in the City's food service procurements.

Discussion and engagement are needed

In development work, it is recommended that a front-loading approach is taken. It is a good idea to start the preparations, especially internally, as early as during the ongoing contract period. The preparation of the procurement would have been smoothed by clarifying the climate and responsibility goals and setting intermediate reviews with the team preparing the procurement, as well as better engagement of internal interest groups in the goal.

Development work requires resources. Utilising an external network of experts in addition to internal resourcing was a good solution, which also helped find new cooperation. The development work supported the practical implementation of the provisions of the Act on Public Procurement and Concession Contracts related to environmental and responsibility matters. This was a major effort, being a first-time implementation, but as the process takes shape, the next time is sure to go more agile.

Sharing the knowledge

The aim of the action plan was to find targets for reducing the climate impact that would be feasible for the specific tenderer. In terms of the significant climate impact of primary production, it must also be accepted that the reduction measures may remain indirect, for example, as guidelines, recommendations and communications. The action plan model will also be considered as part of the Service Centre Helsinki's workwear procurement.

As the greatest climate impact is caused by primary production, the utilisation of the carbon footprint of products in the tendering process is considered appealing also in the future. For this reason, developments in the field and use of calculation methods are being closely followed. In addition to the method, the collection of reliable and comparable initial data is also bringing own challenges.

In general, the study conducted with Finnish Environment Institute increased the City's internal understanding of the usability of the carbon footprint in procurements.



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This procurement case has been carried out with the financial contribution of the LIFE Programme of the European Union. The procurement case reflects only the CANEMURE project's view, and the EASME/Commission is not responsible for any use that may be made of the information it contains.



Introducing comprehensive responsibility criteria and an action plan addressing the climate impact achieved more likely better effectiveness than calculating the carbon footprint of a few products.