

Indigenous Procurement

www.canada.ca/indigenousbusinessprocurement

Indigenous Services Canada

2023



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.

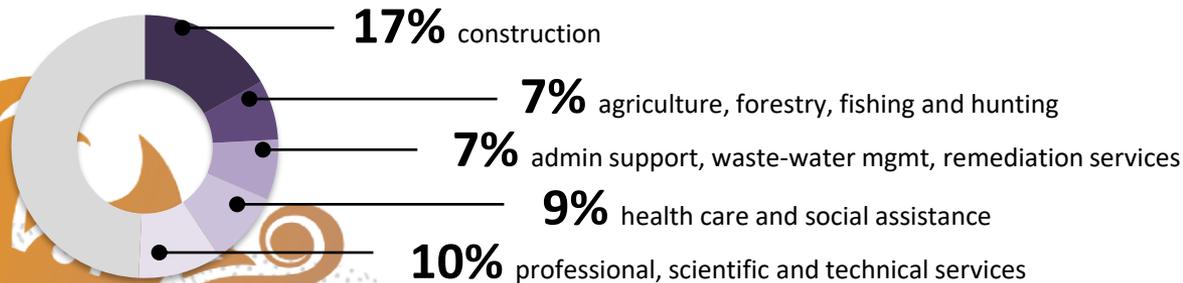
\$27.7B Annually

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

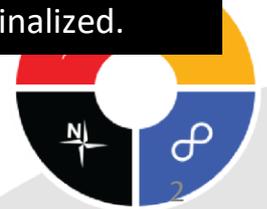


*Source: National Indigenous Economic Development Board (2016), Reconciliation: Growing Canada's Economy by \$27.7B.

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.



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

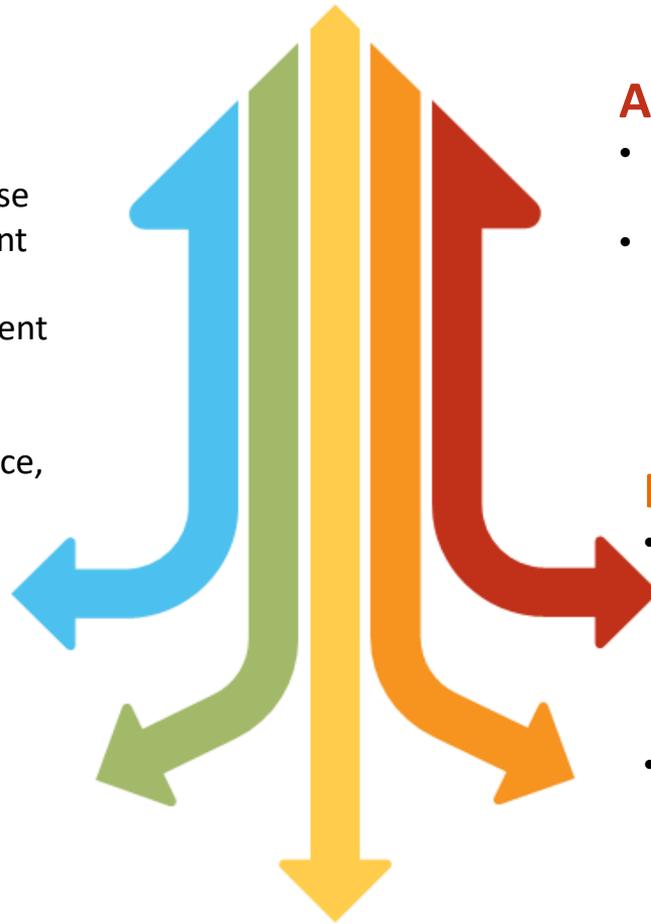
- Lead meaningful engagement and consultations that are accessible to Indigenous partners and the federal procurement community for a longer-term transformative Indigenous Procurement Strategy

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 minimum 5% target



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.





What You Need to Know: 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)





What You Need To Know: 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 known as « incidentals »





What You Need to Know: 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.





What You Need To Know: 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

Standing Offers and Supply Arrangements

New! **CanadaBuys** is the new official source for Government of Canada tender and award notices. This means you can now search for and bid on tender opportunities posted on CanadaBuys.

Suppliers register in SAP Ariba today!

Register now to ensure **you transition** to doing business with the new Government of Canada procurement service. Find out how to get started.

Standing Offers and Supply Arrangements (SOSA) is open data about active standing offers and supply arrangements for goods and/or services held by pre-qualified suppliers. Public Works and Government Services Canada (PWGSC) issues standing offers and supply arrangements on behalf of all federal departments and agencies.





What You Need to Know: 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.



Is Your Business Eligible?

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%.

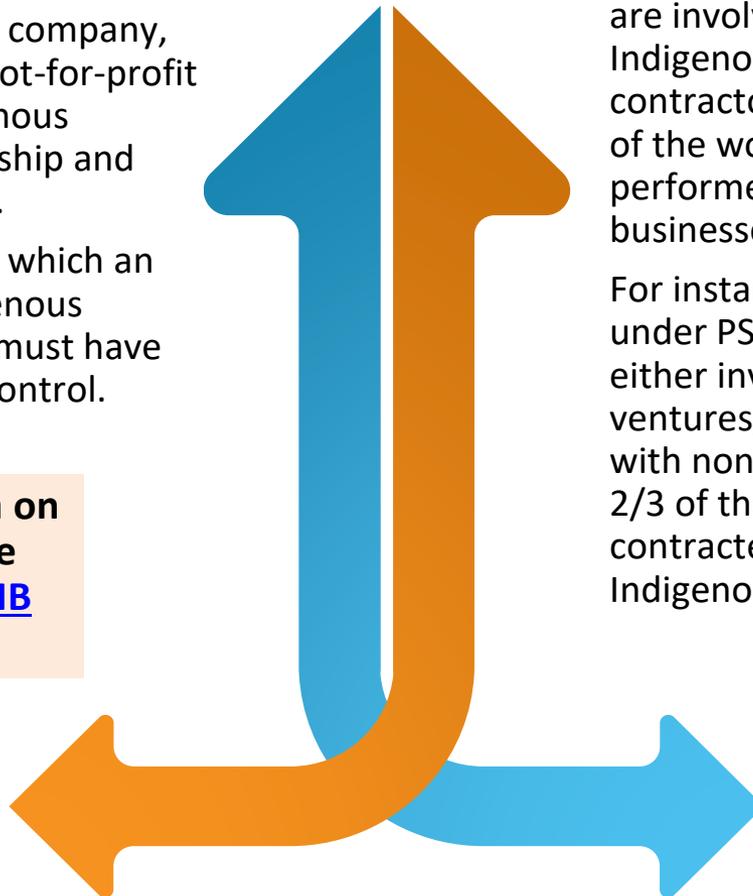
A Joint-venture agreement in which an Indigenous business or Indigenous businesses as defined above must have at least 51% ownership and control.

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.



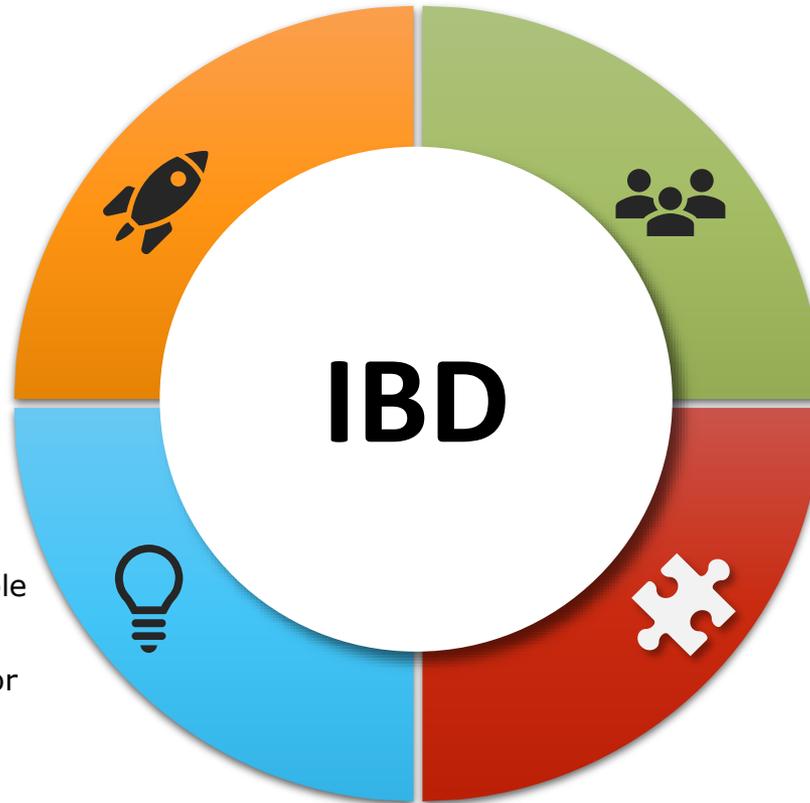
What You Need to Do: Register in the Indigenous Business Directory

FAST & EASY

It will take you approx. only 15 minutes to register. Once registration is complete, ISC can review and confirm registration within 48 hours.

INCREASED VISIBILITY

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.



BUILDING PARTNERSHIPS

You can use the IBD to seek out opportunities to form partnerships and joint ventures with other Indigenous businesses, as well as identifying potential subcontractors.

STAYING INFORMED

Businesses registered in the Directory are informed by ISC of upcoming local networking opportunities and other federal Indigenous procurement news.

In order to be awarded a contract that is set aside – your business must be registered in the Indigenous Business Directory.



Making Progress and Changes

Federal Indigenous procurement is being modernized to better enable Indigenous businesses to compete for and win federal government contracts, participate more fully in the Canadian economy, and contribute to wealth generation in Indigenous communities.

- ✓ Established a mandatory minimum target of 5% of the value of federal contracts to 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. changing the population requirement from 80% Indigenous to at least 51%).



How the 5% is designed to work

- The goal is to support economic reconciliation and contribute to improved socio-economic outcomes for Indigenous peoples.
- The target of 5% is a minimum, not a maximum. It is calculated by each department on the total value of their annual procurements.
- It is anticipated that the mandatory minimum target will provide:
 - Consistent and reliable demand from the Government of Canada for Indigenous businesses
 - Diversified procurement opportunities across a number of sectors
- Training and tools will be available to help develop Indigenous businesses to be bid-ready and to build capacity.

What counts

Total value of all contracts awarded to Indigenous businesses by the department/agency

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Total value of all contracts awarded by the department/agency less Deputy Minister approved exceptions

Exceptions

Approved by Deputy Ministers; to be used sparingly and where opportunities to offset the exceptions have been considered

Calculated as part of the 5%

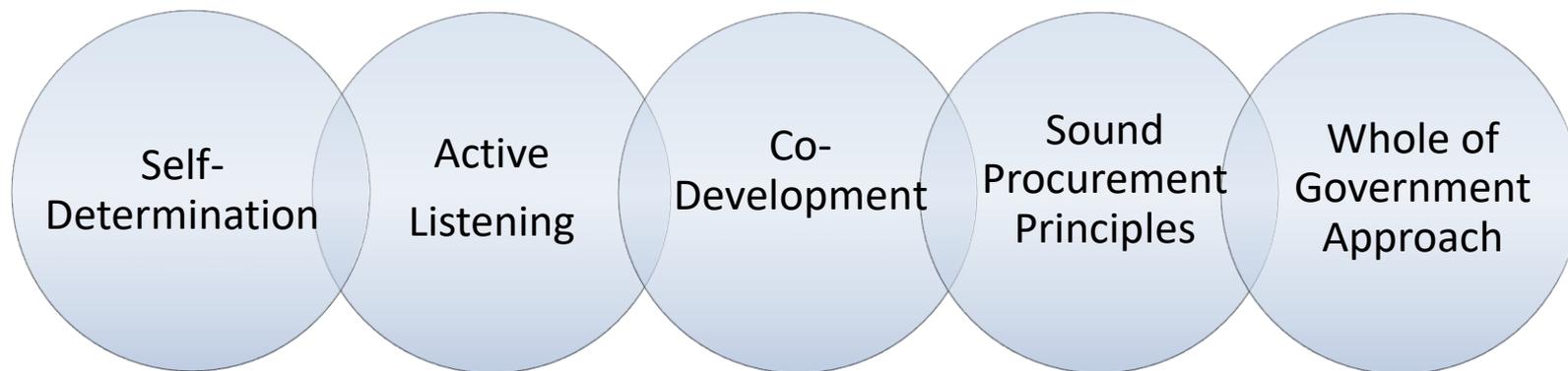
Contracts awarded to Modern Treaty beneficiaries
Set-asides (PSIB)
Open Tenders
Subcontracts and Acquisition card purchases



Transformative Indigenous Procurement Strategy

Support the Implementation of the mandatory minimum target of 5% of the value of federal contracts to be awarded to Indigenous peoples.

Co-develop a **new Indigenous Procurement Strategy**, which will be based on Indigenous methodology and feedback; support greater Indigenous control; and transform and/or transfer services.



Article 23

Indigenous peoples have the right to determine and develop priorities and strategies for exercising their right to development. In particular, indigenous peoples have the right to be actively involved in developing and determining health, housing and other economic and social programmes affecting them, as far as possible, to administer such programmes through their own institutions.

– UNDRIP



Engagements and Consultations

- **Objective:** Economic reconciliation through meaningful engagement and consultations for the co-development of an Indigenous-led Procurement Strategy and to explore together the possibility of (an) Indigenous-led organization(s).
- **Key Partners:** Indigenous Reference Group, Modern Treaty and Self Government Agreement Rights-Holders, National Indigenous Organizations, National Indigenous Economic Organizations, Indigenous Businesses.



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