

## REPORT

# Public procurement: a policy tool to promote healthier food environments and choices

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## ABSTRACT

Across the world, a multitude of efforts are being undertaken to steer the food environment towards facilitating healthier dietary choices. This paper utilizes public procurement as a powerful policy tool for the promotion of healthier food choices. In the European Union (EU), for example, Member States have developed a framework for initiatives on selected nutrients – mainly salt, sugars and fat – and, together with several food business operators and non-governmental organizations, have committed to a roadmap for action on food product improvement. We argue that the public procurement of food and food services can further incentivize food reformulation and encourage those involved

in the procurement process to consider health alongside economic, social and environmental aspects. Given the number of recipients of food and food services procured, from school children to public service employees to food bank clients, the benefits are likely to be far-reaching. EU public procurement directives offer substantial scope for health considerations while stimulating innovation. Building appropriate monitoring and evaluation efforts into the process will allow for the demonstration of widespread benefits and value for money of successful public procurement of food for health. It is time to use the power of the public purse to innovate our food environment for better health for all.

**Keywords:** FOOD ENVIRONMENT, FOOD PRODUCT IMPROVEMENT, FOOD REFORMULATION, HEALTHY DIET, PUBLIC PROCUREMENT, OBESITY, PREVENTION, NONCOMMUNICABLE DISEASE

## TOWARDS HEALTHIER ENVIRONMENTS: THE ROLE OF FOOD PRODUCT IMPROVEMENT

Unhealthy diets are a key risk factor for major noncommunicable diseases (NCDs), such as cardiovascular diseases, cancer and diabetes. In the World Health Organization (WHO) European Region, it is estimated that seven risk factors – tobacco, alcohol, low fruit and vegetable intake, physical inactivity, high blood pressure, high cholesterol, and overweight and obesity – account for 60% of the disease burden in Europe (1). Five of these can be directly related to diet. Consequently, food and nutrition are considered one of the priority areas in the definition of public health objectives, strategies and recommendations in several programmes and policies of the WHO (2, 3) and European

Commission (4, 5). Indeed, many countries have put food and nutrition as one of the priorities in their NCD prevention strategies.

Opportunities for action in this area come in many shapes and forms, often involving or converging at the level of food product improvement. Improvements are commonly achieved by reformulating relevant products to contain less salt, saturated fats, added sugars or energy. In some cases, products may also be made to contain more dietary fibre, essential fats or certain micronutrients. The overarching goal is to make the healthy choice the easy choice, thus helping people across all socio-economic strata to get more in line with dietary

recommendations. In this regard, EU Member States<sup>1</sup> have developed an EU Framework for Initiatives on Selected Nutrients<sup>2</sup> (5) in order to set and monitor the achievement of reformulation targets. In 2015, the state of play of these national initiatives was reported (6), with high levels of compliance by the stakeholders involved, and with the focus on salt, total fat, trans fat, saturated fats, and added and total sugars. Energy intake, portion size and wholegrain foods were also addressed. More recently, an EU-level roadmap for action (7) was agreed that defines the steps towards a healthier product offer; efforts in this area continue.

The following can act as additional stimuli for food product improvement: front-of-pack nutrition labelling systems, including health logos; school food standards; and nutrient profile criteria for food marketing. These stimuli may incentivize food manufacturers to reformulate in order to increase the share of products that meets certain eligibility criteria, such as for a given labelling scheme or for marketing to children. Other stricter measures may have an even more direct effect on food product composition. For example, the taxation of foods high in sugars, fat or salt may drive food manufacturers to reformulate products in order to avoid losing market share. Legislative limits, such as those for trans fats established in some Member States – Austria, Denmark, Hungary and Latvia – even oblige manufacturers to change recipes (8).

In this article, we discuss the potential of the public procurement of food as an additional powerful and far-reaching tool for stimulating food product improvement. The introduction of nutrition- and health-sensitive criteria in the food and food-related services procurement process is well exemplified for the school setting. In the EU, all Member States mandate or provide guidance on the type of foods and drinks that schools may offer, be it in canteens, tuck shops or vending machines (9). This means that, in many instances, these criteria are established and well-accepted, for the school setting at least. In countries such as France and Slovenia, where these policies are mandatory and applied without exception at the national level, it follows that products which fall outside of the criteria may not be served or made available; such products would lose access to this market unless reformulated. Along with any desire for food

manufacturers to support the optimal health and development of children through their products, this argument may provide the additional incentive needed for further improvements.

## PUBLIC PROCUREMENT IN THE EU

Public procurement has been long recognized as a vital public policy tool concerned with the delivery of public services (10). Notwithstanding the fact that EU public procurement seeks to promulgate the single market through the creation of a competitive public procurement regime, its reach goes far beyond. It could be argued that the process of awarding government public procurement contracts seeks to add value and better the communities that they serve, for example, by promoting the protection of the environment, higher resource and energy efficiency, innovation, the participation of small and medium-sized enterprises (SMEs), employment and social inclusion (10).

EU public procurement regulations are only applicable to public institutions. Thus, public institutions need to abide by such regulations which are based on EU public procurement directives (2014/23/EU (11), 2014/24/EU (12) and 2014/25/EU (13)) that have been transposed into national law. Three important principles underpin such regulations; namely, the principles of transparency, non-discrimination and equal treatment. In April 2014, a new legislative package in the field of European public procurement was adopted; Member States brought it into force in April 2016 (12).

The public procurement directives do not apply across the board to all public procurement contracts. The application of EU legislation is subject to monetary considerations relevant to the value of the contract. That is, they are only applicable if the monetary considerations reach or surpass certain value thresholds as stipulated in the directives. Apart from contracts categorized as being below the value thresholds, there remains a wide range of contracts which are not regulated or partially regulated by the public procurement directives. Worth noting are contracts for social and other specific services, including catering, canteen and school meal services (12). These only fall under EU legislation if the value of the contract is equal to or greater than €750 000. Such contracts are not subject to the full rigorous regime as envisaged by the directives. However, contracting authorities are under the explicit obligation to avoid discrimination on nationality grounds by exercising the principle of transparency: transparency in public procurement is achieved through community-wide publicity of the contract

<sup>1</sup> Includes Norway and Switzerland.

<sup>2</sup> "By selected nutrients the framework refers to a complex set of target variables that may vary nationally, such as saturated fat, trans fat, energy, total fat content, added sugars, portion sizes and consumption frequency." [https://ec.europa.eu/health/sites/health/files/nutrition\\_physical\\_activity/docs/euframework\\_national\\_nutrients\\_en.pdf](https://ec.europa.eu/health/sites/health/files/nutrition_physical_activity/docs/euframework_national_nutrients_en.pdf).

in question. This is done through the publication of the standard Contract Notice form as stipulated by the directives. In addition, contracting authorities are obliged to publicize the contract of the successful tenderer and the price of its offer through the standard Contract Award Notice.

Public procurement contracts are awarded on the basis of objective criteria. Of note, Directive 2014/24/EU (12) offers a foundation for health arguments through award criteria that are based on the notion of best price–quality ratio, thus ensuring the most economically advantageous tender from the point of view of the contracting authority. In terms of food and catering services, quality can be read as nutritional quality and the involvement of adequately trained food service staff, which together allow for a food supply that promotes good health.

## USING THE POWER OF THE PUBLIC PROCUREMENT PURSE

Annually, more than 250 000 public institutions in the EU spend an estimated 14% of their Gross Domestic Product on the procurement of services, works and supplies (14). Using the power of this purse to demand innovative products and services can shape or even create markets while allowing the public sector to improve the quality and efficiency of its services. Take the area of energy-efficient purchasing as an example. In the early 1990s, the EU started developing ambitious energy efficiency policies, including the introduction in 1995 of an energy efficiency label to help consumers choose energy-efficient products. This has been accompanied by important changes in the market. Even the most distracted consumer is likely to have noticed that products such as IT and domestic appliances are scoring ever higher on energy rating schemes. For example, the share of refrigerators in the highest energy efficiency labelling classes, class A and above, increased from less than 5% in 1995 to more than 90% in 2010 (15). Procurement contracts stipulating certified energy efficiency have contributed to this development, resulting in an increased adoption of energy-efficient products and market transformation effects (16) compared to communities which do not require such certification. At the level of institutions, any initial investment cost for equipping public buildings with these products is likely to be offset over time by the resulting energy cost savings (16).

Can public – or large scale – procurement of foods which meet specific criteria also be used to positively influence the consumption of healthy food? Indeed, in view of the highly

dynamic and multi-faceted nature of public procurement as a policy tool with its well-recognized potential to significantly influence economic and social policy dimensions (10), it seems reasonable to assume such a beneficial impact. Food manufacturers wishing to access this market will attempt to comply with criteria that can be varied. These can relate to: packaging, such as single-unit versus family packs, and packaging materials, such as paper or recycled paper over plastic-based materials; portion sizes; or nutrition criteria. The latter may, in some cases, be very challenging to address. But there are examples where food product improvement has been seen to parallel or follow the introduction of more stringent nutrition criteria for the procurement of certain food or drink products, which indicates that food manufacturers may be ready to respond to these calls, especially if the demand is sizeable: centralized procurement for all schools or hospitals in a specific country is one example. Reformulation may also apply at the food service level. Requesting caterers to reduce the use of processed foods has resulted in a better nutritional value of school meals without producing extra cost (17). In addition, at least in the EU, other food product improvement actions and incentives have been in place for some time now, which makes this point and the timing even more relevant.

## EU-LEVEL EXPLORATION OF PUBLIC PROCUREMENT

The European social food service market<sup>3</sup> is estimated to be worth 82 billion euros (18). Public procurement is only a part of this market but it nonetheless presents a multi-billion euro opportunity to help steer both the demand and supply of healthier food options – schools being a case in point. In fact, the European Commission, together with the Maltese Presidency of the Council of the EU, prepared a tool to help schools draft food and catering contracts that promote healthier diets (19).

The expectation is that this will facilitate the process of public procurement within school environments while encouraging and promoting product reformulation and improvement, helping to remove excess sugars, salt and fat from products that

<sup>3</sup> Social food service covers the following five sectors: 1) Business and Industry (manufacturing industry; service industry; government employees); 2) Education (state pre-primary, primary and secondary schools; private pre-primary, primary and secondary schools; special schools; further education); 3) Healthcare (state hospitals; private clinics); 4) Welfare (state homes for elderly; private homes for elderly; meals-on-wheels; other social homes); 5) Other sectors (armed forces; prisons; religious communities).

are bought every day in European supermarkets. Consequently, this would help citizens to have healthier diets and would also support the most innovative companies as they improve and diversify their product portfolio.

The Commission has previously worked with Member States in the area of voluntary guidance for public procurement, namely on social considerations and environmental concerns. Documents were produced to help public authorities buy goods and services in a socially responsible way – in line with EU rules – and to also promote social inclusion. Practical examples were gathered to show how public purchasing can contribute to resolving social issues (20).

Furthermore, the Commission has published three editions of the Buying Green Handbook (21), to reduce the environmental impact of policies and actions and enable public authorities to more easily take environmental considerations into account when buying goods or services. It follows the cycle and structure of a typical procurement procedure, covering, with practical advice and examples, the states of pre-procurement, the subject of performance evaluation, and the use of environmental award criteria to support decision-making.

## PUBLIC PROCUREMENT OF FOOD FOR HEALTH

Schools are, as mentioned above, a setting where well-defined criteria for the composition of served food and meals exist in many countries (9), and hence, the procurement of these foods shall ensure the implementation of these criteria. But the public procurement of food and related services, or centrally organized daily food offers to large groups of people, does not happen only in schools. Worksite canteens, hospital cafeterias, university refectories or food banks are other relevant settings. It is here that the public procurement of food for health can make further beneficial impacts on population health. Notably, many countries and the European Commission have been active in issuing guidance documents that can support those wishing to align their procurement criteria with healthier and more sustainable practices (see Table 1).

There are solid arguments for contracting authorities – public or private – to include health considerations in their food procurement processes. Data from the United States, Canada and the United Kingdom show that healthy food procurement policies nearly always achieved an increased availability of healthier food and decreased that of less healthy food; additionally, they contributed to the increased purchases of

**TABLE 1. EXAMPLES OF EU-LEVEL AND MEMBER STATE GUIDANCE OR REGULATION ON THE PUBLIC PROCUREMENT OF FOOD OR CATERING SERVICES**

Country	Procurement guidance or regulation	URL
Belgium	School canteen guidelines	<a href="#">Link</a>
Czech Republic	107/2005 Coll. Decree of 25 February 2005 on school catering; status as of 28 June 2015	<a href="#">Link</a>
Italy	National school catering guidelines	<a href="#">Link</a>
Latvia	Recommendations on food product and catering services procurement procedure for schools, kindergartens, hospitals, and long-term social care and rehabilitation institutions	<a href="#">Link</a>
Hungary	EMMI Decree 37/2014. (IV.30) on the nutritional regulations of public catering	<a href="#">Link</a>
United Kingdom	Food buying standards for the public sector: The Plan: toolkit	<a href="#">Link</a>
EU	Green Public Procurement criteria for food and catering services	<a href="#">Link</a>
EU	Public Procurement of Food for Health: technical report on the school setting	<a href="#">Link</a>

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healthier foods and lower purchases of food high in fat, sodium and sugar (22). Similar benefits were reported in another systematic review, again mostly with data from the United States and the United Kingdom, assessing how changing the school food environment – for example, through food service policy changes – affected children’s eating behaviour (23).

While data on the actual effects on health remain scarce, it is reasonable to expect that, with time, health benefits will be seen as a consequence of the healthier diets procured and consumed on a regular basis. In fact, investing in healthy meal provision will pay off at multiple levels (24). For example, public institutions will echo and be consistent with their own governments’ health-promoting messages. This is even more relevant in the case where such public institutions have health as a core remit, as is the case for hospitals. In schools, too, well-nourished children perform better, and any employer benefits from a healthy workforce. Another setting worth exploring is food bank services. In 2015, 43 million Europeans were materially deprived, such that they could not afford a balanced meal, defined as a meal with meat, chicken, fish (or vegetarian equivalent) every second day (25). For the same year, the European Federation of Food Banks reported that its members served the equivalent of 2.9 million meals daily to 5.7 million people (26). The EU, acknowledging the importance of the issue, committed 3.8 billion euros for the period 2014–20 to support Member State actions in providing

non-financial assistance to Europe's most vulnerable individuals through the Fund for European Aid to the most Deprived (FEAD). Procuring food parcels, so that health aspects are considered alongside food enjoyment, culture, tradition and ease of use, honours the recipient's right to food while minimizing social stigma.

## CONCLUDING REMARKS

This article calls on the potential beneficial impact of public procurement as a lever for improved offers in the area of food and health. It argues that a well-planned procurement can go further than merely altering the offer at the institution procuring the food: it has the potential to prompt further improvements to foods, beverages and related services throughout the food supply chain. A wide adoption and implementation of this concept is, however, a challenging path. The complexity of the procurement process often conflicts with the financial and human resources available. The drafting of clear procurement specifications that are easy to implement, as well as the evaluation of bids and the monitoring of contract performance, may be considered as some of the hurdles for those engaging in procurement processes (19). Nonetheless, it is worth noting that guidance documents exist to support those wishing to align their procurement criteria with healthier and more sustainable practices. With the revised public procurement directives putting a renewed emphasis on SMEs and strongly encouraging innovation, there is now a window of opportunity for stimulating creative solutions based on close dialogue between customers and suppliers (27).

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