

# Green procurement in State-subsidised Human Settlements

## (1) Description of the project

In February 2016, the Western Cape Department of Human Settlements appointed MCA Urban and Environmental Planners, along with LAS Property Development and Consulting, to undertake a project for green procurement in state-subsidised housing in the Western Cape. This project concluded in January 2017.

The aim of the project was to provide assistance and guidance to municipalities, provincial government and other developers of state-subsidised human settlements about which criteria to take into account when procuring goods and services in housing delivery, so that an improved environmental, social and economic impact may be realised.

## (2) Project Background

Government is one of the largest consumers in the economy, spending between 45% - 65% of the annual budget on procurement. With this great purchasing power, comes the responsibility to choose materials & products not only for their functionality, affordability & durability but also considerations for environmental & socio-economic benefit to the municipality & country. State-subsidised human settlements projects receive a significant portion of government funding and are therefore a strategically important focus for green procurement.

The project included research activities, such as interviews, to understand the current green procurement practices in the province, case studies on the effectiveness of human settlements projects in the Western Cape that have included green criteria, and the development of guidelines and dissemination of knowledge to municipal and provincial officials.

The approach that has underpinned this green procurement project has been to work within existing systems, legislation and processes to find strategic leverage points for greener decision-making. This was done so as to prevent the writing of

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additional, separate policy and the development of parallel processes that would further complicate a system that is already considered difficult to navigate.

Green Procurement is defined as 'the means that public authorities seek to procure goods, services and works with **an increasingly positive environmental impact, with associated social and economic benefits for beneficiaries, society as a whole and the national fiscus throughout their life-cycle**, compared to goods, services and works with the same primary function that would otherwise be procured.

The only significant shift in the project scope was to expand the number of case studies from three to four to include a case study on a green social housing project. This increased the budget by 4.96%, inclusive of VAT, and extended the project timeline by three months, from November 2016 to January 2017.

## (3) Broad deliverables for the project since inception

The deliverables consisted of the following:

- **The status of green procurement policy and practice**

This phase involved capturing the status of green procurement policy and practice in the Western Cape. A study such as this has not been undertaken before and provides valuable insight into the current understanding and implementation of green procurement by a range of stakeholders. The results varied greatly from no understanding and implementation to a high level of understanding and some implementation. The results from these interviews serve to confirm the relevance of this study and the need for the tools and guidelines associated with it to support municipalities and officials.

- **The environmental, economic and financial implications of green procurement in state-subsidised housing**

As part of the process to improve the environmental impact of state-subsidised housing, there is a need to learn from projects that have aimed to incorporate environmental considerations into the design and construction of state-subsidised

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housing. The case studies cover the Witsand iEEECO housing project, the Kleinmond Eco-housing project, the Delft Symphony Precincts 3 & 5, and the Steen Villa Social Housing Complex.

Overall, the business case in each project was achieved, at least to some extent, with the most successful project evaluated being the Kleinmond Eco-housing project, followed closely by the Steen Villa Social Housing Project.

- **Institutional arrangements for green procurement in state-subsidised housing**

Understanding the institutional arrangements, both in terms of processes and stakeholders, is essential to identifying opportunities for strategic intervention in state-subsidised housing for green procurement to be implemented. This phase of the project has shown that there are many opportunities to incorporate green procurement for an improved environmental impact of state-subsidised housing within the current approval and procurement processes and through a wide range of stakeholders.

- **Making better choices: green procurement in state-subsidised human settlements**

**Making better choices: green procurement in state-subsidised human settlements guidelines** has been developed as a resource to assist developers in the implementation of green procurement in state-subsidised human settlements.

- **Green procurement municipal workshops**

The purpose was to disseminate and share the knowledge gained from the project process, both from research and the development of the guidelines, with municipalities across the Western Cape.

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## (4) Key Participating Stakeholders

The following is a list of key participating stakeholders:

- WC Department of Human Settlements
- WC Department of Environmental Affairs & Development Planning
- WC Provincial Treasury
- City of Cape Town
- All non-metro municipalities in the WC

## (5) Summary of activities during 2016-17

Overall, the project for 'Green procurement in State-subsidised Human Settlements' has been successful and a valuable endeavour.

The effort and commitment to the project's outputs and process are evidenced in the high quality of work produced and the achievement of the outcomes set. New information was provided and current knowledge was consolidated for improved evidence-based decision-making. The project outcomes achieved include:

- Increased knowledge on Green Public Procurement in municipal state-subsidised housing provision
- A framework for Green Public Procurement in municipal state-subsidised housing provision
- Improved capacity and knowledge for the implementation of Green Public Procurement in municipal state-subsidised housing provision

With the Steering Committee and project manager, the project team developed a process that was structured around being flexible to incorporate new information and unforeseen circumstances and one that focused on a significant amount of stakeholder engagement to share the knowledge gained and ignite the transition for improved environmental, social and economic outcomes from the state-subsidised human settlements sector.

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## What worked well

The following aspects of the project process benefited the project's outcomes:

- The project provided useful learnings regarding the understanding of what is meant by 'green', green procurement (both generally and within the human settlements sector), and the technicalities of implementing green procurement in state-subsidised human settlements, along with the broader implications for stakeholders.
- The project engaged with a very wide range of stakeholders throughout the 11 month project process, including provincial departments, municipalities and non-governmental organisations, which allowed the project team to gain a transdisciplinary perspective from across the spheres and scales of intervention. This also aided the project team in testing and sharing the outputs of the project.
- The steering committee worked well, with many members engaged and providing significant and valuable feedback on the project process and outputs. There was a good representation of a range of directorates, departments and disciplines on the steering committee to provide a wide range of perspectives for practical and usable outputs. The process was well-managed.

## What did not work well

- The project brief was developed with a series of assumptions, such as that project data would be readily available and comparable. This, however, was not the case, especially for the Phase 3 case studies, which resulted in more time being spent on accessing data than anticipated and having to make use of more qualitative than quantitative data for analysis. This came to the fore in the financial analysis of projects, where the project costs were provided at varying levels of detail with no standard approach being taken for recording this important information.

Going forward with the green procurement project will require support, knowledge sharing and capacity building among and within municipalities and provincial government. Accordingly, the Western Cape Department of Human Settlements is developing an implementation programme for green procurement.

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## (6) Budget

Budget for the 2016/17 financial year:

<b>Total Project Costs (inclusive of VAT) with Extension</b>	<b>R 781 343.06</b>
<b>Original Total Project Costs (inclusive of VAT)</b>	<b>R 744 403.26</b>
<b>Total Extra Project Costs (inclusive of VAT)</b>	<b>R 36 939.80</b>
<b>Percentage budget extension</b>	<b>4.96%</b>

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