Performance-based specifications
A tool for driving innovative and sustainable procurement

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The International Institute for Sustainable Development
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- Public procurement as a driver of a more inclusive and greener economy
- Sustainable public procurement policy advice, technical assistance and training
- Infrastructure and PPPs for sustainability
- Innovative financing tools

*Smart solutions for optimizing value-for-money across asset life cycle*

*Increasing the power of the public purse*
PBSs defined

PBSs describe a desired performance level or target to be achieved, **but do not** make specific demands on how that level or target is reached.

Needs are described in terms of **outputs**, rather than **inputs**.
EXAMPLE: Technical specification vs. PBS for procurement of a heating system

**Technical specification:** Might require that the supplier provide an oil furnace made of heavy-gauge steel with fiberglass insulation, return air flow located on the top of the unit, etc.

**Performance-based specification:** Requires a solution for keeping a particular building at an ambient 18-20°C at all times.
PBSs Benefits

• Can foster innovation
• Force the procuring authority to conduct needs analyses
• Can find the “best” option in the market
• Can support SPP efforts

PBSs Limitations

• Do not guarantee environmental performance by themselves
• Only one piece of the innovation puzzle
• Shifts work from development of technical specification to evaluation and monitoring
Including PBSs in the procurement cycle
Further challenges for implementing PBSs

- Risk aversion of procurers
- Financial accounting frameworks
- Budgetary mismatch
Thank you!

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