



Establishing good key performance indicators for procurement



Public Procurement Principle: **Evaluation**



Procurement Stage: **Tendering**



Audience: **Procuring entity, Policy makers**

Description

The UK has long focussed on recording benefits of procurement processes. However, the actual realisation of those benefits and their relationship with the initially requested investment were not often tracked, monitored or reported on. As a response, the UK developed an approach to actively manage benefits of a procurement project. “Benefits Management”, as this approach is called today, involves detailing the expected benefits from a project in a measurable way, and continuing to monitor whether they have been realised (and whether the costs required to deliver them have increased) over time. This approach is based on the project management methodology “Prince2”.

According to the UK government’s Guide for Effective Benefits Management, a benefit is defined as: “the measurable improvement resulting from an outcome perceived as an advantage by one or more stakeholders, which contributes towards one or more organisational objectives”. Fundamentally this means that benefits:

- Should be measurable. If they cannot be measured, they cannot be claimed as realised.
- Are the improvement resulting from the outcome (the end result) of the change – not the change itself.
- Are in the eye of the beholder. In other words, different stakeholders value the same benefits differently. Additionally, in some cases, a benefit to one stakeholder may be a dis-benefit (an outcome perceived as negative) to another.
- Create the link between tangible outputs and strategic goals.

- Ensure there is alignment of effort, resources, and investment toward achieving organisational objectives.

According to the Benefits Management approach, preparation of the public procurement procedure should start with an identification of the targets and benefits that can be achieved. A key product during this stage of the benefits management approach is the development of a Benefits Logic Map, which links drivers, enablers and business change that will result from the project to the expected benefits and dis-benefits, and links the benefits to objectives and goals. An example of a Benefits Logic Map for environmentally friendly procurement is provided in Annex 1.C to this chapter. The desired objectives of a project should comply with the S.M.A.R.T. principles (i.e. they should be specific, measurable, achievable, realistic and time-bound). This also means that consideration should be given to how data on benefits and dis-benefits are tracked and aggregated so that a bottom-up view of the impacts of the whole public procurement system can be monitored.

The last phase of every procurement project should be focused on evaluation, providing information on the effectiveness of the procedure itself as well as an analysis of whether the outcome has helped to achieve the expected benefits. Creating public procurement strategies according to these rules can boost the efficiency and effectiveness of the public procurement system. They can also lead to the achievement of desired benefits, thanks to proper design, monitoring and evaluation of the process.

Source: OECD (2019), [Public Procurement in Kazakhstan: Reforming for Efficiency](#), Publishing, Paris

