



**Western Cape
Government**
Environmental Affairs and
Development Planning

SmartProcurement Programme

Sustainable Procurement Analysis

Department of Environmental Affairs and Development Planning
Directorate: Sustainability

Report by ICLEI – Local Governments for Sustainability – Africa Secretariat



Final Report

Date: 31 January 2019

Contents

Executive Summary	3
Introduction	5
Structure of report	7
Perspectives on Sustainable Public Procurement.....	7
Global Perspective.....	7
National Perspective.....	13
Provincial Perspective.....	14
History	14
Provincial Strategic Goals	19
Green is Smart - Green Economy Strategy.....	20
Green Economy Report.....	21
Economic Procurement Policy	22
Local Perspective	23
Stakeholder Mapping	25
Implications for SmartProcurement Programme	26
References	28

Executive Summary

With up to 50% of the South African budget being spent directly and indirectly on the purchase of goods, services and works, public procurement comes to the fore as a key tool available to government to achieve ambitious global, national and provincial socio-economic and ecological goals. Making use of procurement in this way is known as Sustainable Public Procurement (SPP).

To procure in a sustainable manner requires that government looks beyond short-term needs and considers the longer-term impacts of each purchase and payment. Sustainable Procurement is defined as *“a process whereby organizations meet their needs for goods, services, works, and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimizing damage to the environment”*¹.

Sustainable Public Procurement has been acknowledged and accepted by the Western Cape Provincial Government as a lever to achieve the Provincial Strategic Goals and support the development of the Western Cape as Africa’s Green Economy Hub.

To support the implementation of SPP in the Western Cape, the Department of Environmental Affairs and Development Planning: Sustainability Directorate has established the SmartProcurement Programme. This report forms part of the first objective of the programme to review and make the case for SPP in the Western Cape by providing an overview of the current global and national context of SPP, in addition to deeply unpacking the history and trajectory of SPP in the province and local government. The purpose of this report is to provide the foundation on which to build the SmartProcurement Programme, given the Western Cape’s work and leadership on SPP to date.

The key lessons drawn from the implementation of Green Procurement and SPP over the past 15 years in the Western Cape and around the world include:

- Sustainable Public Procurement is gaining traction globally and at the sub-national level, especially as a tool to achieve sustainable development and to take climate action.
- Globally, there has been significant support for developing and enabling environment for implementation. There has, however, been little implementation of SPP and adoption of new practices globally, in both public and private sectors, indicating a policy-action gap.

¹ Definition adopted by the Task Force on Sustainable Public Procurement led by Switzerland (membership includes Switzerland, USA, UK, Norway, Philippines, Argentina, Ghana, Mexico, China, Czech Republic, State of Sao Paulo (Brazil), UNEP, IISD, International Labor Organization (ILO), European Commission (DG-Environment) and International Council for Local Environmental Initiatives (ICLEI) and adopted in the context of the Marrakech Process on Sustainable Production and consumption led by UNEP. and UN DESA

- SPP takes hold in the context of a broader sustainability strategy and vision in an institution that is accompanied by an organisational culture that reinforces messaging for sustainable development through internal communications campaigns, bilateral engagements, and political and technical leadership.
- Standards, policy and regulations are important for the implementation of SPP by providing the framework and reference for officials to take action safely in a highly legislated and punitive governance environment. Thereby being both a motivator for those new to SPP and an enabler for SPP champions.
- Implementation of SPP requires greater insitutionalisation and sense making of SPP requirements in the context of each sector, municipality and in the province.
- SPP should be framed within the broader socio-economic and developmental objectives of a sector or municipality.
- Peer-to-peer exchange can be an effective mechanism for change, complimented by specialist technical assistance.
- To support the shift in value chains and markets needed to supply the demands made by SPP will require engagement with the private sector, whether big business in their own procurement processes or suppliers of goods and services, that are large-scale, SMMEs, established businesses and entrepreneurs.
- Key focus areas to measure and report on green procurement outcomes would include waste (including carbon emissions), water, energy and raw material efficiency.
- Fundamental principles of the approach in the SmartProcurement Programme should be to build on existing work, to work *with* those implementing SPP, not on their behalf, in order to build capacity in institutions, and be process-orientated.

Introduction

Within an environment of increasing ecological risk, fiscal strain, and financial uncertainty, government needs to make the most of every Rand spent in order to achieve the goals set for job creation, equitable development, and poverty alleviation; ultimately to improve the lives of all South Africans. Government holds a unique position in the economic value chain as the one who sets and enforces standards and laws, while also being a significant client to many businesses through which services and goods are procured.

In South Africa, the government spends up to 50% of the annual national budget on the procurement of goods and services directly and indirectly; equaling up to R800 billion, or 20% of the country's GDP (National Treasury, 2018). When reviewing national, provincial and local budgets, it is estimated that 30% of these budgets are allocated to direct procurement of goods and services (IISD, 2012). Within the Western Cape, provincial government spends approximately R13.6 billion or 21% directly on the procurement of goods and services (Western Cape, 2018). This represents a significant buying power in the local market that can be leveraged to procure goods, services and the construction of infrastructure to improve the livelihoods of citizens and protect our ecological systems, while growing the economy. Public procurement is therefore a key mechanism available to governments to ensure maximum value for money and the strategic use of resources. Making use of procurement in this way is known as Sustainable Public Procurement (SPP).

To procure in a sustainable manner requires that government looks beyond short-term needs and considers the longer-term impacts of each purchase and payment. Sustainable Procurement is defined as *"a process whereby organizations meet their needs for goods, services, works, and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimizing damage to the environment"*².

² Definition adopted by the Task Force on Sustainable Public Procurement led by Switzerland (membership includes Switzerland, USA, UK, Norway, Philippines, Argentina, Ghana, Mexico, China, Czech Republic, State of Sao Paulo (Brazil), UNEP, IISD, International Labor Organization (ILO), European Commission (DG-Environment) and International Council for Local Environmental Initiatives (ICLEI) and adopted in the context of the Marrakech Process on Sustainable Production and consumption led by UNEP. and UN DESA



Fig 1. Sustainable procurement impacts

Figure 1: Diagram indicating the three spheres of impact that sustainable public procurement can have - social, economic, environmental. (ICLEI, 2016)

Sustainable Public Procurement (SPP) has been acknowledged and accepted by the Western Cape Provincial Government as a lever to achieve the Provincial Strategic Goals and support the development of the Western Cape as Africa’s Green Economy Hub.

It is within this context, that the SmartProcurement Programme was established to provide strategic support to provincial and local governments in the Western Cape to implement SPP in policy and action over a three-year period, up to March 2021. The objectives of this programme include:

- Review and build on the case for sustainable public procurement
- Identify and test key product and service groups, and associated relevant criteria, to implement sustainable public procurement in one department in the provincial government and three local governments
- Add to the local and global body of knowledge on sustainable public procurement
- Work with provincial and local governments to develop a toolkit for the implementation of sustainable public procurement in the Western Cape

A key principle of the SmartProcurement Programme is to build on existing work. Over the past 15 years, the Western Cape Government has been undertaking SPP work that has been primarily research and policy based, with implementation being ad-hoc. Through the SmartProcurement Programme, SPP will be implemented and embedded in supply chain management practices across the province. This first phase of the programme will pilot the methodology and approach to implementation in three municipalities and one provincial department. Learning from this, the SmartProcurement Programme will then make recommendations for further rollout in subsequent phases.

The SmartProcurement Programme has two focus areas. Firstly, it focuses on infrastructure and asset management for service delivery. Infrastructure is a strategic focus area due to:

- the large proportion of the provincial and local budgets assigned to its construction and maintenance,
- the fact that infrastructure has a significant influence on resource consumption and management (and thus sustainable development), and
- the long lifespan infrastructure projects, which would benefit from a lifecycle perspective to reduce impacts over time.

Secondly, the SmartProcurement Programme focus primarily on green procurement, including the direct and indirect environmental considerations of goods, services, and construction. This is due to the severe financial, social and economic implications of climate change in the province. A recent study estimated that climate change could cost the Western Cape economy 17.8% of its GDP and 10.0% of its employment by 2040. While, a proactive response to climate change could boost Provincial GDP by 15.0 per cent and employment by 12.4 per cent over the same period (Provincial Economic Outlook 2018).

Structure of report

This report provides a synthesis and analysis of the work on SPP to date to provide a foundation on which to build the SmartProcurement Programme, with the aim of not duplicating work and taking the next step on SPP in the province.

The report starts with an overview of SPP across scales of development – from global to local – to put the Western Cape’s SPP work in context. An in-depth review of SPP in the Western Cape is then provided, including

- a history of SPP;
- how SPP relates to key strategies and goals of the province;
- the implications for the SmartProcurement Programme.

Using this as a policy baseline, the report identifies key opportunities for SPP through an analysis of provincial and local procurement data, along with highlighting key criteria for evaluating SPP.

Perspectives on Sustainable Public Procurement

Around the world, there is growing interest in the implementation of SPP, whether through global, national, or local initiatives. This section provides a brief overview of SPP across these scales of intervention to build an understanding of the current context in which the SmartProcurement Programme is being implemented.

Global Perspective

Sustainable consumption and production has been part of the global development agenda since the UN Conference on Environment and Development in 1992. Advocacy for SPP heightened in 2002 when the World Summit on Sustainable Development was held in Johannesburg, South Africa, and the Johannesburg Plan of Implementation was adopted. The plan called for governments at all levels to take sustainable development considerations into account in decision-making, development planning, business

development and public procurement (United Nations, 2002). Specifically, regarding SPP, this plan called for the development of a 10-Year Framework of Programmes on Sustainable Consumption and Production (10YFP), which started in Morocco in 2003 through the establishment of a Task Force. The Marrakech Task Force on Sustainable Public Procurement brought together a range of national governments on a voluntary basis to develop and implement the 10YFP.

The second 10YFP was adopted in 2012, with the One Planet network being formed to support implementation. Through a mid-term review of the 10YFP, in 2017, it was identified that there has been significant action globally to undertake activities for outreach and communication, producing knowledge resources and technical tools, and developing policy (UN, 2017). While this indicates the establishment of an enabling environment for implementation, there has been little implementation of SPP and adoption of new practices globally, in both public and private sectors. This indicates a policy-action gap that must be understood and bridged through increased support for implementation.

SPP is now framed in the Sustainable Development Goals (SDGs) as Goal 12: Sustainable Production and Consumption, through which all national governments that ratified Agenda 2030 have committed to promoting SPP practices.

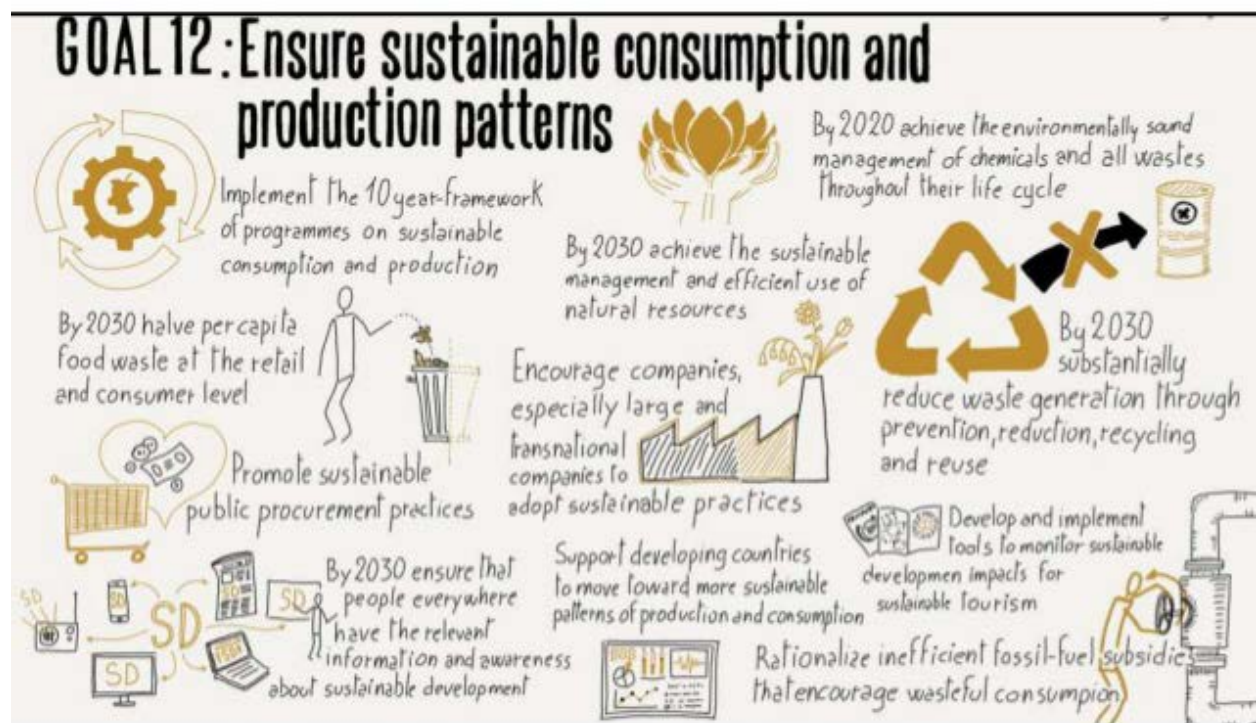


Figure 2: An infographic illustrating the targets for SDG 12. <https://www.slideshare.net/farhanafarhath/sustainable-development-goal-12>

The inclusion of SPP in the SDGs has raised its status as a tool for the implementation of sustainable development, thereby increasing the focus on SPP on the global stage. The value of SPP is evident when reviewing the interlinkages between the SDGs, and the role

that SDG 12 plays in achieving targets under other SDGs. As shown in the figure below, sustainable production and consumption has important influence on targets of SDG 6: Clean water and sanitation, SDG 7: Affordable and clean energy, SDG 8: Decent work and economic growth, SDG 11: Sustainable cities and communities, SDG 15: Life on land, and SDG 17: Partnerships. Sustainable consumption and production is therefore seen as an enabler of sustainable development.

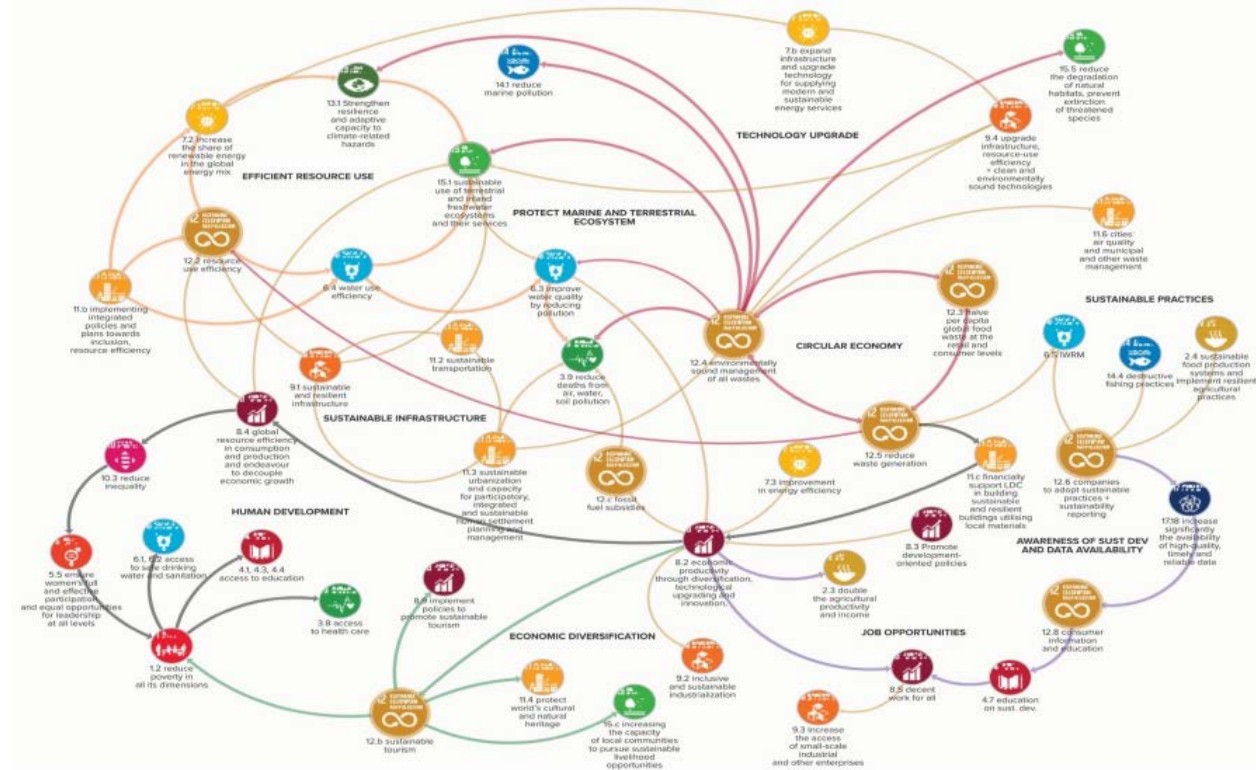


Figure 3: Mapping the interlinkages of the achievement of SDG 12 to other SDGs <https://opendevelopmentmekong.net/topics/sdg12-responsible-consumption-and-production/>

The implementation of SDG 12 in South Africa is shared across the mandates of national, provincial, and local spheres of government, as well as non-governmental actors. The table below provides an overview of the targets, indicators, and relevant mandates for SDG 12 (ICLEI Africa, 2018).

SDG Target	SDG Indicator	Mandate for implementation			
		National	Provincial	Local	Other
12.1 Implement the 10-Year Framework of Programmes on Sustainable Consumption and Production Patterns, all countries taking action, with developed countries taking the	12.1.1 Number of countries with sustainable consumption and production (SCP) national action plans or SCP mainstreamed as a priority or a target into national policies	DEA and DTI	DEA&DP DEDAT	Integrated municipal management and aligned by-laws	

lead, taking into account the development and capabilities of developing countries					
12.2 By 2030, achieve the sustainable management and efficient use of natural resources	12.2.1 Material footprint, material footprint per capita, and material footprint per GDP	DEA and DTI	DEA&DP DEDAT	Integrated municipal management and aligned by-laws	
	12.2.2 Domestic material consumption, domestic material consumption per capita, and domestic material consumption per GDP	DEA and DTI	DEA&DP DEDAT	Integrated municipal management and aligned by-laws	
12.3 By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses	12.3.1 Global food loss index	DTI and DEA (national policies and initiatives/inc entives)	DEA&DP	Waste management and aligned by-laws	Retail and waste management companies, civil society
12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment	12.4.1 Number of parties to international multilateral environmental agreements on hazardous waste, and other chemicals that meet their commitments and obligations in transmitting information as required by each relevant agreement	DEA	DEA&DP	Waste management and aligned by-laws	
	12.4.2 Hazardous waste generated per capita and proportion of hazardous waste treated, by type of treatment	DEA and DTI	DEA&DP	Waste management and aligned by-laws	
12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	12.5.1 National recycling rate, tons of material recycled	DTI and DEA (national policies and initiatives/inc entives)	DEA&DP DEDAT	Waste management and aligned by-laws	Retail and waste management companies

12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	12.6.1 Number of companies publishing sustainability reports	DTI and DEA			Private sector
12.7 Promote public procurement practices that are sustainable, in accordance with national policies and priorities	12.7.1 Number of countries implementing sustainable public procurement policies and action plans	DTI and DEA National Treasury	Provincial Treasury	Supply Chain Management	
12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature	12.8.1 Extent to which (i) global citizenship education and (ii) education for sustainable development (including climate change education) are mainstreamed in (a) national education policies; (b) curricula; (c) teacher education; and (d) student assessment	DTI and DEA	DEA&DP	Integrated municipal management, policies, programmes and aligned by-laws	
12.a Support developing countries to strengthen their scientific and technological capacity to move towards more sustainable patterns of consumption and production	12.a.1 Amount of support to developing countries on research and development for sustainable consumption and production and environmentally sound technologies	DST and DEA			
12.b Develop and implement tools to monitor sustainable development impacts for sustainable tourism that creates jobs and promotes local culture and products	12.b.1 Number of sustainable tourism strategies or policies and implemented action plans with agreed monitoring and evaluation tools	Do Tourism and DEA	DEDAT	Local tourism	Tourism operators
12.c Rationalize inefficient fossil-fuel subsidies that encourage wasteful consumption by removing market	12.c.1 Amount of fossil-fuel subsidies per unit of GDP (production and consumption) and as a proportion of total	Department of Energy, Transport and NT			

<p>distortions, in accordance with national circumstances, including by restructuring taxation and phasing out those harmful subsidies, where they exist, to reflect their environmental impacts, taking fully into account the specific needs and conditions of developing countries and minimizing the possible adverse impacts on their development in a manner that protects the poor and the affected communities</p>	<p>national expenditure on fossil fuels</p>				
--	---	--	--	--	--

At the last High Level Political Forum on Sustainable Development, hosted by the United Nations in July 2018, the implementation of SDG 12 was reviewed. This review highlighted the importance of Sustainable Consumption and Production as an enabler of achieving the other SDGs, in addition to being “one of the most cost-efficient and effective ways to achieve economic development, reduce impacts on the environment and advance human well-being” (UN, 2018). To support increased implementation of SDG 12, the review calls for capacity-building on sustainable consumption and production, standardized sustainability reporting for public and private entities, and mechanisms for sustainable financing.

United Nations Environment (UNEP) and ICLEI are partners in the One Planet Network, which is the global lead for monitoring and evaluating the implementation of SDG 12. In ICLEI’s 2017 Global Review of Sustainable Procurement, completed as part of the One Planet Network, the following key trends in the implementation of SPP were identified:

- Institutionalisation of SPP: An increasing number of governments are setting targets for SPP and putting systems in place to monitor implementation results to manage internal performance, and are seeing a wholesale shift in procurement culture toward SPP as a result. This follows a significant increase in the recognition of SPP as a tool to drive innovation and sustainable development. Most often, SPP is included as part of general procurement legislation, rather than in a separate policy, with mandatory SPP requirements being the most effective for implementation.
- Collaboration with stakeholders: SPP requires greater collaboration and cooperation between public and private sectors to transform value chains. Multi-stakeholder

platforms for engagement and knowledge sharing at local, national, and international levels are essential.

- Standardisation: The International Standards Organisation has published ISO20400:2017 to provide guidance to all organisations as to how sustainability can be integrated into procurement strategy and processes. In this standard, the principles of sustainable procurement such as accountability, transparency, respect for human rights and ethical behaviour are defined. Standardisation supports the transformation of value chains because, if all organisations have similar procurement requirements, suppliers will be more motivated to make changes to their goods and services and economies of scale may be achieved that bring down the cost of SPP.
- Implementation: SPP is currently most often implemented through developing the sustainability requirements and technical specifications for products and/or services, as well as through needs assessments and the selection of suppliers.

To support the implementation of SPP globally, ICLEI has established a range of sub-national government networks. Global and regional networks provide a valuable avenue for increased awareness, knowledge, and leadership on SPP and its implementation. This could be an important aspect of the SmartProcurement Programme in the Western Cape. In Europe, and now in East Asia, the Procura+ networks provide opportunities for officials and political leaders to connect with one another, exchange knowledge and solutions for SPP, and champions SPP at relevant national, regional and global levels. Through the Procura+ Network, a procurement manual has been co-produced with ICLEI and municipalities and case studies produced to provide the necessary knowledge resources to ignite and enhance implementation. The second network is the Global Lead Cities Network on Sustainable Procurement (GLCN) that connects 14 cities across the world who are taking a lead on implementing SPP. In South Africa, both the City of Tshwane and the City of Cape Town are members of the GLCN, with the City of Tshwane recently accepting the role of leading the network over the next three years. The GLCN accelerates the implementation of sustainable procurement worldwide, through members undertaking the following activities:

- Setting ambitious, quantified targets on sustainable procurement
- Reporting on their achievements, and
- Acting as global and regional champions of sustainable procurement

National Perspective.

In some respects, South Africa can be considered a frontrunner in the implementation of sustainable public procurement as, with the advent of democracy in 1994, procurement was recognised as a tool for the achievement of strategic goals such as redress after Colonialism and Apartheid, and for local economic development. This is evident in the establishment of the Preferential Procurement Policy and the Broad-based Black Economic Empowerment Policy that take in to consideration the socio-economic impacts and potential of public procurement. These emanate from Section 217 of the

Constitution that calls for procurement that is “... in accordance with a system which is fair, equitable, transparent, competitive and cost-effective” (Republic of South Africa, 1996). Further to this, requirements for local content have been published for specific sectors and products to support local economic development and job creation.

The 2018 National Budget Review notes that 13% of the national budget is allocated directly towards procurement of goods and services, with 37% of the budget allocated to procurement indirectly through 9% allocated to capital spending and transfers and 28% allocated to current spend and transfers.

The policy environment in South Africa is led by the National Development Plan (2012), along with the New Growth Path and Industrial Policy Action Plan, which prioritise resource efficiency and industrialisation. SPP is a critical tool to achieve these goals, with procurement specifically acknowledged as such in the Green Economy Accord.

A more comprehensive version of SPP, including environmental impacts, has not yet been implemented at a national level. While there are no legislative limits on the introduction of environmental criteria, there has been slow uptake nationally. Some departments have undertaken sustainable public procurement pilot implementation, such as the Department of Environmental Affairs’ Green Star rated offices in Gauteng, and the development of department-specific policy, such as the Department of Public Works’ Green Building Policy and related unit.

While national government plays an important role in providing leadership and an enabling environment for SPP, the nature of South Africa’s governance structure allows independent, but aligned action to be taken at provincial and local level that meets or exceeds national guidelines.

Provincial Perspective

In South Africa, the Western Cape is a leading province in the implementation of SPP and specifically green procurement. This section provides a brief overview of the history of SPP in the Western Cape and a short summary of completed SPP work to glean lessons and build on existing work.

History

The Western Cape’s SPP journey began in 2003, when it was acknowledged that the provincial government needed to reduce its waste footprint. Since then, work has continued in a variety of forms and been championed by different officials and departments. Beyond the nationally legislated socio-economic considerations of SPP, the Western Cape Government has placed emphasis on environmental considerations in the procurement system; known as green procurement. Green procurement was initiated through the 2Wise2Waste programme within the Department of Environmental Affairs and Development Planning. This history of SPP in the Western Cape was developed through in-depth semi-structured interviews with Karen Shippey, Chief Director: Environmental Sustainability, and with Eddie Hannekom, Belinda Langenhoven, and

Gottlieb Arendse of the Waste unit in DEA&DP, and a desktop review of relevant policies and documents. The Province's SPP journey can be summarized in three phases:

1. Internal awareness raising and behaviour change: 2003 – 2011
2. Internal systems development: 2011 – present
3. External supplier development and specification development support (present – future)

Key enablers and barriers identified for the implementation of SPP include:

Enablers:

- Financial expertise: SPP requires financial literacy and an understanding of finance jargon, so it is important to have an accountant on your team who can translate between you and your institution's financial body, e.g. Provincial Treasury.
- National Treasury support: Treasury should give an instruction to municipalities to pursue SPP
- Auditor General endorsement: The Auditor General could publicly commend institutions for innovation
- Eco-labelling: The Department of Environmental Affairs could provide frameworks and leadership on eco-labelling to provide a basis for setting parameters for green procurement and product verification.

Barriers:

- Limited national leadership: Guidance is required to define the mandate and scope of green procurement, as is the creation of enabling governance structures.
- Narrowly defined mandates: Local Economic Development officials tend to see SPP as outside of their role and mandate. They need to play a greater role in linking green procurement and SPP to local economic development (LED), and to consider the capacity/job positions for this.
- Inter-departmental relationships: the relationship between the Department of Science and Technology (DST) and Department of Economic Development needs to be improved, so that they work together to unpack and lead on technological development, maintenance, market development etc., and encompass the whole value chain.
- Agency and ownership: This is not just DEA&DP's issue. All departments need to collaborate, although this will take a bit longer to achieve.

Internal awareness raising: 2003 – 2011

Beginning with a need for improved waste management and reduced waste production within provincial government, the Waste Unit in the Department of Environmental Affairs and Development Planning (DEA&DP) instituted a 2Wise2Waste Programme. Included in this programme was an initiative to alter procurement practices to reduce waste

production and the waste of resources, especially within the DEA&DP offices. The Waste Unit engaged with Chief Financial Officers of municipalities and Provincial Treasury.

A green procurement policy was developed, but due to compliance concerns, it was not passed by provincial cabinet. The compliance concern was related to how the Auditor General would evaluate the Department against this policy. The policy was therefore developed in to guidelines.

Including environmental considerations in procurement, otherwise referred to as 'green procurement', was unusual for that time in South Africa, and was often perceived as a 'middle-class concern' that seemed disconnected from the broader socio-economic and developmental agenda. With environmental considerations being considered a 'luxury' in relation to pressing needs of poverty, unemployment, and inequality, green procurement did not gain much political traction or support.

Furthermore, this work was hindered by the financial system at that time that did not allow for the capturing and tracking of differentiation, such as environmental considerations. This meant that where green procurement was implemented in small pilots on an ad-hoc basis, it required a champion who was willing to put in additional effort to work within the constraints of the financial system. The extra work required was an inhibitor due to capacity constraints, even for those who recognised the value of green procurement. Green procurement was being carried out in addition to the regular functions of the Waste Unit. The lack of dedicated capacity for this work limited implementation, and ultimately there were no changes made to the financial system, which maintained the status quo. Therefore, this was a good start with lots of training and awareness raising taking place after significant effort.

Internal systems development: 2011 – present

In 2011, Green Procurement was still being considered an internal issue that did not speak directly to broader socio-economic concerns, but this was beginning to change. The Western Cape Government reassigned the function of green procurement to the Directorate of Sustainability in DEA&DP as it was acknowledged that the scope of green procurement required a more transversal and interdisciplinary role in order for it to be implemented more widely. At this time, a number of initiatives and movements were taking place that supported an elevation of the SPP agenda in the Western Cape Government. The Sustainability Directorate was being influenced by the United Nations (UN) work on broadening green procurement to sustainable public procurement, and the work the International Institute for Sustainable Development (IISD) was doing to review the legislative environment for SPP in South Africa. Furthermore, the Western Cape Government was busy finalizing the Green is Smart: Green Economy Strategy (2013) and the subsequent Climate Change Response Strategy (2014) that set the stage for sustainability and the consideration of environmental risk as integral to the Western Cape's service delivery mandate, economy, and livelihoods. Ultimately, leading to the development of Provincial Strategic Goal 4: Enable a resilient, sustainable, quality and

inclusive living environment. SPP was then framed in this context and linked to broader developmental and socio-economic priorities. This resulted in more resources and capacity being dedicated to support implementation.

In this period, there was also an increase in provincial departments and local municipalities piloting green procurement initiatives and studies. A selection of these is provided below:

Project	Implementer	Date
Khayelitsha Shared Service Centre	Department of Transport and Public Works	2011
Khayelitsha Hospital	Department of Health	2014
Witsand (Integrated Energy, Environment, Empowerment-Cost Optimisation project)	City of Cape Town	2005 - 2011
Delft Symphony 3 and 5	Department of Human Settlements	2013/14
Kleinmond Settlement	Overstrand municipality & Department of Human Settlements	2010/11
Langrug Informal Settlement Genius of Space	Department of Environmental Affairs & Development Planning	2013 - 2016
Green Procurement Guidelines for state-subsidised human settlements	Department of Human Settlements, Stellenbosch Municipality	2016/17
Feasibility study for alternative and sustainable infrastructure for settlements	Department of Environmental Affairs & Development Planning	2014/15
Street Lighting LED Retrofit	City of Cape Town	2017/18
Traffic Lighting LED Retrofit	City of Cape Town	2015
iShack – informal settlement electrification with renewable energy	Stellenbosch Municipality, Sustainability Institute	2013

Performance-based Procurement, WWF & IISD, 2018	Department of Environmental Affairs & Development Planning, WWF, IISD	of 2018
---	---	---------

In 2011, there was a renewed interest in the strategic use of procurement at the national sphere through the introduction of Local Content requirements by the Department of Trade and Industry to stimulate local economic development. DEA&DP used this as opportunity to embed SPP more deeply through engagement with Provincial Treasury, who were also wanting to make the use of provincial spend to stimulate the economy and job creation.

DEA&DP undertook a review of SPP Policy and Implementation in which barriers to implementation were identified, shown in Figure 4, and a framework for a broader SPP agenda in the province was developed. This became the basis of the later developed Economic Procurement Policy led by Provincial Treasury. Also in 2015, additional funding was received by DEA&DP, WWF, and IISD, through the UN’s 10FYP, to mainstream green procurement. Through this work, accounting standards were reviewed to understand how environmental considerations and green products and services could be included in municipal financial processes, and a guideline for the use of performance-based procurement was developed.



Figure 4: Barriers to the implementation of Sustainable Public Procurement (DEA&DP, 2015)

There is now general acceptance of the need for SPP and its principles in provincial government. This is attributed to the political support and uptake of the green economy as a key driver of development and growth in the Western Cape and the understanding of SPP as a lever to realise the green economy.

Within the Waste Unit, where green Procurement was initiated, SPP has continued with a specific focus on the reuse and recycling of construction and demolition waste. This has been in partnership with the City of Cape Town and Green Cape.

Looking forward, DEA&DP is now seeking to embed SPP within the operational processes and procedures of the provincial government. This will allow officials to implement SPP with greater ease, and to overcome capacity and time barriers.

External supplier development and specification development support (present – future)

Based on the work completed, it is understood that implementation will take place in specific sectors in a phased approach. This is due to different products, services, and risks in each sector and department. In some provincial departments and local governments, there are already champions of SPP. It is necessary to better support these champions and make use of their personal interests and passions to bring other officials onboard.

As DEA&DP and other key stakeholders such as Provincial Treasury take SPP forward, it is necessary to consider how SMMEs can be supported and developed to respond to the SPP requirements to ensure they are not left behind or excluded from economic opportunities.

Further to this, the next stage of SPP in the Western Cape must include external role players and the private sector to engage their supply chains. The drought brought this discussion to the fore as retailers in particular became acutely aware of the vulnerability of their value chains, and the broader economic impact of environmental risks. Interlinkages exist between the supply chains of government and the private sector, and more can be achieved together than apart.

Provincial Strategic Goals

The Western Cape’s Provincial Strategic Goals provide the overarching policy framework for the delivery on a range of mandates. SPP supports the implementation of Provincial Strategic Goal 1: Creating opportunities for growth and Provincial Strategic Goal 4: Enabling a resilient, sustainable, quality and inclusive living environment.



Figure 5: Provincial Strategic Goals with those providing the framework for sustainable public procurement highlighted in yellow.

Green is Smart - Green Economy Strategy

The Green Economy Strategy of 2013, *Green is Smart*, provides a strategic framework to achieve the ambition to “position the Western Cape as the lowest carbon province in South Africa and the leading green economic hub of the African continent”. The strategy identifies five drivers and five enablers of the green economy in the Western Cape, as shown below in Figure 6. The enablers of infrastructure, rules and regulation, and finance are those best aligned to the SmartProcurement Programme: Green and climate-resilient infrastructure underpins the green economy as it ensures that the required resources are provided in a cost-effective and efficient manner. With significant investments being made in infrastructure, there are opportunities to procure the goods and services related to construction, delivery, and maintenance to ensure ongoing energy and water efficiency. This can also help to reduce the cost and risk of doing business in the Western Cape. Within the enabler of rules and regulation, the Green Economy Strategy specifically identifies Green Procurement as an ‘invaluable tool’ to alter value chains and create markets for green products and services. Low carbon and resource efficient service and products are identified as key focus areas for green procurement. The broad actions include the development of a multi-sectoral green procurement guide that draws on best practice, setting green procurement standards through the implementation of pilot projects, and upscaling pilot projects to support enterprise and job growth. The Green Economy focus of the Western Cape is a valuable knowledge export for the continent and globally. As the calls for more sustainable products grows and the carbon tax is increased, the Western Cape positioning itself well in the Green Economy is key to economic resilience and stability.

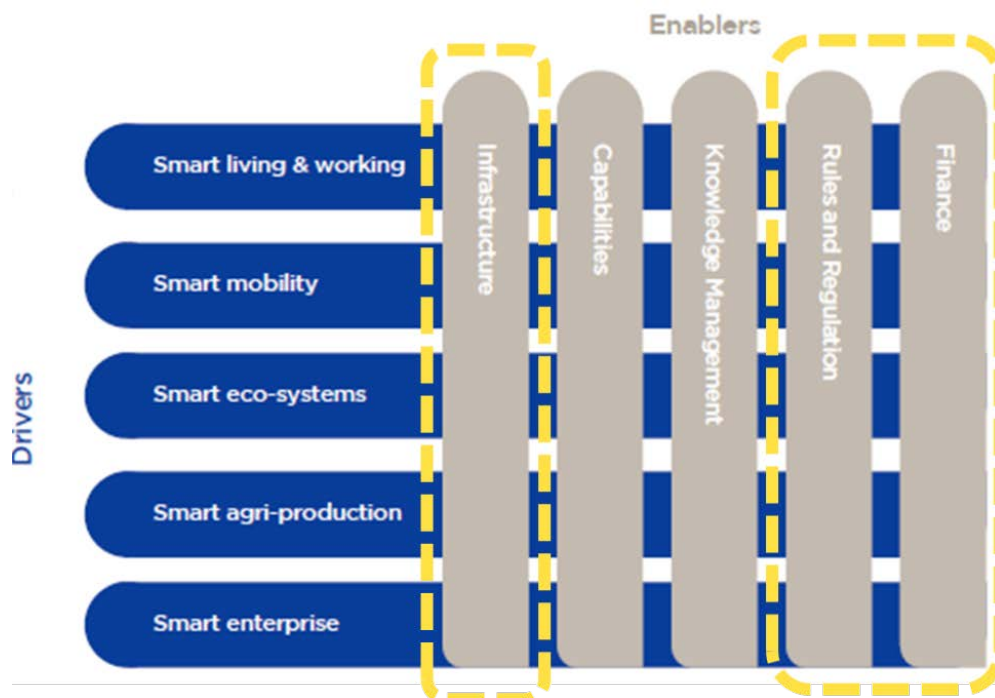


Figure 6: The green Economy Strategy with key focus areas and alignment with Sustainable public procurement highlighted.

SPP is a core focus area in the drivers of the green economy. Below is a summary of how SPP supports the implementation of these drivers:

- Smart living and working: How the Department of Human Settlements and Local municipalities procure goods and service to deliver on their mandates can realise resource efficiency through the implementation of green buildings, sustainable settlement design, waste beneficiation, and buying local.
- Smart Mobility: How the Department of Transport and Public Works and municipalities provide mobility services can reduce energy consumption, limit greenhouse gas emissions, and promote the use of public transport. An example of this is the City of Cape Town's procurement of electric buses for the MyCiTi and the inclusion of non-motorised transport facilities when redesigning roads.
- Smart Enterprise: As provincial government and local municipalities shift their procurement requirements, there will be a greater demand for green businesses, services and products, thereby stimulating the local market and value chains to respond accordingly. This could attract greater investment in green products and services. It is important to maintain policy certainty on the commitment to SPP and environmental considerations, so that businesses can be sure of receiving returns on their investments.

Green Economy Report

The green economy report is a monitoring and evaluation tool used by DEA&DP to track the development of the Green Economy, based on the Green Economy Strategy. The fourth annual report, published in 2017, firmly states the importance of a sustained commitment to transition to a green economy in the Western Cape. The report makes use of a set of indicators to measure the green economy; including carbon, land, water, energy, waste, ICT, skills, agriculture, health, and biodiversity. The following may therefore be helpful criteria against which to measure and evaluate green procurement:

- Carbon
 - Goal: reduction in greenhouse gas emissions through reduced use of fossil fuels in the operation of infrastructure and the reduction in embodied carbon of the materials used in construction and transport required to get materials to site.
 - SPP Targets: Increased use of renewable energy and local content and production would be key. Local content could be further defined as within a specified distance from site – thereby acknowledging the impact of the local context.
- Water
 - Goal: Reduced potable water usage and increased water efficiency in construction, operations and maintenance
 - SPP Targets: Alternative water use in operations, maintenance and construction, specifications for water efficient fixtures and fittings, reduction

in water use (both potable and non-potable), increased reuse of water and rainwater harvesting, limit water wastage

- Energy
 - Goal: Reduction of the amount of energy needed and increased energy efficiency in operation, maintenance and construction, and improved energy demand management
 - SPP Target: design for reduced energy in operations (cooling and heating), specifications for energy efficient products, reduction of embodied energy in materials and products
- Waste
 - Goal: Reduction in waste produced and increased diversion of waste from landfill towards beneficiation and recycling
 - SPP Target: Reuse of products and materials, sorting of waste at source, percentage of recycled content, monitoring, reduction and recycling of construction waste, design and product standardization to reduce offcuts in production and on-site
- Biodiversity
 - Goal: Increased biodiversity across the province, reduction of invasive species, and protection of biodiversity hotspots
 - SPP Target: management of construction sites to limit impact on biodiversity and protection of vegetation on site, increased inclusion of indigenous vegetation, buy wooden products that are made from invasive vegetation

Economic Procurement Policy

The Economic Procurement Policy (EPP) has recently been developed by an interdepartmental task team at the Western Cape Government, led by Provincial Treasury. As referred to earlier in this report, the EPP provides a framework for SPP in the province to support and improve the economic impact of provincial procurement. The purpose of the policy is to provide a unified transversal approach that is focused on maximising the economic impact of public procurement in the Western Cape, with a special focus on the development of SMMEs, businesses located in townships and rural areas, and secondary towns. The policy lays out five focus areas that define what SPP means for the Western Cape, shown in Figure 7. One of the pillars of the EPP is green Procurement.

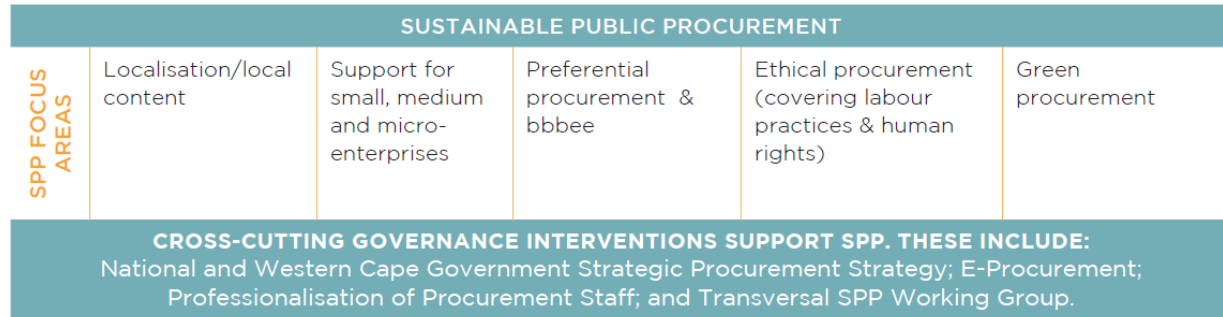


Figure 7: The conceptual framework for Sustainable Public Procurement in the Western Cape (DEA&DP, 2015)

Eight policy focus areas are outlined with green procurement being a significant component of the first policy area to 'Create greater awareness and understanding of the Western Cape Government's overall, departmental and commodity specific, progress in procurement spend on local B-BBEE suppliers, SMMEs, locality of spend, and sustainability/green economy metrics'. The EPP notes that key focus areas to measure and report on green procurement outcomes would include waste (including carbon emissions), water, energy and raw material efficiency.

Local Perspective

Sustainable public procurement is being implemented by local governments to varying degrees. The City of Cape Town and the City of Tshwane are two metropolitan municipalities in South Africa who have dedicated significant time and resources to establishing and institutionalising SPP, specifically green procurement, in their municipalities. Importantly, this work takes place within the context of a broader sustainability agenda that has a high priority, both politically and technically.

Within the Western Cape, there is growing interest in SPP across municipalities. As is evident from a 2016 review of the implementation of green procurement in the Western Cape (Department of Human Settlements, 2016), the understanding of green procurement and its inclusion in policy is varied across the province, as seen in Figure 4 when reviewed against the criteria set out in Table 1. The lack of implementation of green procurement and SPP is attributed to limited skills, knowledge, and accessible tools to make use of, along with an increasingly punitive governance environment spurred by the overly high priority given to the Auditor General's Reports, which inhibits innovation and willingness to deviate from business as usual. To support implementation those interviewed for this 2016 study, and in subsequent interviews, identified the need to focus communication and multi-stakeholder decision-making, regulations outlining appropriate evaluation criteria to permit deviation from lowest cost suppliers in procurement, education and skills development, and incentives for officials and suppliers.

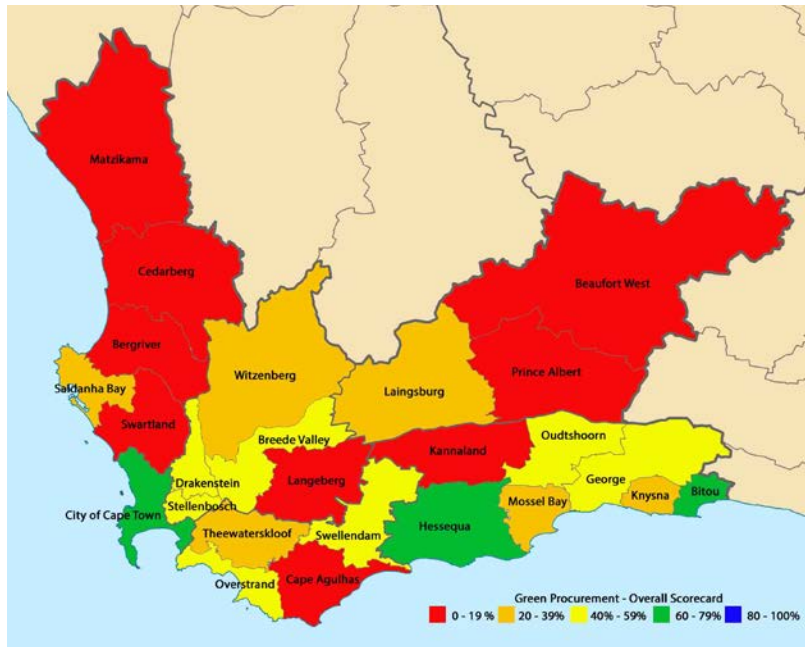


Figure 8: A map depicting the overall scorecard for each municipality (DHS, 2016).

Table 1: A table indicating the review criteria and grading system for the 2016 Green Procurement Status Report (DHS, 2016).

	Policy Analysis: Please supply a copy of the procurement policy for the municipality.	Current understanding: What is meant by the term green procurement?	Implementation: Are there any current practices in supply chain management and procurement in human settlements that incorporate environmental considerations?	The way forward: What opportunities are there for environmental considerations to be implemented in the municipality?
0	No mention of environmental and social considerations in procurement policy	Has not heard of the term	There are no current green procurement practices implemented	There are no opportunities identified
1	Procurement Policy includes: environmental and social principles as core to procurement	Has heard of the term but does not understand what it means	Green procurement practices are implemented on an ad hoc basis (depending on the project manager or consultant team)	Only the challenges to the implementation of green procurement are identified
2	Procurement Policy includes: environmental and social principles as core to procurement, green procurement definition	Has heard of the term and offers a standard definition but unable to apply it	Green procurement policies have been implemented but there is no monitoring of the effect that these have had	There are opportunities identified but with little eagerness to engage further
3	Procurement Policy includes: environmental and social principles as core to procurement, green procurement definition, a framework for implementing green procurement	Has heard of the term, offers a standard definition and is able to apply it but only to green features	Green procurement policies have been implemented and are monitored and evaluated in terms of effectiveness to reduce negative environmental and social impacts of human settlements projects	There are a few opportunities identified and there is an eagerness to engage further
4	Procurement Policy includes: environmental and social principles as core to procurement, green	Has heard of the term, offers a standard definition, is able to apply	Green procurement policies have been implemented and have a proven track record of	There are many, easily identified opportunities

procurement definition, a framework for implementing green procurement, environmental and social standards against which to determine procurement choices	it broadly, from features to concepts such as life cycle costing, designing for efficiency	ensuring that there are positive environmental and social benefits resulting from human settlements projects	and there is an eagerness to engage further
---	--	--	---

Stakeholder Mapping

Based on the research, a stakeholder mapping exercise was conducted that allowed the SmartProcurement project team to identify key role players in sustainable public procurement in the Provincial Government; past present and future. In particular, this has assisted in identifying the members of the Project Steer Committee.

INFLUENCE	HIGH	ACTIVE ENGAGEMENT	Isac Smith (PT)	SECONDARY ENGAGEMENT	Anthony Hazell (PT)
			Sakhumzi Mayekiso (PT)		Helen Davies (DeDAT)
			Rafeeq Casiem (PT)		Anzel Venter (DeDAT)
			Michael Manning (DoH)		Clive Stuurman (DotP)
			Eugene Visagie (DoHS)		Joshua Wolmarans (DotP)
			Leticia Nel (DoHS)		Latitia Sallies (PT)
			Dale van der Lingen (DotP)		Claudia Paulse (PT)
			Tasneem Rakiep (DotP)		George Cloete (DEDAT)
			Ammaarah Martinus (DotP)		Patricia September (DotP)
			Anwar Adonis (DCAS)		Fayruz Dharsey (DEDAT)
			John Solomons (WCED)		Pauline Love-Fortuin (DotP)
			Amy Salkinder (DEA&DP)		Nadia Ebrahim (PT)
	Chantal Smith (DTPW)	Theresa Soetzenberg (PT)			
Cabral Wicht (DEDAT)	Mike Mulcahy, GreenCape				
LOW			Saldanha Municipality		Saldanha Municipality

		KEEP INFORMED	Drakenstein Municipality	IMPLEMENTATION PHASE ENGAGEMENT	TBC: Drakenstein Municipality
			Eden District Municipality		TBC: Eden District Municipality
			Ronald Mukanya (DEA&DP)		
			Bianca Thomson (DEA&DP)		
			Karen Shippey (DEA&DP)		
			Julien Rumbelow (DEA&DP)		
			Dolly Mafa (City of Tswane)		
			City of Cape Town official – to be appointed – Amy Davison		
		LOW		HIGH	
		INTEREST			

Implications for SmartProcurement Programme

As is evident in the analysis above, Sustainable Public Procurement is gaining traction globally and at the sub-national level, especially as a tool to achieve sustainable development and to take climate action. SPP takes hold in the context of a broader sustainability strategy and vision in an institution that is accompanied by an organisational culture that reinforces messaging for sustainable development through internal communications campaigns, bilateral engagements, and political and technical leadership. Policy and regulations are also important for the implementation of SPP, whether embedded in existing supply chain management legislation, as targets in annual performance plans, or as a separate policy. However this is done, SPP policy must provide certainty to the market. This provides the framework and reference for officials to take action safely in a highly legislated and punitive governance environment, being both a motivator for those new to SPP and an enabler for SPP champions. When looking to pilot the SmartProcurement Programme, these should be key determining factors in deciding which local municipalities to work with and how to frame the implementation plan.

We are now at the opportune time to take the next step and support increased implementation, after many years of awareness raising and establishing the concept. Implementation would require greater insitutionalisation and sense making of SPP requirements in the context of each sector, municipality and in the province. SPP should be framed within the broader socio-economic and developmental objectives of a sector or municipality. Furthermore, it is important that municipalities and sectors connect with one another to share knowledge and solutions, both regionally and internationally. Peer-to-peer exchange can be an effective mechanism for change, complimented by specialist technical assistance.

To support the shift in value chains and markets needed to supply the demands made by SPP will require engagement with the private sector, whether big business in their own procurement processes or suppliers of goods and services, that are large-scale, SMMEs, established businesses and entrepreneurs. Different approaches for engagement will be required for each of these private sector groupings, with the need to identify supplier development needs. It will also be necessary to engage with provincial-wide suppliers and those within each district. The SmartProcurement Programme must therefore map, understand, and make use of existing forums for engagement with the private sector and identify any gaps for this.

Ultimately, the implementation of SPP requires systems change. This is not easy to undertake and takes significant effort and time, yet, as evidenced in this analysis, it is possible through a multi-pronged and sustained approach. Furthermore, fundamental principles of the approach should be to build on existing work, to work *with* those implementing SPP, not on their behalf, in order to build capacity in institutions, and be process-orientated. Going forward, this SmartProcurement Programme project should be considered as a first phase to March 2021, with recommendations made for future phases that incorporate feedback and lesson learn from piloting implementation.

References

<https://sustainabledevelopment.un.org/content/documents/196532018backgroundnotesSDG12.pdf>

https://www.westerncape.gov.za/assets/departments/treasury/Documents/Budget/2018/wc_2018_budget_summary.pdf

<http://www.treasury.gov.za/documents/national%20budget/2018/review/FullBR.pdf>

<https://www.iso.org/standard/63026.html>

https://www.iisd.org/sites/default/files/publications/implementing_spp_south_africa.pdf

https://wedocs.unep.org/bitstream/handle/20.500.11822/20919/GlobalReview_Sust_Procurement.pdf?sequence=1&isAllowed=y

<https://www.westerncape.gov.za/eadp/files/atoms/files/Green%20Economy%20Report%202017.pdf>

https://www.westerncape.gov.za/assets/departments/transport-public-works/Documents/green_is_smart-4th_july_2013_for_web.pdf

http://dtnac4dfluyw8.cloudfront.net/downloads/WWF_2018_Moving_towards_sustainable_performance_based_procurement_WC.pdf?24701/Moving-towards-sustainable-performance-based-procurement-in-the-Western-Cape

https://www.westerncape.gov.za/assets/departments/treasury/Documents/Research-and-Report/2018/2018_pero_revised.pdf

Interview with Karen Shippey, Western Cape Department of Environmental Affairs and Development Planning: Sustainability, 5 September 2018, Cape Town

Interview with Eddie Hannekom, Belinda Langenhoven, and Gottlieb Arendse, Western Cape Department of Environmental Affairs and Development Planning: Waste, 23 November 2018, Cape Town

Interview with Amy Davison, Environmental Management: Climate Change, City of Cape Town, 31 August 2018

SPP Roundtable, University of Stellenbosch, 29 August 2018, Cape Town