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BETTER TOGETHER.

# CIGFARO:

# "PROCUREMENT AS A LEVER FOR ECONOMIC GROWTH"

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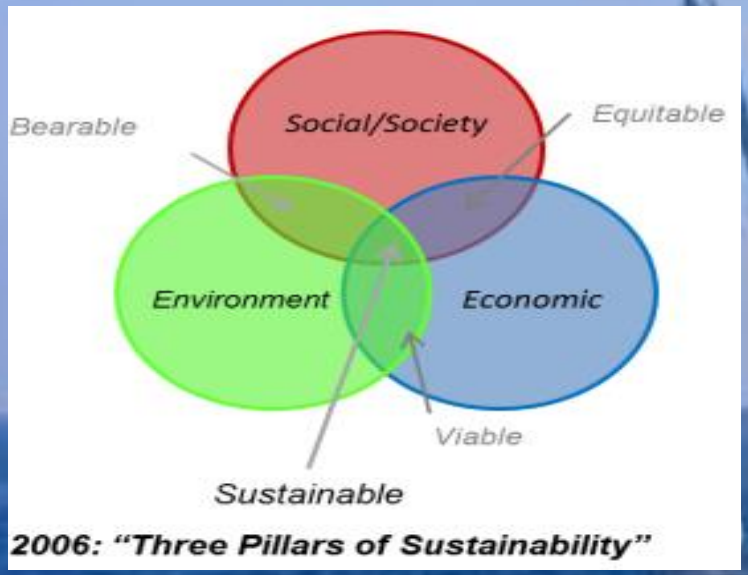
05 June 2018

# OVERVIEW

- Sustainable Procurement
- Road Map *"Where sustainable procurement lands"*
- Targets and Goals
- Strategy to implement the goals
- End Game (Game changer)

# Sustainable procurement....

# Sustainable Procurement – World Bank




**2006: "Three Pillars of Sustainability"**

# Sustainable Procurement – Localised

- Sustainable procurement is an enabling link which allows institutions to stimulate economic growth;
- Allows the achievement of both the Physical delivery of the end product and soft targets (employment) at the same time:
- The main focal points are:

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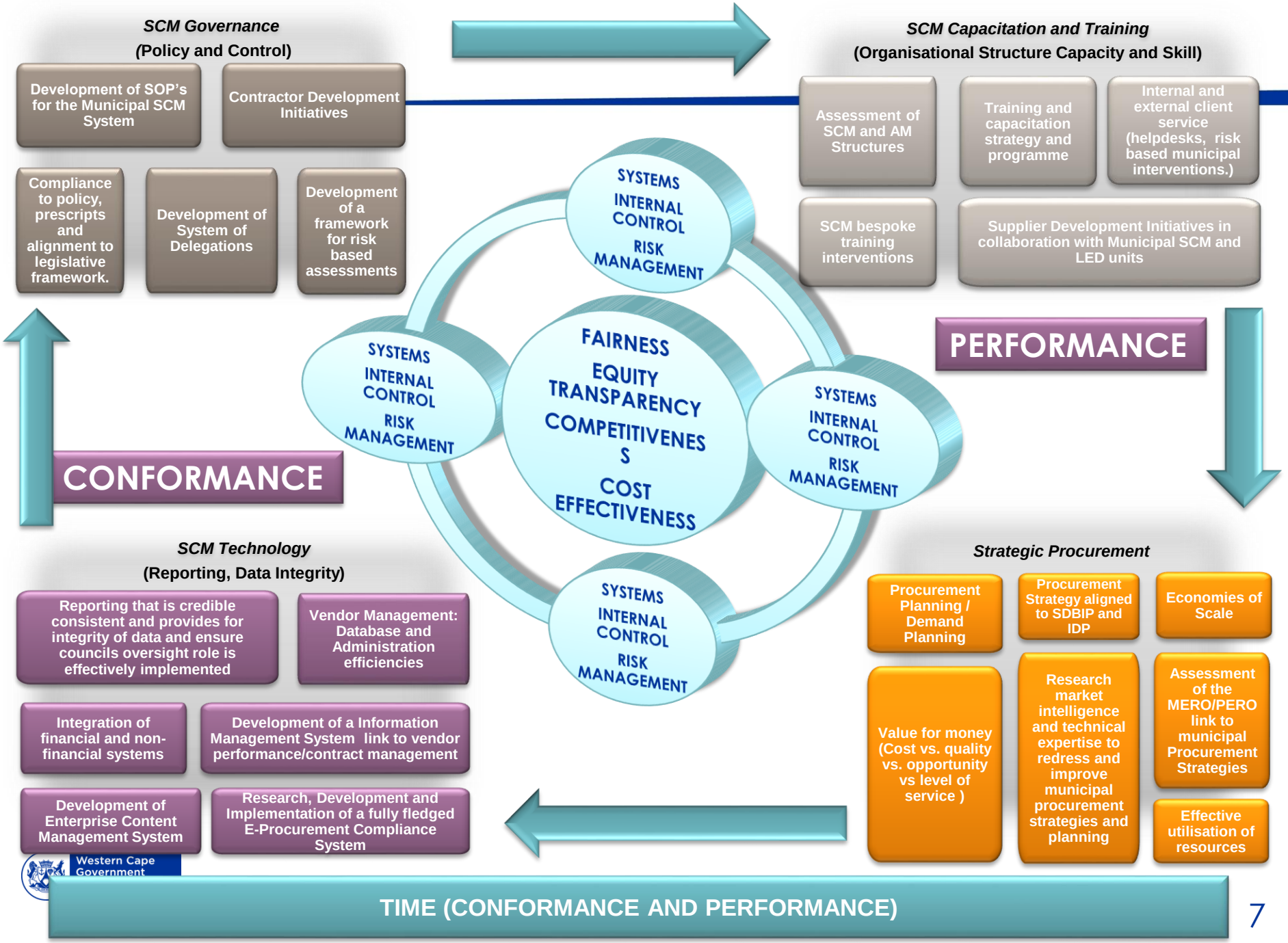
# Road Map (master plan) ....


SCM Governance
(Policy and Control)
Development of SOP's for the Municipal SCM System
Contractor Development Initiatives
Compliance to policy, prescripts and alignment to legislative framework.
Development of System of Delegations
Development of a framework for risk based assessments
SCM Capacitation and Training
(Organisational Structure Capacity and Skill)
Assessment of SCM and AM Structures
Training and capacitation strategy and programme
Internal and external client service (helpdesks, risk based municipal interventions.)
SCM bespoke training interventions
Supplier Development Initiatives in collaboration with Municipal SCM and LED units
SYSTEMS INTERNAL CONTROL RISK MANAGEMENT
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SYSTEMS INTERNAL CONTROL RISK MANAGEMENT
FAIRNESS
EQUITY
TRANSPARENCY
COMPETITIVENESS
COST EFFECTIVENESS
PERFORMANCE
CONFORMANCE
SCM Technology
(Reporting, Data Integrity)
Reporting that is credible consistent and provides for integrity of data and ensure councils oversight role is effectively implemented
Vendor Management: Database and Administration efficiencies
Integration of financial and non-financial systems
Development of a Information Management System link to vendor performance/contract management
Development of Enterprise Content Management System
Research, Development and Implementation of a fully fledged E-Procurement Compliance System
Strategic Procurement
Procurement Planning / Demand Planning
Procurement Strategy aligned to SDBIP and IDP
Economies of Scale
Value for money (Cost vs. quality vs. opportunity vs level of service )
Research market intelligence and technical expertise to redress and improve municipal procurement strategies and planning
Assessment of the MERO/PERO link to municipal Procurement Strategies
Effective utilisation of resources
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TIME (CONFORMANCE AND PERFORMANCE)

# BIG PICTURE....

# BIG PICTURE

- As a province we are spending (Budget):

**R 62 billion**

- We have over people?

**6.1 Million**

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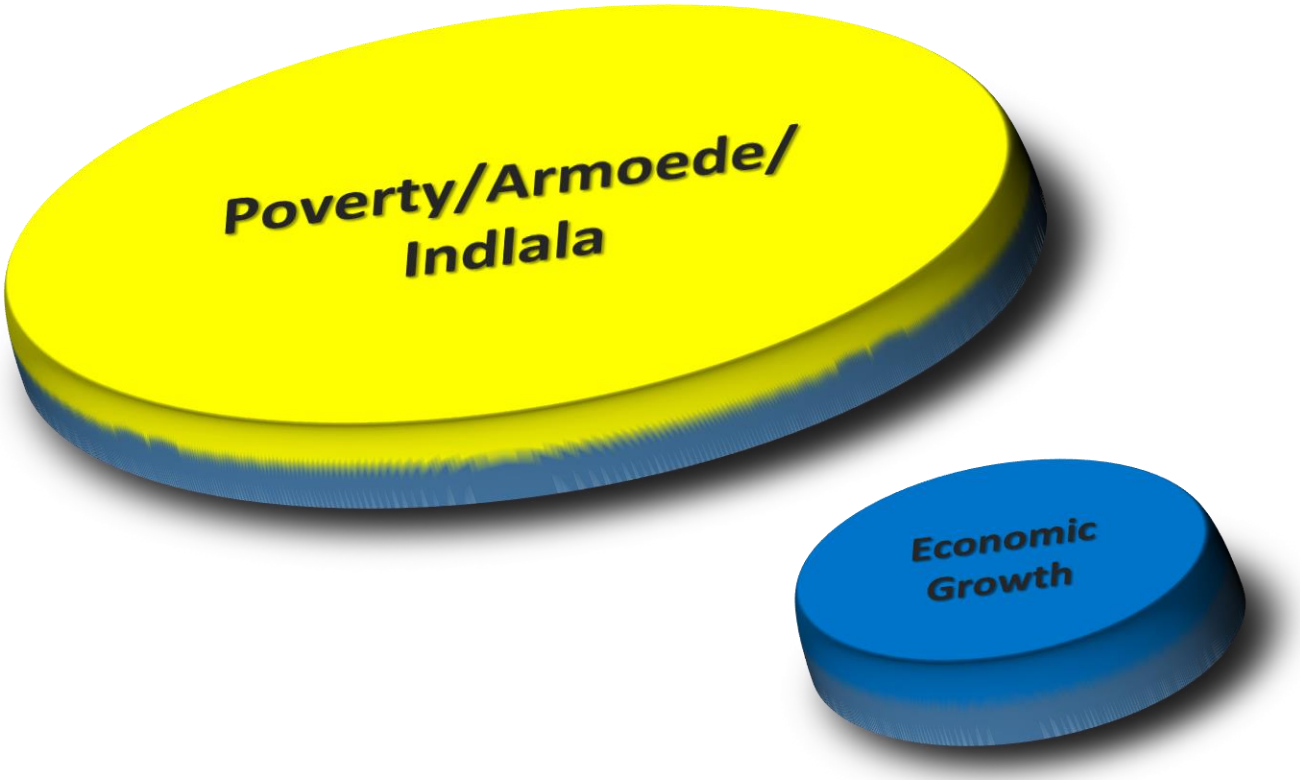
# Reality



# TARGETS AND GOALS….

# Resolutions … 2017 SCM-LED Indaba

- **Incorporating SCM-LED statement into the IDP** - Identify key champion(s) to drive the process;
- **Compiling/drafting of *Implementation Plan* prepared by Core Group** ( LED practitioners) in alignment to the Provincial roll-out (PG SCM) ;
- **Compiling/drafting document to obtain buy-in from** *Accounting Officer(s)*, *Mayoral committees* as well as *council members* – **Using *DCF's* to set the scene.**
- **Institutionalise the Agenda of SCM and LED (structured approach)**;
- **Utilising data optimally (data enablement**) to clearly identify what it is we want out of systems - *Identifying gaps, targeted interventions, strategic commodities etc.*
- **Identification of pilot municipalities in order to benchmark best practices** – district specific.
- Focusing on **Contractor development initiatives**; and
- Adoption of a Provincial **Economic of Procurement** Policy;

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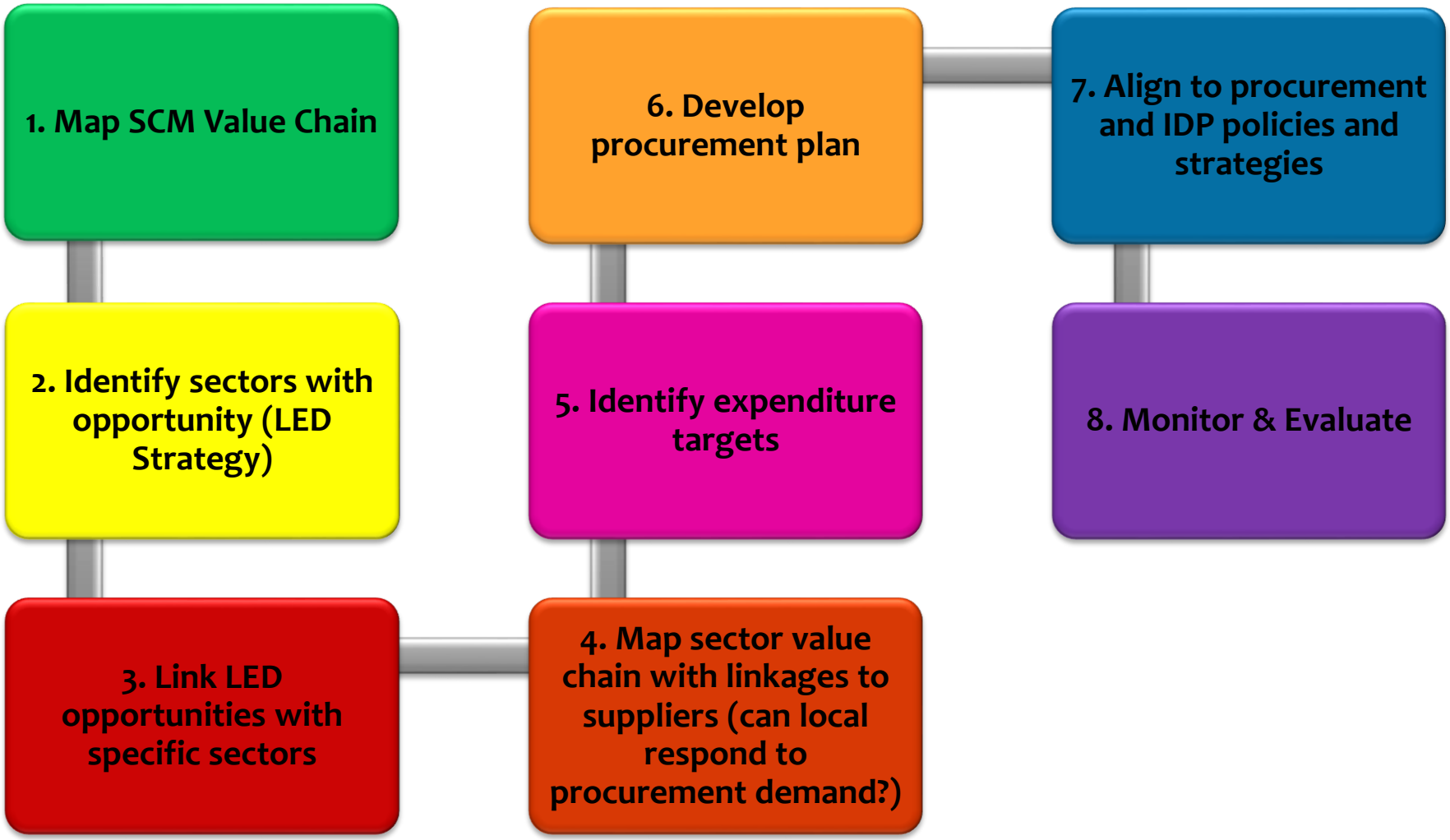
# Roadmap to link SCM, LED and IDP

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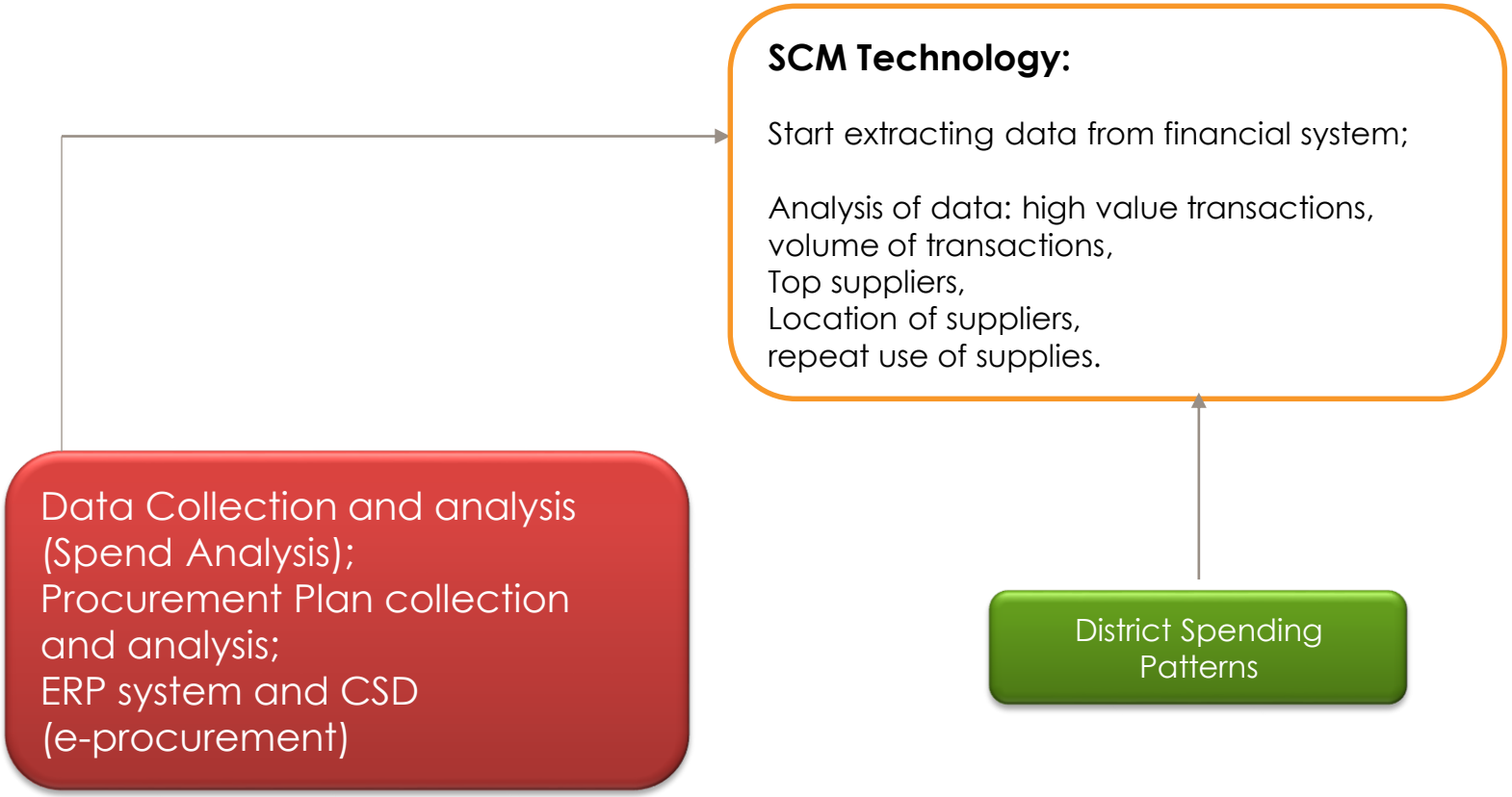
# Strategy to implement the goals….

# Sustainable Procurement: Using technology as a lever

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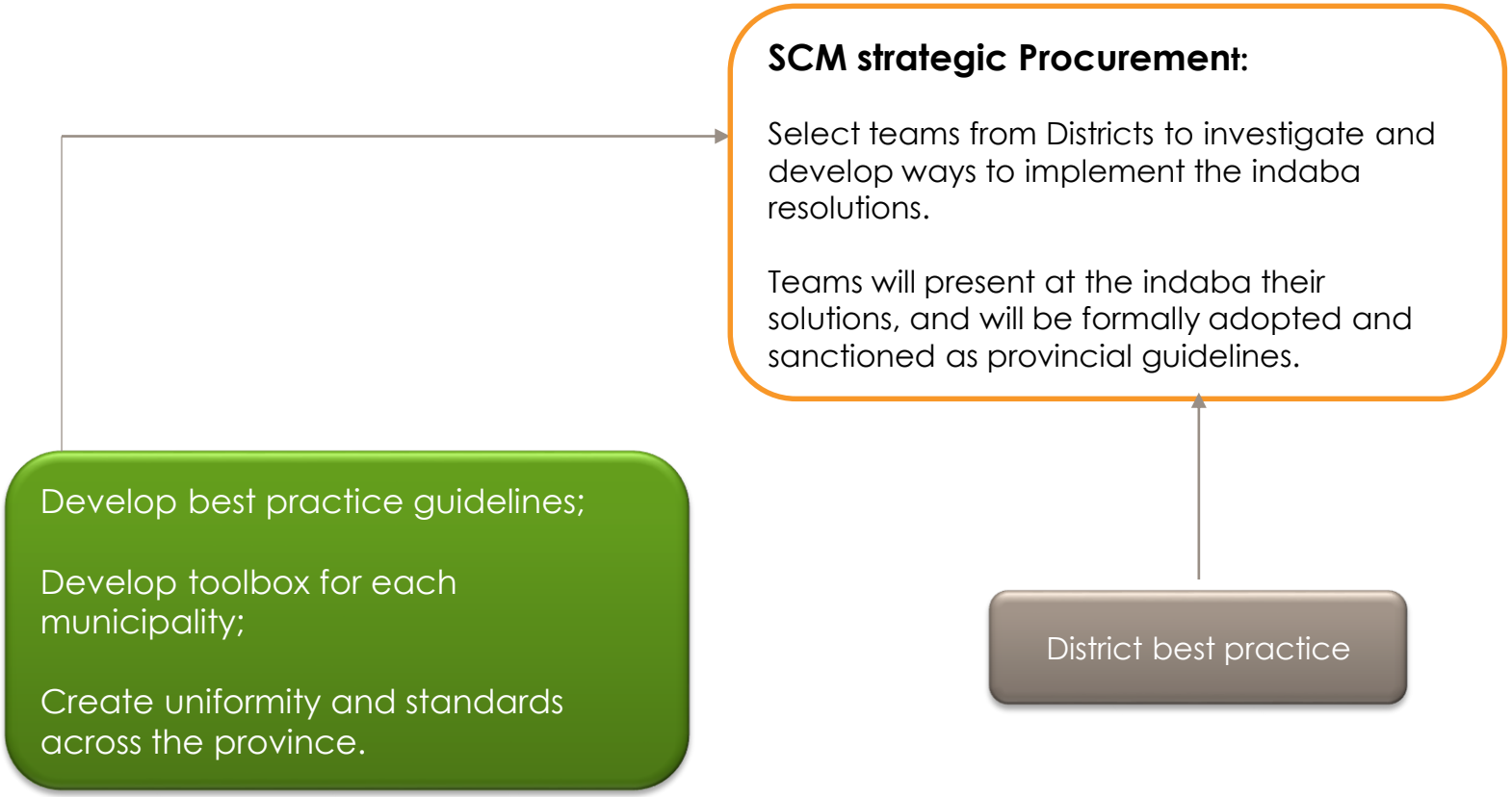
# Sustainable Procurement: Case studies at SCM indaba

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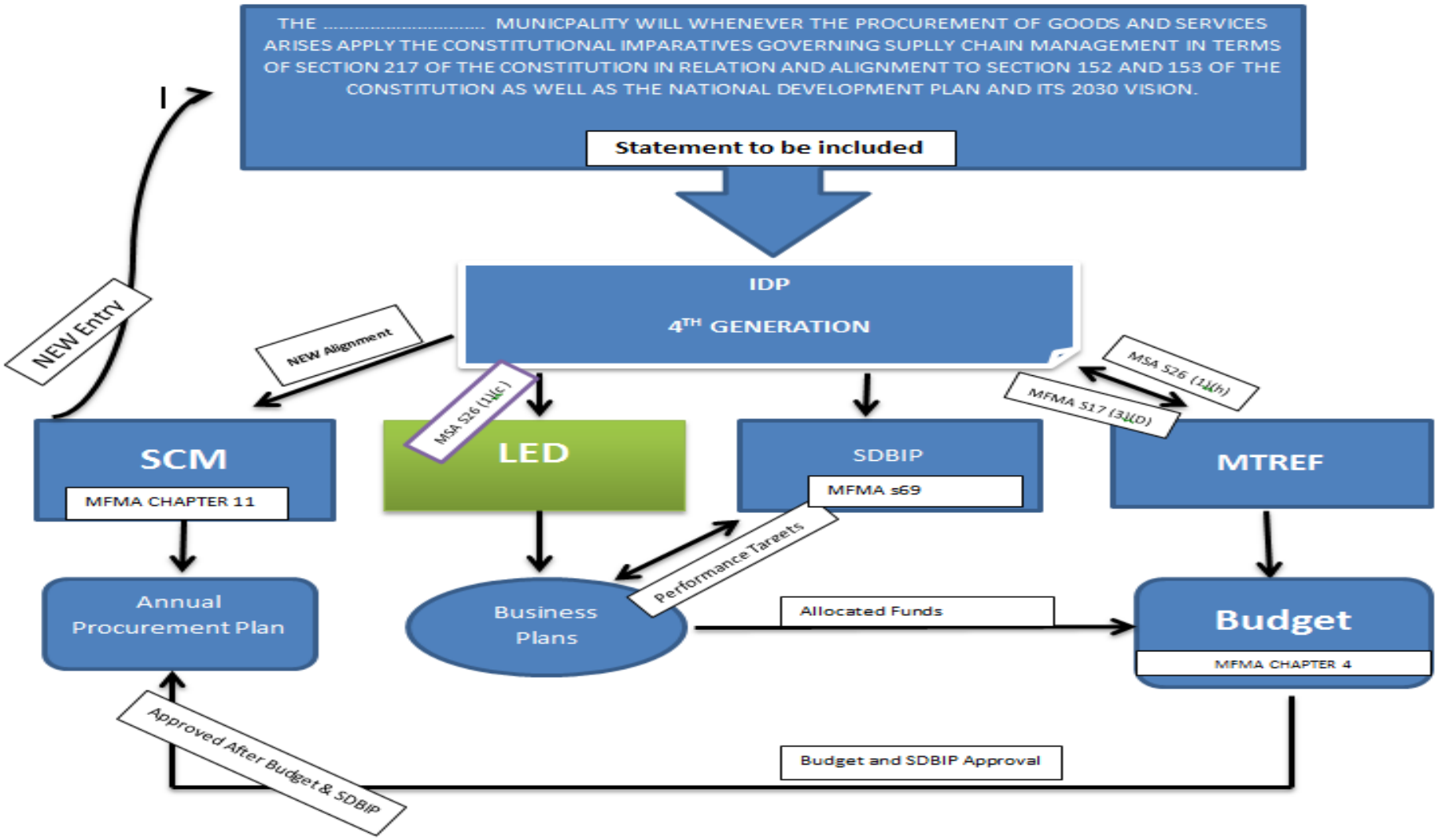
# Approach....

# Municipality Strategic Planning Framework Alignment



# Current situation....

# Supplier registration status (Country wide)

## CSD Suppliers Per Province

| Province | Military Veterans | Not Indicated | People with disabilities | Youth | Total |
|---|---|---|---|---|---|
| | 1 | 723 | 3 | 13 | **740** |
| Eastern Cape | 533 | 38190 | 275 | 11402 | **46650** |
| Free State | 155 | 14336 | 160 | 4943 | **17876** |
| Gauteng | 1229 | 105099 | 1012 | 36629 | **131345** |
| KwaZulu-Natal | 618 | 66264 | 578 | 26683 | **86528** |
| Limpopo | 346 | 33437 | 363 | 15845 | **45996** |
| Mpumalanga | 299 | 28385 | 366 | 12961 | **37713** |
| North West | 210 | 22133 | 225 | 7958 | **27833** |
| Northern Cape | 130 | 9544 | 90 | 3140 | **11772** |
| Western Cape | 432 | 28722 | 316 | 5076 | **32037** |
| **Total** | **3953** | **346833** | **3388** | **124650** | **438490** |

# Spend Review per district

## Supplier Spend Per Western Cape District

| Demographic Description | Military Veterans | | Not Indicated | | People with disabilities | | Youth | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| District/City | Payment Amount | %GT C... | Payment Amount | %GT Co... | Payment Amount | %GT Cou... | Payment Amount | %GT Co... | Payment Amount | %GT Coun... |
| City of Cape Town | R 52 027 099.00 | 0.68% | R 1 487 178 508.00 | 83.33% | R 15 907 743.00 | 0.51% | R 323 214 502.00 | 15.79% | R 1 537 126 297.00 | 87.58% |
| Cape Winelands | R 458 564.00 | 0.14% | R 67 393 076.00 | 3.20% | R 134 240.00 | 0.01% | R 1 606 161.00 | 0.14% | R 68 995 689.00 | 3.44% |
| Eden | R 926 205.00 | 0.01% | R 52 784 481.00 | 6.69% | | | R 3 447 217.00 | 0.26% | R 54 911 100.00 | 6.81% |
| West Coast | R 357 119.00 | 0.36% | R 35 764 618.00 | 1.43% | R 662 931.00 | 0.02% | R 2 960 463.00 | 0.14% | R 36 223 757.00 | 1.46% |
| Overberg | R 30 500.00 | 0.01% | R 9 539 285.00 | 0.50% | R 286 362.00 | 0.00% | R 2 374 441.00 | 0.18% | R 9 731 033.00 | 0.54% |
| Central Karoo | | | R 2 423 678.00 | 0.17% | | | | | R 2 423 678.00 | 0.17% |
| **Total** | **R 53 799 487.00** | **1.20%** | **R 1 655 083 646.00** | **95.32%** | **R 16 991 276.00** | **0.54%** | **R 333 602 784.00** | **16.50%** | **R 1 709 411 554.00** | **100.00%** |

# Supplier Spend Review per demographics

## Payments made to CSD Suppliers Per Demographic Description for the period

| Demographic Description | Supplier Count | % Supplier Count | Payment Amount | %CT Payment Amount |
|---|---|---|---|---|
| Not Indicated | 346833 | 79.10% | R 2 415 641 157.00 | 97.66% |
| Youth | 124650 | 28.43% | R 538 009 736.00 | 21.75% |
| Military Veterans | 3953 | 0.90% | R 54 092 935.00 | 2.19% |
| People with disabilities | 3388 | 0.77% | R 18 322 610.00 | 0.74% |
| **Total** | **438490** | **100.00%** | **R 2 473 640 628.00** | **100.00%** |

***The blank/not indicated field is where suppliers did not indicate any criteria when registering on the CSD.**

***Payment is linked to a supplier, however under the criteria columns payment may appear under more than one column for example:**

**A military veteran who is also an amputee will qualify under the criteria of both military veteran as well as people with disabilities, thus the spend amount will appear in both those columns, however the spend amount is only calculated once in the total column.**

*Supplier count are based on counts done as at 8 January 2018.

## CSD Supplier Spend Per Gender for the period

| Gender | Supplier Count | % Supplier Count | Payment Amount |
|---|---|---|---|
| | 200187 | 45.65% | R 930 200 696.00 |
| Female | 131653 | 30.02% | R 1 408 382 420.00 |
| Male | 189181 | 43.14% | R 1 568 614 889.00 |
| **Total** | **438490** | **100.00%** | **R 2 473 640 628.00** |

***The blank field is where suppliers did not indicate gender when registering on the CSD.**

# GREATEST 21st CENTURY ENTREPENEUR/INVENTOR

What things would have the great impact on the future of humanity's destiny? - Elon Musk (TESLA & SPACEX)

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Thank you