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GSP II Reflection Learning Sharing

Public Procurement

Support to Small, Medium and Micro Enterprises (SMME's)

Supply chain management (SCM) and procurement reform is a key priority of the Government of South Africa. There is ample evidence from reports by the Auditor-General of South Africa that the SCM function in municipalities is performing poorly due to organisational, individual and technological capacity challenges. In order to determine where the most significant impact could be made, a comprehensive SCM Review and Analysis research study was completed in each municipality to assess their respective organisational and individual capacity and to identify their challenges. Based on the results of this study, action plans were devised to address the challenges in each municipality. The GSPII supported the improvement of SCM in partner municipalities through organisational and individual capacity development.

Overview

Municipal Supply Chain Management units are required to adhere to all legal requirements when rendering services, within a manner that is ethical and just. This means that when they procure goods and services on behalf of their municipality, such procurement must be done within a system which is fair, equitable, trans-

parent, competitive, and cost-effective. Local small contractors are not only entitled to participate in the provision of goods and services to their municipality, they are entitled to various preferences and incentives in accordance with regulatory prescripts. At the same time, doing business with government can be intimidating and daunting for new and emerging small, medium and micro-enterprises (SMMEs). As well, although municipalities may want to employ local contractors, SCM units report that they find it difficult to ensure that new and emerging SMMEs understand exactly what is required when they want to do business with a municipality

The SCM Guide for SMMEs supports local enterprises in the process of doing business with government. The guide includes the processes and requirements for doing business with the municipality, advises on how to submit quotations and tender bids, and provides tips on the pitfalls to avoid.





What was done

During the initial stages of the intervention, the SCM guide design and content development was undertaken, using an approach that allowed the presentation of applicable regulatory requirements with a user-friendly and accessible guide format. The SCM SMME Guide was built around a story line with three characters as the key focus area. Each of these characters served as focus to ensure that all necessary information could be provided in an easy to read and understand format. The three characters were (i) the citizen having a need for access to knowledge about municipal procurement in a transparent manner; (ii) the municipal official fulfilling the need via a supply chain process and (iii) the service provider rendering the goods and/or services.

The SCM Guide was tested and adapted to align with the specific needs of Ehlanzeni District Municipality (EDM) in Mpumalanga and Amathole District Municipality (ADM) in the Eastern Cape, and each municipality was assisted with the implementation thereof. This process was then extended to the balance of GSP II partner municipalities in Mpumalanga and the Eastern Cape.

The Guide deals with ten specific areas, with each numbered and colour coded for easy access. Each area deals with specific questions and answers and cover 60 questions related to the process. These focus areas are:

- Mandates, rights and obligations of actors.
- Citizen need.
- Invitation of quotes/tenders.
- Submission of quotes/tenders.
- Evaluation and adjudication of quotes/tenders.
- Contracting.
- Service delivery.
- Monitoring and payment.
- Relationship management.
- Citizen oversight.

What was achieved

- SMMEs as local service providers should now find it easier to access economic opportunities offered through public procurement.
- Workshops with the Local Economic Development and SCM units of partner municipalities allowed each municipality to understand the full value of the Guide and the best way to introduce it to local service providers. Partner municipalities have embraced the process and have indicated that the guide is extremely easy to use and has changed the way in which they are able to engage local, emerging suppliers and service providers constructively.

Conclusion

- Municipalities must take specific steps to make their local economies accessible for smaller enterprises and new entrants to the market. This requires support to their own procurement staff as well as to existing and potential service providers. A guide that assists both SCM practitioners and SMMEs with consistent and easy-to-understand advice is beneficial.
- When SCM personnel can explicitly identify the steps that are required to execute a specific function or task, it follows that the execution of the task in line with such steps will allow good practice to be institutionalised.
- Although each Guide has been tailored to suit each municipality, the information and format offers the opportunity for ready adaptation and implementation in any municipality.
- Because the Guide includes a focus on the citizen having a need for access to knowledge about municipal procurement in a transparent manner, the Guide could also be used in community advocacy programmes.

References / Resources / Other material / Links

The Local Economic Development (LED) Manager of EDM indicated that the SCM Guide for SMMEs was a wonderful intervention that would not only assist the SCM Unit but would allow the LED Unit to promote and support local contracting and economic growth.

The CoM SCM officials stated that they spent a lot of time trying to explain to emerging local contractors what was needed for submitting proper quotes and tenders to the Municipality. The SCM Guide for SMMEs made it clear and easy to understand what needed to be done and why. This meant that they would save significant time and energy. It also meant that emerging providers understood why certain rules and expectations were in place and wouldn't challenge them for being 'unfair'.

The Governance Support Programme (GSP II) is a Technical Cooperation programme co-steered at national level in a partnership between the Department of Cooperative Governance (DCoG), the National Treasury (NT), the Department of Public Service and Administration (DPSA), the Department of Planning, Monitoring and Evaluation (DPME), and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), the latter responsible for the implementation of the German development contributions on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ). The programme was co-financed by the United States Agency for International Development (USAID) and the Department for International Development of the United Kingdom (DFID).

The GSP II provided technical, policy and process advice to support the South African public sector. The programme strengthened capacity for local government planning, financial management and oversight and was executed in the Provinces of Mpumalanga and Eastern Cape.

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