

Public *Affairs*

Mobilising action for Fair Trade Public Procurement



Fair Trade Public Procurement in the main cities of the Flemish region (Belgium)

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International trade does not benefit everyone in the world. Many people live in poverty, are not treated with dignity and do not receive a fair income for their labor. This has led to the emergence of the concept of Fair Trade, which aims to guarantee producers in less developed countries receive a fair price that not only reflects the true costs of their production and work, but also makes socially just and environmentally sound production possible. An increasing number of Fair Trade products such as coffee, tea, fruit and fruit juices, snacks and handicrafts are available on European markets. The EU is by far the largest market for Fair Trade products, accounting for 60 to 70% of sales worldwide. Since 2000 the market for Fair Trade products has been growing by 20% per year, with a total retail value of €660 million (Source: Fair Trade in Europe 2005, FINE). On July 6th, 2006 the European Parliament adopted a resolution on Fair Trade and Development indicating the Parliament's full support for the concept of Fair Trade and providing a useable definition. European public authorities are major consumers of such products for use in canteens, vending machines and catering at events and meetings. This purchasing power represents a huge opportunity for boosting the market share of Fair Trade products.

Public authorities have a key role to play in supporting Fair Trade!

(Source: Buy Fair – A Guide to the public purchasing of Fair Trade products)

Introduction

Definition

1. Fair Trade

The Fairtrade Labelling Organizations International (FLO) defines Fair Trade as: “Fairtrade is an alternative approach to conventional trade and is based on a partnership between producers and consumers. Fairtrade offers producers a better deal and improved terms of trade. This allows them the opportunity to improve their lives and plan for their future. Fairtrade offers consumers a powerful way to reduce poverty through their every day shopping.” (www.fairtrade.net)

2. Fair Trade in Public Procurement

Fair Trade in public procurement (FTPP) is an excellent tool for public authorities to develop a coherent approach to social policy. Public authorities are increasingly interested in fair procurement as Fair Trade gives strong guarantees of social, environmental and economic sustainability, as well as democratic procedures, human rights protection and gender equality.

The purchase of Fair Trade products by public authorities has a great impact on the lives of producers in developing countries and provides a highly transparent supply chain, guaranteed by internationally harmonised voluntary standards for labelled and non-labeled Fair Trade products and organizations, facilitating verification in procurement procedures. (Source: EC Policy Paper – Public Affairs – Nov 2008)

3. Oxfam-Wereldwinkels

Oxfam-Wereldwinkels (‘Oxfam-World Shops’, further: OWW) is a democratic volunteer movement that strives for fair world trade and thus fights for everyone’s right to a dignified existence. OWW is the main Fair Trade organization in Belgium.

- Through campaigns and activities, OWW raises public awareness about unfair trade.
- The organization urges governments and companies to do something about this injustice.
- By selling Fair Trade products the organization offers consumers a concrete alternative. The world shops sell food and handicrafts.

This is facilitated by:

- A network of producers in the South
- A network of world shops and volunteers in Flanders
- Oxfam Fairtrade: a Fair Trade food products wholesaler
- National and international collaboration

Public Affairs

'Public Affairs: Mobilising action for Fair Trade Public Procurement' is a three-year project, running from December 2007 to November 2010. Co-financed by the European Commission, the project brings together three EFTA members – CTM-Altromercato in Italy, IDEAS in Spain and Oxfam-Wereldwinkels in Belgium – and ICLEI, Local Governments for Sustainability.

Aim of the research

The aim of this research is to discover in detail the Fair Trade Public Procurement (FTPP) behavior of the “centre cities¹” in Flanders. This research should enable us to more or less predict the average FTPP-behavior of all the Belgian cities.

Methodology

An action program always starts with a research phase. First, existing research, literature and other materials about the theme were examined. Second, OWW carried out the research itself. This way we gained insight in the presence of FTPP in Flanders. The results of the research are bundled in this report. The results are of interest especially to volunteers, workers in Fair Trade organizations, civil servants and other interested parties.

Structure

We give a general overview of all the cities involved in the inquiry.

¹ In the Flemish district, there are 13 centre cities. The concept 'centre city' doesn't mean that these cities have the most inhabitants. It means that the city has a central function for its environment, more specific for employment, education, care, culture and recreation.

Research into the “centre cities”

Oxfam-Wereldwinkels' Public *Affairs* department conducted a research of the purchasing policy of the 13 Flemish “centre cities” in June 2009. They all acquired the title ‘Fair Trade Town’ which means that they buy Fair Trade goods and promote Fair Trade.

With this research, Oxfam-Wereldwinkels wants to know whether and how “centre cities” deal with Fair Public Procurement. At the same time, the researchers collected good practices of tenders, referring to Fair Trade products and criteria. The results of the research were also shared with the cities themselves.

In the future, Oxfam-Wereldwinkels also wants to organize a broader inquiry into all Flemish cities and towns. This information will provide the basis for a code for integrating Fair Trade criteria in the purchasing policy of the various governments and to organize, eventually, a helpdesk for fair purchases.

In this report, the main results of the inquiry are presented and linked to the most important recommendations. There is also an indication for further steps.

1. Summary of the results

- Response

Twelve out of thirteen “centre cities” sent the filled in inquiry back. These were the following cities: Antwerp, Bruges, Ghent, Genk, Hasselt, Courtrai, Louvain, Mechelen, Ostend, Roeselare, Turnhout and Sint-Niklaas. Aalst did not answer and therefore is not included in this analysis.

- Findings

In all twelve cities, Fair Trade products are available in the working area. Nine out of the twelve cities (75%) integrate Fair Trade criteria in their public tenders. They all define those criteria via a specific label. The majority of the cities (83%) put the Fair Trade criteria in the technical specifications, in the awarding criteria or in both. The same majority does not use any guide to help them with the formulation of the tender.

One out of four cities (25%) does not write a tender for their Fair Trade products. But they do buy these products. This happens with order forms, where they do or do not refer to a specific label/criteria.

Two out of three cities who do not write tenders, plan to do this in the future. This means that only one city (Bruges) does not want to use Fair Trade criteria. The

interviewee of Bruges mentions that they want to consider using criteria again when there is more clarity about the labels and the laws.

What are the biggest obstacles to buy Fair Trade? The biggest concern is the higher price. Eight out of twelve (66%) cities claim this is an obstacle to buy the products. The second main obstacle is the lack of information. This is the case for seven out of twelve cities (58%). To a smaller extent, the lack of stimuli to use the Fair Trade criteria was named. According to the numbers, the legal uncertainty on a national and European level is the less important factor. But during the analysis of the free answers, it seems to be that there is a huge confusion and indistinctiveness about this. For example: some of the interviewees know that it is allowed to implement Fair Trade criteria in the tender, others do not know. Some others think that they can 'skirt the law via order forms'.

The above answers were all options in a multiple choice question. When cities were in the possibility to pronounce freely their concerns, the following topics came out:

- Legal framework (uncertainty)
- Indistinctness and uncertainty about Fair Trade labels in general
- Complexity of the tendering procedures
- Slow rhythm of policy formation
- Evolutions of the market and the supply
- Public opinion
- Support for local economy

The motivation to buy Fair Trade can be subdivided in 'intrinsic' versus 'external' factors. Intrinsic motivation entails attempts to convince the purchasing service that Fair Trade is indeed an important and good choice. External motivation means that external factors influence the persons who are responsible for the purchasing. What factors exactly, will be explained in the below analysis.

Half of the cities do not know the amount spent on Fair Trade purchases. The majority of those who do assess the amount, give a number under 133.000 EURO a year. The Fair Trade products being bought are mainly coffee, tea and juices. Almost half of the interviewees also bought Fair Trade wine.

Almost all the cities (83%) are interested in attending a workshop about Fair Trade in public procurement that will be organized within the framework of the project 'Public *Affairs*'. A minority of two out of twelve cities mentions explicitly not to be interested, namely Mechelen and Roeselare. The reasons for this are not known. Of these two, only Roeselare does not use Fair Trade criteria in their public procurement, but plans to do this in 2010.

2. Extensive analysis

1 – In all cities Fair Trade products are available in the working space. How the products are purchased, varies.

2 – Nine out of twelve cities (75%) integrate Fair Trade criteria in their tenders. They all define those criteria via a specific label. It happens that the criteria of a label (in casu Max Havelaar) are described and that the label itself is not named. A single one uses the definition according to FINE.

3 – The majority of the cities (83%) place the Fair Trade criteria in the technical specifications, in the awarding criteria or in both (5/12 places them in both, 4/12 only in the technical specifications and 1/12 only in the awarding criteria). 25% use the criteria as an alternative, but this always happens in combination with other possibilities. A minority uses the criteria as a special clause in the contract. The same majority of 83% does not use a guide to help them with the formulation of the tender.

A couple of cities that claimed not to use Fair Trade criteria in their tenders did mention in which phases of the tender they (would) inscribe the criteria.

4 – One out of four cities (25%) does not write a tender for their Fair Trade products. But they do buy Fair Trade products. This happens via order forms, where they do or do not refer to a label/criteria. Under 55.000 EURO, order forms are allowed. One out of three cities does not specify how the purchase happens.

5 – The motivation to buy Fair Trade can be subdivided in ‘intrinsic’ versus ‘external’ factors.

Intrinsic motivation: Factors that convince the purchasing service that Fair Trade is indeed an important and good choice. Information and clarity are important elements to become convinced of this importance. Information is needed about Fair Trade principles, labels and control, products. Information should be accessible in an easy form, written for the non-specialized purchaser and easily traceable for everybody. Also clarity about the legal framework is important: what is possible, what is not and how can the purchaser meet these demands.

External motivation: Factors that influence the purchasing service from the outside. Internal and external sensitizing (respectively of the city itself or campaigns as Fair Trade Towns) influences the purchaser. The offer of Fair Trade with the current suppliers (wholesalers, drink centrals) can potentially convince more purchasers to make the switch. The notion of the image of the city also seems to be sensitivity in two directions: the public opinion can move the city to buy Fair Trade and the city can be a good example for the inhabitants.

3. Recommendations

From the answers, the following recommendations can be filtered:

- *To the steering group of Fair Trade Towns*

There is a need for information and clarity. Information is needed about Fair Trade principles, labels and control, products. Information should be accessible in an easy form, written for the non-specialized purchaser and easily traceable for everybody. Also clarity about the legal framework is important here: what is possible, what is not and how can the purchaser meet these demands.

Concrete proposals:

1. Work out a guide (digital and printed version)
2. Work out a workshop on Fair Public Procurement and offer this to candidates
3. Make a good survey of the available products

- *To the “centre cities”/VVSG (Vereniging van Vlaamse Steden en Gemeenten, ‘Flemish Association of Municipalities’)*

A city’s purchasing policy is often spread over different services within the city. This leads to defragmentation of knowledge and practical experience about Fair Public Procurement.

Concrete proposals:

1. Promote one central purchasing department
2. Work out a guide (digital and printed version)
3. Work out a workshop on Fair Public Procurement and offer this to candidates

4. Further steps

After discussing the above described analysis during the steering group meeting of Fair Trade Town, the results were communicated to the 12 centre cities – in consultation with the VVSG. The further spread of the results happens through the website of Public *Affairs* and the monthly magazine ‘W²’.

Oxfam-Wereldwinkels is also contributing to a further process of streamlining the results by lending cooperation to two projects: VVSG is doing a research of ‘green purchases’ at the moment and is considering the possibility to set up a helpdesk for green purchases. Oxfam-Wereldwinkels Public *Affairs* can contribute to this. Also the extension of the inquiry to all Flemish cities and towns can run together.

In an ideal scenario, the two organizations work out a guide in which green and fair purchases are combined. The planned helpdesk could be green and fair.

5. Case Study: Hasselt

The Fair Trade Town Hasselt conducted an own internal inquiry in order to get to know the impact of Fair Trade: how well do the civil servants of Hasselt know the campaign Fair Trade Town and its influence on the daily work life?

Half of the 54 civil servants are budget administrators or responsible for the spending. It is important that these people are included in the inquiry as they prescribe partly how the budget of city Hasselt is spent.

The budget administrators are a little more aware about the campaign than the other civil servants.

Over 50% of the civil servants have heard of the campaign through working for the city.

Fair Trade Awareness through media and catering industry is low. Especially communication through the catering industry is very low. There are a lot of catering businesses in Hasselt who are willing to participate in the campaign, but unfortunately there is not enough communication.

Most civil servants know that Hasselt is a Fair Trade Town and the local council decided to take this into account during the civil purchases. The awareness that Hasselt is a Fair Trade Town is mostly achieved through the urban signs when entering the city of Hasselt. Some of the interviewed civil servants heard of the campaign during the council meeting where it was decided to go for the title of Fair Trade Town. For the budget administrators, the numbers are almost alike.

The researchers concluded that the majority of the civil servants take into account the campaign Fair Trade Town. This happens mainly through the purchase of food (coffee, juice...) for their department. The ones who do not take it into account, do this because of lack of power (the purchase happens via the purchasing service) or because it is not of use for their department (departments who purchase for materials or provisions of services).

The interviewees who do not take into account the fact that Hasselt supports Fair Trade, are willing to do this in the future when the possibility arrives.

The interest to get to know the suppliers of Fair Trade products is quite high. The bottlenecks are mainly lack of time and purchasing Fair Trade not being relevant for their work.

Seven out of 54 interviewed civil servants are interested to take part in a civil working group, for example 'Hasselt goes Fair Trade Town'. These civil servants are

employed in different kind of departments, which is interesting for sensitizing activities. This opens a lot of possibilities to make them aware about how they could integrate Fair Trade in the civil purchases, specifically for their department. There could be thought about ways to increase the reputation of the campaign (promotional materials, such as posters or key rings, mailings, a competition, quiz, workshops, info guide etc.).

There are a lot of trade and catering businesses that are participating in the campaign Fair Trade Town (mainly in the city centre of Hasselt) but nevertheless, hardly any of the civil servants heard about the campaign this way. Those businesses should and could mention Fair Trade more and better on their menus, also with the recognizable logo. Hasselt could make more promotion for and in the catering businesses (leaflets, sandwich board, a map with the different businesses who sell Fair Trade products, a Fair Trade route...). Perhaps also more touristic restaurants and trade places should be convinced to participate. Of course, more attention via media and press is always welcome.

Most important findings about how well the employers of Hasselt know the campaign Fair Trade Town:

- The campaign 'Fair Trade Town' is only moderately known by the civil servants of Hasselt. As the campaign is subscribed and supported by the local government and Hasselt already has the title Fair Trade Town for three years, the familiarity should be larger than the 65% it is now. The campaign should be better communicated internally.
- The civil servants mainly heard about the campaign through their work for the city. This is evident, but this percentage is low (54%). Also from this fact it seems that the campaign should be better communicated internally. It is important to target more activities straight to the employees to enlarge the reputation of Fair Trade.
- The city signs seem to be important for awareness-raising.

Conclusion

Oxfam-Wereldwinkels Public *Affairs* organized an inquiry with 13 Flemish “centre cities” in order to discover their fair purchasing policy. The 13 “centre cities” all carried the title of Fair Trade Town.

As a Fair Trade Town, the interviewed “centre cities” buy Fair Trade products on a regular basis. But in any case, there is a need for more information about Fair Trade and the legal uncertainty on fair public procurement has to be eliminated. Workshops for civil servants could be a solution. That appears from the results of the inquiry.

One of the main obstacles to buy Fair Trade, is the lack of information and the legal uncertainty. Civil servants do not know what is allowed, and what is not. They also do not know how to meet the demands for public procurement. More knowledge about Fair Trade principles, Fair Trade labels and the control on those labels or a wider survey of the available products can lead to a better purchasing policy. There is a need for more information and clarity in an easy interpretable format, developed for the non-specialized purchaser and that is easily traceable for every decentralized purchasing service.

Despite this need, three out of four cities integrate Fair Trade criteria in their tender. Those criteria are defined through a specific label. The majority of the cities write the Fair Trade criteria in the technical specifications and/or in the awarding criteria. One out of four cities does not write tenders for their Fair Trade products. But they do buy Fair Trade products. This happens via order forms, where the label or criteria either is mentioned or not.

Half of the cities do not know the amount they spend on Fair Trade products. Those who could assess the amount gave a number less than 133.000 EURO a year. A single interviewee spent more. The most purchased products are coffee, tea and juices. Also, half of the buyers, bought wine.

Nearly all the “centre cities” are interested in a workshop about Fair Trade in public procurement. Civil servants mentioned that internal sensitizing through the city itself or through external sources such as campaigns like Fair Trade Town motivate them to implement Fair Trade in public procurement.

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