



MATERIAL-NEUTRAL CALLING IS NOW WITHIN REACH

JULY 2019

How do you make the procurement of mobile phones circular, sustainable and social? Ten Dutch provinces and four regional environmental protection agencies joined forces to make this happen. One of the requirements in their telephony tender was the use of material-neutral phones. 'Our achievement owes a lot to the strong and comprehensive team we assembled'.

Sustainable procurement case story

Ten provinces and four regional environmental protection agencies launched a joint invitation to tender for all their telephony services. The aim was to use the procurement process to make the telephony value chain more circular, sustainable and social. For the procurement of mobile phones, in particular, this was a success.

Special

This tender was the first time that a Dutch government body succeeded in purchasing material-neutral ICT. This *best practice* has since been followed by various municipalities as well as central government. The winning party, IT supplier Centralpoint, collaborates closely with the *social enterprise* Closing the Loop. They are offering a circular offsetting program for mobile phones. The program is simple yet effective: if you buy a new phone, this is offset by recycling another phone elsewhere.

Advantages

- Market players are given the opportunity to come up with the best solution, because they have the freedom to decide how they can fulfil the client's ambitions.

- The expert project team comprised a wide range of disciplines. This made it easier to create internal support and assess the circular opportunities.

Disadvantages

- Due to the commitment of many of the stakeholders for this tender, reaching common goals and agreements, and consensus on the invitation to tender proved time-consuming.

"The production chain for electronics is not only very polluting, it also makes use of many scarce resources. In addition there is a lot of social injustice". Says Henk Klaassen, Senior Procurement Advisor for the Province of Flevoland. "The provinces and regional environmental protection agencies wanted to address these issues. The trouble is, though, that these chains are very complex. Suppliers of electronics know little about what manufacturers are doing. This makes it difficult to influence them and improve the value chain. However, there is strength in numbers and we therefore decided to form a joint project team. This team issued a tender for the combined telephony package of all parties. This package consisted of several lots; from mobile and fixed telephony to delivery of device services."

Becoming material-neutral

Making the procurement of ICT (for government bodies) more sustainable is notoriously difficult. "The cooperation involved a lot of provinces, which increases the risk of misunderstandings", Klaassen explains. "We therefore decided to discuss our common goals in detail beforehand and sign a joint letter of intent. This ensured that everyone would participate under the same conditions." The project team also defined a procurement strategy. "What can and what cannot be achieved? The market consultations played an

important role in this process. Gathering information from the market has increased our understanding of the possibilities. For example, fixed telephony offers few opportunities to achieve sustainability benefits, but mobile telephony all the more. Our focus was on making mobile phones 'material-neutral'. This means that we compensate the raw materials necessary to manufacture a telephone. In this way, we reduce the negative impact of that manufacturing process on the planet."

Influencing the market

"As contracting authority we have no power over manufacturers. We cannot ask Samsung or Apple to make a sustainable phone," Klaassen says. "That is not how the market works. The resellers – who government bodies mainly do business with – cannot exert a lot of pressure on manufacturers either." How did Klaassen and his team ensure that circularity was part of this tender? "We indicated what our circular ambitions are without prescribing how they should be achieved, and left it to the market to create solutions. We also asked market players to make our new mobile phones as material-neutral as possible. The better they succeeded in this, the higher their score would be and the bigger the chance they would get the contract." The winning party, the IT reseller Centralpoint, struck up a partnership with Closing the Loop, a social enterprise from Amsterdam, to fulfil this ambition. For every phone the province buys, this start-up sees to it that a waste phone is collected and recycled in Africa. They call it One for One. Klaassen: "In addition, our discarded device is refurbished for the second-hand market."

The circular award criterion for this tender was included as a 'wish PLUS' (a bonus wish where extra points can be scored) and read as follows:

"Show how you withdraw discarded, inoperable mobile phones from the market to make them available for material recycling, in order to compensate for the materials use of new phones you supply. The number of 'waste phones' withdrawn from the market should at least match the number of new mobile phones supplied.

The waste phones must be offered to a certified recycling firm. You need to provide proof of delivery by means of a report specifying the delivery of mobile phones for recycling and the way the waste flow is processed."

Additionally, the following requirement applies to disposal:

"The bidder is transparent about their recycling or circular disposal process, and specifies how the used mobile phones that were offered have been processed. The number of old mobile phones, the number of phones recycled and waste flow disposal are all documented in a report. This report is submitted regularly."

Stubborn attitude

What else is necessary, apart from mutual agreements, to make a circular procurement project a success? Klaassen: "On the one hand it is important to maintain a constant dialogue with the market. Market research and consultations help you find out what can be achieved. On the other hand it is also useful to adopt a stubborn attitude, not to pay too much attention to the limitations the market is pointing out and simply try and see if something works. You are choosing an unfamiliar path. To get results you must dare to take the initiative.

Do something that has never been tried before. There is a risk, of course, that you will receive no bids and are forced to start the procurement process all over again.”

Klaassen and his team minimised this risk by adding the PLUS wishes. “If none of the parties would fulfil our wishes, we could still select a winning bid, but we would not have achieved our ambitions. The PLUS wishes ensured that parties who share our ambitions were able to distinguish themselves.” The breadth of knowledge and extensive experience within the project team also contributed to the successful outcome. “We had expertise in various fields, from mobile to fixed telephony and from contract management to procurement”, Klaassen continues. “It was a big advantage, in that respect, that we could draw upon the knowledge and experience available in multiple provinces and regional environmental protection agencies.”

Concrete results

According to Klaassen, the best result of this tender is the increased attention from public authorities for sustainability and circularity. “A positive development. And the fact that we have delivered concrete results for this project is an added bonus. For example, we can indicate exactly how much raw material was saved with this procurement. Hopefully this will inspire other procurement teams to follow our example.”

Klaassen believes it is essential to have a committed team. “With this procurement we wanted do something extra to reflect the shared ambitions of the provinces. Our efforts to make our mobile hardware material-neutral and improve social return on investment were both very successful. In my opinion, this success is a joint achievement.”

‘Your discarded phone is worth its weight in gold’

Closing the Loop deserves credit for making the phones in this tender material neutral. The circular services of Closing the Loop were incorporated in the bid of the main contractor, IT reseller Centralpoint. What does Closing the Loop do? “We enable organisations to procure material-neutral mobile phones”, says Joost de Kluijver, founder and director of Closing the Loop. “For each mobile phone an organisation procures, we collect a faulty one and recycle it, in a sustainable and social manner. In this way you can offset the use of raw materials for the new phone. For this tender the faulty phones are collected in Africa.”

In addition, Closing the Loop has developed a circular disposal policy for mobile phones. This will give discarded phones a second life. “Our customers do not want to see their discarded equipment end up on the growing garbage dumps in developing countries”, Joost adds. “And it doesn’t have to. Since 2014, Closing the Loop is setting up local collection networks in various African countries. Those networks save at least as many faulty phones from the waste heaps – for instance in Ghana or Cameroon – as the number of phones sent there by our clients. In this way we close the reuse loop and make reuse waste-free.”

The discarded phones contain valuable materials, such as gold and cobalt. “We are paying people in Africa to collect this waste”, Joost explains. “We convert electronic waste into local employment, reusable materials and concrete circular results for our customers.”

Lessons learned and tips

- Leave room in your procurement process to try out new things. You may get it wrong sometimes, but it is a good way to move forward in relatively unknown territory, such as sustainability or circularity.
 - Make sure you benefit maximally from the expertise the market has. Tell the market **what** you want to achieve, rather than **how** you think this should be achieved. There is more knowledge in the market than you think.
 - Putting together a committed team is crucial for a complex tender such as this. Everyone must support the ambition to make the world a better place, otherwise nothing will be achieved.
 - Look for information from market players that have know-how about your circular objective, even if your organisation does yet have a relationship with them. If you only approach familiar companies for information, all you get is familiar information.
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