



HEFMA WORKSHOP
DATE: 24 APRIL 2025
PRESENTATION: LIVE VIRTUAL WEBINAR

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TITLE:

Fostering Collaborative Procurement: Strategies and Tools to Enhance Efficiency and Innovation in Higher Education

CONTEXT

- ✓ South Africa's higher education sector faces budget constraints, increasing student demands and the need for operational efficiency.
- ✓ Collaborative procurement emerges as a strategic approach to address these challenges.

CONTEXT

- ✓ Industry Examples Supporting the Challenge
 - ✓ OECD's 2023 Report on South African Public Procurement: Found that the system's complexity and fragmentation make it vulnerable to inefficiencies and abuse. (EWN article)
 - ✓ Auditor-General Reports: Repeated findings of unauthorized, irregular, fruitless, and wasteful expenditure (UIFW) due to non-compliance with procurement laws, often stemming from inconsistent application across institutions.

CHALLENGES IN HIGHER EDUCATION PROCUREMENT

STRATEGIC FOCUS

- ✓ Fragmented Procurement Processes: Lack of standardized procedures across institutions.
- ✓ Limited Expertise: Insufficient procurement training and capacity.
- ✓ Budget Constraints: Reduced funding leading to cost-cutting pressures.
- ✓ Inefficient Systems: Manual processes leading to delays and errors.

(1) FRAGMENTED PROCUREMENT PROCESS

KEY CHALLENGES & ISSUES

☑ Key Challenge

- ☑ Lack of standardised procedures across public universities and TVET colleges leads to inefficiency, duplication, and increased costs.

☑ Contributing Factors

- ☑ Decentralised procurement policies with inconsistent implementation.
- ☑ Use of varied or manual systems across institutions
- ☑ Disconnected supplier databases and management
- ☑ Redundant tendering for common goods/services
- ☑ Limited co-ordination across the various departments.

FRAGMENTED PROCUREMENT PROCESS

COLLABORATIVE SOLUTIONS

- ✓ Strategic Need
 - ✓ **Collaborative procurement** can standardize processes, improve cost-efficiency, and enhance transparency across the sector.
- ✓ Collaborative Procurement Strategies (PURCO SA)
 - ✓ National Framework Contracts: Negotiated umbrella agreements for common goods and services (e.g. travel, catering, stationery). Standardized terms allowing institutions to procure without repeated tenders.
 - ✓ Transversals (Piggy-Backing): Enabling institutions to utilize existing contracts negotiated by others.

FRAGMENTED PROCUREMENT PROCESS

COLLABORATIVE SOLUTIONS

- ✓ Cost Savings: Leverage Collective buying power, leading to significant cost reductions.
- ✓ Enhance Negotiating Power: A unified approach increases bargaining power with suppliers, resulting in better terms and conditions.
- ✓ Knowledge Sharing: Collaboration fosters the exchange of best practices and innovative solutions among institutions.
- ✓ Shared Services: By pooling resources, PURCO SA Members have achieved efficiencies in various administrative and academic functions.

(2) LACK OF COMPREHENSIVE PROCUREMENT PLANNING

KEY CHALLENGES & ISSUES

- ☑ Procurement seen as a reactive, transactional task rather than a strategic function.
- ☑ Poor alignment with academic and financial planning cycles.
- ☑ Limited use of data analytics for forecasting and performance monitoring.

LACK OF COMPREHENSIVE PROCUREMENT PLANNING

KEY CHALLENGES & ISSUES

- ✓ Reactive Purchasing: Procurement is often done in response to urgent needs rather than forecast demand, leading to rushed, non-competitive sourcing.
- ✓ Disconnected from Institutional Strategy: Procurement plans are seldom aligned with academic and operational objectives, weakening institutional performance.
- ✓ Inadequate demand forecasting: Poor data usage and lack of historical analysis hinder accurate planning
- ✓ Siloed Budgeting: Departments often operate in isolation, making coordinated procurement efforts difficult.

LACK OF COMPREHENSIVE PROCUREMENT PLANNING

COLLABORATIVE SOLUTIONS

- ✓ **Sector-Wide Planning Framework**
 - ✓ Standardize procurement planning templates, timelines, and forecasting methods.
- ✓ **Integrated Budget & Academic Alignment**
 - ✓ Align procurement cycles with budgeting and academic planning across institutions.
 - ✓ Joint planning calendars and long-term demand forecasts.

LACK OF COMPREHENSIVE PROCUREMENT PLANNING

COLLABORATIVE SOLUTIONS

- ✓ **Shared Analytics & Insights**
 - ✓ Use collective data platforms to forecast demand, track supplier performance, and plan better.
 - ✓ Promote evidence-based decisions across Universities and TVETs.
- ✓ **Collaborative Category Management**
 - ✓ Assign cross-institutional leads for high-value categories (e.g., IT, facilities, catering).
 - ✓ Drive proactive sourcing, supplier engagement, and contract alignment.

(3) Budget Constraints and Funding Instability

KEY CHALLENGES & ISSUES

Challenge: Budget Constraints and Funding Instability

- ✓ Fluctuating government subsidies (NSFAS, DHET) affect planning and long-term contracts.
- ✓ Pressure to cut costs often leads to short-term decisions over value-for-money.
- ✓ Difficulty in negotiating favorable contracts without guaranteed long-term commitments.

Budget Constraints and Funding Instability

COLLABORATIVE SOLUTIONS

1. Pooled Purchasing for Cost Efficiency

- ✓ Institutions join forces to aggregate demand, allowing bulk buying and better pricing.
- ✓ Example: Joint procurement of ICT equipment, textbooks, or cleaning services.

2. Long-Term Framework Agreements through Consortia

- ✓ Establish multi-year contracts through a centralized body like **PURCO SA**.
- ✓ Suppliers gain scale and predictability, allowing institutions to lock in better terms despite uncertain funding timelines.

Budget Constraints and Funding Instability

COLLABORATIVE SOLUTIONS

3. Shared Risk and Cost Models

- ✓ Distribute procurement risks across multiple institutions.
- ✓ Enables access to products/services (e.g., ERP systems, learning management platforms) that may be unaffordable individually.

4. Collective Supplier Engagement

- ✓ Presenting as a united front enhances negotiating power with suppliers.
- ✓ Enables better payment terms, volume discounts, and innovation partnerships.

CHALLENGES IN HIGHER EDUCATION PROCUREMENT

COLLABORATIVE SOLUTIONS

5. Centralized Tendering and Contract Management

- ✓ Reduces duplication of tender efforts and administrative costs.
- ✓ Institutions benefit from pre-negotiated rates and vetted suppliers, improving compliance and efficiency.

6. Demand Forecasting and Spend Analysis Tools

- ✓ Collaborative procurement bodies can invest in shared analytics platforms.
- ✓ Helps institutions forecast procurement needs based on historical trends, enabling smarter budgeting.

OVERVIEW

- ✓ PURCO SA is a non-profit consortium serving the higher education sector in South Africa and Namibia.
- ✓ Membership includes all public universities, TVET Colleges and allied institutions.
- ✓ Mission is to deliver value through collaborative procurement, professional support, and innovation.

PROCUREMENT SPEND

- ✓ Value of Collaboration (2024): R3.1 billion via PURCO SA negotiated contracts.
- ✓ Savings Since 2010: Over R2.8 billion in procurement costs saved for Member Institutions.
- ✓ Managed contracts with 555 suppliers across SA
- ✓ Rebate paid over the past 5 years –R 283mil

CONCLUSION

- ☑ South Africa's Higher Education sector stands at a strategic crossroads — one where **collaborative procurement** isn't just a solution, but a **catalyst** for transformation.
- ☑ **Efficiency** will come from unified digital platforms and real-time data sharing.
- ☑ **Innovation** will be driven through joint ventures, agile sourcing, and inclusive supplier ecosystems.
- ☑ **Resilience** will be built by leveraging sector-wide partnerships, such as **PURCO SA** and **HEFMA**, to weather fiscal and regulatory uncertainties. of procurement.
- ☑ **Sustainability** will be achieved through green procurement, ethical supply chains, and long-term value over short-term wins.

CONCLUSION

🎯 *By shifting from fragmented decisions to a shared strategic vision, we will unlock economies of scale, drive innovation, and ensure procurement becomes a value-creating engine in Higher Education.*

Let's not just **collaborate** — let's **co-create** the future of procurement.

MEMBER INSTITUTIONS

27 Public Universities



26 TVET Colleges



12 Associate Members



Thank you

