

Federal Indigenous Procurement

Presentation to Businesses

September 2020



Government
of Canada

Gouvernement
du Canada

Canada

Outline

- Indigenous Services Canada's role
- Indigenous business landscape in Canada
- Overview of federal Indigenous procurement policy
- Policy mechanisms
- Eligibility requirements
- Indigenous Business Directory
- Audits
- Reporting
- Additional Resources



Indigenous Services Canada (ISC)'s Role

Helping other federal government departments fulfill their Indigenous procurement requests by:

- Acting as the Indigenous Participation Component (IPC) Authority on request
- Providing evidence of Indigenous business capacity to fulfill a particular requirement
- Providing advice and guidance on successfully implementing Indigenous procurement policy
- Educating procurement specialists on the benefits of utilizing PSAB
- Maintaining a network of over 100 procurement specialists who act as Indigenous Procurement Coordinators within their respective departments



Helping eligible Indigenous businesses enhance their business capacity by:

- Educating on Indigenous procurement policy
- Providing tools and mechanisms to increase visibility
- Encouraging partnerships and joint-ventures to increase capacity and skills development
- Intervening on procurements to advocate for Indigenous participation and thereby enable businesses to:
 - Demonstrate their capabilities
 - Enter into new supply chains



The Indigenous business environment is evolving

Business Capacity

19,000

businesses located in Indigenous communities

Generating just over **\$10 billion** in total revenue



Canadian Council for Aboriginal Business has estimated there are over

50,000

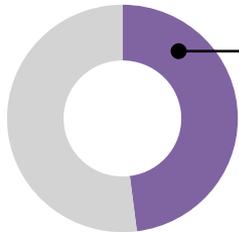
Indigenous-owned businesses in Canada.

In general, Indigenous businesses tend to be quite small, with $\frac{3}{4}$ unincorporated, and more than **6/10** have no employees.

\$27.7B
Annually

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

Education



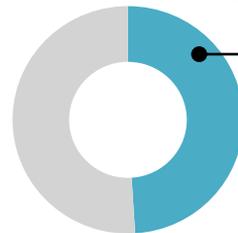
48%

percentage of Indigenous peoples who had completed some type of post-secondary education certificate, diploma or degree

Population

Between 2006 and 2016 the Indigenous population has increased

43%



49%

are aged between 25-64 with a median age of

29

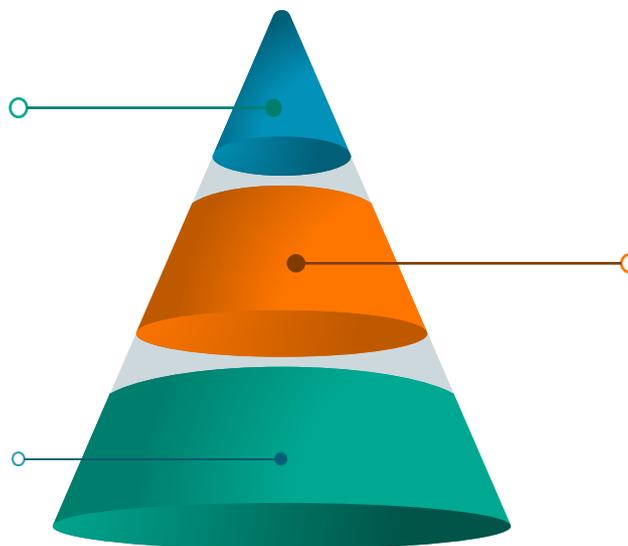
\$32B

Total combined income of Indigenous households, businesses and government sectors



Procurement is a Powerful Catalyst for Business Development

- POSITIVE SOCIO-ECONOMIC OUTCOMES
- INCREASED SELF-RELIANCE
- INDIGENOUS ECONOMIC DEVELOPMENT INITIATIVES (INCLUDING FEDERAL PROCUREMENT)



- NEW BUSINESS CREATION
- BUSINESS GROWTH
- EMPLOYMENT
- ECONOMIC RECONCILIATION

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 Prime Minister's 5% Commitment

In December 2019 the Prime Minister issued Ministerial mandate letters which committed the Minister of Public Services and Procurement Canada to:

“Work with the Minister of Indigenous Services and the President of the Treasury Board to create more opportunities for Indigenous businesses to succeed and grow by creating a new target to have at least 5 per cent of federal contracts awarded to businesses managed and led by Indigenous Peoples.”

ISC is currently working closely with PSPC and TBS on assessing options for the implementation of the 5% commitment and engaging with key partners and stakeholders.



The Prime Minister's 5% Commitment

INDIGENOUS REFERENCE GROUP

- On June 30, 2020, the Indigenous-Federal dialogue was launched with the key national Indigenous organizations.
- The Reference Group will provide feedback on key policy and implementation elements to achieve the 5% target as well as on the way forward to ensure it's reflective of past consultations and engagements.

CORPORATE CANADA

- In the Fall 2019, ISC has been engaging with the Canadian Chamber of Commerce on ways to encourage Corporate Canada to procure with Indigenous-led businesses. The key subjects discussed were Indigenous procurement; supply chain; sub-contracting; Indigenous businesses capacities; best practices; lessons learned; and Indigenous benefits plans.
- ISC will continue these engagements, with CCAB, and work with large prime contractors and Corporate Canada to create strong relationships and commitments to increase procurement with Indigenous-led businesses, increase Indigenous benefit plans, and increase capacity to develop Indigenous supply chain strategies.

BROADER ENGAGEMENTS AND CONSULTATIONS

- Once the policy elements have been defined, there will be larger consultations and engagements with Indigenous partners through various mechanisms, such as:
- Bilateral meetings / conference calls at the executive and operational levels; National Roundtables; Online engagement; and Design-Thinking Workshop.

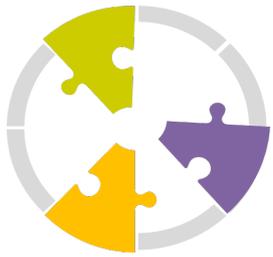


What is the Federal Indigenous Procurement Policy?

- Procurement is a powerful catalyst to stimulate Indigenous economic growth at little to no cost to government.
- The federal Indigenous procurement strategy, launched as the **Procurement Strategy for Aboriginal Business (PSAB)** has been instrumental in encouraging Indigenous businesses to procure with the federal government.
- PSAB 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.

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.





What You Need to Know: Set Asides

- The Procurement Strategy for Aboriginal Business (PSAB) 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





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 80% of the population and where the Indigenous population will be the recipient of the good, service or construction.
- Also known as “selective set-asides”, **voluntary set-asides** 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 PSAB.





What You Need to Know: Standing Offers & Supply Arrangements

Standing Offers

Standing Offers are used to meet recurring needs when departments or agencies are repeatedly ordering the same goods or services. A Standing Offer is an offer from a potential supplier to provide goods and/or services at pre-arranged prices, under set terms and conditions, when and if required. It is not a contract until the government issues a “call-up” against the standing offer.

Supply Arrangements

Supply Arrangements are used when goods or services are bought on a regular basis but when a standing offer is not suitable because of variables in the resulting call-ups. Like standing offers, it is not a contract and neither party is legally bound as a result of signing a supply arrangement alone. They allow departments to solicit bids from a pool of pre-qualified suppliers for specific requirements.

How Indigenous Set-Asides Are Incorporated?

- Many existing procurement vehicles have an ‘open’ stream and a ‘set-aside’ stream
- 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 PSAB, and no mandatory procurement instrument exists for PSAB set-asides





What You Need to Know: Subcontracting and Other Opportunities

- Indigenous Participation Components compliments the objectives of the PSAB, which was established to meet the Government of Canada's objectives of encouraging Indigenous socio-economic development through federal contracting opportunities.
- It is a portion of the value of a contract that is set-aside for Indigenous participation, which can be direct or indirect (or both)
 - Direct IPCs refer to Indigenous sub-contracting, employment and training
 - Indirect IPCs refer to scholarships and bursaries
- Flexible and can be tailored to a particular procurement – depending on the direct and indirect forms of participation that are built into the contract
- Can target local Indigenous population through weighted and rated criteria
- Prime contractors are able to achieve their target of Indigenous participation through these measures as defined within the terms and conditions of the contract





What You Need to Know: Subcontracting and Other Opportunities

SUBCONTRACTING

- Must meet the Government of Canada's definition of an Indigenous business (PSAB definition)
- Must be registered in the Indigenous Business Directory, which allows Canada to perform audits to ensure the integrity of the policy
- Receipts are provided by the Prime Contractor to ISC

HIRING

- The prime contractor must be able to provide the status card or other form of ID recognized by the Government of Canada to prove Indigenous status
- Payroll information is provided to ISC

TRAINING

- Training Indigenous people for skilled labour can be included as a means of creating long-lasting socio-economic benefits for First Nations communities
- Proof of Indigenous status provided to ISC, as well as cost of training

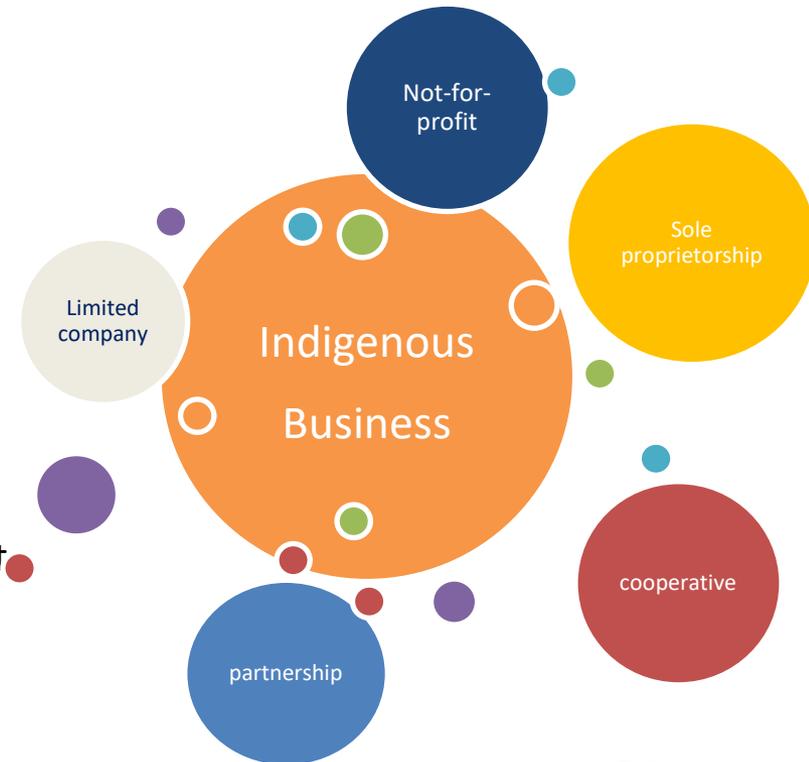
SCHOLARSHIPS, BURSARIES AND OTHER INDIRECT FORMS OF PARTICIPATION

- When sub-contracting, hiring and training have been exhausted, a prime contractor can use indirect forms of participation to achieve the IPC target
- Note that the indirect forms of participation are usually still related to the work at-hand (i.e. if the contract included welding, a scholarship may be issued for students in the welding program) Note that sufficient proof would be required to be provided to ISC.



Is Your Business Eligible?

- 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%, and
 - In the case of a business enterprise with 6 or more full-time employees, at least 33% of the full-time employees are Indigenous
- A Joint-venture agreement in which an Indigenous business or Indigenous businesses as defined above must have at least 51% ownership and control. All joint ventures also require that Indigenous content is at least 33% of the total value of the work to be performed.



More on Eligibility Requirements

- **PSAB is a national policy** – meaning that Indigenous businesses have the opportunity to compete for local, as well as other federal government tenders throughout Canada. Language can be included in the Requests for Proposals to encourage using local suppliers and/or employees.
- **Modern Treaties take precedence over the federal policy**, however, the definition of a CLCA business is respected in the claim area, if PSAB is applied.

Supporting strong Indigenous businesses is seen by **76%** of Canadians as a pathway to healing relationships with First Nations, Inuit and Métis people.

- 2017 national survey commissioned by Sodexo Canada

8 in 10 Canadians believe that Indigenous participation in the economy strengthens Canada's social fabric.

- 2017 national survey commissioned by Sodexo Canada



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

In order to be awarded a contract that is set aside – your business must be registered 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.



www.aadnc-aandc.gc.ca/indigenousbusinessdirectory



How Does ISC Confirm Your Legitimacy?

In order to ensure contracts and the associated benefits are actually being delivered to Indigenous people, there are 3 types of audits conducted by Indigenous Services Canada: pre-award audit, post-award audit and random audit.

Pre-award Audit: A pre-award audit is mandatory for PSAB set-aside requirements valued at, or greater than, \$2 million. In addition, pre-award audits may be conducted for requirements below the value of \$2 million when a need is identified, either by the requisitioning department, the contracting authority or ISC. Lastly a pre-award audit may also be conducted on a random basis.

Post-award Audit: The purpose of the post-award audit is to ensure that the contractor meets the PSAB criteria during the contract duration. This audit is conducted to verify if the Indigenous business meets the ownership, control, and employment criteria as well as the Indigenous content criterion. The audit can be random or requested by a contracting authority. Moreover, it ensures the integrity of the Indigenous Business Directory.

Random Audit: An audit for compliance can be performed on a random basis. It is not related to any pre- or post-awarded requirement. The purpose of the audit for compliance is to ensure the integrity of the Indigenous Business Directory by guaranteeing that businesses registered under the PSAB are compliant with the requirements set out in the CPN 1996-6. The audit for compliance follows the exact same procedure as the pre-award audit procedure.



Who to Talk to?

Suppliers who promote their goods and services have better chances to bid on requirements valued at \$25,000 or less, considered as low dollar value requirements by the Government of Canada. For these requirements, source lists are used to identify and select a supplier on either a competitive or non-competitive basis.



- [GCdirectory](#): is an Internet-based address book of all federal government employees. It provides access to the public servants' names, titles, telephone and facsimile numbers, departmental names, and office locations within the government.
- [Contacts for Goods and Services Identification Number \(GSIN\) Codes](#): Use Contacts for GSIN Codes to find contact information for the division responsible for the procurement of goods or services.
- Most federal departments and agencies have a Indigenous Procurement Coordinator, who acts as an initial point of contact within their respective department. If you're having trouble finding an appropriate contact within a specific department, contact ISC who can provide you with the contact information for the Indigenous Procurement Coordinator.



Understanding Security Requirements

Public Services and Procurement Canada's Contract Security Program offers **free French or English webinars to private sector organizations who are bidding or working on government contracts with security requirements.** Each webinar is presented live by subject matter experts. You will also have an opportunity to ask questions.

At the end of this **60-minute webinar**, you will understand:

- The requirement and benefits of being registered in the Contract Security Program.
- Various types and levels of both organization and personnel security clearances needed for bidding on government contracts and how to attain them.
- Your role and responsibilities as a supplier as part of the Contract Security Program.

More info: <https://www.tpsgc-pwgsc.gc.ca/esc-src/index-eng.html> or 1-866-368-4646 or ssi-iss@tpsgc-pwgsc.gc.ca



Searching for Opportunities

Once you understand the opportunities available to Indigenous business owners and you've registered in the Indigenous Business Directory, you can **use Buyandsell.gc.ca to search and bid on opportunities that have been set-aside under PSAB (meaning only Indigenous-owned businesses can compete).**

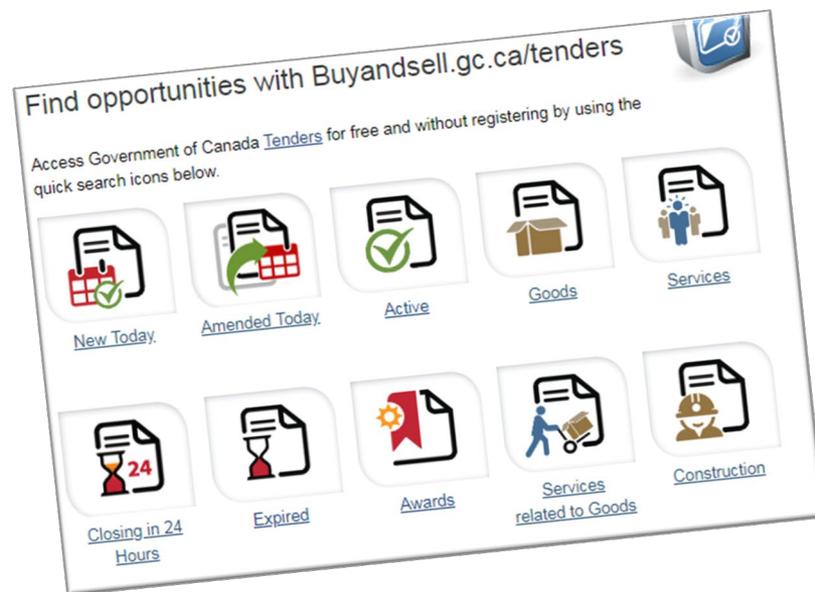
Buyandsell.gc.ca is the authoritative source for government procurement information. **This website is where federal government departments and agencies post their requirements online.**

If you need help navigating the site, contact the Office of Small and Medium Enterprises in Public Services and Procurement Canada at:

1-800-811-1148

or

bpmeclient.osmeclient@tpsgc-pwgsc.gc.ca



Indigenous Procurement Modernization

The Government of Canada launched a process to modernize procurement practices. As part of this agenda, ISC is working with TBS and PSPC to review the federal approach to Indigenous procurement.

WHO?

Indigenous Services Canada is engaging with:

- Indigenous businesses
- Indigenous economic development organizations and their members
- National and regional Indigenous organizations
- Modern treaty land claims agreement holders
- Federal, provincial and municipal government departments
- Corporate Canada and non-Indigenous businesses

WHY?

- Increase the number of federal procurement opportunities for Indigenous business
- Increase the number of Indigenous small to medium sized enterprises bidding on and winning federal contracts
- Grow Indigenous business
- Create employment opportunities for Indigenous peoples
- Increase self-reliance
- Increase employment and training opportunities for Indigenous peoples



Indigenous Procurement Modernization

What we heard from our extensive engagements

ACCOUNTABLE, TRANSPARENT AND FAIR

- Mandatory targets
- Public reporting on targets and outcomes
- Consistent application of policy
- Clear roles and responsibilities

EMPOWERED

- Flexible, Indigenous-led definitions
- Indigenous-managed business directory
- Business promotion and support services delivered by Indigenous organizations

SUPPORTIVE

- Build and promote Indigenous capacity
- Access to training and skills development
- Navigation, guidance and tools (inside and outside GC)

TRANSFORMATIVE

- Local and distinction-based approaches
- Remove barriers
- Simplified processes and procedures
- Culture change



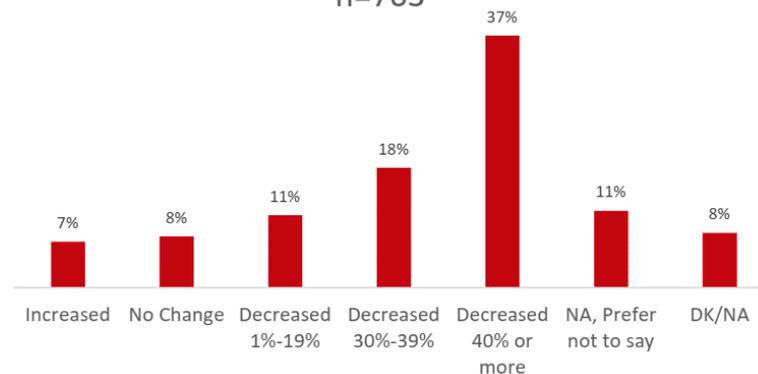
Impacts of COVID-19 on Indigenous Suppliers

Launched by the Indigenous Business COVID-19 Response Taskforce, the survey was open from April 29 to May 22, 2020 and **received 838 respondents – of those 11% from the construction industry.**

91% of respondents say the pandemic has had a very or somewhat negative impact on their business. Top impacts to business:

- Decrease in revenues (76%)
- Decrease in demand for products or services (65%)
- Cancellation of meetings, gatherings or events (59%)
- Higher anxiety from staff (41%)
- Cancellation of contracts (37%)

Change in gross revenue compared to 2019 Q1
n=763



11% report that none of their employees are able to continue working during the pandemic

68% have some impact on their employment



COVID-19 Support and Opportunities

COVID-19 Taskforce Database

ISC supported the establishment of an Indigenous Business COVID-19 Taskforce which brings together the leadership of Indigenous business organizations and National Indigenous Organizations to provide the Government of Canada with a single, unified Indigenous Business voice during this time of crisis. The Taskforce recently launched a database of Indigenous suppliers of COVID-related goods and services. [Register here.](#)

National Research Council Challenges

NRC launched 3 challenges seeking near-to-market solutions from small and medium-sized businesses that need financial support to refine and sell their products or solutions to meet a COVID-19 related need. [More info here.](#)

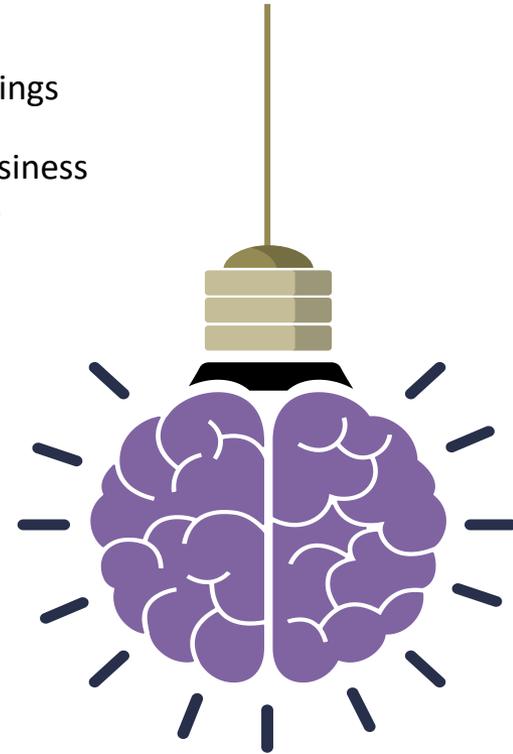
Meeting Health Canada Requirements

As a supplier of PPE, your business must meet the Health Canada regulations. [More info here.](#)

ISC Concierge Service

ISC has launched a concierge service, whereby, Indigenous entrepreneurs interested in selling to the Government of Canada are provided with pertinent information on selling to the federal government, one-on-one advice and guidance, referrals to FNIHB and the COVID-19 Indigenous Business Database, as well as resources to additional government programs and services.

More info: contact ISC at IndigenousProcurement@canada.ca



Where to Find Funding?

Aboriginal Entrepreneurship Program (AEP)

AEP promotes entrepreneurship in Indigenous communities and seeks to increase the number of viable Indigenous-owned businesses. The program has 2 components: access to capital and business opportunities.

- **Access to capital:** provides Indigenous businesses with access to non-repayable contributions for supporting eligible business proposals and leveraging additional funds.
- **Business opportunities:** provides funding to Indigenous entrepreneurs and their partners to provide a range of services and supports that promote the growth of a strong Indigenous business sector in Canada.

Learn more: <https://www.aadnc-aandc.gc.ca/eng/1375201178602/1375202816581>

Business Development Canada (BDC)

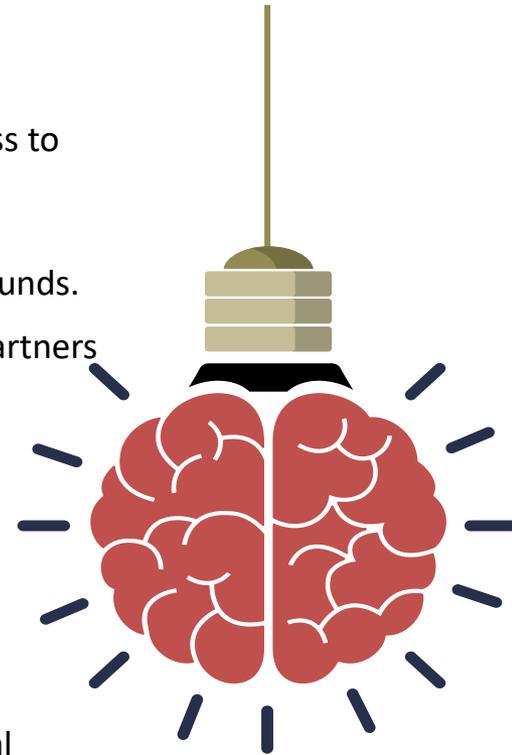
The BDC is a federal development bank structured as a Crown corporation wholly owned by the Government of Canada. Its mandate is to help create and develop Canadian businesses through financing, growth and transition capital, venture capital and advisory services, with a focus on small and medium-sized enterprises.

BDC offers Indigenous-specific entrepreneur loans

Learn more: BDC.ca

Local Banks

Some local banks offer unique programs designed for Indigenous entrepreneurs



Community-Based Funding Opportunities

Community Opportunity Readiness Program (CORP)

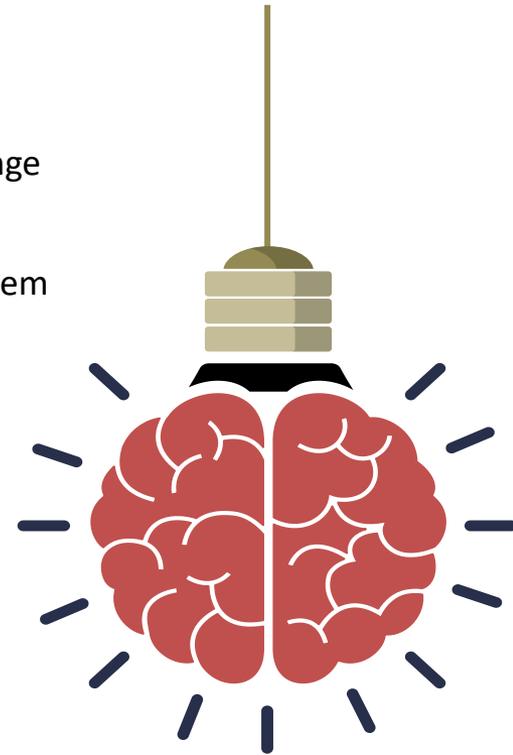
CORP provides project-based funding for First Nation and Inuit Communities for a range of activities to support communities' pursuit of economic opportunities. Where First Nation and Inuit communities, or their representative organizations, identify opportunities and lack the financial resources to pursue them, the CORP will allow them to submit proposals to seek additional funding. Learn more: <https://www.aadnc-aandc.gc.ca/eng/1100100033417/1100100033418>

Lands and Economic Development Services Program (LEDSP)

LEDSP provides support to First Nation and Inuit Communities to assist with enhancing the economic development, land and environmental capacity of communities and to support the establishment of the conditions for economic development to occur, increasing their participation in the economy. Learn more: <https://www.aadnc-aandc.gc.ca/eng/1100100033426/1100100033427>

Strategic Partnerships Initiative (SPI)

SPI provides a way for federal partners to coordinate their efforts, reduce administrative burden and pool resources in support of Indigenous communities. This approach fills gaps in other funding programs that might create a barrier to Indigenous involvement in economic opportunities. Learn more: <https://www.aadnc-aandc.gc.ca/eng/1330016561558/1330016687171>



Where to Find Employment Programs & Training?

Government of Canada's Indigenous Skills and Employment Training Program

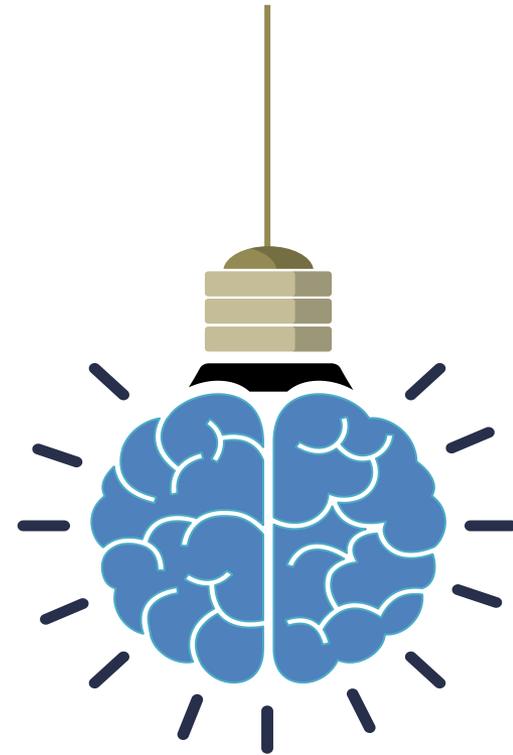
Employment and Social Development Canada (ESDC) Indigenous Labour Programs may help support the Indigenous Participation Component. ESDC's Indigenous Skills and Employment Training Program is designed to help Indigenous people improve their skills and find employment, visit their website for more information:

<https://www.canada.ca/en/employment-social-development/programs/indigenous-skills-employment-training.html>.

Other Indigenous Hiring, Training and Skills Development Programs

In addition to ESDC, there are numerous provincial Aboriginal employment and skills development programs. For more information contact:

aadnc.saea-psab.aandc@canada.ca



Additional Resources

Hub for Federal Programs and Services

Innovation, Science and Economic Development Canada's Innovation Canada Digital Platform acts as a hub to get a tailored list of everything that the federal government can do for your business.

More info: <https://www.ic.gc.ca/app/scr/innovation?lang=eng>

Search for Permits and Licenses

InBizPal is a joint initiative involving governments at the federal, provincial, territorial and municipal levels who collaborated together to provide business owners with the permits and licences that may be required to start and grow your business

More info: <https://www.bizpal.ca>

Thinking of Exporting?

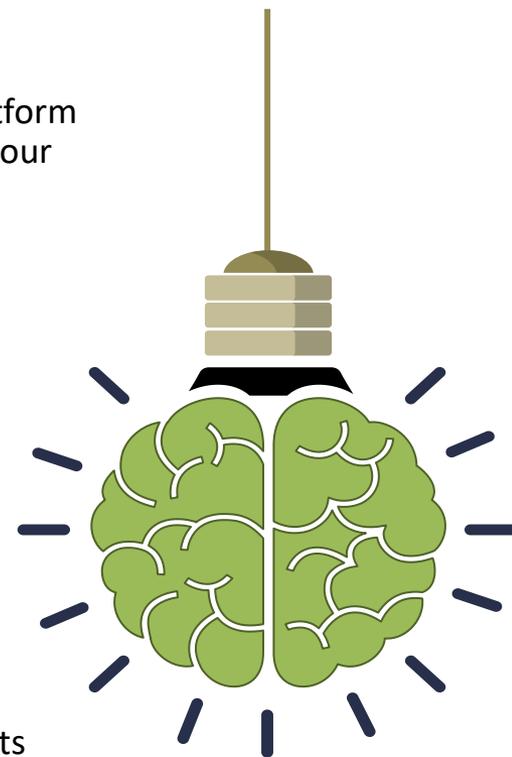
The Trade Commissioner Service at Global Affairs Canada embraced a progressive trade agenda to better support Indigenous-owned businesses that want to export their products and services to international markets.

More info: tradecommissioner.gc.ca

Need Help with Taxes?

The Canada Revenue Agency has a new program offering free in-person support and guidance at key moments in your business life cycle to help you meet your tax obligations.

More info: Canada.ca/cra-liaison-officer



Contact Us

IndigenousProcurement@canada.ca

1-800-400-7677

[ISC's website](#) can also provide you with more information

