

30TH
CIPMM NATIONAL WORKSHOP
JUNE 4-6, 2019

Celebrating
Ottawa Conference and Event Centre
200 Coventry Road, Ottawa, ON

Canadian Institute for Procurement and Material Management
Institut canadien d'approvisionnement et de gestion du matériel

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The Canadian Institute for Procurement and Material Management
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Social Procurement: *Why, What, and How*

David LePage
www.buysocialcanada.com
David@buysocialcanada.com

Canada's Communities Face Challenging and Complex Social, Economic and Environmental Issues

- Social Isolation
- Employment Challenges
- Immigration Transitions
- Homelessness
- Skills Gaps



Canadian Governments Spend Billions of Dollars through Procurement

Federal Government Spending:

- \$18-20 Billion in goods and services annually
- \$180 Billion in infrastructure over next ten years





SOCIAL PROCUREMENT:

Leverages a social value
from existing procurement



AGENDA

Why Social Procurement?

Evolution of Procurement Policy

What is Social Procurement?

Social Procurement Options

Key Barriers

Assessing Opportunities

Next Steps





Why Social Procurement?

When we focus on 'best value for money' procurement is much more than a financial transaction;

Procurement becomes a tool for building healthy communities.



Healthy Communities Build Community Capital



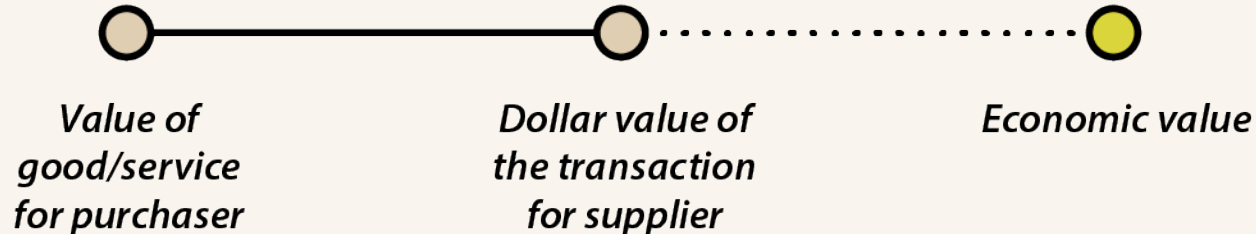
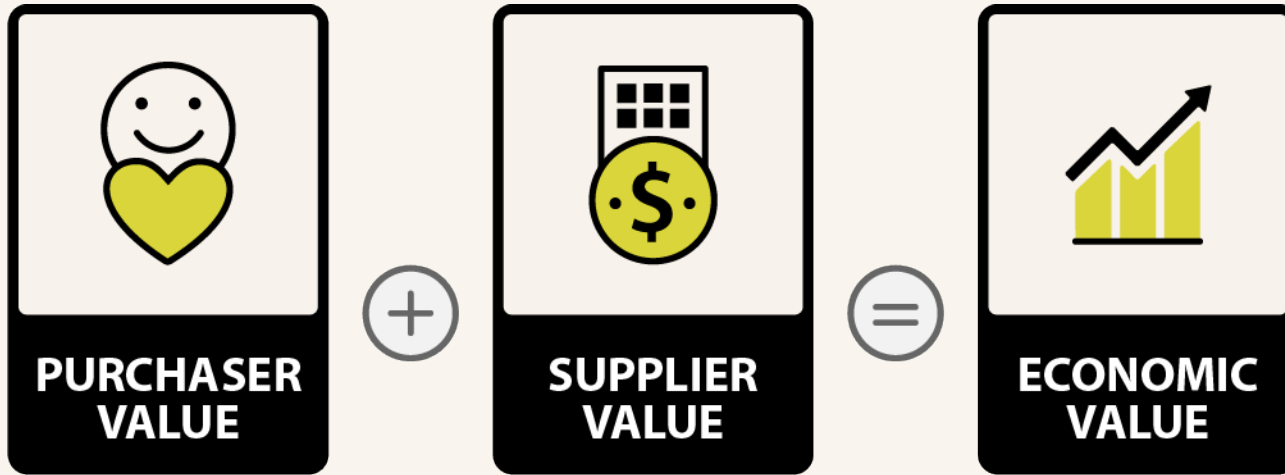


COMMUNITY CAPITAL OPTIONS

- *CED*
- *Employment Opportunities*
- *Healthy Workforce*
- *Small/Social Enterprises*
- *Sustainability*
- *Lifelong Learning*
- *Inclusivity*
- *Community Resources*
- *Culture*
- *Diversity*



What is Procurement?



What is Social Procurement?

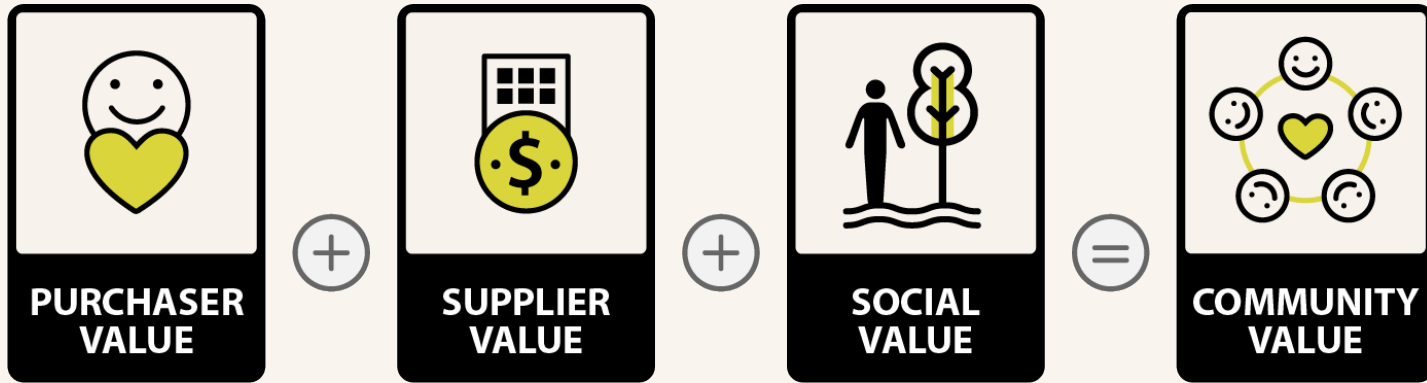
“Encouraging a shift towards procurement based on achieving multiple outcomes in addition to maximizing financial value.”

J. Barraket

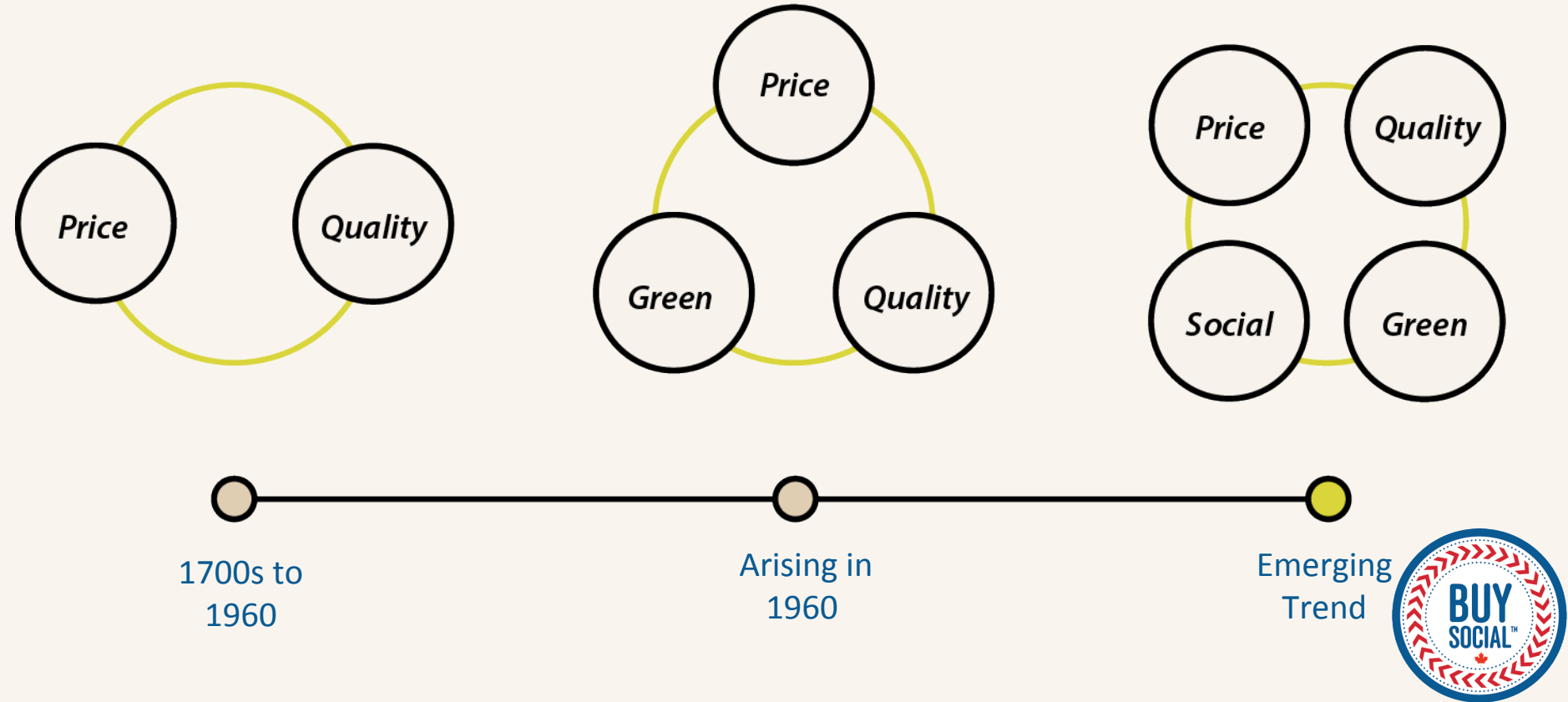


What is Social Procurement?

Adding a social value to existing purchasing



The Evolution of Procurement



Is it Legal?

What about Trade Agreements?

Yes, but...

Trade agreements may apply, and require parameters for language:

- ✓ You cannot restrict competition, but you can require community outcomes from all bidders.
- ✓ Trade agreements have exceptions for contracting with non-profits
- ✓ Trade agreements have financial thresholds



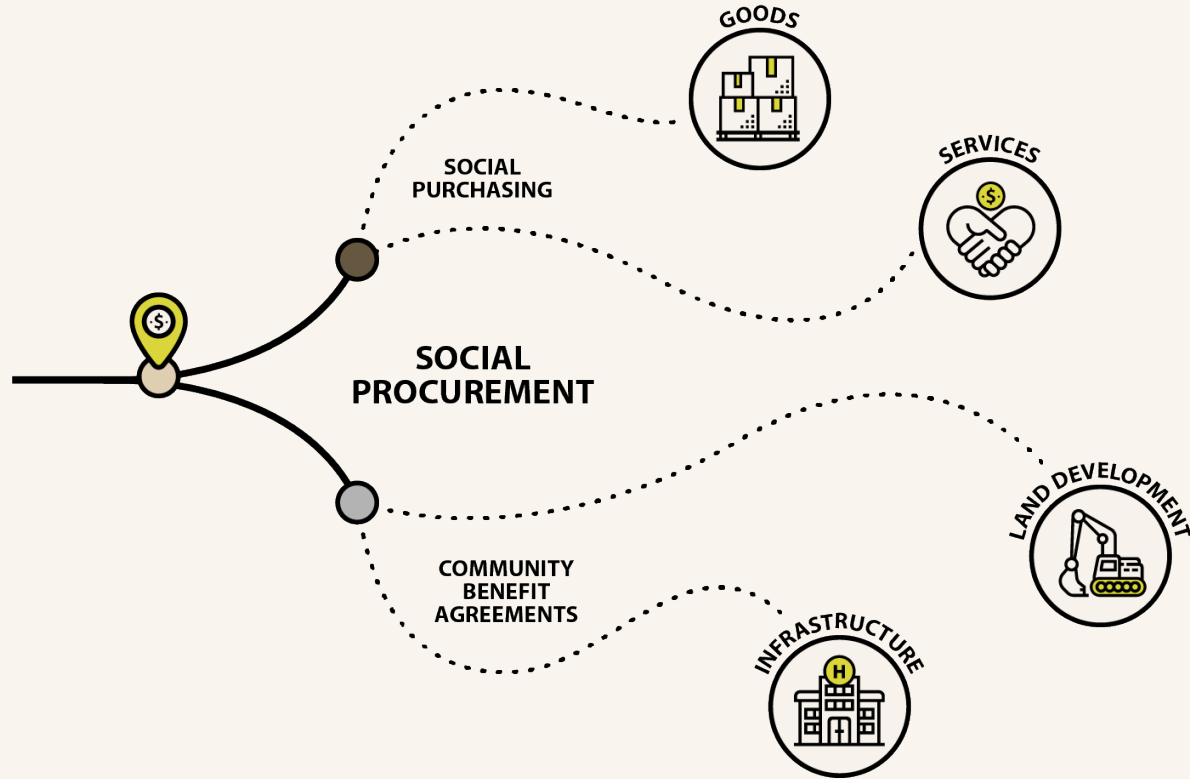
Social Procurement Options

“Social procurement combines the instrumental activity of procurement with the **strategic intent** of generating social value.”

J. Barraket



Social Procurement Pathways



Sample Measurable Outcomes

of SEs or SMEs which have received contracts (Tier 1) or sub-contracts (Tier 2, 3, 4)

of barrierred or targeted individuals hired by the SEs or SMEs related to the contracts

Total \$ value of the contracts awarded to SEs or SMEs

of suppliers which have employed barrierred individuals

of apprentices hired through suppliers

of contracts awarded to First Nation's or other diverse suppliers

\$ value of local materials or services used in contracts

Total # of hours provided for employment and skills training

Other Community Benefits or Contributions

Social Purchasing of Goods and Services

*Add a social value consideration
to existing purchases*



*Award contracts and
measure outcomes*



*Adjust the criteria
consideration for purchasing
products and services*

*Weight the
value of the
criteria*

*Evaluate vendor
bids against criteria*



Examples of Possible Social Procurement Weighting				
Criteria	Price	Quality	Environment	Social
Building Maintenance	20%	30%	20%	30%
Landscaping	20	20	30	30
Vehicles	35	35	20	10
Road Construction	30	35	15	20

Manitoba Housing Case Study

Non-Profit
Direct Award:
Trade Agreement
Exception

'Handshake
deals' for energy
retrofits for
social housing
units

Set aside work
components on
social housing
unit turnover
renovations

Relationships are
formalized
through an MOU
and direct
awarding begins

Evaluation finds
for every \$1
procured, \$2.23
of social and
economic value
is created

Ottawa Community Housing Case Study

Pilot Followed by Social Value in RFP

OCH initiates a
3-year pilot
project with
GNG using
discretionary
funding

Over 3 years, the
pilot increases
from \$56,000 to
\$100,000 in
funding

OCH includes
social value in
competitive bid
evaluation

GNG wins a
competitive
contract valued
at **\$1.5 million**.



RFP Language to Promote Socially Responsible Practices Under Sustainability Goals

Descriptive but not Prescriptive Considerations:

Socially Responsible Practices

Social Enterprise: Providing opportunities to Aboriginals, individuals with barriers to employment and Non-Profit entities

Community Benefit: Consideration to small & medium businesses, local labour forces and suppliers with strong community involvement

Apprenticeship & Training: Consideration to suppliers with targeted recruitment and training programs, providing employment to new entrants

Innovation: Suppliers who have developed new, innovative and value added methods/products.



Community Benefit Agreements (CBAs)

For Infrastructure and
Major Development
Projects



Private Development: Parq Casino Example

Using Municipal
Regulatory Permit
Process and
Requirements

Requirement: Social Value Outcomes

Employment: 10% of all employees reside in inner city

Local Purchasing: 10% of all purchasing in inner city



Public Development: Port Renewal Example

Using Social Value in the
RFP Requirements

Requirement: Community Social Value Outcomes

Does not 'exclude' any bids

Not prescriptive but bid evaluation includes
social value 'points'



Federal Infrastructure Requirements

Projects with Federal contribution over agreed to thresholds (\$10 million or \$25 million) are required to have a community employment benefits of the target groups:

apprentices, Indigenous peoples, women, persons with disabilities, veterans, youth, new Canadians, or small-medium-sized enterprises and social enterprises



Bill C-344: Community Benefits

Currently In
Senate Process

Definition of *community benefit*

20.1^{*} (1) For the purposes of this section, *community benefit* means a social, economic or environmental benefit that a community derives from a construction, maintenance or repair project, and includes job creation and training opportunities, improvement of public space and any other specific benefit identified by the community.



City of Vancouver CBA Policy

**Every development over 500,000
sq. ft requires:**

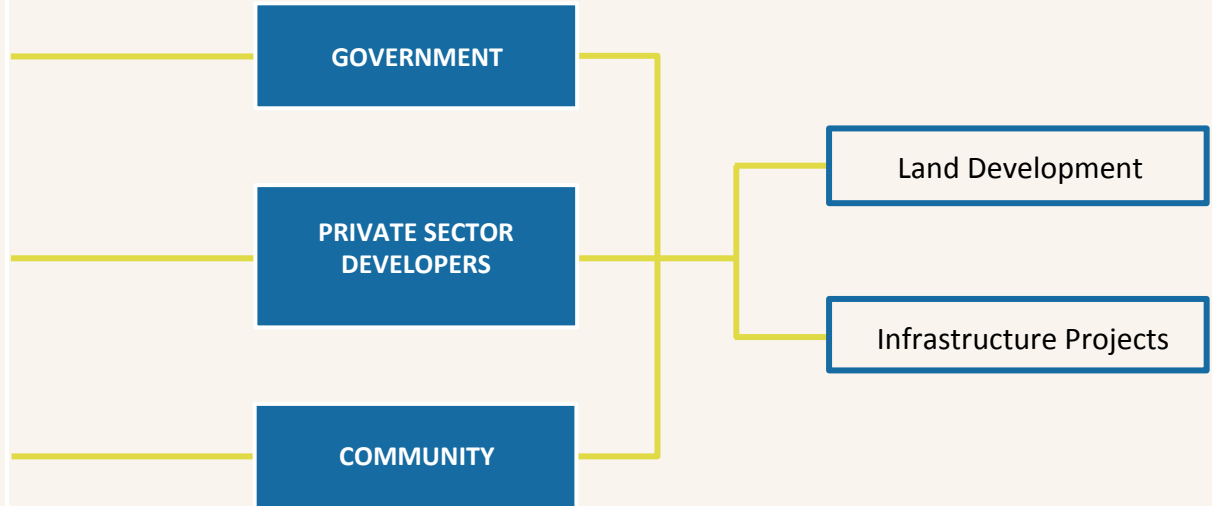
- Local employment
- Local procurement

From construction through the entire
life of the building

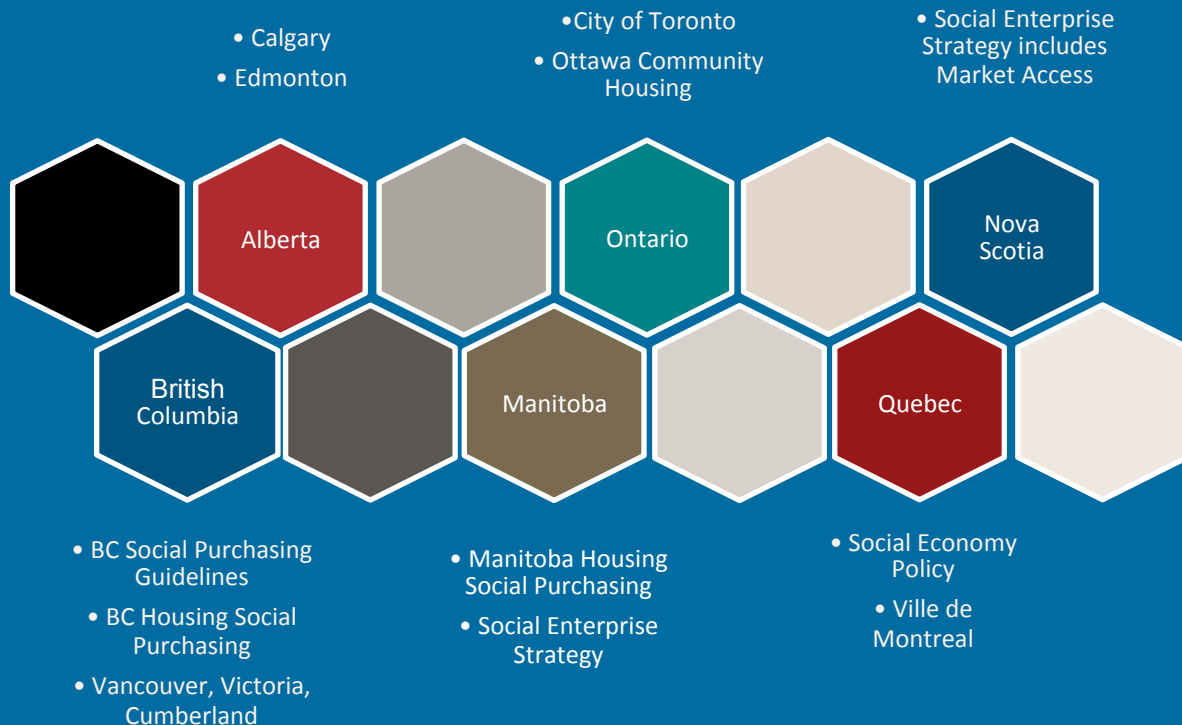


THE CBA SCORECARD:

WHO/WHAT IS IT FOR?



Emerging Policies and Practices



Municipal Initiatives Across Canada

Edmonton:

Social procurement to meet the goals of
EndPovertyEdmonton

Calgary:

Social procurement to enhance local economy
through opportunities for social enterprises and
SME's

Coastal Communities Social Procurement Initiative:

Mainly rural collaborative community economic
development effort

Toronto:

Crosslinx CBA for labour development
and social enterprise contracts





Key Barriers

Risk and
Opportunity
Analysis

Silos in Government
and Organizational
Programs

Disconnect
between Purpose
and Purchasing

Policy Framework –
Real and Perceived

- Internal Policies
- Trade Agreements

Current Priorities
and Practices

Budget 'Only' Focus



Next Steps and Solutions



Use a Healthy
Community
Outcomes
Framework



Systems and
Integration
across Ministries
and Programs



Community
Capital
Outcomes
Approach to
Procurement



Leadership,
Training and
Collaboration



Measure
Impact

Social Procurement Assessment Process

- 
- Clarify your mission and goals

- Identify what you purchase

- Identify your barriers and opportunities for implementation

- Adjust RFX and desired supplier delivery outcomes

- Measure and improve

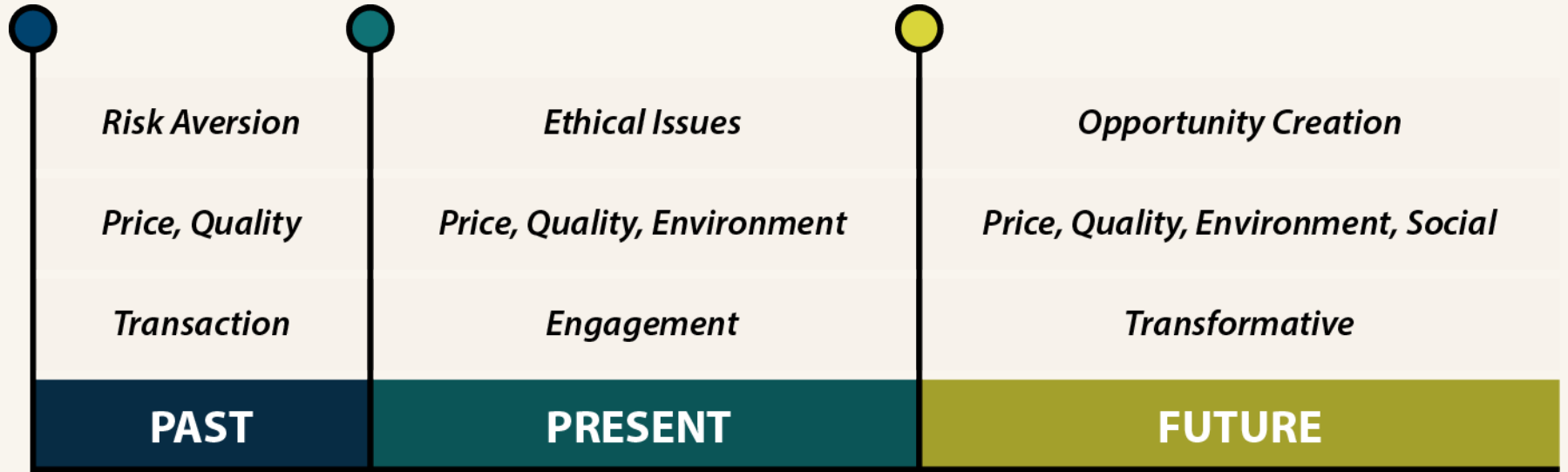
Social Procurement

“A trend towards recognizing that procurement has a strategic, as well as operational, function to play in new governance regimes.”

J. Barraket



Trends in Procurement



Download Resources for Free at
www.buysocialcanada.com/sample-documents-and-resources



A Guide to **Social Procurement**



The Social Value Scorecard for
Community Benefit Agreements

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