

Implementing sustainable performance-based procurement



Identify the need

- Formulate the need in terms of performance rather than an already existing product
- Keep the scope of the need formulation broad as this will stimulate suppliers to create innovative solutions

Internal communication and buy-in

- Create an interdisciplinary team (lawyers, economists, sustainability experts and accountants) – break down the silos
- Ensure an understanding of why performance-based procurement is important and why there is a business case – refer to strategic importance, the lever for innovation, job creation, and other co-benefits
- Allocate resources for the procurement and for the process – tap into innovation fund potential

External communication and market engagement

- Identify the appropriate communication channels to inform the market about the longer-term goals, the performance, the need for which you are seeking a solution
- Ensure at all times a transparent, fair and open communication process with the market
- Give the market sufficient leadtime to develop ideas
- Collect feedback before designing the tenders to ensure they match what the market can deliver and at the same time incentivise sufficient innovation

Tender scope and specifications

- Use a performance-based specification or a list of objectives that you want to achieve with the procurement
- Look for best practices and for the right level of setting performance
- Establish how performance will be measured and monitored

Evaluation of tenders and contract awarding

- Value for money should be interpreted as the best value for the taxpayer across the lifecycle of the asset
- Use lifecycle costing or total cost of ownership where appropriate
- Use two-stage award criteria or a points-based system

Monitoring of performance

- Hold suppliers accountable to the performance level
- Introduce financial penalties into the contract clauses
- Collect feedback from the end-users