

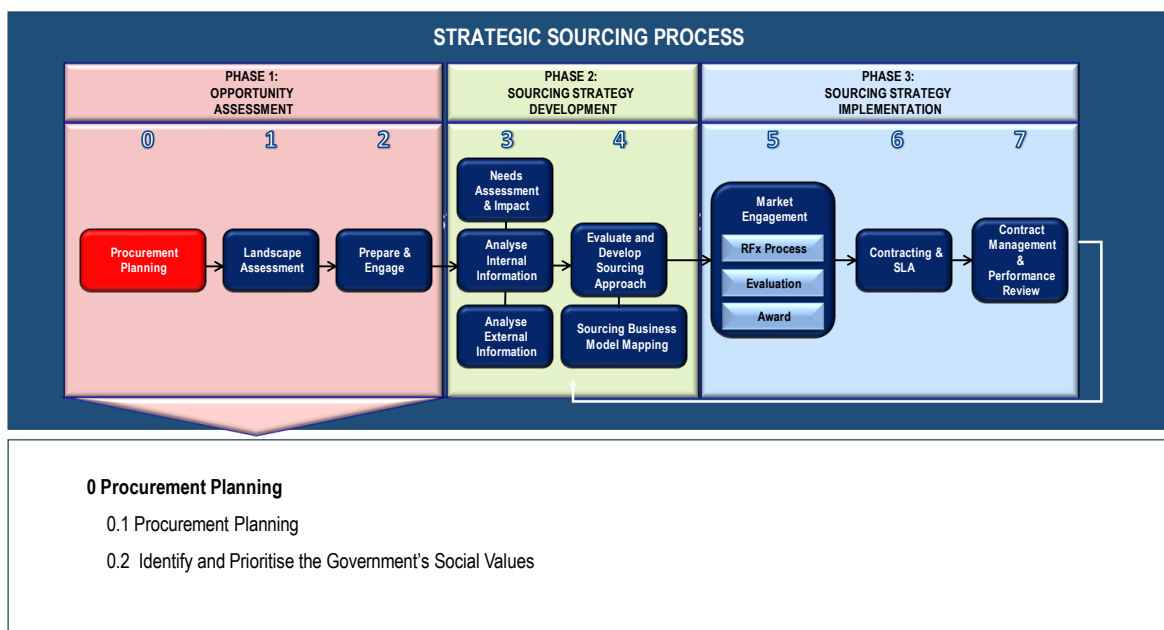
### Using this guide

This guide accompanies the National Treasury's Strategic Procurement Framework (SPF) for Strategic Sourcing in the Public Sector. For more information, visit the National Treasury website at <http://ocpo.treasury.gov.za/>

The SPF can be found here:

[http://ocpo.treasury.gov.za/Resource\\_Centre/Documents/1A.%20Strategic%20Procurement%20Framework.pdf](http://ocpo.treasury.gov.za/Resource_Centre/Documents/1A.%20Strategic%20Procurement%20Framework.pdf)

## PROCUREMENT PLANNING FOR STRATEGIC SOURCING



### 1.0 Introduction

- i. Procurement planning plays a central role in a successful sourcing strategy.
- ii. A well-executed procurement plan tries to balance following the rules with achieving goals.
- iii. The procurement plan will also propose the most appropriate procurement method for the commodity.
- iv. It's important to agree on the process ownership in terms of who triggers the procurement plan, is it the user or the supply chain practitioner?

## **1.1 The objective**

- i. The objective of the procurement planning stage is to make sure it matches the institution's needs with the budget, plans, and social values.
- ii. Procurement planning explains when to procure things to get them on time, within budget, and at the right quality for the money.

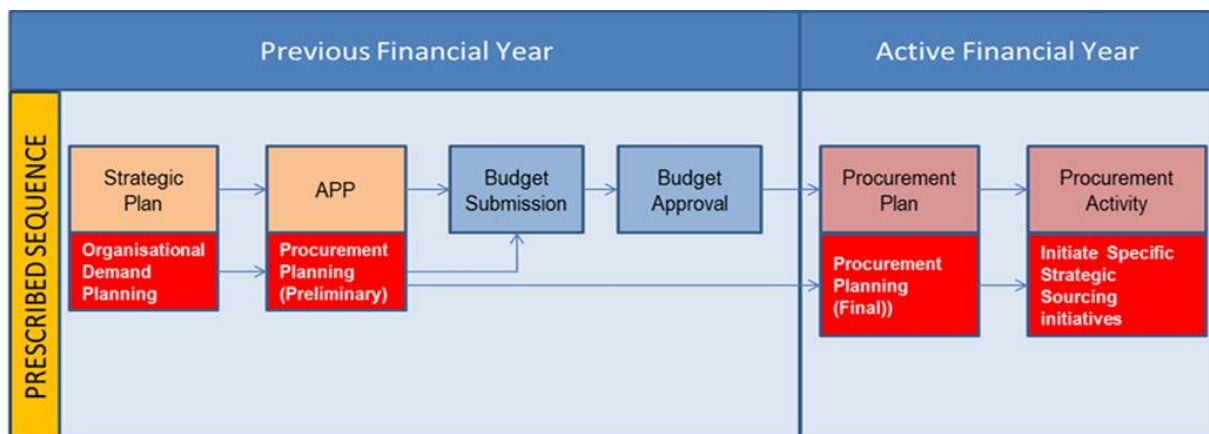
## **1.2 The output**

- i. Annual procurement plan that integrates with social values as prioritised by the procuring institution.

## **2.0 The narrative**

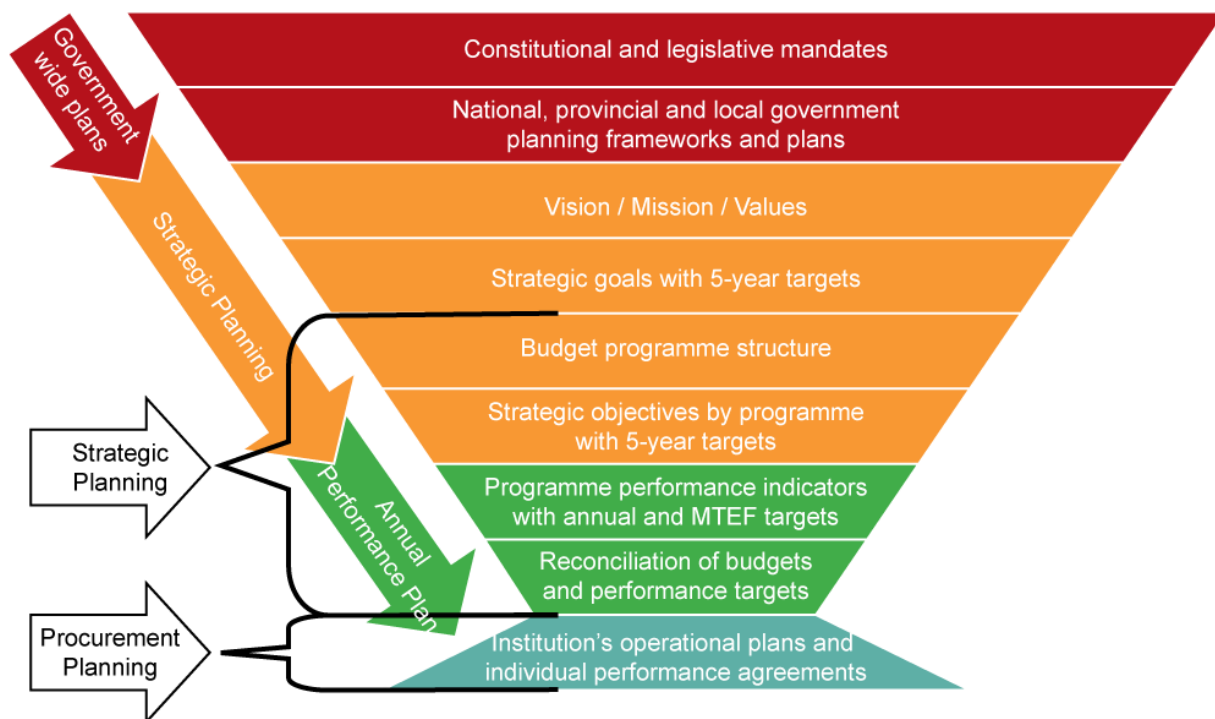
### **2.1 Procurement planning**

- i. Procurement planning identifies and consolidates everything that the institution needs and determines the best time to buy things cost-effectively.
- ii. A good procurement plan will indicate the most appropriate procurement methods in line with the procuring institution's procurement policy.
- iii. When developing strategic plans and Annual Procurement Plans, it's helpful to study the areas the institution is responsible for, the current situation, and the organisation itself, considering government policies and long-term plans.
- iv. At this point it, introduces strategic sourcing principles to assist the strategic planning process, especially demand and procurement planning.
- v. The procurement planning is informed and aligned with the strategic planning framework and the budgetary process as indicated in Figure 1.



**Figure 1: The strategic planning framework**

- vi. Strategic plans and Annual Procurement Plans should describe, amongst others, how the organisation will deliver their service delivery mandate through procurement, starting with demand planning.
- vii. These analyses, in the context of the government's planning framework, can be done at two levels of detail.
  - a. For strategic planning purposes**
    - The organisation's total spending profile.
    - This initial diagnostic needs to be around 80% accurate for relevance and insight.
  - b. For procurement planning purposes**
    - The organisation's spending by category/commodity group.
    - Sourcing teams use this spending data to plan their sourcing strategies.
- viii. Further, during this stage, take note of the hierarchy of the planning framework as shown in Figure 2.



**Figure 2: The hierarchy of the planning framework**

## **2.2 Identify and prioritise government social values**

### **i. Identify and prioritise the Government's social values**

- a. Globally, governments have long used public procurement as a powerful tool to promote socioeconomic objectives.
- b. The Republic of South Africa has, through the Reconstruction and Development Programme 1994 (RDP), developed a policy instrument that will direct the progress of the transformation strategy.
- c. Each province will prepare its RDP based on the central initiative.
- d. Through the RDP white paper, the government identifies social values that are achievable through a strategic sourcing approach.

### **ii. Integrating social values in commodity strategies**

- a. The procuring institution is required to identify and prioritise those commodities that can also achieve social goals during implementation.
- b. Procurement becomes a 'vehicle' to address social and economic goals and maximise local or regional community outcomes.

- c. To determine 'where such outcomes can be realised', consider issues that can determine community benefits in the context of the procurement.