



INDIGENOUS PROCUREMENT

PRESENTATION TO THE NATIONAL ABORIGINAL CAPITAL CORPORATIONS ASSOCIATION (NACCA)

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INTRODUCTION

Procurement

- Plays a large and integral role in national economies including Canada's
 - Industrial and Technological Benefits Policy
 - Defense Procurement Strategy
- Is a powerful catalyst for business development: build a track record, innovate, partner, invest, client base and unlock access to federal, provincial and private sector opportunities and capital.
- Complex to administer and participate in.
- While successful, remains underutilized in supporting Indigenous economic and business development.

“The significant number of success stories in Canada demonstrate clearly the value of a supportive, proactive procurement strategy and the exceptional long-run economic impact that can result when government investment is well-targeted.” (Jenkins, 2013)

INTRODUCTION

Expenditures

- Total annual government spending, (federal, provincial. municipal) estimated to be as high as \$183B

Investments

- **Electricity/Renewables Sector** - expected to Invest \$293B between 2010-2030
- **Major Resource Projects** - \$650B in potential investments near First Nation (FN) communities
- Impact of strategically and systematically unlocking a portion of spending and investments - both sectorally and geographically leads to
 - Strengthened Business Capacity
 - Meaningful and Achievable Participation
 - Capacity linked to competitiveness and innovation
 - Employment and Training
 - Wealth – creation and retention

PSAB

Procurement Strategy for Aboriginal Business (PSAB)

- INAC/Lands and Economic Development (LED) administers PSAB on behalf of federal government
 - Established in 1996, PSAB employs 4 key approaches: mandatory set asides, voluntary set asides, joint venturing and sub contracting criteria
 - Over \$1B in set aside contracts since inception; set asides only part of the story
 - Cost effective, market driven solution
 - Valuable government wide platform upon which to build/leverage
- PSAB is a form of social procurement which uses government procurement to achieve greater socio-economic opportunities for Indigenous businesses.
- PSAB key element of Program Suite
 - Strategic links with Aboriginal Entrepreneurship Program



4 KEY APPROACHES TO PSAB

- **Mandatory Set Asides:** An area, community or group in which Aboriginal people make up at least 80% of the population and the contract value is over \$5,000 and an Aboriginal population is the recipient of the good, service or construction.
- **Voluntary Set Asides:** Aboriginal capacity exists and the client department voluntarily decides to apply the PSAB set aside where operational requirements, best value prudence and probity and sound contracting management can be assured.
- **Joint Venture Agreements/Partnerships:** Allows Aboriginal and non Aboriginal partnerships to bid on opportunities that have been set aside.
- **Use of Aboriginal criteria :** Request Aboriginal sub contracting plans either as a mandatory requirement or a rated evaluation criteria and can be applied only if exempt from International Trade Agreements.



PSAB TOOLS & APPROACHES

Aboriginal Business Directory (ABD)

- Acts as a search engine to identify Indigenous suppliers and capacity for the Public and Private sectors – approx. 1,800 Indigenous businesses registered.

Marketing and Outreach

- Collaborate with businesses and stakeholders through Indigenous supplier development activities, awareness building activities: trade events, webinars, teleconference, PSAB training video

National Coordinators Network

- Over 90 in federal agencies to advocate and train procurement officers in PSAB

Interventions in Major Federal Procurement

- Through Procurement Review Committees (PRCs) & Senior Procurement Advisory Committees, assess Indigenous business capacity, and identify opportunities for set-asides or Aboriginal Participation Components.

Target Setting and Reporting

- Assist OGDs at setting and reporting procurement objectives, assessing departments' past contracts, and forecasting department's procurement needs.

Accountability and Integrity

- Pre- award, post- award and random audits are conducted to ensure Indigenous businesses registered in the Aboriginal Business Database (ABD) meet the PSAB criteria.



POSITIVE TRENDS IN FEDERAL PROCUREMENT



Aboriginal Procurement Figures (Set-Asides)	
2014	\$227 Million²
2013	\$82.87 Million¹
2012	\$108.9 Million
2011	\$84.98 Million
2010	\$59.91 Million
2009	\$49.77 Million
1997	\$21.70 Million

More than \$5.2 billion in Aboriginal procurement since inception

Value of PSAB set-aside contracts 2009-2014:
Doubled and increased by over 295%

1767 Aboriginal businesses registered in the
Aboriginal Business Directory (ABD)

Aboriginal businesses are winning non set-asides:
Value of incidentals range from \$400 – \$800 Million.

¹ This decrease in procurement is representative of an overall decrease in government procurement of nearly \$1B in 2013. Small and Medium Enterprises saw a decrease from \$6.4B in 2012 to \$4.5B in 2013. The relatively smaller decrease in Aboriginal procurement can be attributed to the effectiveness of the PSAB program and the strength of Aboriginal business capacity in Canada.

² Numbers provided by PSPC to be verified by departments.



SUPPORTING THE RESEARCH AGENDA

Contaminated Sites

- Identifying opportunities to integrate PSAB principles in future Contaminated Sites projects, which could total \$1.5 billion over the next 5 years; working with RO on strategy for Remediation
- INAC is collaborating with several Government of Canada Departments to encourage Aboriginal business and employment in remediation and Unexploded Ordinances (UXO) clearance across many First Nation communities.

Aboriginal Financial Institutions (AFIs)

- Aboriginal Financial Institutions (AFIs) are now in a position to promote procurement policies and registration of businesses in the ABD to their clients (e.g., TACC in BC; SOCCA in Quebec; Ulnuweg in the Atlantic)
- Link procurement with AFI networks – linking access to contract to access to capital; training capacity and outreach; get more Aboriginal businesses registered; enhance loan 'repayability'

Bid Bonding

- In *Phase 2* of a research project with a major provider of bid bonding/surety services on a multi phase project which would identify service gaps and potential bid bond/surety suppliers and recommend potential solutions



SUPPORTING THE RESEARCH AGENDA

Aboriginal Business Strategies

CCAB/BC-AFN

- Partnered with CCAB/BC-AFN to develop a National Economic Development Strategy (NEDS) focusing on community prosperity, industry prosperity and paths of growth.
- The NEDS will identified First Nations business aspirations, current and potential capacity, opportunities and critical challenges to community economic development

ESC/AHRC

- In partnership with key associations (Electricity Sector Council, Aboriginal Human Resource Council) develop strategies for associations/companies to include Aboriginal procurement/employment/partnerships as part of business plan/model

Updating Aboriginal Entrepreneurs Survey – Promise and Prosperity

- Work with Canadian Council for Aboriginal Business (CCAB) (2015 report has been published)

Supporting Aboriginal Women Entrepreneurs

- As part of ARO funding, work with NWAC, Paktutit on research to strengthen the participation of Aboriginal Women entrepreneurs

PSAB Enhancements

- Research on impact of potentially modifying labour requirements, adopt a sliding scale approach and the definition of Aboriginal content
- Conducting a PSAB impact study with StatsCan to examine the economic impact of PSAB set-asides

NAIC: AANC



INNOVATIVE SOLUTIONS & OPPORTUNITIES

National Shipbuilding Procurement Strategy

- Developed integrated participation frameworks on both coasts involving federal, provincial, Indigenous and private sector partners; resulting in: employment of 556 Indigenous persons & awarded contracts totaling \$22.2 M (as reported by Seaspan).

Defence Procurement Strategy – Value Proposition Guide

- Includes language allowing for criteria and approaches such as those found in PSAB to be used in defence procurements (on a contract by contract basis); work with DND, ISED and PSPC to identify opportunities for Indigenous Businesses.

Saskatoon Tribal Council

- Aboriginal Entrepreneurship Program contribution agreement of \$81K supported the development of a central Saskatchewan FN procurement business model; resulted in contracts of \$8M; ROI 100:1.



INNOVATIVE SOLUTIONS & OPPORTUNITIES

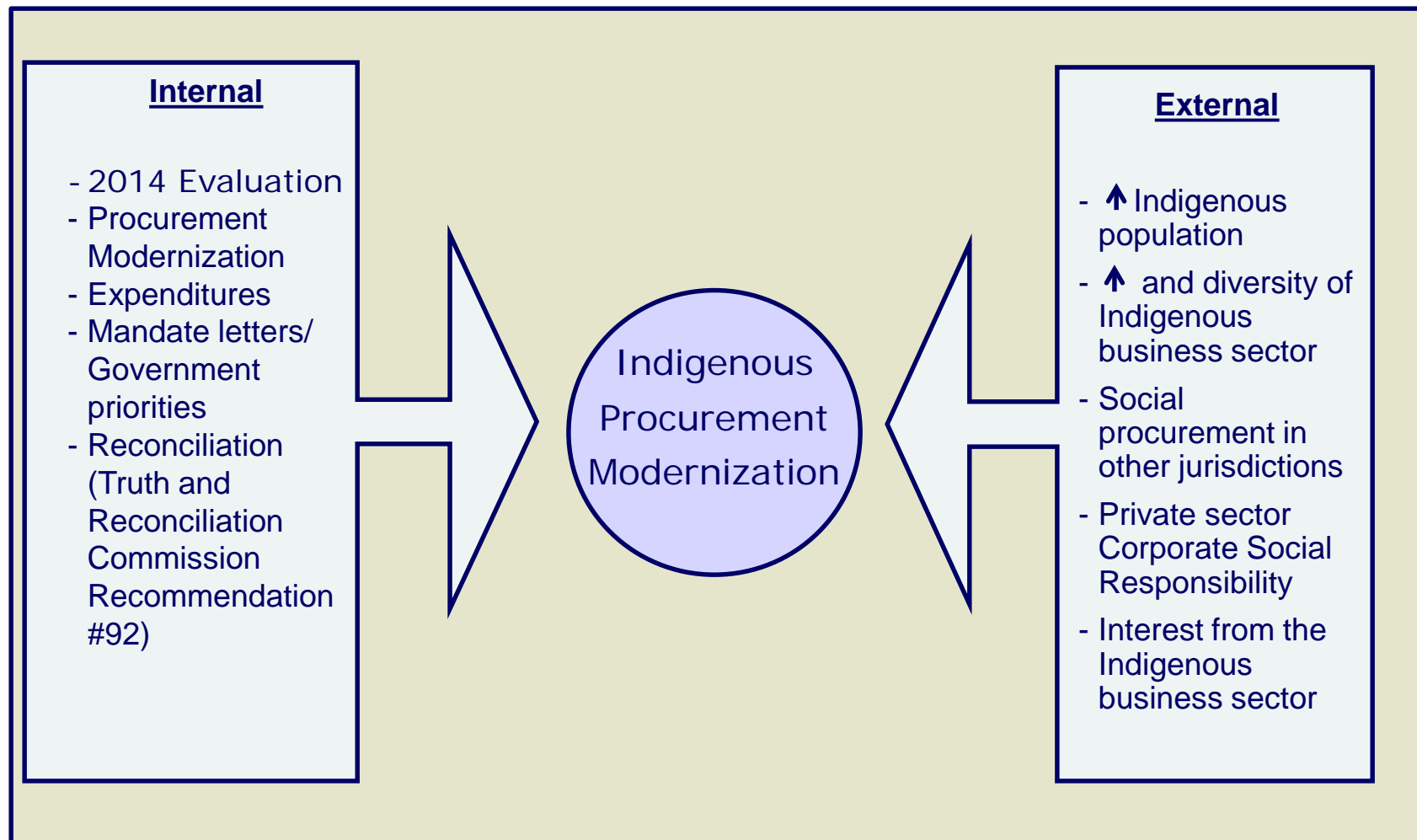
Unexploded Explosive Ordnance (UXOs)/Contaminated Sites

- Working collaboratively with DND and Regional Offices to develop solutions to speed up DND remediation activities and ensure Indigenous participation.

First Nations Tendering Policy (FNTTP)

- Supported RO-CIB in revising the FNTTP to enhance the opportunities required for Indigenous communities and businesses (2014); integration of PSAB principles into contract/project authority for FNs managed projects to prevent “leakage”.

Drivers of change impacting Indigenous procurement modernization



Approaches being explored by Indigenous and Northern Affairs Canada

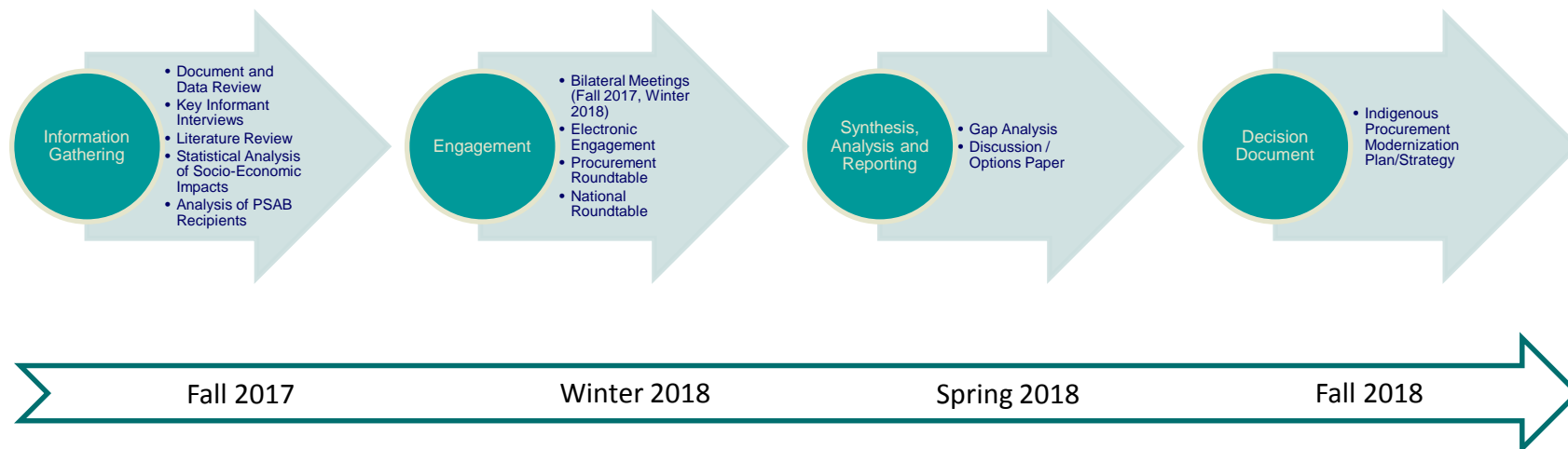
- Increase the number of procurement opportunities for Indigenous business through:
 - Promotion of Indigenous business
 - Training for procurement officers
 - Identification of additional opportunities within the federal government and beyond
 - Strengthened institutional capacity of organizations working with Indigenous SMEs (working with Aboriginal Financial Institutions, Aboriginal Skills and Employment Training Strategy holders, and industry associations) to pursue new opportunities
- Increase the number of Indigenous SMEs bidding on and winning federal contracts through:
 - Extended application of mandatory and voluntary set-asides
 - Procurement process training and mentoring for Indigenous SMEs
 - Business capacity development through federal training initiatives, joint ventures and subcontracting
 - Flexibility/scalability of eligibility criteria for Aboriginal Business Directory
- Better monitor and measure the impacts of Indigenous procurement through:
 - Enhanced data collection and analysis
 - Increased coordination and engagement with other federal departments

Work on Indigenous procurement modernization will continue over the next year

Strategic objective:

Leveraging and enhancing procurement policies, guidelines and mechanisms to maximize the participation and benefit of Indigenous people, businesses and communities from federal programs, expenditures and investments.

Workplan, Timelines and Next Steps:





WE WANT YOUR FEEDBACK

Please contact us at:

Phone: 1-800-400-7677

Email: saea-psab@aadnc-aandc.gc.ca

We are committed to supporting the Procurement Modernization Agenda and Modernizing PSAB and Indigenous Procurement

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