MUPASS Dialogue and Transfer Forum on SPP

Bremen, 17 – 19 October 2018

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Programme

Moderator: Jana Brauer (Collaborating Centre on Sustainable Consumption and Production)

Wednesday, 17 October 2018

13:30  
Registration and welcome coffee

14:00  
Welcome notes
Franz-Christian Falck (Immobilien Bremen)
Dr. Andreas Stamm (German Development Institute / Deutsches Institut für Entwicklungspolitik, DIE)

14:30  
Expected benefits from the event and personal contributions

15:00  
Sustainable Public Procurement Map - Pathways to successful SPP introduction and implementation in municipalities
Tim Stoffel and Dr. Maximilian Müngersdorff (German Development Institute / Deutsches Institut für Entwicklungspolitik, DIE)

15:30  
Coffee break

16:00  
SPP in the City of Bremen – Insights from a German Best Practice
Panel discussion with Birte Detjen (Immobilien Bremen), Franz-Christian Falck (Immobilien Bremen) and Johanna Reimers (Free Hanseatic City of Bremen)

16:30  
Marketplace for Frontrunners
Elevator pitches on SPP from representatives of municipalities and public entities

18:30  
End of forum day 1

19:00  
Joint dinner at „Bremer Ratskeller“ (Sponsored by ICLD)
Thursday, 18 October 2018

09:00     Welcome coffee

9:30      Welcome notes
          Dr. Jeanette Schade (Service Agency Communities in One World)

09:45     The Western Cape Government – SPP best practice in South Africa
          Gray Maguire (Green Economy Coordinator, Western Cape Government)

10:15     SPP implementation in the City of Bonn – A change management perspective
          Christoph Bartscher (Head of Procurement Unit, City of Bonn)

10:45     Coffee break

11:15     Interactive session on success factors of SPP
          World Café and plenary discussion

13:15     Lunch

14:15     SPP in the Global South – Insights from Sub-Saharan Africa
          Rebecca Cameron (ICLEI Africa)

14:45     A European Frontrunner – Experiences on SPP introduction and implementation in the City of Torres Vedras
          Sandra Pedro (Chefe da Divisão de Gestão de Áreas Urbanas, City of Torres Vedras)
15:15  Coffee break

15:45  The Role of Municipal Politicians in Public Procurement in Germany and Ghana
Christoph Bartscher (Head of Procurement Unit, City of Bonn), Kwasy Larnyho (Institute of Local Government Studies, Ghana),
Tim Stoffel (Member of the Board on Procurement, City of Bonn)

16:15  Connecting the SPP dots – ICLEI as global network actor
Philipp Tepper (ICLEI – Local Governments for Sustainability)

16:45  A new SPP network between the Global South and North
Proposal and discussion (Representatives of the German Development Institute / Deutsches Institut für Entwicklungspolitik, DIE)

18:00  End of forum day 2

Friday, 19 October 2018

Morning  Excursion to Café Blocksberg and the new sustainable building project „Neuer Ellener Hof“

12:00  End of the forum
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<td>Larnyoh, Kwasi</td>
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<td>Linde-Koolman</td>
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<td>Mache, Christiane</td>
<td>BeN – Bremer entwicklungspolitisches Netzwerk</td>
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<td>Moathlodi Mosala, Lucky</td>
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<td>Müngersdorff, Maximilian</td>
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<td>Ngxesha, Cynthia</td>
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Welcome and Introduction
Welcome notes

Franz-Christian Falck (Immobilien Bremen)

Dr. Andreas Stamm (German Development Institute / Deutsches Institut für Entwicklungspolitik, DIE)
Introduction

Expected benefits

• SPP exchange: learn about logistics strategies, exchange of concepts and ideas on the governance of SPP, sharing challenges and solutions/ successes, networking, meeting colleagues, building sustainable long-term relationships with peers, learn about project finance development

• Securing involvement & commitment: how to develop an integrated and stakeholder involvement approach, how to ensure commitment from stakeholders in supply chain management processes, change agents in PP: the “must-have”

Personal contribution

• Sharing of SPP experiences: share processes and ideas, long experience, exchange knowledge, challenges in South Africa, SPP story of Ghana, link-up with PP projects, connection to GIZ, sub-national perspective and ICLEI’s SPP work, talk about enablers and barriers, ideas for non-centralized procurement processes, information on political/legal/structural framework and procurement practices

• Academic input: input on change management, present research outputs, procurement legislation knowledge and transformation

• Commitment to SPP
Panel Discussion
SPP in the City of Bremen: Insights from a German Best Practice

How is SPP fostered in Bremen?
- Intrinsic motivation to act as role model for sustainability
- Highly decentralised organisation of procurement \(\rightarrow\) constraints on the organisational level
- Catalogue system, but many products are not comprised by it (e.g. catering for small meetings and events) \(\rightarrow\) In these cases, the administration does not know who is in charge for the procurement
- The political support mainly manifested itself through the introduction of regulations on SPP
- Pressing needs (huge financial constraints, service delivery problems, ...) limit high motivation for the topic
- Call for further centralisation

General aspects of SPP identified in the discussion
- SPP is possible also on a small scale
- SPP saves funds (should include long term costs for the public body procuring into the calculation)
- Interest in the topic by the citizens seems rather low (slightly higher in South Africa than in Europe. Reasons are political scandals around corruption and misconduct connected to the issue.)
- The media, the general public and therefore also political decision makers, neglect the issue and underestimate its potential as an element of societal change

SPP in infrastructure and construction
- Infrastructure and construction matters have a bigger volume and many implications for sustainability (locally and internationally) \(\rightarrow\) more important for SPP than the procurement of (other) goods
- Not often tackled by progressive projects on SPP in Germany, though the legal basis exists in Europe and Germany
Marketplace for Frontrunners
Saldanha Bay Municipality (Hermie Meeding)

Legislation

- Constitution
- National Environmental Management Act, NEMA (biodiversity, air, waste management, coastal,...)
- Water & Mineral Acts
- Climate change bill

Strategic Governance

- Integrated Development Plan & Vision, Mission
- Commit to environmental, health & socio-economic goals
- Important for government: give directions and (strategic) objectives for the municipalities to reach the socio-economic goals for a specific area

Organizational Support

- Council, South African Local Government Association (SALGA, national body), various forums
- External market actors in specific areas
  - Langholm country estate (LCE)
  - Fishing industries
  - Mining fort

Procurement Management

- Annual procurement plan
  - 3 year plan incl. green procurement
  - If not applicable -> sufficient reason why it cannot be included in the process
- Bid committees include environmental specialist, heritage specialist and local economic development (LED) manager
- Part of the procurement forum (includes all the big industries in the area)
  - focus on local suppliers
  - Goal: reaching the social and environmental goals

Goals / successes

Slow down climate change through

- Going paperless
- Source local (reduce carbon footprint)
- Plan to eradicate invasive alien plants (replacing plants that use too much water)
- Pressure management system
  - Prevents water losses of 8,000 m$^3$ per month
- Recycling: two bag system for waste
- Reuse of treated effluent used by industries
  - Avoiding letting it go into the sea or ground water
- Reducing biogas in wet waste
Elements of Supply Chain Management (SCM) administration (Lucky Mosala)

- SCM unit is responsible for demand, acquisition, logistics & disposal
- Procurement happens in the finance department
- Procurement based on policy of government
- Suppliers need to register to make sure they meet the criteria
- Bid committees
- 80/20: price only contributes 20% (Price between R30,000 – R50M)
- 90/10: price only contributes 10% (Price above R90M)
Central Tender Process, National Treasury (Mpho Nxumalo)

- Example: drug products
- Huge Buyers: National department of health and Department of defense
- Essential drug list exists
- Consolidate requirements in terms of drug list which has been compared by the department of health: they check for required quantities
- Industry analysis based on these quantities to understand the opportunities that can be addressed within a bid
- Requirements they look at: local content based on material and labour requirement → so it can be included in tender documents
- Tender documents are then facilitated by national treasury together with departments
- Quantities and what kind of social aspects are going to be addressed
- Competitive process, bid is evaluated
- Bidder committee: group of people that represent national departments, appointed by national treasury
eThekwini Metropolitan Municipality (Durban) (André Peterson)

- Strategic governance perspective: supportive mayor really helpful
  → Compulsory task to participate

- Still at the demand stage (market analysis and research), not at the procurement stage

- For each project a set of categories are developed and then are checked and monitored

- Change of environment is crucial for success
  - Change needs to happen at the top
  - Enabling the change is difficult
  - Right level of authority to move forward

- Centralization/decentralization:
  - Either of the extremes don’t work / rarely exist
  - Leadership from the center, devolve the things that are devolvable
  - Meetings to discuss procurement planning and processing
  - Consistent discussions

- Agents of change
  - Individual capacity is needed
  - Individuals need feedback
  - Input from individuals about what they need

- Highly collaborative process → you need partners in every corner
Torres Vedras City, Portugal (Sandra Pedro)

- Governance, regional, municipality level
- Autonomy: municipality manages own budget
- Incl. infrastructure: building constructions
- Procurement department, procurers, other departments
  - Other departments send their needs → procurement department puts up the tender with all the information, technical department analyses bids and chooses the winning one
- Close work with the government department

### Strategic Governance

- Defining SPP priorities 2013-2018
  - Project and construction of the new Environmental Education Centre
  - Paperless, electric vehicles, waste reducing, products for urban services,…
- SPP Action Plan 2013-2020
  - Strong political commitment
- Priorities 2020
  - defines the structure of the actions for the next two years
  - Circular procurement

### Early organizational support

- Structured networks (Procura+, ICLEI, Portuguese network)
- Internal interdepartmental working group

### Agents of change

- Heads of department
- Definition and implementation of procurement strategies
- Political commitment

### Procurement Management

- Centralized Procurement
  - City level – Municipality and municipal public enterprises
  - Regional level (group of municipalities that work and procure together for specific products) – OESTECIM
- Market Actor Exchange
  - Involve suppliers and engage with them
  - “you cannot procure it, if they don’t have it” → explanation of what is wanted and needed
- 5 axes of action
  - Sustainable procurement policy, procure processes, monitoring, training (sharing best-practices), dissemination and rising awareness

### Robust political basis

- European level
  - EU Public Procurement for a Circular Economy – Good Practices and Guidance
- National level
  - National Strategy for SPP
  - Action plan for circular economy
  - National legal framework as obstacle to integrate sustainable criteria
- Local level
  - “Torres Vedras Sustainable Policy Procurement 2020”
Solingen, Germany (Roland Blank)

• Similar to Portugal, three levels: national, regional state and municipality level
• Many regulations, a lot of them contain sustainable standards
  • Enterprises that did not pay the social fees: not allowed to get a public tender
  • Energy standards in constructing buildings
• Sometimes we forget about these standards → we don’t have to invent sustainability from the scratch
• In 99% these laws are abided
• Solingen has serious budget problems
• New sustainability strategy:
  • How can we improve sustainability for social participation for climate and energy and mobility and resources in Solingen?
  • How can we improve global responsibility?
• Every issue has numerous sub issues
• 2030 goal:
  • Solingen is a motor of sustainable and globally responsible purchasing
  • Products of the Global South should be procured in a 100% eco-fair way
• Near future objective: concept about all product categories and describe the current standards in regard to sustainability
• Central and decentral aspects of procurement
• Minister in charge of procurement
• Public procurement authority is under the Ministry of Finance
• Public procurement system is decentralized: All metropolitan municipalities are expected to do their own procurement, but in some instances the central government does the procurement
• Suppliers are expected to register
• Action plan: Ghana task force, SPP policy for the country
• Priorities: roads, electricity, vehicles, water supply, building construction, fuel
• Status Assessment: Public Procurement Authority uses the Ghana Task Force to perform the status assessment on SPP projects in Ghana
Nelson Mandela Bay Municipality (Cynthia Ngxsha)

- SPP at the office of the mayor and office of the city manager
- City manager reports directly to the mayor
- All other departments report to the city manager
- Nine directorates: economic development office, corporate services, budget and treasury office, infrastructure and engineering office, electricity and energy, public health & chief operations office
- Supply chain management office different sections: demand management, logistics, acquisition, risk and performance
- Demand management is responsible for developing a criteria plan and to assist each territory in spending
- Each office is responsible for identifying their need
- Constitution of South Africa mentions public procurement as instrument to support formerly disadvantaged groups
- PPPFA (Preferential Procurement Policy Framework Act): allows to set aside tenders for a target group
- However: no holistic regulation/strategy on SSP in South Africa: each office is doing its processes in its own way
- Municipality: different bid committees, diverse structure
- Different practitioners
Municipality of Ale (Ann Linde-Koolman)

- 290 municipalities in Sweden
- Similar processes than in Germany / Europe
- Politics decide on how SPP action looks like, but don’t interfere with the direct work
- Every unit is part of three departments
- Three persons that do procurement in Ale, together with colleagues from mentioned departments
- Framework agreements: buyers have to follow the agreements
- Too many buyers; with fewer buyers right decision is easier
- Everything is electronic
  - Use of electronic catalogue to order goods
  - Sometimes also electronic payments, the system is currently being improved
- National office exists that supports / consults with procurement questions and provide help if needed
City of Turku (Jussi Rantala)

**Strategic governance**

**Action plan: A carbon-neutral city region by 2029**

- A carbon-neutral energy system
  - Electricity, steam, heat and cold are produced carbon-neutral
- Low-carbon, sustainable mobility
  - Development of public transport
  - Digitalization
- A sustainable urban structure
  - An effect on energy and mobility in the entire region
- A climate responsible city concern
  - The Turku city concern sets an example and creates the story of a carbon-neutral city
- Strengthening the carbon sinks
  - Increasing the Turku region’s ability to bind carbon

**Procurement management**

- Strategic procurement issues call for tenders for all procurements of goods and services
- Market dialogue
- Procurement strategy & sustainable procurement guide (end of 2018)

**Assuring long-term support for SPP**

- Smart Cities Work Together
  - Joint strategy of Finland’s six largest cities
  - Tackles the challenge of urbanization towards human-centric cities
  - Aim: new businesses, jobs and know-how
- Keino – Competence center for sustainable and innovative PP

**Robust political basis**

- PP legislation
- Procurement shall be fair and non-discriminatory, transparent and proportionate
- EU directives

**Early organisational support**

- Sustainable development policies in the city
- Discussion with other cities: exchanging experiences and sharing information

**Agents of change**

- The city government and officials
- Active citizens
- Eco-supporters
- Schools and universities
City of Mbombela (Wiseman Khumalo)

- Centralized supply chain → the department is responsible for all procurements
- Procurement department is under the finance department
- Demand management: acquisition, logistic, disposal
- Suppliers who were previously disadvantaged now have access and are registered
World Café
## SPP Regulations & Organizational Support

### What factors and reforms related to the administration in your municipality were supportive for the introduction of SPP?

- Overarching strategy (Promotion of transformation goals)
- Centralized regulatory body
- Homogeneous regulation
- Engagement in networks with other players who have successful experience
- Training
- E-Procurement approaches
- Awareness creation
- NGO support
- Civil society support
  - SMART committee
- Support for SPP by national body
  - Upphandlings myndigheten (Sweden)
- Climate change task team
- „smart districts 2030“

### Which factors might have been more of a stumbling block?

- Decentralized and fragmented procurement
- Skill development of the procurers
- Lack of standards
- No leadership in environment in sustainability
- No implemented timeline / strategy
- Proper planning / communication („water crisis“, „flood lines“)
- Laws that are non compulsory
- No/questionable influence on private sector
- Low level of awareness among citizens to demand accountability
- Low civil participation
Exchange on SPP

### Forms

- Regional / national / international exchange
- Intra-municipal exchange
- Formal vs. Informal
- Exchange between private and public procurers
- With CSOs/NGOs
- Vertical & horizontal exchange, public entities
- 6 biggest cities exchange
- Informal regular exchange
- PROCURA+ network → formal network / informal exchange
- Failures and experiences
- Exchange needs improvements
- Supplier side: exchange is important, but risk of corruption
- Bidder dialogue

### Contents

- Failures
- Technical specifics
- Tenders
- Criteria
  - National exchange → specific tenders
- Summary of exchange

### Benefits

- Inspiration
- Technical details
- International exchange as a starting point
- Brings together experts from different realms
- Competition
- Strengthens local economy
- Exchange as push-factor
- Flexible informal exchange
## Procurement Management

### How do you organise and structure the implementation of SPP?

- Joint procurement
- Central procurement unit (tender procedures)
- Internal conflict management
- Strategic sourcing and category management
- Inter-departmental working group
  - „smart green committee“
  - Different composition
  - Criteria
- Borrowing contracts from other municipalities (municipality A can join a contract of whatever good/service negotiated by municipality B)
  - BUT: undermines local economy
- Pre-procurement: market dialogue
- Content management
- Showing success \(\rightarrow\) price benchmarking

### Is your municipality working on reforms in the procurement system? Where would you see that change would be helpful or necessary?

- SPP management guidelines (strategy & action plan)
- Agreed standards
- Procurement department \(\rightarrow\) Changing mindsets!
- Respect for procurement managers
- E-procurement
- Better financing
- More personnel
People

Factors that motivate

• Political will
• Transparency
• Intra-administrative exchange
• Inclusive processes
• Incentives to obey with regulations
• Linking SPP to own interests / motivation
• Participatory approaches
• Awarding SPP performances
• Showing impact of SPP

Factors that block

• Lack of leadership
• Political interference
• Corruption
• Lack of inclusion
• Negative atmosphere where new ideas get dismissed
• Lack of finances
• Lack of strategy and timeline

How can a city government or administration mobilize change agents?

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