

## Supplying seasonal and diverse organic fruit and vegetables

Procura+ award winning tender



<b>Procura+ Participant:</b>	City of Copenhagen
<b>Contract:</b>	Buying and delivery of organic whole fruits, vegetable and herbs to medium and large units Awarded: 2014
<b>Savings:</b>	Range of potential environmental savings including GHG reductions 88% of food in municipal facilities now organic

### SUMMARY

- Eating food out-of-season can have large environmental impacts due to more intensive growing requirements, and in 2013 the Municipality of Copenhagen decided to tackle this by procuring more seasonal food.
- In order to source diverse and seasonal organic fruits and vegetables, Copenhagen implemented extensive supplier engagement to ensure suppliers could react to the tender, worth €3 million.
- In August 2014 a two-year contract was awarded with the possibility of a further two-year extension to medium-sized firm BC Catering Roskilde
- Innovation in the supply and delivery products, greater sustainability of the sourced food and improved relationships with suppliers were all positive results of the extensive market dialogue.

## Background

Copenhagen is the capital and most populated city of Denmark, with a population of almost 2 million. Its total procurement volume is €1.5bn per year, giving it a large influence on the supply of goods and services within the Danish market.

The City has set a target for 90% of food served in municipal facilities to be organic. In 2013 Copenhagen decided to also ensure that it was buying seasonal produce in order to further support efforts to strengthen biodiversity in agricultural production in both Danish and foreign producers.

Extensive market engagement was undertaken in order to ensure the requirements were ambitious yet achievable, and bidders were also asked to complete 'seasonal wheels' in order to demonstrate that varieties of the most commonly used products would be available throughout the year.

It is important to note that 'seasonality' does not mean 'in season in Denmark', but rather, 'in season somewhere in the world at this time' helping to ensure fairness and transparency.

## Procurement Approach

Market engagement was emphasised in every step of this procurement process in order to allow the Municipality to increase its understanding of what was deliverable. This also provided suppliers with notice that a call for tender was being planned, giving them time to understand and adapt to the Municipality's needs.

The Municipality held pre-tender market engagement on an individual basis. Fairness and transparency were ensured through the use of a standard questionnaire and taking comprehensive notes. Suppliers were also given the opportunity to declare which responses they deemed commercial in confidence. It is felt that these individual meetings resulted in more ideas being gained than possible in an open forum. Suppliers were also given the possibility to comment on the meeting in writing up to one week after, with all dialogue and questions published anonymously.

Another additional engagement step was the 'Supplier Information Day', which the Municipality hosted 10 days after the tender was published. The purpose of this dialogue was to clarify the specification and tender documentation in simple language, and respond to any questions or uncertainties at as early a stage as possible in the process. It was also a chance for the Municipality to explain the final outcome of the process, such as what was included in the material and why some of their ideas did not get in to the final version of the call for tender. It is believed that steps like this significantly increase the confidence of smaller businesses, and therefore lead to more bids.



## Criteria used in the procurement process

### Subject matter of the contract

Framework contract for the provision of 100% organic, seasonal fruit and vegetables.

### Technical specifications

#### Quality

If the bidder completed the documentation correctly and made it through the first evaluation, the bidder was required to provide fresh products of premium quality as part of their tender application. The samples were of sliced fruit and vegetables, plus cut herbs. Whole fruit and vegetables are unique and cannot be quality tested in this way. The whole fruit and vegetables were given points based on how many different varieties the suppliers offered. Exceptions to this requirement were individual fruit and vegetable varieties which are not available during this season. These products were then evaluated by a quality evaluation team. The products had to meet the requirements as specified in the tender documentation.

#### Minimum requirements for food

All fruit and vegetable products had to comply with the quality requirements of the EU's general marketing standards for fruit and vegetables, including the minimum requirements for quality and labelling requirements regarding country of origin. Products not covered by the EU's general or specific marketing standards had to be of sound, merchantable quality.

#### Labelling

All items had to be provided with labels that meet the statutory requirements for food labelling. These ensure that consumers have information about the product in terms of content, nutrition, sustainability and origin. The supplier was responsible for ensuring that all products are labelled correctly and in accordance with applicable law.

#### Organic Certification

Items sold and/or marketed as organic had to be certified and labelled as such on the packaging or label. The supplier is responsible for verifying and documenting that all items are in fact organic. Products originating from Denmark must be in accordance with the rules of the organic label in Denmark. Goods originating from elsewhere in the EU must live up to the standards of the EU organic label.

Goods imported from outside the EU must meet current regulations for organic products from "third countries" as specified by Commission Regulation no. 1235/2008, or to the most recent amendments to this legislation. This approach ensured that equivalent requirements were applied regardless of the origin of the food items.

### **Packaging**

Excess packaging of goods was to be avoided. Packaging could not contain PVC, and had to be recyclable.

### **Vehicles**

If diesel vehicles with an unladen weight of over 3,500 kg are used, the supplier had to be able to demonstrate that these vehicles have achieved an 'environmental zone certificate' as is required for in the City of Copenhagen ([http://www.miljozonen.dk/vognmand\\_baggrund.php](http://www.miljozonen.dk/vognmand_baggrund.php)).

If vehicles with a weight less of less than 3,500 kg are used, the vehicles had to meet the Euro 5 standard for emissions. In the case of a diesel vehicle, this must be fitted with a particulate filter.

The supplier had to state in their offer what types of vehicles would be used including their make, model and year, and whether or not they met the above mentioned requirements. If at the time of submitting the tender, it was not possible for the supplier to specify exactly which vehicles would be used, the supplier must inform the Municipality which vehicles it intended to use, when it won the contract.

The Municipality also reserved the right at any time to carry out an environmental inspection on vehicles used to execute the delivery of food. The Municipality bears the costs if it turns out that the particle filter is working as it should be. If the particle filter is working in line with requirements the Municipality is required to refund the supplier for any loss of earnings, while the vehicle was being assessed. If the particle filter is not working in line with requirements, the supplier shall bear the costs including the costs for the repair or replacement of the filter.

### **Idle vehicles**

Copenhagen Municipality adopted a regulation in March 1990 which prohibits keeping an engine of a vehicle running when idle for more than one minute. Violation of the rules is a police matter and will be fined. The supplier was obliged to comply with the current rules as regards idling in Copenhagen (<http://www.kk.dk/da/borger/trafik/luftforurening/hvad-kan-du-goere>).

### **Fuel consumption**

The City of Copenhagen has adopted a Climate Plan which includes a number of initiatives to help reduce CO<sub>2</sub> emissions from city operations, including traffic. The supplier was obliged to document their fuel consumption, and be able to provide this information on request. This statement must at all times be available for the preceding year.

### **Award criteria**

- Price 40%
- Quality 35%
- Range of offered goods 25%

Bidders were asked to construct a 'seasonal wheel' in order to elaborate on their ability to source seasonal fruits and vegetables in a variety of sorts.

The Municipality awarded the supplier points according to how many different varieties of common products (i.e. apples, pears, plums, potatoes, etc.) the suppliers could offer to the Municipality during

a year. In this tender the seven bids in total offered 183 different types of apples, many of them from small and medium sized subcontractors.

## Contract performance clauses

### Monitoring

Each institution had the right at any time during the contract to sample the goods supplied. If it turns out that the product does not live up to the requirements specified in the technical specifications, including the requirements for transport and the delivery of food, the cost for the monitoring activities will be borne by the supplier. In case of doubt as regards quality and compliance with these conditions, the Municipality is entitled to obtain expert opinions from the Danish Environmental Department.

## Results

The first contract notice was published in January 2014, but the tender had to be subsequently abandoned due to errors in all bids.

The contract was re-issued in April 2014, and seven tenders were submitted, of which only two met all of the requirements due to the breadth of the specifications. The contract was awarded in July 2014.

Innovation in the supply and delivery products, greater sustainability of the sourced food and improved relationships with suppliers were all positive results of the extensive market dialogue.

## Sustainability impacts

Focusing on seasonal food has the potential to greatly reduce greenhouse gas emissions. Agriculture is responsible for around 10% of Europe's total greenhouse gas emissions (2015)<sup>1</sup> and much of this arises from the heating of greenhouses with fossil fuels to grow crops out-of-season. As an example, a recent Life Cycle Analysis comparing tomatoes grown off-season in Europe compared with those imported from warmer latitudes showed that even when transport is included, the energy use attached to the imported tomatoes was three times lower than those grown in heated greenhouses,<sup>2</sup> reinforcing a growing body of evidence suggesting that seasonality is a more important indicator of sustainability than food miles (but it should be noted that other important factors beyond energy should also be considered, such as water availability and use).

By procuring seasonal, organic food the Municipality also reduced:

- Eutrophication, acidification and toxic impacts on human health and the environment (plants and animals) due to the bioaccumulation and biomagnification of pesticides and fertilisers present in water, air, soil and food;
- Soil erosion, forest destruction and loss of biodiversity caused by agriculture, intense animal production and fishing, and aquaculture practices;
- Animal cruelty due to a lack of respect for animal welfare;
- High energy consumption in food production and processing;

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<sup>1</sup> [http://ec.europa.eu/eurostat/statistics-explained/index.php/Agriculture\\_-\\_greenhouse\\_gas\\_emission\\_statistics](http://ec.europa.eu/eurostat/statistics-explained/index.php/Agriculture_-_greenhouse_gas_emission_statistics)

<sup>2</sup> Payen, S. Basset-Mens, C. & Perret, S. (2015) LCA of local and imported tomato: an energy and water trade-off. *Journal of Cleaner Production* 87 (15) p.139-148

- High water consumption and pollution in manufactured food production;
- Packaging waste;
- Negative impact on the occupational health of farmers due to the handling and use of certain pesticides and fertilisers; and
- Transport impacts in the carrying out of catering service.

While it is difficult to calculate the direct impact of this contract on the seasonal fruit and vegetable market, at a more general level it can be inferred that Copenhagen's activities are contributing to the professionalization of organic supply lines and the increasing ease at which environmentally-sound, nutritious food can be sourced. The organic food service market in Denmark has grown significantly in recent years with, and organic food service sales have increased 33% between 2013 and 2014.<sup>3</sup> Copenhagen's large market share, plus political signalling via the 90% organic target has arguably played an important role in this growth.

## Lessons learned

- There is a danger when carrying out innovation procurement that process may need to be abandoned due to lack of competition. Market engagement can be time intensive, but by building a strong knowledge of the market, it is possible to produce realistic but innovative specifications which attract the necessary competition.
- Breaking a procurement down into a larger number of lots can encourage a greater number of compliant tenders, and in particular opens more opportunities for SME engagement.
- The complexity of tender documentation is often cited as the main barrier for potential suppliers coming forward with bids. As such, the Municipality is continuing to work on the simplification of their tender documents.

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[Procura+ Participant page](#)

[City of Copenhagen website](#)

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<sup>3</sup> <http://www.dst.dk/da/statistik/nyt/NytHtml?cid=23239>

## About Procura+

Initiated and co-ordinated by ICLEI, Procura+ is a network of European public authorities and regions that connect, exchange and act on sustainable and innovation procurement.

### Connect.



We are a network of European public authorities that connect, exchange and act on sustainable and innovation procurement.

### Exchange.



Our combined knowledge and experience allows us to provide advice, support and publicity to any public authority that wants to implement sustainable and innovation procurement.

### Act.



The Procura+ Network joins forces to champion sustainable and innovation procurement at the European level.

[www.procuraplus.org](http://www.procuraplus.org)



This publication has been produced as part of the SPP Regions project, which has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 649718. The sole responsibility for any error or omissions lies with the editor. The content does not necessarily reflect the opinion of the European Commission. The European Commission is also not responsible for any use that may be made of the information contained herein.