



Making Socially Responsible Public Procurement Work: 71 Good Practice Cases

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Socially responsible procurement of food and beverages by the City of Oslo

City of Oslo, Norway

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Name of procuring authority, Country: City of Oslo, Norway

Product or service sector: Food and catering



Introduction/procurement objective

The City of Oslo has 50 agencies. Each is responsible for its own procurements to support daily operations. The Agency for Improvement and Development (AID) is the central advisory unit for procurement. AID prepares and administers the city's cross-agency framework agreements and also provides guidance, standard contract templates, training and advisory services to all agencies.

In 2017-2018, AID carried out procurement for three framework agreements for food and beverages, fruits and vegetables and dairy products. In addition

to comprehensive environmental requirements, including requiring organic alternatives, the City of Oslo used a number of social criteria and contract clauses to ensure respect for fundamental human and labour rights in the supply chains for high risk agriculture products.

The city uses social criteria in all contracts where production processes imply risks of adverse impacts on international human rights and labour rights. The current Socially Responsible Public Procurement (SRPP) requirements are aligned with the main international frameworks such as the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct.

Subject matter

Procurement of food and beverages, including fruits, vegetables and dairy products for various facilities and services provided by the City of Oslo, e.g. child care services, retirement homes etc.

Stage of procurement phase and criteria

This procurement was organised as a competitive procedure with negotiation.

Selection criteria:

To be considered as a potential supplier for the City of Oslo, the company had to document the quality management and a suitable traceability system suitable to verify compliance with social clauses throughout the supply chain.

Specifications:

- Fair trade coffee (All coffee must be fair trade

certified and labelled Fairtrade or equivalent);

- Fair trade bananas (All bananas must be fair trade certified and labelled Fairtrade or equivalent).

Award criteria:

- Marks were awarded for other products of fair trade origin (Other products offered as fair trade must be labeled Fairtrade, UTZ or equivalent).

Contract performance conditions:

- The contract includes Oslo's standard social contract performance clauses (see description below under 'Instrument')

Social policy objective and/or reference standard

A new Procurement Strategy was developed in 2017 through dialogue with internal and external stakeholders. It is founded on sustainability principles. The main objective is that Oslo shall conduct appropriate and cost-effective procurement processes, providing sound and sustainable solutions in both the short and long-term. The sub-objectives state that procurement shall contribute to making Oslo a greener, more socially inclusive and more innovative city that provides its residents, businesses and industry with solutions and services in line with their present and future needs. Sub-goal 3 addresses social aspects of procurement and includes strategic guidance that states that "the municipality must not deal with suppliers who can be associated with violations of fundamental human rights, ILO's core conventions or international law that Norway is subject to through UN resolutions." Furthermore, "the City of Oslo must work to actively ensure that the municipality's global supply chains safeguard fundamental human rights, ILO core conventions and international rules that Norway is subject to through UN resolutions. Finally, "the municipality is to use category management (strategic management of product groups through trade partnerships) to increase the portion of fair trade products.

City Council Regulation against Child Labour: Oslo's first City Council Regulation against Child

Labour was adopted in 1996. Its provisions were used in a limited number of contracts. In 2005, it was extended to all standard contracts for goods with high risk of human and labour rights violations.

The "Oslo Model": In 2012, Oslo applied to become a member of the UN Global Compact. A revised regulation on implementation of the Ten Principles in the procurement function was adopted. It also included a reinforced standard social contract performance clause, and social selection criteria. The clause and criteria were used in all high risk contracts for goods. The latest regulation, known as the Oslo Model and adopted in 2017, further develops and strengthens the social requirements and extends their use to contracts for services and construction works which include high risk products such as building materials.

Ethical Trade Norway: In 2017, Oslo became a member of Ethical Trade Norway. Ethical Trade Norway is a multi-stakeholder initiative, represented by NGOs, Trade Unions, Businesses and the Enterprise Federation of Norway. It is a resource centre and an advocate for ethical trade practices. Through its membership to Ethical Trade Norway, Oslo aims to signal its commitment to work towards ethical trade through public procurement. The City encourages its suppliers and partners to embrace ethical trade.

Fair Trade City: Oslo is also a Fairtrade-city. A Steering Committee comprised of representatives from the municipality, business enterprises and NGOs has been established and is taking actions to promote fair trade¹ in the core actions of the city, including in procurement, and among its citizens. The most important step in this area in the past two years has been category management in order to increase the share of fair trade-certified goods procured by the municipality.

¹ The term "fair trade" refers to trade conditions which ensure that workers in supply chains for the goods purchased have decent working conditions and receive at least the current minimum wage and that producers have good trading conditions through a minimum price for goods.

Verification

Suppliers must take active measures to promote international human rights and ensure that working conditions in the whole supply chain are at least in accordance with the fundamental human rights, the ILO core conventions and relevant national labour regulations in producing countries. The following verification techniques were used:

- Self-assessment form completed in 2018;
- Internal monitoring process 2019-2020;
- Coordinated monitoring process 2019-2020: the City of Oslo is leading a team of experts on coordinated monitoring of social criteria in contracts for food and beverages together with a number of other public authorities in Norway. This is part of a project that was initiated and led by Ethical Trade Norway. The goal is to emphasise the effectiveness of the monitoring process as several major public authorities join their forces towards common suppliers and also to save resources both for public authorities and for suppliers.

In case of non-compliance, the City of Oslo would first warn, then sanction a supplier as it has in other contracts. The city administration has issued warnings on termination of other contracts twice. In the first case, this was done after a third-party audit at a production site for work clothing in China. In the second case, the warning was issued after a third-party audit at the main office of a former medical equipment supplier in Norway. However, in both cases the suppliers applied corrective measures, which were well documented and approved by the administration. As such, a contract has never had to be terminated solely due to a breach of social contract clauses related to global supply chains. However, the local authority is entitled to terminate a contract due to a breach of child labour or other fundamental labour and human rights laws, even where suppliers apply corrective measures.

Contract value

The estimated annual contract value for the three contract areas of food and beverages, fruits and

vegetables and dairy products amounts to NOK 80 million (€6.9 million). In 2018, the total was NOK 78,720,462 (€6.8 million).

Instrument

- Art. 18.2 on compliance with applicable obligations in the fields of environmental, social and labour law of Directive 2014/24/EU.

Actors

- Contracting authority: City of Oslo
- Contracted service providers
 - Food and beverages – Servicegrossistene AS
 - Fruits and vegetables – Cater Drammen AS
 - Dairy products – Tine SA

Social impacts

The City achieved more responsible suppliers as a result of the use of social selection criteria, with the following outcomes:

- The share of publicly procured Fairtrade-certified and organic bananas increased from 3% to 50% in the first four months of 2019.
- Over the same period, the share of fair trade-certified coffee went up from 9% to 13%.

This shows that establishing central framework agreements and using category management are effective instruments in strengthening ethical trade. The City works together with suppliers to make the market more socially responsible and to increase the supply of fair trade and organic alternatives at a good price.

Other benefits

- The share of organic food also increased alongside Fairtrade.

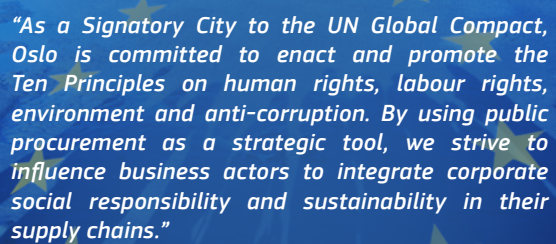
Lessons learned and future challenges

The next steps for continued improvement of social responsibility in Oslo's procurement will be to:

- Consider social award criteria, e.g. based on a risk assessment for selected products
- Consider progressive social contract performance clauses, such as an increasing share of other selected fair trade products during the contract period.

Contact

Katja Khardikova, Coordinator Sustainable
Procurement, City of Oslo,
katja.khardikova@uke.oslo.kommune.no



"As a Signatory City to the UN Global Compact, Oslo is committed to enact and promote the Ten Principles on human rights, labour rights, environment and anti-corruption. By using public procurement as a strategic tool, we strive to influence business actors to integrate corporate social responsibility and sustainability in their supply chains."

*Katja Khardikova,
City of Oslo*