Governments are among the largest consumers in an economy. The public sector on average spends 45%-65% of their budgets on procurement. Given this substantial purchasing power, governments have enormous leverage to stimulate and drive markets for sustainable production and consumption when they make a determined effort to purchase ‘green’ products and services. Adopting such an approach is a smart form of procuring goods and services – it not only improves the efficiency of public procurement but also uses the public market power to bring about significant environmental and socio-economic benefits. If the billions of public rands, dollars and euros were spent on products and services that advanced sustainable development, huge progress could be achieved. However, this can only be realised with the cooperation of the thousands of public sector actors sending a clear, unified signal to the market.

Green Public Procurement (GPP) although still in its infancy in South Africa is starting to take root, with environmental criteria beginning to play a role in public procurement decisions. The municipalities of Cape Town, eThekwini, Ekurhuleni, Nelson Mandela Bay and Tshwane (all members of ICLEI – Local Governments for Sustainability) committed in 2002 at the World Conference on Sustainable Development (WSSD) to pursue some form of green procurement. These metros, and a few provinces, have pursued the development of green procurement policy to varying extents with the aim of effecting resource efficient procurement practices. However, the actual implementation of such procurement practices has been slow to take off. This is due to the lack of capacity to drive the work and ineffective rollout of the process.

Green procurement: a guide for local government

“Sustainable Procurement needs strong political will. This must also be combined with clear and simple guidance on how to implement sustainable procurement.”

Danielle Poliautre,
Deputy Mayor, City of Lille, France

1. www.iisd.org/markets/procurement/
2. Recognising the power of the public sector, from local to national government offices, in charge of huge budgets and responsible for the purchase of significant amounts of products and services each year, the World Summit on Sustainable Development in Johannesburg in 2002, committed public authorities to “promote public procurement policies that encourage development and diffusion of environmentally sound goods and services”
some of these challenges, has benefitted from real on-the-ground experience and advice on GPP from their partnership with the Swedish city, Göteborg.

This SEED Update provides an overview and guide to how municipalities can integrate resource efficiency/‘greening’ considerations into existing public procurement policy and procedures in a way that supports and facilitates implementation. Where do you start? Are there examples of other municipalities or provinces that have tackled this? What support is available? And what does ‘greening’ mean anyway?

**What is Green Procurement?**

Green procurement is the purchasing of supplies and services that have a smaller negative impact, or even a positive impact, on the environment and human health when compared with competing products or services that serve the same purpose.

Environment + Price + Performance = Green Purchasing.

To determine whether a product or service is “green,” one needs to consider the environmental impact throughout its life cycle – beginning from the extraction of raw materials to manufacturing of the product, packaging, distribution, re-use and disposal. Cost also needs consideration, but lifetime costs, rather than up-front capital costs (i.e. initial purchase price) - which ignore usage costs associated with electricity and water consumption, maintenance expenses and disposal costs at the end of the product’s life - should determine purchasing policies. An example is energy efficient light bulbs/lamps, which cost more to buy than inefficient incandescent light bulbs, but cost less in the long run due to the electricity saved during their lifetime and last ten times longer.

Green Procurement may initially appear to compete with developmental priorities and financial prudence (e.g. the least-cost approach set out by the Municipal Financial Management Act). Fortunately, development, financial prudence and green procurement complement each other more often than not. A municipality can meet its “green” goals, while still addressing developmental concerns and savings costs. For example, green procurement would require that government-delivered houses are built or retrofitted with ceilings, even though this may lead to an increased capital cost. However, research has shown that houses with ceilings significantly improve occupant welfare and are cheaper in the long term through reduced heating and health costs.

**Why Green Procurement?**

There are many compelling reasons to make the shift to green procurement. Here are a few which can be used in any document that seeks to motivate the adoption of a green (or resource efficient) procurement programme:

1. The resource-efficient purchasing option (energy, water and resource efficient products and services) is often the financially efficient (money-saving) option, especially if the “life-cycle cost” of the product or service is considered, i.e. the total purchase and running costs. The procurement of environmentally preferable products can reduce waste management fees, and reduce spending on pollution prevention.

2. Even when the cost of a green product or service is not the best for the municipality, it is often the best for the community. This can be measured by taking into account all the external costs, which include the human and monetary cost of sourcing raw materials,
manufacturing, packaging, distribution and disposal. In the case of local government, this can be a very compelling reason for “buying green.”

3. Green procurement seeks to **reduce resource usage**. In a world with diminishing resources per capita, this is an important consideration. A small thing like excessive use of print-ink may render packaging unrecyclable.

4. International or national action to mitigate **climate change** may impose regulatory penalties for inefficient resource use, e.g. carbon tax. The foresight of switching to green procurement now will be a financial boon to municipality in future. Staying ahead of legislation is likely to be more resourceful than having to quickly respond once it is in place.

5. Resource-efficient procurement often **supports local and smaller suppliers**, because it implies the purchase of local products that do not incur high transport (fuel) use. Local suppliers can also be monitored more easily for good resource efficient and human labour manufacturing practice. Local purchasing will lead to significant job creation and the improvement in the wellbeing of local communities.

6. Insisting on green services and supplies is likely to lead to increased competition and drive innovation amongst suppliers, which will speed up the general **transition to a more sustainable business environment** in the municipal area. There is an increasing trend where cities use a “green” business environment as a marketing tool. Engaging with regular local suppliers to encourage environmentally innovative approaches, and providing potential markets for such products, can support these suppliers in giving them a competitive advantage nationally and internationally.

7. Revisiting the current procurement practice can **unearth better purchasing choices**. For instance, motivating a supplier to adopt more resource efficient practices themselves or getting council employees to start thinking “green” in their own behaviour.

Municipalities can **lead by example**; inspiring businesses and residents to follow in their footsteps. Implementing green procurement is a very effective way to demonstrate a municipality’s commitment to sustainability as a whole.

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### Relevant National and Local Policy Direction Relating to Green Procurement

South Africa is an international leader when it comes to “green” policy. National Government recently released the National Climate Change Response Policy White Paper, demonstrating its commitment to address the issue of climate change and transition to a low-carbon economy. Municipalities have been recognised as key implementers.

Moreover, green procurement is a dimension that has strong relevance in local government’s ability to meet its Constitutional objectives (section 152 (1) of sustainable service delivery, social and economic development and promotion of a safe and healthy environment).

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Public authorities, with their significant market power possess considerable influence to drive innovation and shift whole markets towards the supply of more sustainable products and services.

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 to this end less efficient models were phased out.

*Adapted from PROCURA+ Manual*

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3. This constitutional mandate for local government, as articulated in the Constitution of the Republic of South Africa, Act 108 of 1996, includes the following provision which is relevant to green procurement:

   The objects of local government in section 152 (1) of the South African Constitution states the following:
   - 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
The Regulatory Framework for Procurement in The Public Sector


In developing green procurement policies, local government would need to ensure that these policies:

- are aligned with their existing Supply Chain Management regulatory frameworks;
- avoid a clash between the Preferential Procurement regulations and environmental principles or criteria in the policy;
- incorporate green procurement in all dimensions of the supply chain management cycle; and
- institutionalise green procurement within the existing structures set out by the regulatory framework.

Is Green the Only Criteria or is it One of Many?

Given that a municipality can measure the “greenness” of the product or service it is intending to procure, does it now suddenly make “greenness” the single determining factor as to which alternative it procures? Of course not, all the traditional factors such as price, performance, availability, safety and service must be part of the equation. But what shouldn’t happen is that “greenness” gets added on as an afterthought at the end of the list of all the other factors. What needs to happen is that whatever the current formula is for weighting the different factors, this must be adjusted to also now include “greenness”. That is a major strategic decision which needs wide discussion, not only within the procurement division, but throughout the institution. What is likely to happen through this conversation is that the institution itself will need to indulge in introspection as to just how committed it is to a sustainable environment, how resource efficient its own services and products are, and to what extent it is prepared to alter its traditional yardsticks to move towards the sort of organisation it wants to be. When that organisation is local government then there is the extra emphasis on setting an example and showing the public that it is possible to find resource efficient alternatives.

How to Identify Green Goods and Services?

Deciding on a ‘green’ alternative to an existing product or service is complex. One has to look at a host of factors to determine impact on the environment, including:

- raw materials acquisition,
- manufacturing,
- packaging,
- distribution,
- re-use and disposal

Luckily the resources to help municipalities identify green alternatives are out there and becoming more numerous. There are governmental and private bodies that evaluate these various elements providing consolidated answers which could relieve municipalities the chore of doing this by their own means. Some of these sources are listed at the end of this article.

How does a municipality implement green procurement?

Now that we have a good idea of what we are trying to achieve by introducing a Green Procurement Policy (GPP) and set of procedures, how does a municipality go about it? In all that follows, the key factor that will influence success or failure in the integration of GPP with the existing procurement framework is “buy-in”. One needs buy-in and understanding, particularly from politicians (political mandate) and top management (financial officers and supply chain management), from procurement personnel, from suppliers, from the internal customers who use central procurement, from those responsible for decentralised procurement, from marketing and public relations and probably a few more besides. Thorough implementation of green procurement principles is dependent on all personnel within an organisation understanding and practising the principles of green procurement. There will be opposition, change always generates that, so be on the look-out for it and try to be pro-active so as to limit its impact.
**STEP 1: Form a Green Procurement Team**

First, identify staff/departamental champions that will make up the implementation team and drive the process within various departments. Ensure that the team is adequately trained for the job. Staff would need to have a thorough understanding of resource efficient procurement principles, including understanding why what they are doing is important and their responsibility to create the change that is needed. It may be useful to place one or two of the people most likely to resist the plan onto the team; to become part of the impetus. External support may be temporarily required to provide training on green procurement and help establish environmental purchasing criteria. Then ensure that the team has high-level backing, where senior management understands what is being attempted and what the likely implications are. It may also need council approval (in which case a thorough analysis has to be undertaken to build a convincing case for council to approve). It is important that the people responsible have the necessary time, enthusiasm and commitment.

**CASE STUDY**

One of the metros concentrated on green building guidelines for their municipal housing initiatives, with the co-operation of their Human Settlements Department. They also reviewed their own fleet management and introduced fuel efficiency for the first time as one of their tender requirements.

**STEP 2: Decide on an Implementation Approach**

A decision must be taken as to whether to take a “big-bang” approach or to identify some pilot projects that are likely to succeed. The latter is the recommended approach, although your particular situation might require the former. GPP is likely to be successful in most situations if gradually phased in, rather than implemented overnight. It must also be decided whether the pilot or project should be restricted to central procurement or whether to include those involved in procurement elsewhere in the organisation. There is more control over a centralised pilot, but probably less long-term impact. Characteristics of successful pilots include products or services where:

- A large amount of information is available on how to measure the “greenness” of the product
- There are existing suppliers who are promoting their products as green
- Prices are relatively low with no major differences across suppliers
- The price of green products is not significantly different to that of traditional products
- Quantities are large and the product is ordered by a large range of internal customers
- The product currently purchased is negatively impacting the environment
- The impact of the change will be highly visible to all

Examples of products that meet these requirements are printer/photostat paper, paint, cleaning products and efficient light-bulbs.

**STEP 3: Review the Current Situation**

Review the current procurement policy, process and procedures to include green procurement. Keep in mind the following guiding questions to inform the review:

1. **Challenges:** Why hasn’t green procurement developed naturally? What has stopped it from taking root? How can we identify and resolve these challenges?
2. **Opportunities:** Where do we already have resource efficient procurement in place? How did it happen
without a major intervention? What lessons can we draw from this to increase our chances of success?

**The procurement policy review will need to take into account the following:**

- Do staff members have the expertise and capacity to implement green procurement?
- Is the institutional structure conducive to green procurement?
- Technical specifications should consider full lifecycle costs for products and services and should be constructed in a manner that allows flexibility. Environmental guidelines and criteria should be developed to inform and facilitate procurement decisions that favour environmentally preferable goods and services. This could also serve to standardise the approach towards implementing environmental criteria in supply chain management decisions.
- Are requirements functionally stated rather than specifically product-oriented if possible? Example: “we need something to clean up oil spills” rather than “we need the chemical Pb-vzx at a concentration of 43%.” This is more likely to lead to resource-efficient solutions.
- Do standard contracts include green procurement?
- Is there clear communication about green procurement when issuing tenders?
- Are products and services market surveys undertaken before issuing a tender? It is important to raise awareness about the municipality’s move towards green procurement among the market, so that suppliers are presented with the opportunity to green themselves. It is useful to engage suppliers on the municipality’s requirements and work out improved solutions together.
- Is there a list of pre-screened, preferred suppliers suitable for tender applications? This is not necessary, but useful. A standard could be set below which purchase is not considered.
- Is there a requirement evaluation stage, where a requirement is evaluated against “green” principles? For example, there might be a paper requirement for communication, when electronic communication is a better option.
- Is re-using considered, instead of purchasing new products?
- Has there been a baseline assessment of resource use (e.g. water, electricity, fuel, etc), waste production and the types of chemicals used? Such a measure will be useful in future, when wishing to record progress through measured savings. This information can be used in further expansion of resource efficient procurement principles.

Cooperation between local authorities is another path to be considered, as often things have been tried in other areas and good lessons learnt, or statistics gathered that can be used locally.

**CASE STUDY:**

A provincial task team had to take into account that there was a preferential procurement policy in place which required them to favour SME’s and BEE’s. Their capacity to “go green” had to be considered and worked around.

**STEP 4: Market the Project**

A project launch will raise the project profile and increase awareness, understanding and support of the municipality’s efforts. Internal and external communication campaigns will increase buy-in and action, internally and externally. If documents have a logo on them that categorise them as part of the pilot, this will help both suppliers and local authority employees to understand what is happening. Slogans such as “Avoid, Reduce, Recycle” can be displayed around the organisation.

**STEP 5: Market Analysis**

Since the procurement department may not be very familiar with the sourcing of green product, market analysis will be useful. Various useful websites are available evaluating products in terms of their environmental impact. Local sites include GISA⁴, Greenfan⁵ and Ecospecifier⁶. A survey of global brands can be found on the UK-based site Gooshing⁷.

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4. www.gisa.co.za
5. www.greenfan.co.za
6. www.ecospecifier.co.za (geared towards the building industry)
7. www.gooshing.co.uk
STEP 6: Engage Suppliers

Once the market has been better understood, responses can be invited from suppliers after a choice has been made on the products and services required. This is best done as an interactive process, where suppliers are able to communicate with procurement to establish realistic standards, discuss possible development projects to produce better products, and suggest alternative solutions. Meanwhile, the team would be researching solutions and technical standards that can be used in product and service evaluation. The following act as guiding principles when setting product and service standards:

1. Eliminate or reduce the use of finite resources gained from the planet, e.g. heavy metals, fossil fuels, etc
2. Eliminate or reduce the use of harmful man-made chemicals and compounds
3. Eliminate or reduce physical degradation and destruction of the environment and natural processes
4. Eliminate or reduce conditions that undermine people’s capacity to meet their basic human needs, e.g. unsafe working conditions, below-minimum wages, etc

Suppliers with existing contracts should be consulted to see whether they can respond to the stricter requirements. Technological development might be possible, or job creation through recycling, or other innovations might become clear through discussion and consultation. This iterative process should eventually lead to a contract or tender proposal.

CASE STUDY:

One of the metro’s sent out a draft request for quotation for resource-efficient computer equipment. Responses from suppliers outlined what was available and feasible to source. The final products chosen reflected the reality of the market, while still representing an advance on previous products.

STEP 7: Decide on Monitoring Approach – what is to be measured and how

It is very important to demonstrate project success or lessons learnt through monitoring. Establish the indicators that determine whether the pilot has been a success and make sure they can be measured and the necessary measurement plans are in place. A monitoring process should take the following into account:

- Pilot project goal/objective and targets
- Cost e.g. how much money will have been saved or what is the incremental cost?
- Public and internal response – how has public and internal perception been effected?
- Impacts of new processes – data should be collected so that the impact can be evaluated
- Elements of the decision-making process should be measured
- Time period of pilot and monitoring
- Amount of resources (water, electricity, fuel, etc) used [if applicable to pilot]
- Amount of waste produced [if applicable to pilot]
- Amount/types of chemicals used [if applicable to pilot]

STEP 8: Formalise Procurement

Ensure the tender/bid specifications or contract reflects the new product or service criteria. These should include specific and easily understandable criteria in addition to general criteria. The legal department can assist in drawing up a sound contract that meets the municipality’s standards. Then invite responses and choose the supplier that best meets the criteria.

STEP 9: Pilot Wrap-Up

It is important that the pilot has an end-date and is evaluated. Often these projects peter out through lack of a pre-determined end date and set of measurements to be evaluated. An objective, neutral group of people (preferably from senior management) should receive the results. Once the pilots have been implemented, it should be possible to build on them by expanding the range of products and services that are subject to the Green Procurement Policy.

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Construction, maintenance and transport offer great opportunities for minimising environmental impact, but they need substantial research and motivation, which will be easier following successful pilots. Marketing can be used to publish the successes.

**CASE STUDY:**
One of the metros found that successful pilots did not end, but became standard policy. Nevertheless, data was collected to demonstrate their success.

**Solutions to Potential Challenges**

A list follows of solutions to the most likely potential challenges that may be met in the implementation of green procurement:

**Challenge: Price**

There is a perception that resource-efficient products and services are more expensive.

**Solution:** Challenge these perceptions and find products for the pilot where this is not the case.

- Full life costing needs to be considered over short-term thinking. ‘Value for money’ principle of procurement takes into account the full cost of the product over its entire life, not its cost over only one year. Budgetary mechanisms need to be put in place by Municipal Finance Departments to encourage whole life costing.
- Resources need to be dedicated to develop the business case for environmentally preferable goods and services.
- Find and demonstrate examples of where this is already happening in your City – e.g. of City of Cape Town’s Electricity Department uses transformer stations that are fairly expensive, but last much longer than cheaper ones.

**Challenge: Lack of political commitment**

**Solution:**

- Secure commitment from all levels, including senior management (particularly Treasury/Finance and Supply Chain Management) and purchasing agents.
- Make your case: give 1) the political mandate – as per the Constitution of the Republic of South Africa, Act 108 of 1996, Section 152(1) which mandates local government to provide services in a sustainable manner, promote social and economic development and promote a safe and healthy environment and 2) the financial mandate as per the Municipal Finance Management Act 56 of 2003 Section 112 h(ii) which requires supply chain management policy to assess bids based on best value for money and 3) show costing of green versus business-as-usual over life cycles.

**Challenge: Insufficient knowledge:**

Many local authorities are unfamiliar with the concept of resource efficient procurement or with the options available to them.

**Solution:**

- Train the driving team – particularly the Supply Chain Management (SCM) staff and line managers. This should be integrated with existing training e.g. when Accounting Officers SCM system is undergoing its annual review.
- Provide support: environmental departments would need to provide support to develop criteria for relevant (department-specific) products and services.
- Broad awareness raising sessions will be required for common understanding among all officials involved in procurement activities of what green procurement is and highlight elements of green procurement already being practised.
- A phased approach to implementation will help set up the necessary expertise to develop relevant environmental procurement criteria.

**Challenge: Availability**

Local distributors may not provide green products or services or only have limited options.

**Solution:**

- Alert your suppliers and enter into discussions with them - working with your regular local suppliers to encourage environmentally innovative approaches, and providing potential markets for such products.

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10. Source: Personal communication with Claire Janisch, Head of South Africa Biomimicry hub
can help to give these suppliers a competitive advantage nationally and internationally.

- Choose viable pilot projects
- Implementation of any green procurement policy should be phased in accordance with product availability or potential availability.

**Challenge: No acceptable alternative to present product**

**Solution:** Run a pilot on products and/or services that do have acceptable alternatives.

**Challenge: No ‘green’ specifications provided by supplier.**

**Solution:**
- It is important that suppliers be asked to provide the environmental specifications of the products they are offering. Choose a pilot where specifications are reasonably available, either from existing suppliers or as standards provided by an independent organisation, local or international.
- National, provincial and municipal supplier database could be extended to include environmental information.
- Provinces and municipalities should consider supporting SABS to establish a body that sets standards for green products and services. This would lead to market awareness of the high priority being given to GPP and develop the expectation of future expansion of GPP in South Africa.

**Challenge: Purchasing habits**

Existing relationships between purchaser and supplier may hamper the switch to alternatives

**Solution:** Work with central procurement for your pilot, where existing relationships are better understood and may be managed.

Green procurement offers huge potential in meeting sustainable development objectives of local government. It is in fact a strategic opportunity waiting to be seized, but requires determined and focused action and drive to facilitate the necessary behavioural changes across all spheres of government. Local government (including the rest of the public sector) need to promptly become aware of the enormous power of its spending as a tool towards delivering on its developmental priorities in a sustainable manner into the future.

This SEED Update has attempted, in a short space, to encourage local governments to pursue the development and implementation of green procurement policy. Another methodology, similar although not equivalent to the one here, implemented in California, USA, is described in reference 5. There are many examples of green procurement throughout the world, which are easily accessible through the internet. Two examples are the city of Boston USA (ref.3) and County Nevada in California (ref. 4) but perhaps the best source of inspiration is by comparing notes with other local governments in South Africa. A place to start is with the draft white paper on green procurement in Western Cape Provincial Government as well as the document on Sustainable Public Procurement in South Africa (2008).

**Current state of green procurement in Municipalities**

<table>
<thead>
<tr>
<th>Current State</th>
<th>Municipalities</th>
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</thead>
<tbody>
<tr>
<td>Green public procurement policy developed or under development</td>
<td>Nelson Mandela Bay Metro - has a green procurement strategy document in place and is about to be taken through to Council for approval pending the finalization of certain aspects contained in the strategy.</td>
</tr>
</tbody>
</table>
| Other (Environmental) policies related to or influencing procurement | City of Cape Town
Ekurhuleni Metro
City of Tshwane Metro |
| No environmental criteria or guidelines considered in procurement decisions, but other environmental initiatives related to Green Procurement Policy | eThekwini Metro |
Resources


5. Local government green procurement guide and toolkit by California Sustainability Alliance: http://sustainca.org/tools/green_procurement_toolkit


List of useful websites with detailed information on green goods and services

1. The Natural Step – www.naturalstep.org/~natural/the-system-conditions

2. Ethical shopping – http://www.gooshing.co.uk/

3. Green search engines:
   - www.gisa.co.za
   - www.greenfan.co.za
   - One geared towards the building industry – www.ecospecifier.co.za