

## A National Framework Contract for Green Dairy Products

FEDERAL PROCUREMENT AGENCY, AUSTRIA

### Procurement objectives

Austria's Federal Procurement Agency (BBG) conducted an open tender procedure to set up a national framework contract for dairy products, which began in October 2012. The aim was to supply around 350 kitchens in public organisations buying through the contract.

Principle procurement objectives included; the consideration of organic and non-GM products, the inclusion of smaller dairy producers from the region, deliveries within one working day and value for money. Specifications therefore aimed to encourage food production methods that are less harmful to the environment and the national contract was divided into 8 regional lots to facilitate the participation of SMEs.

Before each tender, the BBG forms a group to discuss a clear strategy. A thorough analysis of the market was conducted before tendering and the BBG set up working groups to decide upon the food criteria. Early market engagement activities included the BBG working groups holding discussions with dairy producers and associations to determine what the market was able to deliver.

### Criteria used

In order to make price comparisons possible, and to illustrate priority items for ecological criteria, the tender contained a core list of 135 of the most commonly used dairy products, with a subgroup of 16 basic products including milk and butter. The product list was based on empirical knowledge from previous contracts as well as on expected future trends. The subgroup was identified as a range of products for which green criteria were of even higher importance.

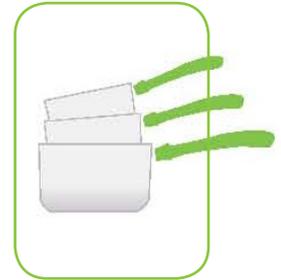
- **Subject matter of the contract:** Supply and delivery of dairy products in Austria
- **Technical specifications:**
  - 21 items (15%) of the core product list must be of organic origin and labelled as such, as specified in the [EU Directive 834/2007](#)
  - The 16 most basic products listed must comply with the criteria set out in the Austria's action plan on sustainable procurement.  
Verification: Products with [AMA certification](#) are automatically deemed to comply.
- **Award criteria:**
  - 87%** Price
  - 10%** Quantity of non-GM products (this must be verified with a label showing that the product is GMO-free)
  - 2%** Price of the products
  - 1%** Delivery days offered outside of standard working days.

### Background

The Austrian sustainable procurement [action plan](#) came into force in 2010, committing the organisation to implementing SPP criteria from 16 different product groups within tenders. 10 of these categories are already being implemented, whilst another 6 are used as part of a pilot phase. Most of the [criteria](#) within the food product group were taken from the [EU GPP criteria for Food and Catering Services](#).

Organisations buying through the current dairy framework contract include the Federal Ministries of Education and Culture, Agriculture and Forestry, Defense, Justice and the Interior, as well as health and social care facilities, welfare associations, state bodies and municipalities.

The BBG began procuring food for other public bodies in 2002 and since that time has gradually incorporated requirements including organic quality, non-GM produce and fair trade ethics into their framework contracts.



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- **Contract performance clauses:** To ensure safety, quality and legality in the production of the dairy products, the contractor has to have and maintain an [IFS certification](#), or equivalent, throughout the lifetime of the contract. The whole chain of custody must be certified meaning that suppliers are only allowed to use products from equivalently certified producers. All users of the framework contract should be allowed to conduct spot checks to verify this certification.
- **Monitoring:** The monitoring system used involves quarterly reporting and evaluation meetings with suppliers and includes an comprehensive complaint resolution process. Quality is verified by external specialists.

### Results

All bidders were able to comply with the full set of criteria outlined by this framework contract, demonstrating the mature and advanced market for green dairy products. Also, as a result of the award criteria, 90% of the products in the core list do not contain genetically modified organisms (GMOs).

There were 11 bidders in total, 5 of which were dairies. Finally the contract was awarded to two companies and the value of the contract is approximately €3.8 million including VAT.

### Environmental impacts

A reduction in CO<sub>2</sub> due to a decrease in kilometres was achieved because of a contractual delivery stop on orders with a value below EUR 100,00. This has enormous potential considering that there are usually several thousand deliveries made each year in the public sector).

Fostering organic agriculture leads to less environmental impacts than traditional, and especially intensive, farming methods. As outlined in the [Technical Background Report](#) accompanying the EU GPP criteria for Food and Catering Services, organic farming avoids the use of pesticides and herbicides on crops, which can pose a risk to human and ecosystem health. Soil degradation and the loss of biodiversity associated with more intensive farming methods are also reduced. This contract aimed to encourage less environmentally damaging and more natural dairy production by specifying organic and GMO-free products.

### Lessons learned

On the positive side, IFS certifications are widely attainable in the food sector even for large traders and logistics firms and should be considered as an option in all future tenders.

On the other hand, although the contract was divided into lots, smaller dairies were still not able to be competitive on price compared to larger companies. The latter are usually able to produce all items from the core list, which gives them the advantage of offering lower prices. Also, it has been difficult to obtain milk-based products which are non-GM as additional ingredients including sugar, fruit puree, stabilisers and aromas often contain GMOs. It would be less restrictive and easier to obtain these products in future if purely the milk component was required to be non-GM.