Aboriginal Affairs and Northern Development Canada

Affaires autochtones et Développement du Nord Canada



Procurement Strategy for Aboriginal Business

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The Aboriginal Business Landscape

- **Aboriginal businesses:**
  - Created over 30,000 jobs between 1996 and 2009 and are composed primarily of Aboriginal employees (62%);
  - Contributed $974 million to the Canadian economy in 2011
  - Operating in a wide variety of sectors in the Canadian economy

- **Despite these advances, Aboriginal entrepreneurship rates are still lower than those of non-Aboriginal populations; we need approaches to encourage Aboriginal entrepreneurship and ensure opportunities for business development**

- **Procurement is a powerful tool that can help build business capacity, establish partnerships, facilitate access to capital, and create jobs and wealth**

- **The 2009 Federal Framework for Aboriginal Economic Development (FFAED) enforced the Procurement Strategy for Aboriginal Business (PSAB) as a key strategic priority in strengthening Aboriginal entrepreneurship**

Why the PSAB?

"At a relatively small cost to government and taxpayers, PSAB helps to strengthen Aboriginal business bidding capacity, competitiveness, and Aboriginal employment."

Canadian Council for Aboriginal Business' Aboriginal Business Survey , 2011

- **The PSAB aims to support business capacity development in Canada's youngest and fastest-growing populations in Canada by identifying opportunities for Aboriginal businesses to:**
  - Compete for government contracts;
  - Establish partnerships;
  - Demonstrate their capabilities;
  - Enter into supply chains; and,
  - Create employment for Aboriginal people.

- **The PSAB:**
  - Requires Aboriginal capacity (i.e. three or more businesses) to be demonstrated before setting a contract aside;
  - Does not limit the access of non-Aboriginal business to the government contracting process;
  - Adheres to Government of Canada contracting principles, including openness, fairness and transparency;
  - A market-driven solution to Aboriginal participation in the economy and development of Aboriginal business capacity; and,
  - Providing a gateway for Aboriginal business to access new markets and opportunities and establish their value to potential purchasers and partners

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Key Elements of PSAB

1. **Mandatory Set Asides**:

   - 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
   - The value of the contract is over $5000

3. **Voluntary Set asides**:

   - Aboriginal capacity exists (three or more businesses)
   - The client department voluntarily decides to apply the PSAB set aside where operational requirements, best value, prudence, probity and sound contracting management can be assured
   - Departments are responsible for setting their own PSAB targets

Key Elements of PSAB

3. <u>Joint Venture agreements and partnerships</u>:

- Allows Aboriginal and non Aboriginal partnerships to bid on opportunities that have been set aside

4. <u>Use of Aboriginal criteria</u>:

- In awarding of prime contracts, departments are encouraged to request Aboriginal subcontracting plans either as a mandatory requirement or a rated evaluation criteria
- Can be applied only if International Trade Agreements are exempt

FFAED Results

Significant progress has been made on FFAED commitments:

Increasing the number of set-asides by 50% over five years

- the value of federal Aboriginal procurement increased from $459 Million in 2009 to $800 Million in 2011, a 74% increase over two years
- set-asides increased from $49 Million in 2009 to $85 Million in 2011, a 73% increase over two years
- AANDC reviews contracts valued at $2 million and above, and from April 2009 to March 2012:
  - 1036 Procurement Review Notices were reviewed;
  - 47 were pre-determined as PSAB set-asides; and ,
  - 106 interventions were performed of which 25 were successful

Increase the number of Aboriginal businesses in supplier registries

- 1371 Aboriginal business registrations **(Annex 1)**

FFAED Results

Improving departmental objective-setting and reporting regarding procurement from Aboriginal businesses

- Detailed departmental analysis, development of "portfolio approach"
- National coordinators network has grown from 43 to 90 coordinators

Increasing training and outreach to businesses and government departments

- Approximately 86 outreach and training sessions provided annually across Canada **(Annex 2)**; and,
- Quarterly conference call and one in-person meeting a year with 90 PSAB coordinators from departments and regions across Canada.

Valuation of Aboriginal Procurement



More than $4 billion in Aboriginal procurement since inception

Growth from 1997 to 2011 - $49 Million to $800 Million

89% of contracts won by Aboriginal firms in 2011 were *not* set aside – business capacity is growing

Aboriginal Procurement Figures (Set-Asides)	
2011	$84.98 Million
2010	$59.91 Million
2009	$49.77 Million
1997	$21.70 Million

5% of Aboriginal procurement relative to total federal procurement spending

Data Provided by PWGSC

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PSAB Designed for Success

- **Accountability and performance measurement for the PSAB is a shared responsibility**
  - Aboriginal Affairs and Northern Development Canada (AANDC) – Aboriginal Procurement and Business Promotion (APBP) –the *steward*
  - Public Works and Government Services Canada (PWGSC) – collects procurement based data and manages overall federal procurement
  - Treasury Board Secretariat – the policy authority
- **Increasing Registration and Capacity:**
  - Interdepartmental agreement has been established with Industry Canada (IC)
  - Aboriginal Business Directory on IC Canadian Company Capabilities database helps in:
    - Determining Aboriginal business capacity
    - Promoting/Marketing Aboriginal businesses to a variety of key stakeholders (federal, provincial, and private sector)

PSAB Designed for Success…

PSAB has provided the experience necessary to bid and win contracts outside federal government procurement."

EagleSpirit Marketing Inc., Wolfville, Nova Scotia

- **Expanding Outreach and Partnerships:**
  - Interdepartmental Letter of Agreement (ILA) with Office of Small and Medium Enterprises of PWGSC for outreach activities;
  - ILA with Industry Canada for shared Aboriginal Business Directory.
  - Establishment of Memoranda of Understanding with provinces: Both the Province of Manitoba and the Province of Ontario, using PSAB as a model, have established procurement strategies to improve the participation of Aboriginal businesses
  - PSAB officials are working closely with the National Shipbuilding Procurement Strategy Secretariat at PWGSC to enhance Aboriginal participation in shipbuilding, and are exploring partnership opportunities

Departmental PSAB Performance - Portfolio Approach

- All government departments with budgets over $1 million are responsible for target-setting and meeting objectives; ultimately, value for money responsibility rests with the lead departments
- APBP is working more closely with all departments to:
  - Increase understanding of department-specific procurement needs and challenges; and,
  - Provide customized assistance, guidance and advice to procurement officers and material managers
- This approach will reflect the increased sophistication of both the growing Aboriginal business sector and the growing PSAB network

Aboriginal Procurement and Business Partnerships

The APBP team works closely with a number of partners on initiatives aimed at developing and promoting Aboriginal business, including:

- **Aboriginal Human Resource Council:** collaborate in training businesses on Aboriginal Procurement and organize Aboriginal Entrepreneurship Conference and Tradeshow
- **Electricity Sector Council:** partnered in the development of a report to examine the Aboriginal procurement strategies employed in the electricity and renewable energy sectors
- **Saskatchewan Potash:** worked closely with partners to identify procurement opportunities for Aboriginal businesses in potash industry

Procurement and Business Partnerships – Example

Shipbuilding

- In Fall 2011, two pilot studies were undertaken to begin identifying gaps/ opportunities for Aboriginal communities and individuals on both coasts
- Federal, provincial and Aboriginal partners have agreed to develop a trilateral framework to guide efforts in support of Aboriginal participation in shipbuilding
- Aboriginal partners undertaking research/analysis to identify employment, business development and procurement gaps and opportunities for the Aboriginal community
- Close collaboration with provinces, other government departments, AANDC regional offices and key program areas including Active Measures
- Three tiered framework to support Aboriginal participation has been developed and is being validated with Aboriginal partners
  - Serve as a basis of engaging Irving and Seaspan
- To date, the federal government has contributed over $12 million in funding to enhance Aboriginal participation in shipbuilding activities

How You Can Contribute

Aboriginal businesses are encouraged to register with PSAB in order to promote their business capacity to federal government departments and agencies.

- You can participate by hosting Supplier Development Activities
- Encourage businesses to regularly monitor buyandsell.gc.ca/tenders
- Post contracts with a PSAB Set-Aside component where capacity exists
- Encourage businesses to register in PWGSC's Supplier Registration Inventory System to promote themselves

How We Can Help

- For PSAB target contact your departmental PSAB Coordinator
- Find Aboriginal business capacity for your goods, services, and construction in the Aboriginal Business Directory
- Contact APBP by email saea-psab@aadnc-aandc.gc.ca or by phone at 1-800-400-7677
- For more information visit our GCPedia page: http://www.gcpedia.gc.ca/wiki/The_Procurement_Strategy_for_Aboriginal_Business_(PSAB)

Questions?

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ANNEX 1 – Registration

REGION	CURRENT ACTIVITY 2012 - 2013
Northwest Territories	61
Nunavut	71
Yukon	26
British Columbia	206
Alberta	127
Saskatchewan	69
Manitoba	164
Ontario	386
Quebec	153
New Brunswick	21
Newfoundland and Labrador	51
Nova Scotia	33
Prince Edward Island	3
TOTAL	**1371**

Annex 2 - Outreach and Training

REGION	TOTAL 2012 - 2013
Northwest Territories	2
Nunavut	1
Yukon	0
British Columbia	5
Alberta	0
Saskatchewan	0
Manitoba	1
Ontario	67
Quebec	4
New Brunswick	2
Newfoundland and Labrador	3
Nova Scotia	1
Prince Edward Island	0
TOTAL	**86**

Participated in 46 outreach events and conducted 86 PSAB awareness sessions on a national basis

Annex 3 - Federal Procurement with Aboriginal Businesses Ontario

YEAR	DOLLAR VALUE
2008	$192,016,083.00
2009	$188,066,243.00
2010	$364,014,733.00
Total Procurement	**$744,037,059.00**

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