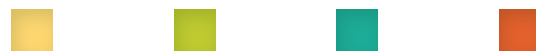


Sustainable energy solutions for South African local government



A practical guide

Produced by Sustainable Energy Africa

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Overview

Governments are among the largest consumers in the economy and can use their purchasing power to stimulate markets for 'green' products through the buying of goods and services that have a less negative or even positive impact on the environment and human health when compared with conventional products or services. Considerations of whether a product or service is 'green' should take into account:

- The environmental impact throughout the product's lifecycle; from extraction through to packaging, distribution, re-use and disposal.
- Its lifecycle cost, including capital and operating costs, e.g. an efficient light bulb is more expensive to purchase than a conventional bulb, but it will use less electricity and therefore cost less over its lifecycle.

Motivations for green procurement:

- Resource-efficient options are often cheaper when considering lifecycle costs, but they are almost always cheaper when considering externality costs (e.g. deaths from air pollution).
- Inefficient resource use may be penalised in future, e.g. through a carbon tax.
- Reducing product transport promotes local and smaller suppliers, which in turn supports local job-creation.
- Insisting on green services and products will increase competition and innovation, giving the local economy city a competitive edge.

Implementation

Green procurement policies need to be developed and aligned with the Supply Chain Management (SCM) policy and national legislation.

The following steps can be taken to implement green procurement:

Step 1: Form a green procurement team

Identify and train staff and departmental champions that will drive the process. Temporary external support may be required. High-level backing should be ensured.

Step 2: Decide on an implementation approach

Decide whether to pilot green procurement (recommended) or to introduce it at scale. Successful pilot projects usually include products or services where information on 'greenness' is readily available, local suppliers exist,

This Chapter draws on The Procura+ Manual – A Guide to Cost-Effective Sustainable Public Procurement (undated), published by ICLEI – Local Governments for Sustainability, European Secretariat

Green procurement largely focuses on minimising environmental impacts – only one part of the “triple-bottom-line” considerations of sustainability. The other components of sustainability are social and economic impacts. Addressing social and economic concerns include the buying of locally produced products.

Constitutional mandate

Statements in the Constitution (section 152 (1) of Act 108 of 1996) relevant to green procurement in local government are as follows:

- To ensure the provision of services to communities in a sustainable manner
- To promote social and economic development
- To promote a safe and healthy environment)

Relevant national legislation

- Public Finance Management Act (1999)
- Preferential Procurement Policy Framework Act (2000)
- Preferential Procurement Framework Regulations (2001)
- National Treasury Regulations (2005)
- Municipal Finance Management Act (2003)

Governance and Legislation

prices are similar to conventional products, large quantities are ordered, the conventional products have negative environmental consequences, and the impact of change is highly visible.

Step 3: Review the current situation

Review the current procurement policy and procedures. What are barriers to green procurement and how can they be overcome? If green procurement is already occurring, why did it happen? Do staff have the capacity and expertise to specify green products? Is the institutional structure conducive? Is there a list of pre-screened suppliers? Is re-using and recycling of products considered as criteria of procurement? Has there been a baseline assessment of resource use and chemicals used in production and waste management of products?

Step 4: Market the green procurement project

A project launch will increase awareness, understanding and support. Internal and external communication campaigns will increase buy-in.

Step 5: Market analysis

Various websites are available for evaluating products in terms of their environmental impact.

Step 6: Engage suppliers

Engage existing and new potential suppliers in an interactive communication process to establish realistic standards and discuss future product development. Guiding principles on product and service standards should focus on the elimination or reduction of (1) finite resources, (2) harmful chemicals, (3) degradation and destruction of natural places and processes, and (4) conditions that undermine human basic needs.

Step 7: Decide on a monitoring approach

Monitoring is important to demonstrate project success. It should take into account goals and targets, costs, public and internal response, impacts, the decision-making process, time period, amount of resources and chemicals used and amount of waste produced.

Step 8: Formalise procurement

Ensure the tender/bid specifications reflect the sustainable product or service standards. The legal and SCM departments need to assist in adjusting the procurement policy and standard contracts.

Step 9: Pilot wrap-up

The outcomes of the project should be evaluated by a neutral assessor. Senior management should consider the results.

Table 1: Challenges and solutions in green procurement implementation

Challenge	Solution(s)
Perception that 'green' products are expensive	Challenge the perception with products where this is not the case. Consider full lifecycle costing and the development of a business case.
Lack of political commitment	Secure commitment from all levels, especially in treasury/finance and supply chain management, by making a case based on costing and political and financial mandates, e.g. the Municipal Finance Management Act requires bid assessment on best value for money.
Insufficient knowledge	Include green procurement training in existing training (in particular for the driving team, supply chain management and line managers), have environmental departments provide support on green criteria development, hold awareness-raising sessions, and use a phased approach to allow for the development of expertise/
Limited options on green products and services	Alert and discuss with local suppliers, choose viable pilot projects, and use a phased approach.
No 'green' specifications provided by supplier	Choose a pilot where specifications are available and consider supporting the SABS to establish a body that sets 'green' standards.
Existing purchasing relationships and habits	Work with central procurement, where these relationships are better understood and managed.



Case Studies

National¹¹

The Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) is an example of sustainable public procurement; encompassing large-scale renewable energy investment, with concomitant financial and employment benefits. The setting of an ambitious target of 75% local content has resulted in the establishment of local solar and wind industries, as well as investment in sector-specific training.

Western Cape Government (WCG)¹²

Provincial Cabinet mandated the Department of Economic Development and Tourism (DEDAT) to draft a sustainable procurement policy framework that considered both socio-economic and environmental impacts and incorporated national and provincial policy objectives. The WCG Department of Environmental Affairs and Development Planning worked in partnership with Provincial Treasury and DEDAT to develop policy imperatives and strategic initiatives that would fall under such a framework. Actions include supplier development and redesign of the Province's central supplier database. Investment has already taken place towards 'green' procurement at hospitals, service centres and settlement developments.

City of Cape Town¹³

The City has invested R29 million in retrofitting its incandescent traffic lights with efficient LED lights, resulting in savings of 7 459 MWh of electricity, 7 384 tonnes of greenhouse gas emissions, and R11 million per annum. The payback period of this project was three years.

USA

After a Federal ruling in the US compelling public authorities to only purchase Energy Star (energy efficient) compliant computers, the demand for such models was so large that within a few years almost all products available on the market met these standards. Manufacturers realised it didn't make financial sense to run parallel production lines, and phased out less efficient models¹⁴.

11 Western Cape Government Environmental Affairs and Development Planning (2015) Sustainable Public Procurement Policy Update: An overview to inform implementation in Western Cape Government.

12 Western Cape Government Environmental Affairs and Development Planning (2015).

13 Western Cape Government Environmental Affairs and Development Planning (2015).

14 The Procura+ Manual – A Guide to Cost-Effective Sustainable Public Procurement (undated).

