

Indigenous Procurement

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Indigenous Services Canada

2022



Government
of Canada

Gouvernement
du Canada

Canada

Why Indigenous Economic Development Matters



Investments in economic development and wealth creation make significant contributions to improving quality of life indicators and have significant positive ripple effects on overall indigenous prosperity.

The Truth and Reconciliation Commission Call to Action #92

- Economic development is a key component of reconciliation.
- Equitable access to jobs, training, and education as well as the importance of an increased participation of Indigenous peoples in economic development.

Indigenous businesses, business leaders and organizations require short-term investment to assist businesses to Build Back Better:

1. Increased access to business services, planning and development expertise.
2. Increased access to affordable and sufficient capital.
3. Increased access to markets and contracting opportunities.
4. More timely access to land and leveraging of infrastructure funding opportunities.

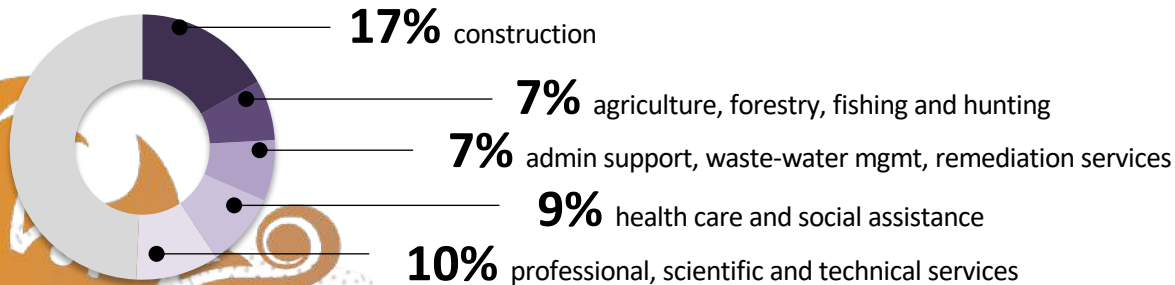
\$27.7B Annually

Potential increase in GDP resulting from increased economic opportunities for Indigenous peoples (a boost of 1.5% to the Canadian economy)*.

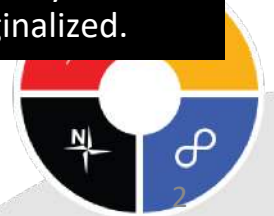


*Source: National Indigenous Economic Development Board (2016), Reconciliation: Growing Canada's Economy by \$27.7B.

Optimize procurement opportunities for Indigenous business. The Indigenous economy is very diverse and has been consistently growing for the past decade.

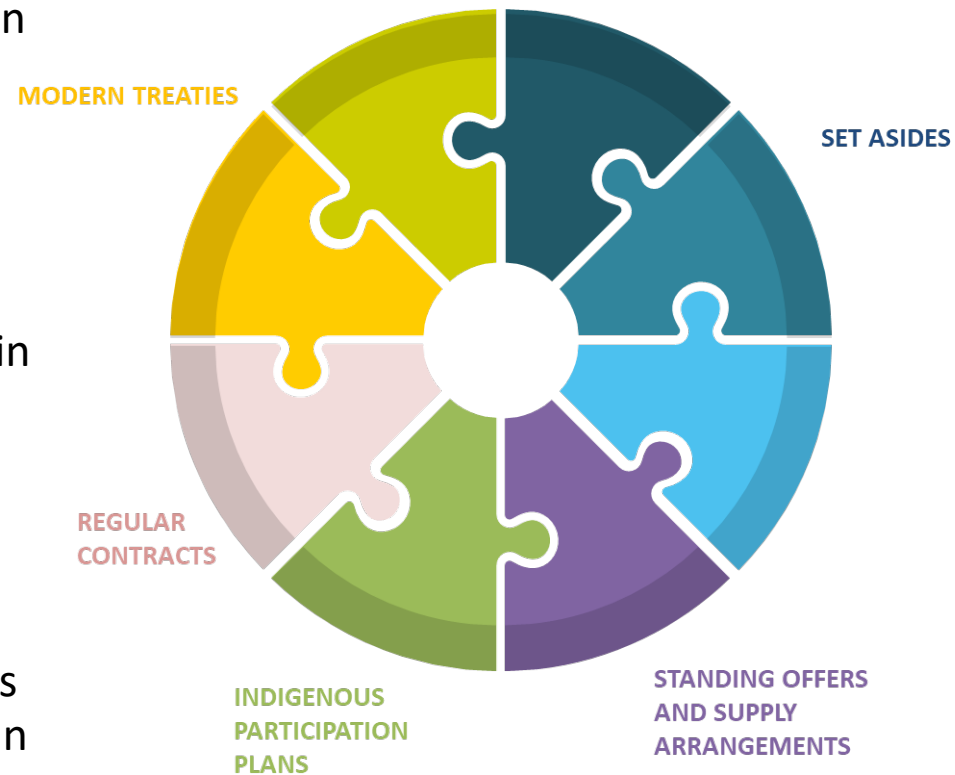


Inclusive Recovery will uplift Indigenous communities that have historically been marginalized.



What is Federal Indigenous Procurement?

- The Indigenous-led business sector has emerged as a key lever to generate wealth in Indigenous communities and help close socio-economic gaps via own source revenues and Indigenous labour force participation.
- The federal **Procurement Strategy for Indigenous Business (PSIB)** is instrumental in enabling Indigenous businesses to procure with the federal government.
- PSIB leverages existing government procurement needs to create opportunities to generate wealth in Indigenous communities and close socio-economic gaps by increasing Indigenous participation within procurement processes.



Indigenous Services Canada's Role

Outreach

- Lead coordination, outreach, and raise awareness to the federal procurement community and Indigenous business community on Indigenous procurement considerations
- Together with PSPC, work with Indigenous partners to identify, reduce, and eliminate barriers to federal procurement

Managing Registrations

- Register verified Indigenous businesses in the Indigenous Business Directory and perform audit function

Continued Engagement

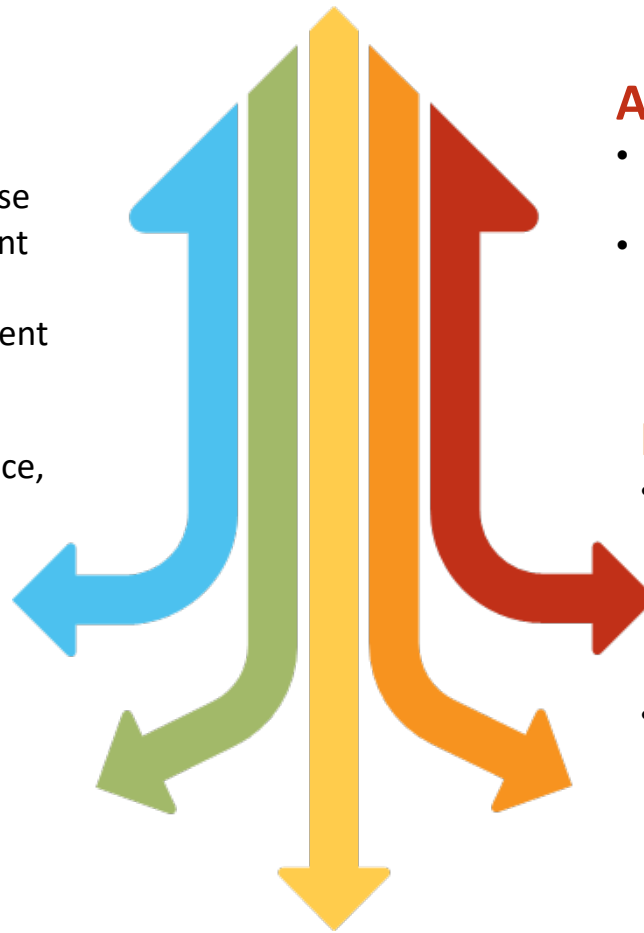
- Lead meaningful engagement and consultations that are accessible to Indigenous partners and the federal procurement community for a longer-term transformative Indigenous Procurement Strategy

Advice and Guidance

- Lead the development of new measures and guidance on the PSIB
- Point of contact for advice and interpretation of the PSIB and obligations within modern treaties

Planning & Reporting

- Coordinate departmental procurement plans in order to support monitoring and reporting activities (including A24 and CLCA.net)
- Consolidate and publicly report annually on departmental results on meeting the target of at least 5%





Overview of Federal Indigenous Procurement: Modern Treaties

- There are currently **25** modern treaties in effect and **22** contain economic measures with procurement obligations
- The spirit and intent is to strengthen the economic viability and self-sufficiency of these treaty areas.
- No two modern treaties are exactly the same, and therefore each treaty has to be read and understood individually to determine the applicable contracting obligations.
- Canada's procurement obligations vary with each modern treaty/CLCA, but can include:
 - ✓ Separating requirements into commodity or geographic groupings to permit smaller firms to submit bids
 - ✓ Notification of the procurement to the land claimant groups and/or modern treaty beneficiary firms
 - ✓ Use of modern treaty business lists
 - ✓ Use of bid evaluation criteria to benefit modern treaty beneficiaries
 - ✓ Right of first refusal for procurements related to certain topics (e.g. archaeology, heritage, parks, surveying)





Overview of Federal Indigenous Procurement: Set Asides

- The Procurement Strategy for Indigenous Business (PSIB) is a federal policy that reserves, or "sets aside" certain contracts exclusively for competition among qualified Indigenous businesses, where capacity exists.
- Set Asides do not have a dollar threshold and are exempt from international trade agreements.
- Requires only 2 bidders to be considered competitive.
- Depending on the complexity of the requirement can be posted in as little as 15 calendar days.
- There are 3 distinct types of set asides:
 - Mandatory
 - Voluntary
 - Conditional
- Open competitions won by Indigenous businesses are « incidentals »





Overview of Federal Indigenous Procurement: Set Asides

- A **mandatory set-aside** is used for procurements that are destined for an area, community or group in which Indigenous people make up at least 51% of the population and where the Indigenous population will be the recipient of the good, service or construction.
 - [Census data](#) can be leveraged to determine the 51% threshold
- A **voluntary set-aside** may be employed if Indigenous capacity exists and operational requirements, best value, prudence, probity and sound contracting management can be assured.
- When it is impossible to determine Indigenous business capacity, a **conditional set-aside** can be used. This means that a procurement is open to Indigenous and non-Indigenous businesses. However, if two or more Indigenous businesses submit a bid, then the procurement is set-aside under PSIB.

General clauses can be found in the SACC manual.





Overview of Federal Indigenous Procurement: Standing Offers and Supply Arrangements

- Many existing procurement vehicles have an 'open' stream and a 'set-aside' stream or list
- An exemption to mandatory procurement instruments can be made when:
 - the requirement is subject to contracting obligations under modern treaties, and no mandatory standing offer/supply arrangement exists which addresses the contracting obligations of the applicable modern treaties
 - the requirement will be set aside under the PSIB, and no mandatory procurement instrument exists for PSIB set-asides





Overview of Federal Indigenous Procurement: Subcontracting and Other Opportunities

- Subcontracting and other forms of participation can be incorporated into a Set Aside or open tender.
- It is a portion of the value of a contract that is set-aside for Indigenous participation
- Flexible and can be tailored to a particular procurement
- Prime Contractors are required to submit evidence (i.e. paystubs, IDs, receipts, etc.) to ensure they are meeting the requirements

SUBCONTRACTING

Must meet the Government of Canada's definition of an Indigenous business to count against the 5% Target.

EMPLOYMENT

Must be able to provide proof of Indigenous identity that is recognized by the Government of Canada.

TRAINING

Training Indigenous people for skilled labour can be included as a means of creating long-lasting socio-economic benefits for Indigenous peoples

INDIRECT FORMS OF PARTICIPATION

When other forms of participation are not possible, indirect benefits can be utilized, such as grants, scholarships, bursaries, etc.



Using the Online Indigenous Business Directory

IDENTIFYING CAPACITY

The **IBD** is a search engine available to private industry, municipal and provincial governments and the federal procurement community for identifying qualified Indigenous suppliers in various sectors.



EASY & FAST

If you have an Indigenous supplier you need registered it takes about 15 mins. Once registration is complete, ISC reviews and confirms registration within 48 hours.



RELIABLE

All businesses registered in the IBD are subject to audits to ensure they meet (and continue to meet) the PSIB eligibility criteria.



If a firm has not yet registered – contact ISC who can reach out to the firm and explain the benefits of being listed in the IBD.



Indigenous Business Eligibility Criteria

OWNERSHIP AND CONTROL

A sole proprietorship, limited company, cooperative, partnership or not-for-profit organization in which, Indigenous persons have majority ownership and control meaning at least 51%.

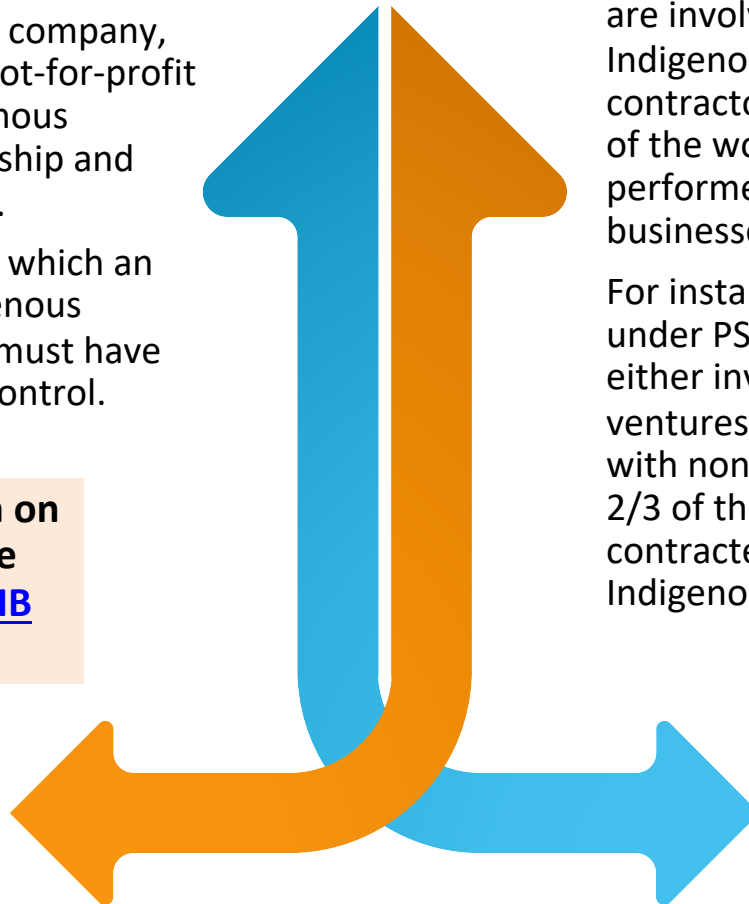
A Joint-venture agreement in which an Indigenous business or Indigenous businesses as defined above must have at least 51% ownership and control.

More information on eligibility can be found on the [PSIB website](#)

CONTENT

In instances where Indigenous businesses are involved in a contract with non-Indigenous businesses, or individual contractors, 33% of the total monetary value of the work contracted for must be performed by the Indigenous business or businesses.

For instance, where contracts have been let under PSIB and the Indigenous business is either involved in partnerships, joint ventures, or subcontracting relationships with non-Indigenous entities, no more than 2/3 of the total monetary value of the work contracted can be done by the non-Indigenous firms or contractors.



Significant Changes Announced in 2021

Federal Indigenous procurement is being modernized to better enable Indigenous businesses compete for and win federal government contracts, participate more fully in the Canadian economy, and contribute to wealth generation in Indigenous communities. The following changes took effect on August 6, 2021:

- ✓ **Established a mandatory minimum target of 5% of the value of federal contracts be awarded to businesses owned and led by Indigenous peoples**
- ✓ **Renamed to Procurement Strategy for Indigenous Businesses (PSIB)**
- ✓ **Simplified the definition of an Indigenous business to remove full time employee requirement**
- ✓ **Expanded the size and number of the geographic areas where procurements are to be limited to Indigenous businesses (i.e. where the population is at least 51% Indigenous from 80%)**



What is Calculated as Part of the 5%?

SET ASIDES

Under the Procurement Strategy for Indigenous Business

MODERN TREATIES

Contracts awarded to beneficiaries in modern treaty areas with procurement obligations



OPEN TENDERS

Open tendered contracts awarded to Indigenous firms (registered in the IBD or a beneficiary of a modern treaty)

OPTIONAL

Subcontracting opportunities and under \$10K acquisition card purchases (registered in the IBD or a beneficiary of a modern treaty)

Note: Elders, bands and tribal councils are exempt from registration in the IBD, however, contracts with these individuals and/or groups are included in the 5% calculation.



Phased Implementation

- Informed by past departmental Indigenous procurement plans.
- A phased approach will allow departments and agencies to update planning and processes to support implementation.

PHASE 1

32 organizations



2022-23

2023-24



PHASE 2

20 organizations

PHASE 3

43 organizations



2024-25

- The Mandatory Procedures have been published as an annex to the TB Directive on the Management of Procurement and provide a policy and reporting framework to ensure accountability



Transformative Indigenous Procurement Strategy

Over the next few years, the Government of Canada, led by ISC in partnership with PSPC and TBS, will continue meaningful engagement and consultation to inform a longer-term transformative Indigenous Procurement Strategy.

WORK TO BE COMPLETED

- Identify areas where Indigenous businesses wish to expand capacity to provide goods and services to federal organizations.
- Develop an independent external-to-government mechanism to identify and certify Indigenous businesses for the purposes of federal procurement.
- Continue improvements to procurement-related implementation considerations in Modern Treaty areas.
- Co-develop a new Indigenous procurement strategy

EXPECTED OUTCOMES

- As part of Canada's plan to Build Back Better following the Covid-19 pandemic, modernization of existing policies and processes will improve inclusiveness of Indigenous businesses in the federal supply chain.
- Continue along the path of service transfer of ISC's mandate to Indigenous organizations.
- Grow Indigenous businesses and increase self-reliance.
- Create and increase employment and training opportunities for Indigenous peoples.



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