WREC Reverse Logistics Global Info Session, 27 May 2025 (15:00-16:00 CET)
Driving Cost Efficiency and Savings Through Reverse Logistics

Note For the Record

Speakers: Michela Balzino, Logistics Cluster (WREC); Karolina Wilberg, DG ECHO; Ernesto Castellanos, Salvador Peña, Ernesto Castellanos, Leonard Cordero, and Juan San Martin, WFP Venezuela Country Office; Alice Boitrelle, Hulo.

Number of participants: 69

Organizations: Action Contre la Faim, Actions Against Hunger, Care, Catholic Relief Services, Climate Action Accelerator, Commonwealth and Development Office (FCDO), Concern, Danish Refugee Council (DRC), Directorate-General for European Civil Protection and Humanitarian Aid Operations (DG ECHO), Humanitarian Logistics Cooperative (Hulo), Humanity First, HumMedica, International Committee of Red Cross (ICRC), International Med Corps, International Organization for Migration (IOM), Malaria Consortium, Médecins Sans Frontières (MSF), Oxfam, Palladium Group, Rescue, ShelterBox, Street Child, UN Secretariat, United Nations Children's Fund (UNICEF), We Are Light, Welthungerhilfe, World Food Programme (WFP), World Vision International, Yellow Jackets

Agenda:

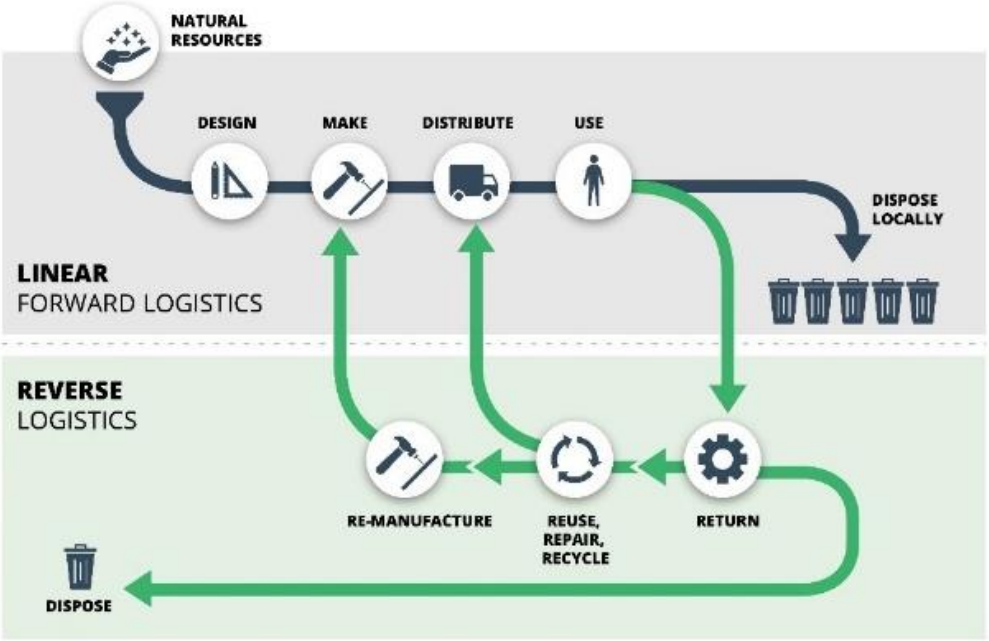
1. Introduction on Reverse Logistics and Cost-efficiency
2. DG ECHO: Donor's Perspective on Reverse Logistics
3. Best Practices from the Field (WFP, hulo)
4. Q&A

1. Introduction to Reverse Logistics and Cost Efficiency

The WREC coalition began the session by defining reverse logistics (RL) as the process of collecting and returning items, assets, or waste through the supply chain for repurposing, recycling, reassignment, or safe disposal. The discussion highlighted the critical connection between RL and cost efficiency, emphasizing RL's potential for financial sustainability in humanitarian supply chains.

Three main categories for RL application were identified:

- item value recovery (e.g., selling plastic, refurbishing broken assets),
- asset reassignment (e.g., furniture from closing offices), and
- items for final disposal (e.g., hazardous medical waste).



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Strategies for making RL cost-efficient include:

- identifying opportunities for value capture,
- leveraging existing logistics systems (like empty returning trucks),
- engaging suppliers in take-back systems, and
- fostering joint collaborations to reduce overall costs.

The WREC has already identified numerous best practices directly from field operations where organisations have strengthened their operational stability while successfully achieving cost efficiency at the same time. This demonstrates that these critical elements are not mutually exclusive but can, in fact, be complementary.

- **WFP - Ethiopia**
  The recycling and reverse logistics initiative has successfully generated over **USD185,000 through the sale of KG 921,000** of used bags used for packaging, jerrycans, vehicle tires, and engine oil, among other items in less than a year **using WFP empty trucks**. Profitable Returns: Generating Revenue through Recycling & Reverse Logistics (WFP) | Logistics Cluster Website
- **Foreign, Commonwealth and Development Office (FCDO)**
  The UK Government's Foreign, Commonwealth & Development Office (FCDO) carried out reverse logistics for armored vehicles, achieving significant benefits by refurbishing and reusing existing vehicles rather than purchasing new ones. This approach has resulted in considerable cost savings—**approximately 77%—**while also reducing environmental impact by limiting the need for new production and vehicle disposal. Through this effort, FCDO has clearly demonstrated the connection between economic and environmental sustainability in humanitarian operations. Reverse Logistics of Armoured Vehicles - A Case Study (FCDO) | Logistics Cluster Website
- **WFP Kenya**
  By backhauling (**at 75% of actual costs**) and **selling** Broken Plastic pallets, Obsolete PP bags, Aluminum Oil tins/ Plastics Jerrycans, Cartons on trucks returning from deliveries, they've achieved **cost-effective transport** and generated KES **4,579,910 - USD 35,230**.

- **DRC Iraq**
  DRC Iraq partnered with a local supplier to establish a take-back program for used printer cartridges, successfully enabling their return, recycling, and reuse at **no additional cost** and significantly reducing waste in a highly cost-efficient manner.
- **ICRC Colombia**
  Reverse logistics for waste collection following a mass food delivery collecting **270 kg of cans and 150 kg of plastic**. These materials were delivered to **a local recycling business, generating additional income through the sale of the cans at US$1/kg (270 US$).** Environmentally sustainable supply chains Good Practice - ICRC Colombia.docx
- **MSF Yemen**
  Through a partnership with local suppliers, MSF arranged for the **disposal of non-functional generators at no cost**. This arrangement also secured MSF Yemen **new spare parts** for the operational generators.

2. DG ECHO: Donor's Perspective on Reverse Logistics - Karolina Wilberg

DG ECHO's Commitment to Greening Supply Chains

- DG ECHO has observed a limited number of proposals which include reveres logistics activities to date and encourages partners to submit project proposals focusing on greening initiatives, including reverse logistics, as critical to ensuring cost efficiency but also in reducing environmental impact.
- DG ECHO highlighted that good practices in greening often result in cost efficiency and even returns on investment, demonstrating that environmental efforts can enhance, rather than hinder, operational efficiency, even amidst funding cuts.

Policy & Recommendation:

- DG ECHO highlighted that its Minimum Environmental Requirements (MER) place waste management as a cross-sectoral priority, requiring it to be addressed from the outset in project proposals.
- Reverse logistics is currently encouraged but not mandated. This reflects the sector's current implementation capacity, though DG ECHO is reviewing the policy with a view to potentially making it a future requirement.
- Existing guidance on reverse logistics focuses on maximizing value recovery, improving resource efficiency, and minimizing environmental impacts such as greenhouse gas emissions, energy use, and waste.

Challenges & Joint Solutions:

- Major barriers to reverse logistics include customs, import/export taxes, and supplier willingness. DG ECHO advocates for joint approaches to overcome these challenges.
- Waste management and reverse logistics are eligible costs for DG ECHO, and higher initial environmental costs are accepted if justified by long-term savings.

3. Best Practices from the Field

WFP Venezuela - Ernesto Castellanos, Salvador Peña, Ernesto Castellanos, Leonard Cordero, Juan San

WFP Venezuela is actively implementing recycling programs, focusing on three core areas:

1. **Strategic Recycling Partnership**: WFP has awarded a 12-month contract to a recycling supplier, identified through a competitive process, to manage logistics waste, despite recycling not being common in the country.
2. **Cost-Effective Reverse Logistics:** A clause in transport contracts allows WFP to utilize empty returning vehicles to transport materials to be recycled back to the hub at no additional cost.
3. **Collaborative Transporter Relationships:** Strong relationships with transporters, who feel invested in the initiative, ensure they waive fees for waste transport, enabling them to reload food efficiently.

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WFP Venezuela has successfully implemented two distinct recycling and reverse logistics programs, demonstrating a strong commitment to waste reduction and environmental stewardship:

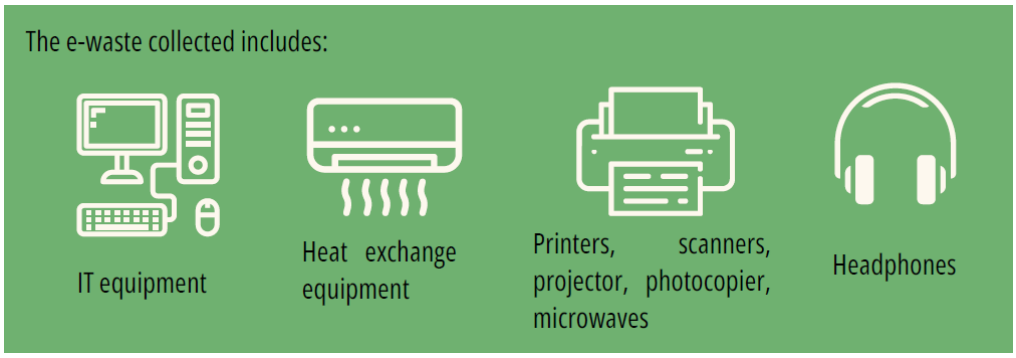
1. **Waste Management and Reverse Logistics Scheme in Maturín Warehouse**
   This program focuses on managing operational waste generated at the Maturín warehouse. The implementing partner is responsible for segregating and storing immediate waste, including cardboard, wrapping paper, and plastic packaging. This segregated waste is then transferred to the Maturín WFP warehouse and subsequently sent to the WFP El Consejo Hub using a reverse logistics scheme. From the El Consejo Hub, the waste is directed for recycling through WFP's LTA (Long Term Agreement) supplier, ensuring safe and sustainable management which would otherwise be discarded as waste, keeping the materials in use and applying circular economy principles.

2. **Waste Management in Emergency Preparedness and Response (EPR) in Zulia State (El Boscan Community)**
   Even amidst emergency response efforts, WFP Venezuela maintains rigorous waste management standards. In the El Boscan Community, Zulia State, colleagues from EPR, Supply Chain, Programme Unit, and Fleet teams have collaborated to safely manage waste from logistics operations - through reverse logistics. Through this reverse logistics scheme, the collected waste is transferred to the El Consejo Hub at no additional cost to WFP, thanks to the procurement clause which allows WFP to transport materials for recycling on returning otherwise empty trucks. At the Hub, the materials for recycling are then directed to a recycling facility via an LTA supplier, closing the loop on waste management even in critical response phases.

   Key benefits so far: 104 kg of cardboard recycled, 10 kg of plastic recycled, 106 kg of CO2 reduction, enhanced sustainable corporate reputation.

Hulo – Alice Boitrelle

Hulo introduced their initiative in Burkina Faso focusing on e-waste management, addressing the significant accumulation of electronic waste in humanitarian organizations' offices and warehouses where sustainable recycling is often unavailable.



Recognizing that the selected operator charges for e-waste treatment, creating financial and logistical challenges for NGOs, Hulo encourages what they call "**informal reverse logistics**." This involves humanitarian organizations leveraging existing transport infrastructure by using empty space in passenger vehicles returning to the capital to backhaul e-waste, saving approximately $90 USD per organization per office location.
For larger e-waste like generators, Hulo can also facilitate pooled formal logistics to ensure more cost and environmentally efficient transportation.

5. AOB (Q&A)

Q: What typically happened with waste transport costs and pallets before WFP Venezuela implemented their contract clause?
A: *Prior to the new clause, WFP had to pay the full cost of waste transport, which was very expensive.*
Q: How was data collected and recycled materials gathered to achieve CO2 reduction figures?
A: *Data is primarily gathered using Excel models and macros. Information is monitored and collected before deliveries, and then confirmed upon completion to ensure expected outcomes are met.*
Q: Are there solutions for hazardous goods/waste in countries lacking suitable suppliers, especially for cross-border movement?
A: *This was identified as a common and tricky problem, particularly for extra-boundary movement of hazardous waste, with no easy solutions found so far. The audience was encouraged to share any insights.*
Q*:* Are there any information / examples on how reverse logistics can be included in sustainable procurement? for example, by including this topic as part of the requirements or preferred characteristics for a product?
A: *Nothing is available at the moment, but the WREC will provide guidance on this aspect*
Q: In the case of Gaza, where trucks have been waiting to be allowed entry, what would be the best practice regarding re-assignment of products, so as to avoid deterioration due to high temperatures? Have there been cases where products, especially food items, have had to be discarded due to deterioration?
A: T*he WREC Coalition will gather the necessary information and get back to participant who ask the question.*

Contacts

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