



The Strategic Role of Procurement

Driving Better Infrastructure Outcomes



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Executive Summary

Canada's infrastructure challenge is not simply to build more projects faster, but to deliver better outcomes from every public dollar invested. Governments across Canada must deliver infrastructure that supports economic competitiveness, community well-being, and climate resilience. Yet many projects experience delays, cost escalation, disputes, scope changes, or delivery challenges, and often underperform by achieving one priority at the expense of others.

Procurement is one of the most important tools available to governments to improve infrastructure outcomes. However, successful procurement depends on decisions made long before tendering begins. Poorly defined objectives, incomplete project preparation, unrealistic assumptions, over-design, limited institutional capacity, and inadequate risk assessment create challenges that persist throughout delivery regardless of the procurement model selected.

As governments seek to improve project delivery, procurement reform has become an increasing priority. However, reconsidering Canada's approach to procurement goes beyond choosing the right model as different procurement models are designed to address specific project characteristics and can all perform well when implemented under the right conditions. Rather, **successful procurement depends on understanding the outcomes a project is intended to achieve and aligning responsibilities, incentives, governance, and risk management to support those outcomes.** It also requires careful consideration of which roles are best assumed by public, private, and community-sector partners in order to maximize public value, support innovation, improve productivity and efficiency, and ensure sustainability.

An outcomes-based approach can support these objectives. Rather than a standalone procurement model, outcomes-based procurement should be viewed as an approach that can be incorporated into a range of procurement models to better align infrastructure delivery with policy objectives and long-term value.

Drawing on the Council's engagement with industry, academics, governments and practitioners from across Canada, as well as international best practices, the paper's central proposition is that procurement should be treated as a strategic lever for shaping project outcomes and long-term public value, rather than simply as a transactional step. The paper sets out six enabling conditions for achieving better infrastructure outcomes through procurement:

1. Build institutional capability

2. Align with market capacity

3. Match the procurement model with project characteristics

4. Invest in project conception and project readiness

5. Allocate and share risk realistically

6. Measure what matters



Canada's Procurement Challenge: What We Heard

Population growth, housing demand, climate change, labour shortages, supply constraints, and fiscal pressures are increasing demand for housing-enabling infrastructure while making projects more difficult to deliver. Despite significant public investment, many infrastructure projects experience delays, cost escalation, disputes, and scope changes that reduce value for money and delay benefits to communities. Procurement decisions influence project outcomes by shaping risk allocation, incentives, and performance expectations.

Throughout the Council's engagement with industry experts and academics, procurement was consistently identified as a critical influence on infrastructure outcomes. Participants emphasized that unclear objectives, changing scope, unrealistic budgets, and poorly understood risks often undermine procurement before tendering begins. When project requirements continue to grow without corresponding changes to budgets or schedules, costs increase and the pool of available bidders could decline. Well-defined projects with clear objectives, realistic budgets, and strong upfront planning are more likely to attract bidders and achieve better outcomes.

Participants also underscored the value of seeking industry expertise earlier in the process. Early engagement with delivery partners can help identify risks, improve project design, and develop more efficient solutions before procurement begins. Participants highlighted interface risks, including projects that depended on third parties who were not contractually involved in delivery. Many noted that overly detailed or prescriptive requirements can limit innovation, while clearly defining the outcomes a project is intended to achieve gives suppliers more flexibility to determine the best way to deliver them.¹

Finally, participants highlighted the importance of predictable project pipelines and better coordination across projects. When governments provide greater visibility into future projects, organizations are more willing to invest in workers, training, equipment, and innovation. Bundling and sequencing projects can also help manage labour and supply chain pressures, improve efficiency, and support better long-term outcomes.

Part I

Reconsidering our Approach to Procurement

Traditional procurement often identifies detailed technical specifications before engaging the market. For public infrastructure projects involving familiar approaches and technologies, a clearly defined scope and relatively low levels of uncertainty, standardized procurement approaches may remain appropriate because they reduce transaction costs, simplify contract administration, and increase market certainty. However, increasingly complex infrastructure conditions and performance requirements require greater flexibility to respond to uncertainty, evolving technologies and changing interest-holder needs. Infrastructure is increasingly expected to advance broader policy objectives—such as supporting domestic industries, creating jobs, and addressing climate priorities—while also delivering projects efficiently. Although these objectives can generate significant public benefits, they may involve trade-offs in competition, supplier capacity, cost, and delivery timelines.

These complex and evolving requirements have led governments in Canada, and internationally, to reconsider their approach to procurement, including how responsibilities are shared between public owners and delivery partners.

Towards an outcomes-based approach

Outcomes-based procurement is an approach that defines the results infrastructure must achieve rather than prescribing how those results must be delivered.² Governments establish desired outcomes and performance measures, while delivery partners are given greater flexibility to determine the most effective solution. The approach can be applied across a range of procurement models and is most appropriate where outcomes can be clearly defined, measured, attributed, and monitored at reasonable cost, and where the procuring organization has the capacity to define those outcomes and manage their role in the project throughout delivery.³

By focusing on outcomes rather than prescribed solutions, governments can encourage innovation, improve lifecycle performance, and better align infrastructure delivery with broader public policy objectives.

Part I: Reconsidering our Approach to Procurement

This approach allows both governments and the private sector to do what they do best:

- **Governments define the objectives.** Governments are responsible for defining public priorities, protecting the public interest and ensuring appropriate oversight. Governments should identify and clearly articulate the desired outcomes and performance measures related to reliability, resilience, environmental performance, operating costs, and user experience alongside traditional measures of project delivery; create incentives that reward long-term value alongside short-term compliance; and ensure the evaluation criteria, including weighting of components, align with the desired outcomes.
- **The private sector determines how best to deliver on these objectives.** Under this approach, they retain greater flexibility to determine a solution that meets the requirements and standards of the project. Private sector organizations have the expertise, knowledge of local markets, resources and capacity to innovate and define the best possible solutions, with the incentive to do so in the most efficient manner possible, sharpened through competition.

Example: High-speed internet

Under a traditional procurement approach, a high-speed internet infrastructure project would involve governments specifying the technology they wish to procure together with details on where it should be deployed. Given the length of time it takes to go from project conception to delivery, and the rapid evolution of technology, this approach would likely result in infrastructure that quickly approaches obsolescence.

Under an outcomes-based procurement approach, a government will specify what regions they want to deliver high-speed internet services to, the minimum internet speed that needs to be delivered, performance expectations including downtime limits, and price at which it will be delivered to consumers, indexed to market, throughout the contract period.

Outcomes-based procurement also encourages **a more collaborative approach to project development** by emphasizing shared responsibility for achieving outcomes rather than strict compliance with predetermined solutions. Successful implementation requires discipline in defining desired outcomes, clarity in performance expectations, and a willingness to adapt project scope and delivery approaches as information and circumstances evolve.

Part I: Reconsidering our Approach to Procurement

Outcomes-based procurement has been successfully implemented within established public-private partnership (P3) models (e.g., DBFM), early contractor involvement (ECI) models (e.g., Alliance contracting), and other cases that do not fit cleanly into a specific procurement model. These models are not inherently superior to each other or to traditional procurement approaches. Canadian and international examples demonstrate that improved outcomes result from combining appropriate procurement models with strong governance, project readiness, and clearly defined performance objectives rather than from adopting a single preferred contracting approach.

See [Annex A](#) for **practical guidance** for selecting the most suitable procurement model.

International case studies



The Netherlands

Improving Lifecycle Performance through Outcomes-Based Procurement

The Netherlands has applied outcome-oriented procurement principles across major transportation infrastructure by placing greater emphasis on innovation, environmental outcomes, lifecycle performance, and long-term asset management. Using tools like the CO₂ Performance Ladder (CO2PP), a system used to grant bidders points for their ability to reduce CO₂ emissions on an organizational level, bidders committed to reducing GHG emissions on the project and their own operations can win contracts with slightly higher bids than their competitors.⁴ Accountability continues after the contract is awarded. The contractor's proposed CO₂ ambition level is incorporated into the contract and must be demonstrated within one year of award and annually thereafter through a CO₂ Performance Ladder certificate or project-specific statement verified by an independent accredited body. If the contractor fails to demonstrate compliance, the contracting authority may apply the penalty established in the procurement documents or contract.⁵ This ensures that the evaluation advantage is tied to verifiable performance rather than an unenforceable commitment.

Rather than focusing exclusively on initial construction, these procurement arrangements encourage contractors to consider how infrastructure will operate and perform over extended periods. This alignment of incentives has strengthened asset performance while encouraging innovation throughout the project lifecycle.



Australia Multisolving through Outcomes-Based Procurement

The State of Victoria (Australia) has increasingly incorporated outcomes-based principles into major road procurement by defining the performance and outcomes expected from infrastructure while providing delivery partners with greater flexibility to determine how those outcomes are achieved. Victoria has also complemented its outcome-based approach with a multiyear pipeline of projects that provides industry with greater certainty and confidence to invest. This approach has encouraged earlier collaboration between owners, designers, and contractors, supported innovation during project development, and promoted solutions that deliver broader value, including improved lifecycle performance, sustainability, productivity, and long-term value for money, rather than focusing solely on construction outputs or lowest-cost delivery.

Independent reviews of Victoria's Program Delivery Approach found that it improved market capacity, innovation, collaboration, and social outcomes by providing a more stable and predictable delivery environment for industry.⁶ The Childs Road Upgrade is a good example of how procurement can be used to deliver broader environmental and community benefits alongside traditional transportation objectives.^{7,8}

Standardization as a tool, not an objective

Standardization remains an important procurement tool, particularly for routine projects and organizations with limited capacity. Standard contracts, procurement guidance, shared services, centres of expertise, and widely used industry-developed contract forms, such as those developed by the Canadian Construction Documents Committee (CCDC) can reduce transaction costs, improve consistency, and strengthen delivery capability where appropriate to the jurisdiction and project context. As these tools evolve, there is scope to incorporate clearer outcomes-based criteria while preserving the benefits of familiar contractual frameworks. However, standardization should support better outcomes rather than become its own separate objective, and procurement approaches should remain flexible enough to reflect project complexity, market conditions, and opportunities for innovation. Any efforts to support greater standardization should respect provincial and territorial jurisdiction and retain sufficient flexibility to reflect jurisdiction-specific procurement requirements and practices.

Part II

Enabling Conditions for Better Procurement

Adopting an outcomes-based approach to procurement is an important step, but it is only one component of achieving better infrastructure outcomes. Selecting an appropriate procurement model is an important decision, but Canadian and international experience consistently shows that procurement models alone do not determine project outcomes. Projects delivered under similar contractual arrangements frequently achieve very different results due to the strengths and weaknesses of the procurement process. Municipalities may also face constraints on procurement flexibility when projects are subject to provincial or federal requirements, including timelines, policy conditions, and eligibility requirements. Considering how these requirements interact with local procurement processes can help preserve flexibility in selecting an approach that best fits the project, enabling innovation and better project outcomes.

Major public transit projects in Canada best illustrate this, owing to their size and complexity. For example, the successes and challenges of the Confederation Line light rail transit (LRT),⁹ Eglinton Crosstown LRT,¹⁰ and Réseau Express Métropolitain (REM),¹¹ projects show how both the procurement process itself and enabling conditions play a substantial role in achieving success.

The following **enabling conditions** consistently emerged as the most important determinants of successful procurement and project outcomes.

1



Build institutional capability

Procurement strategies are only as effective as the organizations responsible for implementing them. Public owners require the technical, commercial, legal, financial, and project-management expertise necessary to prepare projects, evaluate procurement options, negotiate and manage contracts and commercial relationships, adapt as project circumstances change, and oversee delivery throughout the asset lifecycle. These capabilities are unevenly distributed across Canada and remain a challenge for many local and regional governments, particularly when pursuing more collaborative

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procurement approaches that require owners to define outcomes, manage relationships, and make informed decisions throughout project delivery. There is concern that declining quality of design documentation from infrastructure procurers is increasing uncertainty during procurement and contributing to cost escalation and schedule delays.¹² Strong institutional capability helps address these challenges by improving project preparation, strengthening decision-making, and enabling owners to act as informed stewards throughout project delivery.

Where internal resources are limited, governments can strengthen institutional capability through standardized procurement tools, centres of expertise, technical guidance, shared services, and regional partnerships. Improving institutional capability not only supports better procurement decisions but also increases project readiness and the likelihood of successful project delivery.



In Practice

Strengthening institutional capability could include the following steps:

- **Create an organizational procurement training plan** for engineering, finance, and project managers, including commercial and contract-management skills.
- **Explore options for provincial or regional resources and expertise** (e.g., shared procurement services and technical advisory hubs).
- **Develop an organizational procurement playbook** summarizing preferred models, risk allocation principles, and evaluation criteria.
- **Establish a “lessons learned” repository** after each major project to build institutional memory.

2



Align with market capacity

Even well-prepared projects can struggle when procurement strategies fail to reflect market realities. Competition, financing capacity, supply chains, labour availability, and the capability of delivery partners all influence procurement outcomes. Procurement approaches should therefore be informed not only by project characteristics, but also by the market's ability and willingness to deliver the project under the proposed commercial structure.

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Early market engagement, predictable project pipelines, project bundling, and thoughtful sequencing can strengthen competition, improve project deliverability, and encourage investment in workforce development, equipment, innovation, and supply chains. Better procurement outcomes depend in part on understanding market conditions and aligning procurement strategies accordingly.

Maintaining a broad and competitive marketplace also requires procurement and project packaging to be appropriately sized. While bundling smaller projects can create efficiencies and strengthen bidder participation in some circumstances, larger project packages, increasingly complex procurement structures, or disproportionate bonding, insurance and qualification requirements can place otherwise suitable work beyond the reach of capable smaller firms. Requirements should therefore remain proportionate to the scale, complexity and risk of the work and avoid unnecessarily restricting competition among capable firms.



In Practice

Aligning procurement strategies with market capacity could include the following steps:

- **Conduct market soundings** for projects where complexity, uncertainty, market conditions, or the proposed procurement approach warrant early market engagement.
- **Bundle small projects** (e.g., multiple culverts, sidewalks, or HVAC replacements) where this can attract stronger bidder participation and reduce transaction costs, while ensuring that project packaging does not unnecessarily restrict competition.
- **Review local and regional labour, supply-chain, and contractor capacity** when determining procurement timing and packaging.
- **Coordinate project pipelines and sequencing** to avoid overwhelming local market capacity and to support sustained competition and provide sufficient visibility for new participants to assess entry into the market.

3



Match the procurement model with project characteristics

Successful procurement depends on selecting a suitable model. Infrastructure projects differ in their scale, complexity, risk profile, market conditions and context, operational requirements, and desired outcomes. Procurement models have evolved to respond to these differences, with different models well-suited to address particular project characteristics. Rather than asking which



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procurement model performs best, governments should ask which approach is most likely to deliver the required outcomes. In other words, **procurement decisions should align with project needs and characteristics rather than institutional preferences or established practice.** In addition to reflecting the nature and complexity of the project and the capacity of the market, the appropriate procurement approach should reflect the owner's ability to procure, administer, and manage the model successfully. More complex, collaborative or finance-based approaches may not be well suited to owners with limited commercial, technical, legal, or project-management capacity.

Design-Bid-Build remains appropriate for relatively simple, well-defined projects, particularly for smaller-scale projects. Under this approach, the owner typically procures professional design services before tendering a separate construction contract based on the completed design. The quality of project definition, investigation, design, and tender documentation are therefore particularly important to successful delivery.

P3s encompass a range of delivery models that combine responsibilities for design, construction, financing, operations and maintenance in different ways. For example, Design-Build-Finance-Operate-Maintain (DBFOM) may be appropriate where a public owner chooses to transfer responsibility for long-term operations and maintenance to a private partner, while Design-Build-Finance (DBF) may be appropriate where the owner has the capacity and preference to retain those responsibilities. Private financing can also strengthen upfront due diligence and ongoing accountability because lenders and contractors have capital at risk. Financing is not itself a form of risk transfer, but it can support accountability for risks allocated to the parties best positioned to manage them.¹³

Collaborative delivery models, including Early Contractor Involvement (ECI), Progressive Design-Build (PDB), and Integrated Project Delivery (IPD), can allow owners, designers, and contractors to work together earlier to refine scope, risk allocation, delivery strategies, and pricing before construction begins. This early collaboration can improve project readiness and reduce uncertainty, but it also means that initial assumptions are tested before a final delivery agreement is reached. In some cases, the development phase may reveal that project scope, budget, schedule, or risk assumptions require adjustment before proceeding. Recent discussions surrounding British Columbia's Fraser River Tunnel Project, in which the termination option was used after a mutually beneficial contract could not be determined among the project group, illustrate how collaborative project development can provide an opportunity to reassess project assumptions and commercial arrangements before moving into full delivery.¹⁴



In Practice

Matching procurement models to project characteristics requires considering project complexity, uncertainty, lifecycle objectives, market conditions, and owner capacity together rather than in isolation. The considerations below are illustrative rather than prescriptive: they may overlap, and more than one procurement model may be appropriate for a given project. Practical steps could include:

- **Use a procurement model screening tool** that considers quantitative and qualitative project attributes, including scale, complexity, uncertainty, lifecycle objectives, market conditions, and owner capacity.
- **Consider Design-Bid-Build/Design-Build** where the project is well-defined (e.g., roads, sidewalks, and watermain replacements) and the approach aligns with its scale, risk profile, market conditions, and owner capacity.
- **Consider Design-Build-Finance/Design-Build-Finance-Maintain** where integrated financing or longer-term responsibilities supports the project's objectives and the owner has the capacity to manage the model effectively.
- **Use Early Contractor Involvement or Progressive Design-Build** where early collaboration could help address uncertainty, refine project requirements, or identify opportunities for innovation (e.g., downtown streetscapes, brownfield sites, and major facilities).
- **Retender if necessary** when early contractor involvement reveals misalignment.

4



Invest in project conception and readiness

Projects are more likely to succeed when objectives, governance arrangements, scope, budgets, schedules, and major risks are clearly established before procurement begins. Many delivery challenges can be traced to weaknesses during project development, including unclear priorities, evolving requirements, inadequate due diligence, unrealistic assumptions, weak business cases, and insufficient interest-holder engagement. These issues often emerge later as cost overruns, delays, disputes, reduced competition, or scope changes.

Front-end planning establishes the foundation for successful procurement by clarifying desired

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outcomes, assessing affordability, engaging interest-holders, identifying and allocating risks, and determining whether the proposed procurement approach is appropriate for the project. Early engagement with design, construction, and market expertise can help test assumptions, identify risks, and strengthen project development before procurement begins.

Project objectives, budgets, and schedules should be aligned early and updated as projects evolve. Infrastructure should be designed to achieve intended outcomes within an established affordability envelope, and material changes in scope should be accompanied by corresponding adjustments to budget, schedule, or expectations. Conversely, where a competitive procurement indicates that the defined scope exceeds the available budget, owners should revisit scope, budget, or expectations rather than attributing the mismatch to the procurement model.

Project readiness also requires discipline in translating objectives into project requirements. In some circumstances, owners and designers may lose focus on intended outcomes and pursue solutions that exceed functional requirements. While often well intentioned, over-design can increase costs without improving the outcomes infrastructure is intended to deliver. This should be distinguished from upfront investments that improve durability, resilience, maintainability or lifecycle performance, and provide better long-term value.

Together, investing in project conception and project readiness reduces uncertainty, strengthens competition, improves decision-making, and increases the likelihood of successful project delivery regardless of the procurement model selected.



In Practice

Improving project conception and readiness could include the following steps:

- **Create a project readiness checklist** covering scope clarity, interest-holder alignment, utility investigations, permitting, and risk assessment.
- **Conduct early utility and geotechnical investigations** before procurement to reduce change orders and cost premiums associated with uncertainty.
- **Develop an organizational business case standard** that includes outcomes, risks, affordability, and market sounding.
- **Avoid over-design** by requiring designers to justify how each feature contributes to the defined outcomes.
- **Set a preliminary affordability envelope** during the business case stage, not after design.

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- **Use risk-based costing during the business case stage** to identify key cost drivers and understand how uncertainty could affect overall project costs, using tools such as parametric costing and probabilistic risk analysis where appropriate.ⁱ
- **Require approval from project sponsors or decision-makers** for scope changes that exceed the affordability envelope.
- **Adopt a “design-to-budget” discipline:** design teams must demonstrate how each design choice supports the agreed outcomes within the envelope, with openness to incremental investment where it improves lifecycle costs or offers a revenue source.

5



Allocate and share risk realistically

Risk allocation remains one of the most important determinants of project success. A widely accepted principle in infrastructure procurement is that risks should be assigned to the party best able to manage, price, insure, and absorb them.¹⁵ Successful procurement therefore requires a realistic understanding of project uncertainty and a balanced allocation of responsibilities between owners and delivery partners, including identifying risks that should be transferred, retained, or managed collaboratively through a risk-sharing approach.

Transferring responsibilities that cannot be effectively managed by the receiving party can increase project costs, reduce flexibility and collaboration, and discourage bidder participation. Risks are often transferred before they are fully understood or adequately quantified, particularly where due diligence is incomplete or contractual responsibilities are poorly defined. Unknown site conditions, utility relocations, interface risks, market volatility, changing regulatory requirements, and evolving risks such as climate impacts can all undermine project delivery. Infrastructure design should account for the operating conditions the asset is expected to face throughout its lifecycle, including changing climate conditions. Owners can often reduce risk premiums through stronger project preparation, including clearer scope definition, mature design, early due diligence, utility investigations, regulatory coordination, and the resolution of key uncertainties before procurement begins.

ⁱ Risk-based cost estimating accounts for uncertainty in the factors that can affect project costs. Approaches can include parametric costing, which uses key project characteristics and historical cost relationships to develop estimates, and Monte Carlo simulation, which models uncertainty across multiple cost drivers to estimate a range of possible project costs.

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Permitting and regulatory risks should generally be allocated according to who controls the underlying activity. Where contractors are responsible for design development or managing specific approvals, some permitting and regulatory risks may be appropriately transferred. Broader policy, legislative, and regulatory risks, however, are often more appropriately retained by the public sector, as contractors cannot effectively manage these risks. Better information, stronger collaboration, and a shared understanding of project uncertainty enable risks to be priced more accurately, strengthen competition, and improve overall project outcomes.



In Practice

Allocating and sharing risk realistically could include the following steps:

- **Create a risk allocation matrix** for each project identifying risk to retain, transfer or share and, where data allows, quantify material risks so that each party understands the range of potential costs and uncertainty associated with the risks allocated to it:
 - risks to retain (e.g., risks that remain within the party's control, including its own decisions and contractual responsibilities),
 - risks to transfer (e.g., project approach and construction means and methods),
 - risks to share (e.g., geotechnical uncertainty).
- **Conduct early due diligence** (e.g., utilities, permitting, and environmental constraints) to reduce unmanageable risks.
- **Avoid transferring regulatory or permitting risk** if contractors are not equipped or the approach does not allow them to control it.
- **Use collaborative risk workshops** with shortlisted bidders for complex projects.

6



Measure what matters

To shift towards an outcomes-based approach, evaluation criteria should place greater emphasis on measurable lifecycle outcomes and whole-life value rather than lowest upfront price and highly prescriptive specifications. Cost can remain a central criterion where it is assessed on a whole-life, net-present-value basis. Traditional procurement evaluation has focused primarily on cost, schedule and contractual compliance. These measures remain important, but they provide only a partial

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understanding of project success. Governments increasingly expect infrastructure to deliver broader outcomes, including climate resilience, affordability, reliability, environmental performance (e.g., reduced GHG emissions) and improved service to communities.

Clearly defining these outcomes before procurement begins creates a common reference point for project planning, procurement, contract management and performance evaluation. It also establishes the conditions for innovation by giving delivery partners flexibility in how they achieve agreed public objectives, even greater public benefits and system support than conceived of by government, while maintaining accountability for results. Innovation can be supported through outcome-focused requirements, predictable project pipelines, standardization where appropriate, project bundling, modular delivery, and early contractor involvement.

Governments should collect data on service performance, lifecycle costs, resilience, environmental performance, housing enabled, user satisfaction, and other intended outcomes. Forecasting long-term outcomes such as lifecycle cost savings, resilience, or asset performance involves inherent uncertainty. Where future outcomes are difficult to predict, performance frameworks should rely on the best available evidence, use periodic review and adjustment mechanisms, and distinguish between measured results and forecasted benefit.

Many desired outcomes can be influenced by factors outside a contractor's control, making attribution difficult. To maintain fairness and accountability, outcomes-based procurement should prioritize performance measures that are objective, verifiable, and reasonably attributable to project delivery, while clearly identifying external factors that may influence results. Verifying performance outcomes can create additional administrative costs and responsibilities for both owners and delivery partners. Procurement strategies should establish proportionate verification and reporting requirements at the outset, including independent verification arrangements where appropriate, to ensure that monitoring costs do not outweigh the value of the outcomes being measured. Lessons learned should be incorporated into future project development and procurement decisions.



In Practice

Measuring what matters could include the following steps:

- **Develop an outcomes brief** that defines the problem, desired outcomes, and how success will be measured.
- **Engage project sponsors and decision-makers early** to confirm outcomes and avoid scope changes.

- **Develop outcomes-based evaluation criteria** that emphasize measurable outcomes such as lifecycle cost, resilience, environmental performance, schedule and operational efficiency, with innovation recognized where it demonstrably improves those outcomes.
- **Pilot outcomes-based procurement** on projects where outcomes can be clearly defined, attributed, and monitored.
- **Use performance-based specifications** and link compensation, where appropriate, to achievement of measurable KPIs.
- **Create an outcomes measurement framework** defining baselines, targets, reporting frequency, verification methods, and public reporting requirements.
- **Conduct post-project evaluations** and incorporate lessons learned into future procurement decisions.

Conclusion

Procurement methodology is a strategic decision that shapes every stage of our infrastructure delivery. It influences how infrastructure projects are planned and scoped, how responsibilities and risks are allocated or shared, the extent to which project delivery is linked to performance outcomes both short term and over the lifecycle of an asset, how and whether innovation is encouraged, and what incentives exist for performance. **Improving infrastructure procurement is less about choosing the perfect procurement model than about creating the conditions for different approaches to succeed:** build institutional capability, align with market capacity, match the procurement model to project characteristics, invest in project conception and readiness, allocate and share risk realistically, and measure the outcomes that matter.

Outcomes-based procurement should be viewed as an approach that can be incorporated into a range of procurement models to better align infrastructure delivery with policy objectives and long-term value, but it should be viewed as one tool within a broader procurement strategy. Without procurement reform, governments risk continuing avoidable cost escalation, delays, reduced competition, and missed opportunities to improve lifecycle performance and long-term public value.



Annex A

A practical guide to selecting a suitable procurement model

When choosing a procurement model, here are some of the key questions to consider:

Key Questions	Models to Consider
Is the project relatively simple, well-defined, and within the owner's experience?	Design-Bid-Build (DBB) or Design-Build (DB)
Is the project complex enough that the owner would benefit from contractor involvement before scope, risk allocation, pricing, or design are fully defined?	Early Contractor Involvement (ECI), Progressive Design-Build, or other collaborative delivery models
Once the project scope and risks are sufficiently understood, does the owner require stronger construction cost certainty, schedule certainty, and construction-risk transfer than would typically be achieved through DBB or DB?	Design-Build-Finance (DBF)
Is a key project objective to optimize lifecycle performance by making the same party responsible for both delivery and long-term maintenance?	Design-Build-Finance-Maintain (DBFM)
Is a key project objective to make the same party responsible for design, construction, maintenance, and operation of the asset over the contract term?	Design-Build-Finance-Operate-Maintain (DBFOM)

This is intended to be an illustrative guide rather than a binary decision tree. The considerations are not mutually exclusive and should be assessed together, taking into account project characteristics, desired outcomes, market conditions, risk allocation, and owner capacity. More than one procurement model may be appropriate for a given project.

Endnotes

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