



# Procurement Strategy for Aboriginal Business

## Business Development Directorate



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## Overview

### The Procurement Strategy for Aboriginal Business (PSAB)

- The PSAB was launched in 1996 to address the under-representation of Aboriginal businesses in federal procurement processes.
  - A key element of the Federal Framework for Aboriginal Economic Development
  - Places responsibility on Federal departments and agencies who are responsible to conduct contracting activities with Aboriginal businesses on behalf of the Government of Canada
  - Federal government contracts approximately \$20B in goods and services annually
  
- INAC coordinates the implementation of PSAB on behalf of the federal government
  - In close collaboration with Public Service and Procurement Canada (PSPC) and Treasury Board Secretariat (TBS)



## Overview

- Committed to working with Canada's rapidly growing Aboriginal business sector:
  - There are over 37,000 Aboriginal-owned businesses across Canada covering a variety of economic sectors, that are well established in construction (18%), primary sectors (13%), and service-based industries (28%)
  - The 2006 census revealed an increase of 38 % since 2001 of Aboriginal Business owners – this exceeds that of self employed Canadians overall.
  - Aboriginal businesses have created approximately 82,000 full time jobs and 18,000 part time jobs,
  - A doorway to federal procurement opportunities.



## Overview

- INAC helps eligible Aboriginal businesses enhance their business capacity by:
  - Competing for federal government contracts;
  - Encouraging partnerships / joint-ventures;
  - Demonstrating their capabilities; and
  - Entering in supply chains.
- The success of PSAB gives INAC the credibility to work with willing partners to leverage significant opportunities in both public and private sectors:
  - Over 1,803 businesses currently registered in the Aboriginal Business Directory;
  - Over 100 procurement specialists who act as PSAB coordinators within their departments;
  - Over 24 presentations and 12 events/conferences a year to train Aboriginal entrepreneurs, federal officials and the private sector, and promote Aboriginal procurement; and
  - Aboriginal business federal contract awards more than doubled from \$49M in 2009 to \$82.87M in 2013.



## Four Key Approaches to PSAB

- The PSAB employs **four key approaches** to increase Aboriginal business participation in federal procurement: *mandatory set-asides; voluntary set-asides, joint venturing; and subcontracting criteria.*
- Aboriginal businesses must meet **eligibility criteria** (related to ownership and control, and proportion of Aboriginal workforce).
- Federal departments and agencies that purchase more than \$1 million in goods, services and construction establish **annual targets** related to the PSAB.
- INAC works closely with departments to **set reasonable and achievable objectives**, and advises on Aboriginal business capacity.





# How PSAB Works

## 1. Mandatory Set Asides

Set Asides are mandatory if:

- An area, community or group in which Aboriginal people make up at least 80% of the population;
- The Aboriginal population will be the recipient of the good, service or construction; and
- The value of the contract is over \$5,000.

## 2. Voluntary Set Asides

May be employed voluntarily if:

- Aboriginal capacity exists;
- The client department may *voluntarily* decide to apply the PSAB set aside where operational requirements, best value prudence and probity and sound contracting management can be assured.





## How PSAB Works

### 3. Joint-Venture Agreements and Partnerships

- Allows Aboriginal and non-Aboriginal partnerships to bid on opportunities that have been set aside.
- Aboriginal businesses need to demonstrate 33% value of the work.

### 4. Use of Aboriginal Criteria

In awarding of prime contracts, departments are encouraged to:

- Request Aboriginal sub-contracting plans either as a mandatory requirement or a rated evaluation criteria.
- *Can be applied by setting aside the procurement from the International Trade Agreements under the small and minority business exemption.*
- *For assistance please contact the Business Development Directorate at INAC [saea-psab@aadnc-aandc.gc.ca](mailto:saea-psab@aadnc-aandc.gc.ca).*







# How PSAB Works

## PSAB Eligibility Criteria

### An Aboriginal business may be:

- A sole proprietorship, limited company, cooperative, partnership or not-for-profit organization in which,
  - Aboriginal persons have majority ownership and control meaning at least 51 percent, and
  - In the case of a business enterprise with six or more fulltime employees, at least 33 percent of the full-time employees are Aboriginal persons, -OR-
- A Joint-venture agreement in which an Aboriginal business or Aboriginal businesses as defined above have at least 51 percent ownership and control.





## How PSAB Works

### As part of the **Joint-Venture agreement**:

- The “Content” requirement needs to be applied and is defined as at least 33% of the value of the work must be performed by an Aboriginal business.
  - “**Value of the work**” is the total value of the contract less any materials directly purchased by the contractor for the contract.
- However when calculating the 33% of the total monetary value of work, the managerial and administrative costs incurred by the Aboriginal Firm is included. Some examples are:
  - Contract management;
  - Recruiting (resources needed for actual contract);
  - Resources pay (resources working on the actual contract); and
  - Administrative work (related to the actual contract).
- The contractor must notify/bind subcontractors in writing to respect this requirement.



## How PSAB Works

- For a procurement subject to a PSAB set aside, the contracting officer must insert in the solicitation PWGSC clauses for PSAB.
  
- Departments can refer to the Standard Acquisition Clauses and Conditions (SACC) Manual for examples of clauses.
  
- When using [buyandsell.gc.ca/tenders](http://buyandsell.gc.ca/tenders), please choose SPAB as the agreement type – following are examples of clauses that can be used:
  - "This requirement is set aside for Aboriginal suppliers in accordance with the Procurement Strategy for Aboriginal Business (PSAB)."
  
  - "The bidder must certify in its bid that it is an Aboriginal business or an eligible joint venture as defined within the Procurement Strategy for Aboriginal Business."





## How PSAB Works

- Once the decision has been made to set aside a requirement, notifications must be provided to INAC and sent to:

**Director**

**Business Development Directorate (BD)**

**Indigenous and Northern Affairs Canada**

**Fax: (819) 956-9837 or by email to: [saea-psab@aadnc-aandc.gc.ca](mailto:saea-psab@aadnc-aandc.gc.ca)**

Notices must contain the following information:

- requisitioning office
- est. dollar value
- description of good, services, or construction
- solicitation number
- closing date
- buyer name, and phone/fax numbers

This 1<sup>st</sup> Notification is important as it alerts INAC if the requirement is \$2 million and over. If so, INAC will notify your department to exercise the Mandatory Pre-award Audit in line with TBP CPN 1997-6 Section 8.1.4. Refer to Link:

[http://www.tbs-sct.gc.ca/pubs\\_pol/dcgpubs/contpolnotices/97-6-eng.asp](http://www.tbs-sct.gc.ca/pubs_pol/dcgpubs/contpolnotices/97-6-eng.asp)

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## How PSAB Works

- Once you have evaluated your bids, you must advise INAC of the best assessed bidder, in order to determine if the bidder is registered or certified under the PSAB criteria.
- As a first step, we suggest that you verify the Aboriginal Business Directory (ABD) at the following link: <http://www.aadnc-aandc.gc.ca/abd>.
  - If the business is registered, then you may go ahead and award the contract and then send the notice to INAC
  - If they are not registered, send the notification to INAC and INAC will confirm with your department once and if the Aboriginal supplier has registered in the ABD. Your notice may be sent to: [saea-psab@aadnc-aandc.gc.ca](mailto:saea-psab@aadnc-aandc.gc.ca)

Your notice should be sent to:

**Director**

**Business Development Directorate (BD)**

**Indigenous and Northern Affairs Canada**

**Fax: (819) 956-9837**

Notices must contain the following information:

- contract value
- contract number
- buyer name and phone/fax numbers
- name of contractor, phone/fax number and address
- date of contract signing





# Tools, Approaches & Results

## Aboriginal Business Directory (ABD)

- Open to the public, the ABD functions as a search engine to identify Aboriginal business suppliers and capacity;
- Used to conduct capacity searches to identify Aboriginal business capacity and to negotiate Aboriginal Participation Components and Aboriginal set-aside contracts; and
- Dashboard for customized access to PWGSC’s Business Analytics (BA) application to improve data quality and efficiency and meet future PSAB reporting requirements.

Total number of capacity searches to date 124

Total number of Aboriginal businesses registered (as of November 2015) 1803

## Marketing and Outreach

- INAC works closely with businesses and stakeholders to undertake Aboriginal supplier development activities.
- Awareness building activities: trade events, webinars, teleconference, PSAB training video ([link to training video](#))

Total number of outreach events in 2013/14	41
Total number of outreach with OSME in 2013/14	12

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# Tools, Approaches & Results

## National Coordinators Network

- To establish a closer and more customized relationship with the federal departments and agencies involved with the PSAB;
- Coordinate and convene the quarterly PSAB Coordinator Network meetings and the National PSAB Coordinator Network face-to-face meeting (November 2013).

Total number of PSAB Coordinators across various federal departments and agencies

100

## Interventions on Major Federal Procurement

- Facilitate, intervene and negotiate in the application of government procurement set-aside contracts for Aboriginal businesses through various interventions (Standing Offers, Supply Arrangements, Procurement Review Committee) according to Aboriginal business capacity, geographical location, length and size of contract .

Pre-determined set-asides increased 67% from 2009-10 to 2012-13

Number of interventions have more than **doubled between 2009-10 to 2012-13**





# Tools, Approaches & Results

## Collaboration with Federal Partners

### ➤ **MOU with PSPC (2016):**

- To provide INAC with comprehensive data on departments' procurement activity with Aboriginal suppliers;
- Gain access to contracting data to verify if businesses are eligible under the PSAB; and
- Collaborating on marketing/outreach.

### ➤ **MOU with Industry Canada (2016):**

- PSAB registration that allows Aboriginal businesses to self-register in the ABD and showcase their business information and capacity.

## Federal Portfolio Management

- Assist in matching departmental procurement needs with Aboriginal business capacity through setting procurement objectives, assessing departments' past contracts (goods and services) and forecasting department's procurement needs.

## Accountability and Integrity

- Pre- award, post- award and random audits are conducted to ensure Aboriginal businesses registered in the Aboriginal Business Database (ABD) meet the PSAB criteria.
- Automatic pre-award audits on contract valued over \$2M.







# POSITIVE TRENDS IN FEDERAL PROCUREMENT



Aboriginal Procurement Figures (Set-Asides)	
2014	\$227 Million <sup>2</sup>
2013	\$82.87 Million <sup>1</sup>
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.

<sup>1</sup> 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.

<sup>2</sup> Numbers provided by PSPC to be verified by departments.

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## PSAB Success

### INAC implements an annual work plan in support of FFAED commitments:

- In 2013, Aboriginal businesses secured \$82.87 million in PSAB set-aside contracts.

### Provincial Partners

- Worked closely with the Province of Ontario to assist in in developing a PSAB policy that mirrors the Federal policy; and
- Worked with the Province of Manitoba to establish a PSAB policy for the province that mirrors the Federal policy.



## Be Part of PSAB Success

### Register in the Aboriginal Business Directory:

- Aboriginal businesses can increase their visibility by registering in PSAB's [Aboriginal Business Directory](#) (ABD).
- The ABD is housed within Industry Canada's Canadian Companies Capabilities database and is a search engine available to industry and the federal procurement community for identifying Aboriginal business suppliers.
- It is also used by provincial and municipal governments AND the private sector to find qualified Aboriginal businesses in various sectors.
- Registration is FREE and it is available to the public.
- All businesses registered under PSAB in the ABD are subject to audits to ensure compliance under the PSAB.





## Be Part of PSAB Success

- When registering as an Aboriginal business, INAC recommends that owners / managers collect documentation:
  - From ALL employees: proof of Canadian residency, such as drivers' licenses;
  - From all Aboriginal employees of proof of heritage, such as:
    - Copy of a Status Card;
    - Copy of letter from INAC indicating acceptance for registration under the Indian Act;
    - Letter from Band Council; indicating membership in the Band;
    - Official Band list provided by INAC;
    - Copy of membership card from the Métis National Council or its affiliates or the Congress of Aboriginal Peoples;
    - A letter from the Métis National Council or its affiliates or the Congress of Aboriginal Peoples indicating that membership, or recognition of Aboriginal ancestry;
    - Inclusion on the enrolment list of a designated land claims organization;
    - Letter from Executive Director or Board of a recognized Aboriginal community organization recognizing Aboriginal ancestry;
  - This could save considerable time and trouble for any type of audit – especially for post-award audits which require documentation through out the whole contract. If an employee leaves, this can be difficult / impossible to gather after the fact.



## Be Part of PSAB Success

- **The decision to set aside a contract ultimately rests with the requisitioning authority.**
- **The requisitioning authority shall consider:**
  - A mandatory PSAB Set aside for goods, services and construction destined to an Aboriginal Community where the population is 80% Aboriginal people and the recipient is the Aboriginal people.
  - A voluntary PSAB where Aboriginal business capacity exists and where operational requirements, best value prudence and probity and sound contracting management can be assured.
  - Encouraging the use of Aboriginal criteria should take place Aboriginal business capacity exists. Otherwise it may not be cost effective to set aside the procurement.
  - Ensure formal certification is submitted with bid documentation.





# Update on the Directive on Government Contracting in the Nunavut Settlement Area

- A directive is currently under development to address Article 24 of the NSA that applies to departments listed on Schedules I, I.1 and II, of the Financial Administration Act, with the exception of Canada Revenue Agency.
- If the deliverables under a Government Contract, or a portion of the deliverables, include the final delivery of goods and/or services and/or construction in or into the Nunavut Settlement Area, then the contracting obligations of A.24 of the Nunavut Agreement and the requirements of the Directive will apply to that Government Contract or portion thereof.
- This directive does not apply to any Government Contracts, including Real Property leases, which were entered into prior to the effective date of this directive.

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# Update on the Directive on Government Contracting in the Nunavut Settlement Area

The Directive will include further information on:

- Reserved procurements for Inuit firms
- Consideration when no Responsive Bids Are Received
- Inuit Benefits Plan (IBP) to address several components such as:
  - Nunavut Inuit employment
  - Nunavut Inuit training and skills development
  - Involvement of Inuit firms
- New reporting requirements for departments which are to include reporting again IBP's
- Outreach information sessions that will be delivered on a National basis to Government Procurement Officers and sessions to Inuit Firms



## Contact

- The PSAB team is pleased to answer your questions.
- Contact us through the PSAB Help Line at 1-800-400-7677 or by email to [saea-psab@aadnc-aandc.gc.ca](mailto:saea-psab@aadnc-aandc.gc.ca).
- The [PSAB website](#) can provide you with more information.







# ANNEX





## Roles – PSAB Coordinator

- **Most departments and agencies have a PSAB coordinator to advise contracting authorities.**
- **The PSAB coordinator will:**
  - Be responsible for establishing departmental PSAB objectives;
  - Ensure procurement data for your department is monitored/collected and reported to INAC annually;
  - Attend annual PSAB Coordinators Conference and other PSAB activities such as;
    - Participate in quarterly conference calls with PSAB co coordinators working group; and
    - Be available to participate in different working groups required to meet PSAB objectives;





## Roles – PSAB Coordinator...

- Be in a position that allows for intervention on internal procurement strategy (i.e. [buyandsell.gc.ca/tenders](http://buyandsell.gc.ca/tenders)), and be aware of the internal procurement process (track departmental contracting activity);
- Coordinate with Aboriginal business representatives wanting to sell their goods/ services to the department by providing them with departmental contacts;
- Coordinate procurement training sessions in the regions with Headquarters;
- Share Aboriginal procurement success stories, information, and upcoming events; and
- Must develop multi-year performance objectives on a calendar year basis.