



Exceeding 5% - Expanding Wise Practices in Regional Indigenous Procurement

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On average, provincial, territorial and municipal governments spend more than twice as much on procurement each year than the federal government (\$48 billion vs. \$22 billion). The Government of Ontario alone spends over \$29 billion each year on goods and services.¹ Indigenous inclusion in these value chains is important to Economic Reconciliation.

To best inform regional and federal approaches to Indigenous procurement, CCIB interviewed 10 Indigenous entrepreneurs and 11 regional procurement representatives (provincial, territorial, and municipal) to understand barriers, wise practices, and recommendations for effective Indigenous procurement. This policy brief presents a high-level overview of these findings with a particular focus on recommendations to support change in Indigenous procurement policy. A comprehensive look at the findings and research can be accessed through CCIB's report: [Reviewing Regional Indigenous Procurement: Barriers and Wise Practices](#).

Throughout this work, Indigenous entrepreneurs identified numerous barriers when engaging with procurement processes, primarily due to administrative burdens and the multitude of platforms they must navigate. Additional challenges include extended payment periods, unclear return-on-investments (ROI), government interference, application prerequisites, considerations such as the lowest bid, and challenges relating to compliance requirements, such as insurance, bonding, and security clearance.

Recommendations:

To address gaps within the procurement process and better support Indigenous businesses to engage, government should do the following:

Centralize verification by devolving the administration of the Indigenous Business Directory and other directories to CCIB.

- Given CCIB's long-term support for Indigenous businesses and extensive membership, devolving the administration of Indigenous business directories to CCIB would increase trust and the engagement of Indigenous businesses in procurement while supporting the capacity of Indigenous institutions.
- Collaborating with CCIB to increase awareness of procurement opportunities for Indigenous businesses and establishing a checkbox for a contract or some other way to indicate whether or not it is and Indigenous set-aside would increase awareness of Indigenous procurement opportunities.
- Increase awareness of Indigenous procurement opportunities by collaborating directly with CCIB to disseminate them. Governments should work to share all Indigenous procurement opportunities with CCIB and make them readily identifiable.
- Implement support to assist Indigenous businesses with navigating administrative burdens, payment terms, and compliance requirements.

¹ Doing business with the Government of Ontario | ontario.ca

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Administrative Burden

- Create a grant program for Indigenous entrepreneurs to access an amount of funding sufficient to support the development of their capacity to engage with procurement processes.
- Establish an accelerator program to provide Indigenous businesses with mentorship training to support their engagement in procurement.
- Increase the hiring of Indigenous procurement specialists to work with businesses and assist them to learn how to navigate procurement processes. This could involve the provision of capacity funding to Indigenous organizations to hire these staff.

Payment Terms

- Shorten payment terms for awarded/ completed contracts to 30 days or less where possible so that Indigenous businesses are not forced to provide interest-free loans to the government.
- Include (or increase) interest on payments that take longer than a certain amount of time to reach a contractor, such that the contractor can maintain cashflow, and be able to pay loan costs if they are required to take out a loan.

Compliance Requirements

- Work with insurance companies to offer insurance support or training and provide discounted insurance rates to Indigenous businesses.
- Provide capacity funding to establish an Indigenous Insurance Institute. This could involve a communal fund to provide Indigenous businesses with access to bonding capital through zero-interest loans.
- Lower insurance and bonding requirements for contracts to what is necessary for a given contract size. In addition, consider self-insuring projects with Indigenous contractors and other mechanisms to address bonding challenges.

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Streamline processes while maintaining rigor and accountability through audits.

- Reorganize RFPs to put the required goods and services first and the terms and rules second in the RFP.
- Share information more effectively through the development of a roadmap for Indigenous entrepreneurs to engage in procurement and other measures.
- Require auditing at various stages of the procurement process to ensure the delivery on commitments relating to Indigenous Peoples and businesses:
 - **Proposal:** Submission of Indigenous content and benefits plans with evidence or analysis demonstrating that targets for spend and employment are realistic and achievable.
 - **Evaluation:** Proposals should be audited to identify whether plans and partnerships have been implemented.
 - **Contract Stage:** After a certain period following the award stage, contractors should be audited to ensure that they are delivering on commitments or are making substantial progress towards them.
 - **Project completion:** Following the completion of the project, contractors should be audited to ensure that they delivered on their commitments throughout the project.
- This should be treated the same as any other breach of contract; violators should be red-listed, suspended, face holdbacks, and other measures. The holdback could be a multiple of the Indigenous content in the proposal or the broader economic benefit that would have flowed to Indigenous Peoples. This will assist in addressing issues surrounding 'phantom' or 'paper' joint ventures and ensure that the proposed benefits of engagement in procurement actually flow to Indigenous Peoples.

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Increase bid competitiveness through bid value reductions, set-asides, direct award processes, and closed competitions for Indigenous businesses.

- Follow Yukon's example and implement Bid Value Reductions (BVR) for bids involving Indigenous businesses, particularly those with Indigenous employees, to increase their ability to compete with the lower costs provided by major corporations.
- Raise the thresholds for direct award processes and closed competitions for Indigenous businesses to provide them with an increased ability to partake in larger contracts.

Ensure early notice and communication of opportunities

- Provide early notice of procurement through the posting of quarterly, annual, or multi-year outlooks of planned procurements and community contract forecasts.
- Investigate the implementation of requirements for early notice.