



# Implementation example for the CFIT Commitment

**“We assess used e-products for reuse, repair and refurbishment and dispose them via the appropriate route to allow recycling”**



Use longer

## Case study

### Framework agreement on the reuse of obsolete ICT equipment

Norwegian Government | Norway  
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Impact categories:



Product categories:



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### This case illustrates elements of the following CFIT Commitments:

- We routinely assess our used e-products for reuse, repair or refurbishment.
- When we dispose of products, we do so via the appropriate route allowing for recycling.
- In doing so, we make sure that used products get either reused, repaired, refurbished or disposed of through verifiable partners and supply chains.

The purpose of this series of cases is to illustrate what the implementation of commitments of the CFIT framework for circular and fair procurement of ICT can look like. Please note that these case descriptions focus on one element of a tender or process which generally includes many more sustainability requirements

# Framework agreement on the reuse of obsolete ICT equipment

## Introduction

The Norwegian central procurement body was established in 2016 and has been part of the Norwegian Agency for Public and Financial Management (Direktoratet for forvaltning og økonomistyring or DFØ) since 2020. The central procurement body has the authority to enter into and manage framework agreements that are mandatory for 191 government organisations (including ministries, central government agencies and universities).

In 2021, the government approved the new [Action plan to increase the proportion of green public procurement and green innovation](#), which asks contracting authorities to “adapt their procurement practices to minimize a negative environmental impact by promoting long product life, repairs, re-use and material recovery”.

One of the goals of this action plan was to improve end-of-life management of ICT devices by increasing re-use and material recovery.

Previously, obsolete ICT equipment was not managed centrally, each government organisation was following its own judgement regarding waste management, with requirements varying widely. A preliminary survey showed that some government organizations had agreed external contracts requiring either reuse or recycling, or both, while others managed their ICT waste themselves.

In November 2022, DFØ launched a call for tenders for the reuse and recycling of ICT equipment (personal computers, imaging equipment, cell phones, audio-visual equipment, etc.)(1]. The requested service comprises ICT equipment collection, transport, secure data deletion and sorting for reuse or recycling. The resulting framework contract runs for two years with the option of two one-year extensions) and has an estimated budget of 64 million NOK excluding taxes (5.5 million euro) for the four-year period.

This example focuses on the call for tenders for the reuse and recycling of obsolete government ICT equipment and the criteria related to that service. Even though they are not described here, the tender also included social inclusion requirements.

[1] The European tender notices is available [here](#) and the tendering documents (in Norwegian) are accessible [here](#).

## What was implemented?

First, DFØ defined the purpose of the call for tenders by specifying the subject of the contract.

### Subject matter

*Joint governmental agreement for the reuse and recycling of ICT equipment.*

The contract only includes ICT equipment owned (not leased or similar) by the central government and its various organisations, with the exception of organisations that process high security data.

To allow both big and small bidders to participate, the agreement was divided into four lots which each covered a percentage of the total volume of equipment to be handled. The estimated percentages for each lot were as follows: National (for organisations with offices all over the country) (45%), Eastern Norway (25%), Southern and Western Norway (15%) and Central and Northern Norway (15%). The table below shows the expected total volume of equipment:

<b>Equipment category/type</b>	<b>Annual units purchased</b>	<b>Replacement age</b>
<b>Equipment with storage medium</b>		
<i>PC clients portable</i>	<i>24,000</i>	<i>3-4 years</i>
<i>PC client's desktop</i>	<i>3,000</i>	<i>4 years</i>
<i>Mobile phones</i>	<i>16,500</i>	<i>2-3 years</i>
<i>Tablets</i>	<i>3,500</i>	<i>2 years</i>
<b>Equipment without storage medium</b>		
<i>PC monitors</i>	<i>25,000</i>	<i>5-7 years</i>
<i>PC and monitor accessories</i>	<i>15% of the volume purchased</i>	
<i>Mobile phone and tablet accessories</i>	<i>10% of the volume purchased</i>	

The tender included provisions for those organisations with service points in two different regions:

### 2.2.3 Contract areas

*[...] In some cases, contracting organisations that have offices within two different regions or lots will only be affiliated to the region or lot where the contracting authority has most FTEs [full-time equivalent]. Suppliers must be prepared to perform services also for offices that are not within the assigned region.*

The contract included:

- the provision of containers to securely collect discarded ICT equipment “as is”,
- their transport to the sorting facilities,
- sorting and depersonalising equipment, removing any markings or other elements to ensure that items cannot not be traced back to the contracting authorities,
- secure data deletion and destruction, using strict methods approved by the National Security Authority to ensure that information cannot be reconstructed or read<sup>[2]</sup>, and
- sorting equipment for reuse or recycling, depending on their state and reuse potential.

To ensure compliance with certain environmental legislation, the contract included the following clauses:

**Legal requirements:**

*All services covered by the agreement shall comply with applicable laws and related regulations, including the Pollution Control Act, the Waste Regulations, the General Data Protection Regulation and the Second-Hand Trade Act.*

**Second-hand trade allocation:**

*The supplier must have a second-hand trade license in line with the Act at the latest at the start of the contract. This must be presented on request.*

**Export – Waste Regulations §1-24:**

*When exporting used ICT equipment, the supplier must ensure that this is done in line with the requirements of the Waste Regulation §1-24, which deals with requirements for testing, documentation and protection against damage in cross-border shipments of used electric and electronic products. Upon request, the supplier shall be able to provide evidence of this.*

**Recycling company:**

*Used ICT equipment that needs to be recycled must be handled by a recycling company approved by the Norwegian Environment Agency or by another legal recipient that has a permit for handling ICT waste under the Pollution Control Act.*

**Export Chapter 13 of the Waste Regulation:**

*When exporting discarded ICT equipment (waste), the supplier must ensure that this is done in line with the requirements of Chapter 13 of the Waste Regulations on cross-border shipment of waste. Upon request, the supplier shall be able to provide evidence of this.*

Regarding transportation, DFØ required all suppliers to use cleaner vehicles:

**Transportation:**

*The supplier shall as a minimum carry out transportation with vehicles that meet Euro 6/VI emission requirements.*

[2] A List of approved data deletion tools and a Manual for the destruction of documents and storage media by the National Security Authority was provided in the tender.

To make the most of the government’s ICT assets, DFØ included a profit-sharing model for equipment that can be reused in secondary markets:

**The profit-sharing model:**

*The distribution of profit on resale shall be carried out according to the profit-sharing model, where the contracting authority and the supplier share the profit according to a fixed distribution key (e.g. 50/50 meaning that the contracting authority is paid 50% of the profit after resale of the equipment).*

**Reporting requirements**

**Reports per contracting authority and/or per delivery/collection point:**

*Reports per contracting authority and or delivery/collection point shall be prepared and made available for each contracting authority and/or each delivery/collection point.*

**Reports by contract area:**

*Reporting per relevant contract area shall be prepared and made available to the contract owner.*

**Relevant statistics:**

*As far as possible, the supplier shall provide relevant statistics at the level of detail requested by the contracting authority and the contract owner.*

**Annual reporting to the contracting authority:**

*The Contractor shall report on an annual basis to the contracting authority in the following areas: Environment, Economy and Security. Where relevant, the reports shall be prepared at a level that allows the contracting authority to identify the supplier’s treatment of each unit after the supplier has collected the equipment.*

**Reporting to the contract owner:**

*On a quarterly basis and prior to status meetings with the contract owner, the contractor shall provide the contract owner with an aggregated overview per subcontract within the following areas: Environment, Economy and Security.*

The contract award criteria were divided between quality criteria (70%) and price (30%). Quality criteria included criteria to prioritise bidders with business strategies that maximise reuse over recycling and with more advantageous profit-sharing models for the government, like for example:

**Proposed solution 80%:**

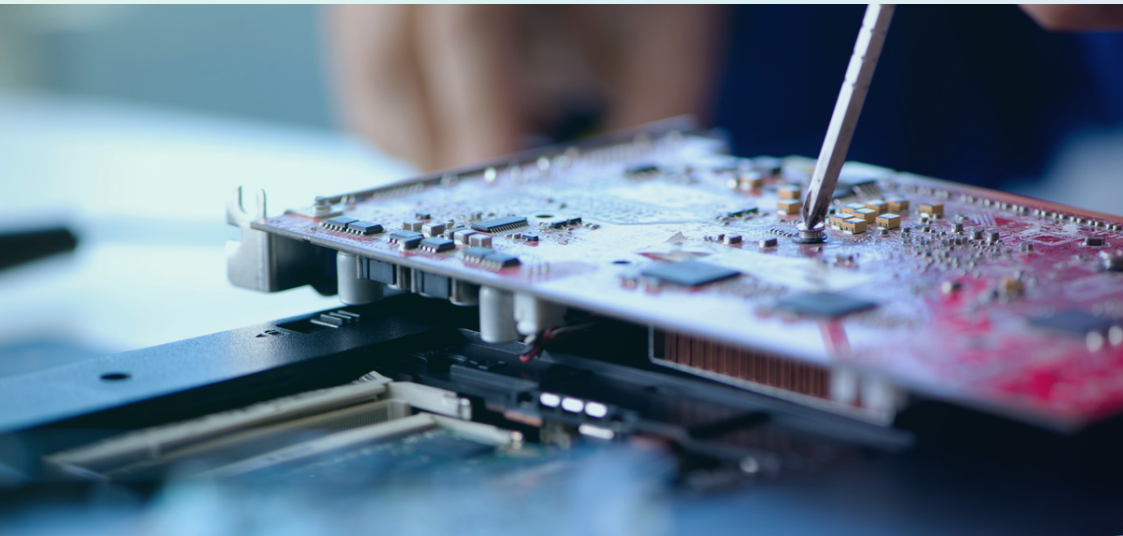
*It is desirable that the supplier's proposed solution optimizes the agreement's circular goals for reuse and recycling of used ICT equipment. Emphasis will be placed on the supplier's proposed solution being user-friendly, predictable, and providing the desired environmental and economic benefits.*

*A comprehensive assessment will be made of the supplier's solution proposal and how well the processes for handling different ICT equipment are in line with the principles and priorities of the waste hierarchy in order to minimize the climate and environmental impact.*

*Those aspects will be evaluated based on: a description of how their processes, procedures, routines and instructions seek to ensure the objectives of the waste hierarchy; a description of how economic benefits for the contracting authority will be ensured (which sales channels the supplier uses, markets they operate in, downtime for equipment); and a description of how the supplier's cooperation and interaction with the client will ensure user-friendly collection, predictability for the client throughout the process, dialogue and proactivity in case of improvement proposals.*

**Allocation key 20%:**

*Emphasis will be placed on the proportion of profits from resale that accrue to the contracting authority. A mathematical assessment will be made where 100% to the client = 10 points, 50% to the client = 5 points and 0% to the client = 0 points.*



## How was it put in place?

- DFØ started preparing for the tender a year and a half in advance, building on the intelligence gathered during the run-up to the ICT category strategy for the procurement of sustainable and circular solutions and products 2022-2026.
- During the preparation of the tender, several consultation activities were conducted:
  - Firstly, an online survey was sent to the 191 government organisations that could join the framework agreement, should they wish to do so. The survey asked, for example, what type of services they currently had in place to manage obsolete ICT, or what would be the most important criteria for such a service (user-friendliness, environmental protection or economic benefit).
  - Secondly, an online announcement and questionnaire aimed at potential suppliers and other market players was used to gather information on how the market works and which aspects needed to be considered. That was followed by one-on-one meetings with suppliers for additional input and insights.
  - Finally, a public hearing was organised for all interested parties (NGOs, other public organisations and, in particular, potential suppliers) to discuss any remaining issues in the planned framework agreement.
- Afterwards, government organisations had to confirm their participation in the framework agreement. 150 out of 191 organisations agreed to join, representing 95% FTEs. Those that opted out did so mainly for data security reasons.
- A user group was set up with representatives from seven government organisations to provide input on each step of the process. In addition, the central procurement body assembled a project team consisting of a sustainability expert, a data analyst, a lawyer, and a procurement officer. The latter was also the project leader.



- To estimate the amount of work in each lot and help bidders prepare their offers, DFØ provided an estimate of the amount of equipment (expressed as a percentage of the total number of devices) to be handled in the various regions. The estimation was done based on:
  - the annual purchase of various ICT equipment through other framework agreements (for computers, monitors, mobile phones, and tablets) in relation to the workforce under those agreements (about 90,000 FTEs),
  - the age of replaced equipment in number of years, and
  - the estimated FTEs in each lot, based on the contracting authority in each region and their associated FTEs (a total of 85.575 FTEs).
- Monitoring was also a key requirement for DFØ, to enable the organisation to evaluate contract performance, estimate ICT waste management improvements from an environmental point of view, and determine sustainability impacts. To this end, several criteria were included to ensure that each contracting authority can track the amount of equipment processed by the supplier, the number of units selected for reuse, and CO2 reduction from reuse and recycling.

### Who was involved?

- The Norwegian central procurement body, part of the Norwegian Agency for Public Management and Financial Management (DFØ), was responsible for both tendering and implementation of the procurement, as well as contract management.
- The sustainability advisor appointed for the project came from the department for green and innovative procurement within DFØ.
- The National Security Authority participated in the tender development process as specialist on data security issues.
- The Norway environmental agency contributed to the definition of the criteria in relation to e-waste management and transportation within the EU.
- The governmental organisations that joined the framework agreement, some of which participated in the user group for the tender development.

- Other authorities with experience from similar agreements, such as the municipalities of Oslo and Bergen, the State Governor and hospital partners, were also consulted.
- Businesses participating in the digital survey, one-to-one conversations, and procurement group phases (approximately 10 companies).

## What were the outcomes and lessons learned?

### Outcomes

- A total of seven companies applied (six applied to all the lots, and one only for a specific region), but a single company won all the lots. This company specialises in reuse, whereas several other applicants focused more on recycling.
- The joint agreement aims to contribute to circular goals such as reduced need for the production of new ICT equipment, reduced waste generation, and reduction of greenhouse gas emissions of several thousand tons of CO2 equivalent.
- The profit potential on equipment resale by reusing PCs represents several million NOK. This profit is shared between the public organisation that disposes of the devices and the service provider. Most participating public organisations are expected to profit financially from the contract.
- The contract is also an improvement on the previous management and handling of obsolete ICT equipment, in terms of both the number of organisations that have included reuse in their contracts, and the contractual terms agreed upon for these services.
- To avoid any increase in the replacement rate of equipment due to the reuse and recycling tender, DFØ informs all agencies about the benefits of extending the service life of ICT equipment before selling the equipment to a second user.

## Lessons

- It takes time, effort, and boldness to launch a tender for a new service, especially as it is hard to get the technical and award criteria right first time. However, you must take the plunge and use the experience gained to improve over time.
- This tender required more than average (time) investment and planning ahead. When you can show the financial and environmental benefits from a tender, this can however be easily justified.
- By aggregating the required services in a centralised procurement process, the resulting contract terms were far superior and of much greater interest to suppliers than any individual government organisation could have offered.
- In general, participants were very supportive.. It also turned out that financial benefits were less important to the participants than improving waste management and reducing the environmental impact.
- Market consultation is important to develop ambitious but realistic criteria. Based on the market analysis, for example, DFØ decided against mandating electric vehicles and instead requires the use of cleaner vehicles (minimum Euro 6/VI standards), taking into consideration the type of vehicles used for the service (mainly trucks) and the distances to be travelled in some regions.

### Disclaimer:

*This case has been described to provide inspiration. If, after careful reflection, this example offers added value to your procurement practises, adapt it to fit your organisation and make sure it is compliant with the applicable rules and regulations for procurement.*

