

## Socially responsible public procurement of workspace hardware and mobile devices



Image: Pixabay – Nikon-2110

<b>Procura+ Participant:</b>	Municipality of Haarlem, the Netherlands
<b>Planned procurement:</b>	Workspace hardware for 900-1000 desks and 1100 mobile devices.

### SUMMARY

- Through market dialogue, Haarlem decided to adopt a new “Hardware-as-a-service” model for procuring ICT.
- Currently, the electronics industry has started to established transparency of its minerals supply chains to the level of smelter and/or refiners. Mining is a hotspot of social and environmental problems, however, it is difficult to trace the raw materials used in ICT equipment.
- Using award criteria, Haarlem aims to encourage continuous improvement in supply chain transparency for raw materials extraction within ICT supply chains.

## Background

The [Municipality of Haarlem](#) is a pioneer in applying the Social Return On Investment (SROI), which it has been using as a special contract performance condition in public tenders since 1995. SROI encourages suppliers to provide additional social value in the delivery of public contracts, for example, through the creation of additional jobs, work placements and internships for people who are disadvantaged in the labour market.

Haarlem's [Sustainability Programme \(2015-2019\)](#) sets the city's ambition to become climate neutral and circular, to encourage SROI and uphold international responsibility. The policy puts a particular focus on 'Electronics' and 'Stones' as important product categories for the implementation and development of social responsibility. This decision is based on the knowledge about the social and environmental conditions affecting workers in the supply chains of these product categories.

A key challenge in the electronics industry is the lack of transparency in the raw materials used in electronics. Currently, the electronics industry has started to establish transparency of its minerals supply chains to the level of smelter and/or refiners. However, to enable monitoring, remediation and improvements for affected workers and communities of mining operations, the challenge for the coming years will be to move beyond smelters and or refiners to establish the links between mines and particular supply chains.

In 2018, Haarlem decided to affiliate with the independent monitoring organisation [Electronics Watch](#), in order to implement its policy and increase its verification capability. By participating in the Make ICT Fair project, Haarlem also had an opportunity to improve its procurement practice through market engagement on fair and circular ICT equipment.

## Procurement Approach

### Market engagement

In 2019, Haarlem organised a market dialogue process on fair and circular ICT equipment, which included in-person engagement events as well as written consultations. For Haarlem it was important to make suppliers aware of its strategy, goals and standards on the responsible procurement of ICT hardware. It was also an opportunity to learn about the market's capabilities, and ability to respond to the municipality's planned social criteria.

Two market engagement events were held, the first focussed on socially responsible procurement of ICT equipment, while the second aimed to understand circularity in ICT better. Both meetings gave the municipality valuable insights on how to develop its goals in the specific procurement further and provided feedback on the market's capabilities. Haarlem's procurement team was able to use these details to strengthen their responsible procurement of ICT hardware and to learn about new approaches in the relatively new field of circular ICT. They were able to improve their procurement procedures and planned tender, making it easier for suppliers to meet the city's social and circular ambitions. Haarlem was also positively surprised that the market dialogue leveraged participation of SMEs.

The first market engagement on socially responsible procurement of ICT equipment was a 'Meet the Buyer' Event organised by [ICLEI](#) and supported by Electronics Watch, which took place on the 15<sup>th</sup>

April 2019. The 40 participants – representing the municipality, suppliers, resellers as well as other interested public authorities – were introduced to the use of different types of criteria, specifications and clauses to ensure human rights and decent worker conditions, and to Haarlem’s goals for social responsibility in procurement. A “pitch slam” gave companies the opportunity to present their strategies and accomplishments in social responsibility. This was followed by roundtable discussions focused around how suppliers and resellers can work together on social criteria used in tenders, and improvements of supply chain transparency. It became clear to the procurement team that local suppliers were able to deliver on the social criteria Haarlem planned to include in the upcoming procurement. In addition, the engagement initiated a debate on how to enable social criteria in a “hardware-as-a-service” model.



1 Haarlem presents its ambitions for socially responsible ICT to suppliers at the first ‘Meet the Buyer’ event

Building on the results of its first market engagement, Haarlem organised a second ‘Meet the Buyer’ event on the 6<sup>th</sup> November 2019, with a focus on circular ICT hardware (mobile devices and desktops). The event started with an introduction of the goals of the procurement and some information about responsible and circular procurement. Rotating subgroups allowed for structured Q&A on different subjects (fairness, security, service etc.). One key learning was on how to extend the lifetime of laptops by demanding for product models with replaceable components.

After the successful ‘Meet the Buyer’ events, Haarlem continued the market dialogue through written market consultation, to better understand the business case of “hardware-as-a-service”. As a result, Haarlem decided for a service contract instead of buying ICT-hardware. With its objective to extend the lifespan of specific desktops, a service contract can be an interesting option to achieve a lower environmental footprint.

## Social criteria used in the procurement process

The Municipality of Haarlem had been preparing the tender for ICT equipment for spring 2020, but postponed the procurement to autumn 2020 due to the outbreak of Covid-19. The below criteria have therefore been developed, but not yet used in practice.

**Procurement procedure:** Restricted tender

### Subject matter of the contract

Service contract for the provision of 1300 desktops (replacement in different phases for 900-1000 workplace and 1100 mobile devices)

### Award criteria

#### *Concept for social responsibility*

In line with the Municipality of Haarlem's [sustainability policy](#), tenderers must present a concept to describe how best to ensure compliance with social standards, both in the manufacture of the products and in the extraction of raw materials, and how they check this regularly. This provides suppliers the opportunity to gain points by developing a long-term strategy on supply chain transparency for the raw materials extraction part of their supply chains.

The objective of the concept is to provide the municipality of Haarlem a better understanding of how the tenderer is planning to extend the transparency of their minerals supply chains beyond smelter and/or refiners and thus enable the implementation of labour and human rights standards.

Tenderer concepts will be assessed as award criteria, worth 10% of the total award points available. The evaluation will be based on two criteria, where the social criteria (and % of points available) are:

- (1)** Plan for supply chain transparency as well as the scope of the labour and social standards to be observed (50%)

Tenderers should explain their plans for the next 3 years to establish transparency in their minerals supply chain, i.e. how they intend to link individual mines to the supply chains of specific products that form the subject matter of this contract as well as ensure that the labour and social standards set out in the call for tenders are respected.

This should include:

- A plan that specifies the steps that they want to take to establish the supply chain transparency in their minerals supply chain and describe the milestones that will be reached and when they will be reached.
- An overview about the management system, i.e. policies, processes and procedures they have or will set up to achieve the objective of establishing transparency for the minerals supply chains of the subject matter of the contract. One way could be to describe the management system through a "Plan, Do, Check, Act" approach.

- A description of the resources they will allocate to implement the plan and the respective management system.

The tenderer should, where possible, demonstrate how they will ensure compliance with the labour and social standards defined in this tender by reporting according to the OECD Due Diligence Guidance for Responsible Business Conduct or the 'RBA Practical guide to implementing responsible business conduct due diligence in supply chains'. The report will be reviewed by experts like Electronics Watch.

## (2) The plausibility of the concept for compliance (50%)

The plausibility depends in particular on the extent to which:

1. the tenderer provides a plan that defines realistic steps and milestones that will enable naming the suppliers of raw materials (mines, etc.) to their smelters/refiners published in the so-called smelter lists, i.e. linking the mines to the subject matter of this contract;
2. the tenderer provides a time plan for the specific milestones;
3. the tenderer provides a description of their management system, demonstrating how processes and procedures relate to supply chain transparency and engagement;
4. the tenderer is able to identify concrete measures which the manufacturer intends to take in order to ensure that the production and extraction of raw materials necessary for the production are given the best possible consideration for the employment resulting from the ILO Conventions referred to in point 1. and social standards;
5. the tenderer provides a plan on how they will periodically report to the Municipality of Haarlem on the progress of the implementation of the plan.

## Lessons learned

*"Trying to implement sustainable aspects in the procurement of ICT equipment has been a rollercoaster for the municipality of Haarlem for the last 10 years", says Rudy de Vries, Senior Policy Advisor for Sustainability.*

A first challenge was getting the ICT-department on board with socially-responsible and circular procurement. The ICT-department primarily bases its purchases on technical specifications, and service contracts require new ways of working. Engaging the ICT Department in the issues helped: *"If you show them the impact procurement has on labour conditions, then they think they should do something. But as the ICT-department does not buy such large volumes, they are not sure if they can make meaningful differences in the big picture. The combination of a more farsighted budget owner and good examples helped to overcome the resistance. Also, the very inspiring, well received market engagement events helped enormously. Now, nobody can say anymore that social sustainability goals were impossible to ask!"*

A second challenge was creating a tender that both the Security department and the ICT department could agree upon. The departments discussed the focus of the tender, as security aspects strongly limited the list of products and suppliers. But through some intense and creative sessions with (external) experts, the teams of the ICT and Security department were able to work out a feasible solution for this challenge.

Finally, the Municipality of Haarlem is now developing a contract management approach towards a systematic follow-up of contracts: *"You have to start focusing on contract management to collect the benefits of the criteria you included. The more details you ask about, the more time you need to use*

*on the follow up to make sure that you get it. The suppliers need to know that they will be measured on the extra effort they did to answer the social criteria.”*

#### **CONTACT**

**Rudie de Vries**

**rudiedevries@haarlem.nl**

Senior Policy Advisor sustainability

Department Economics, Culture, Sustainability and Housing, Municipality of Haarlem

<https://www.haarlem.nl/inwoners-en-ondernemers/>



## About Procura+

Initiated and co-ordinated by ICLEI, Procura+ is a network of European public authorities and regions that connect, exchange and act on sustainable and innovation procurement.

### Connect.



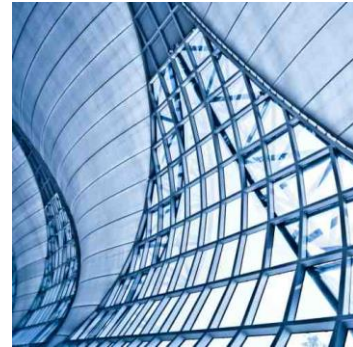
We are a network of European public authorities that connect, exchange and act on sustainable and innovation procurement.

### Exchange.



Our combined knowledge and experience allows us to provide advice, support and publicity to any public authority that wants to implement sustainable and innovation procurement.

### Act.



The Procura+ Network joins forces to champion sustainable and innovation procurement at the European level.

[www.procuraplus.org](http://www.procuraplus.org)

[procurement@iclei.org](mailto:procurement@iclei.org)

## About Electronics Watch

[Electronics Watch](#) (EW) is a not-for-profit non-governmental organization that brings together public sector buyers and civil society organisations in electronics production regions with experts in human rights and global supply chains. They guide public procurement demand for decent working conditions in electronics supply chains, and provide capacity for public buyers to follow up on contractual demands through worker-driven monitoring which helps workers to voice complaints and contribute to solutions. EW's work is focusing on:

- Informing and organising public procurement demand for decent working conditions in electronics supply chains.
- Investigating and working to improve working conditions in public procurement electronics supply chains.

EW has an affiliate network that allows public buyers to exchange ideas and learn from each other.

## About the Make ICT Fair project

The Make ICT Fair - Reforming Manufacture & Minerals Supply Chains through Policy, Finance & Public Procurement is a three-year project, which received three million euros funding from the European Commission. The partners are: The University of Edinburgh, Sudwind, People and Planet, SETEM Catalunya, ICLEI, CEE Bankwatch, Electronics Watch, Le Monde Diplomatique, Swedwatch and Towards Sustainability Action.

The overall objective of the project is to increase EU citizen knowledge of EU development cooperation within the context of the Sustainable Development Goals (SDGs); Raise awareness & understanding of EU citizens/decision makers about the interdependencies between the Global South and Europe, Mobilise EU citizens/decision makers & ICT purchasers/procurers working in the EU Public Sector to improve workers'/communities' rights and conditions in the ICT industry.



Disclaimer: This publication has been produced with the assistance of the European Union. The contents of this publication are the sole responsibility of the Make ICT Fair Project and can in no way be taken to reflect the views of the European Union. The European Commission is also not responsible for any use that may be made of the information contained herein. The project has received funding from the European Union's EuropeAid programme under grant agreement CSO-LA12017/388-226.