

Transforming Indigenous Procurement: Empowerment, Challenges, and the Road Ahead

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We cannot reverse hundreds of years of unequal relationships overnight. A history of broken treaties, territorial dispossession, reserves and residential schools will take time to overcome. This sad legacy is reflected in contemporary Indigenous culture, education, health and wellness – and in the economic marginalization of First Nations, Inuit and Métis peoples in Canada.... Without economic reconciliation, our unequal trade relationship will continue. We face a unique opportunity to remake the once-vibrant relationship between Aboriginal peoples and businesses in the rest of Canada.

—Jean Paul Gladu, CEO of the Canadian Council for Aboriginal Business
“Economic Equality Must Be Part of Indigenous Reconciliation”

The potential of public procurement and partnerships between Indigenous communities and the private sector to address the socioeconomic disparities between Indigenous and non-Indigenous populations in Canada has been recognized by a host of organizations, including the Council for Advancement of Native Development Officers (Cando), the Canadian Council for Aboriginal Business and internationally by the OECD (CCAB, 2019; Henriques, Colbourne, O’Farrell, Peredo, & Anderson, 2023; OECD, 2020). More specifically, the creation of national and regional initiatives to support Indigenous procurement in both the public and private sectors has the potential to create and sustain Indigenous supply chains as well as facilitate critical Indigenous community supports by building capacity, providing jobs, and offering critical re-investment into Indigenous communities (Barberstock, 2023). As such, Indigenous procurement can be viewed as a means for economic reconciliation with the potential to address economic and social injustices and what Gladu (2016) calls Canada’s unequal trade relationship with Indigenous peoples.

On August 6, 2021, the Government of Canada implemented a mandatory requirement for federal departments and agencies stating that by 2024 a minimum of 5% of the total contract value will be held by Indigenous businesses. To facilitate procurement readiness and scaling, past Indigenous procurement successes as well as Indigenous businesses/economic development agents who were not successful or chose not to apply need to be examined. Understanding the Indigenous procurement experience – both positive and negative – and recognizing Indigenous rights, interests, and aspirations in federal procurement are the first steps in transforming Indigenous procurement into a viable means for economic reconciliation and nation-to-nation relationship building between the Government of Canada and Indigenous peoples.

In this article, we first provide a brief overview of public procurement, its purpose, and its operations, as well as a look at the role of Indigenous procurement. We then use federally available data on successful Indigenous procurement contracts to determine the trends, value, and overall landscape of Indigenous federal procurement during January 2009 to May 2023. Next, we summarize the results of an Indigenous procurement survey conducted in 2023, as an analysis of Indigenous procurement is incomplete without looking at the experiences of those who did not win contracts. Finally, we conclude with key takeaways and a look at the road ahead.

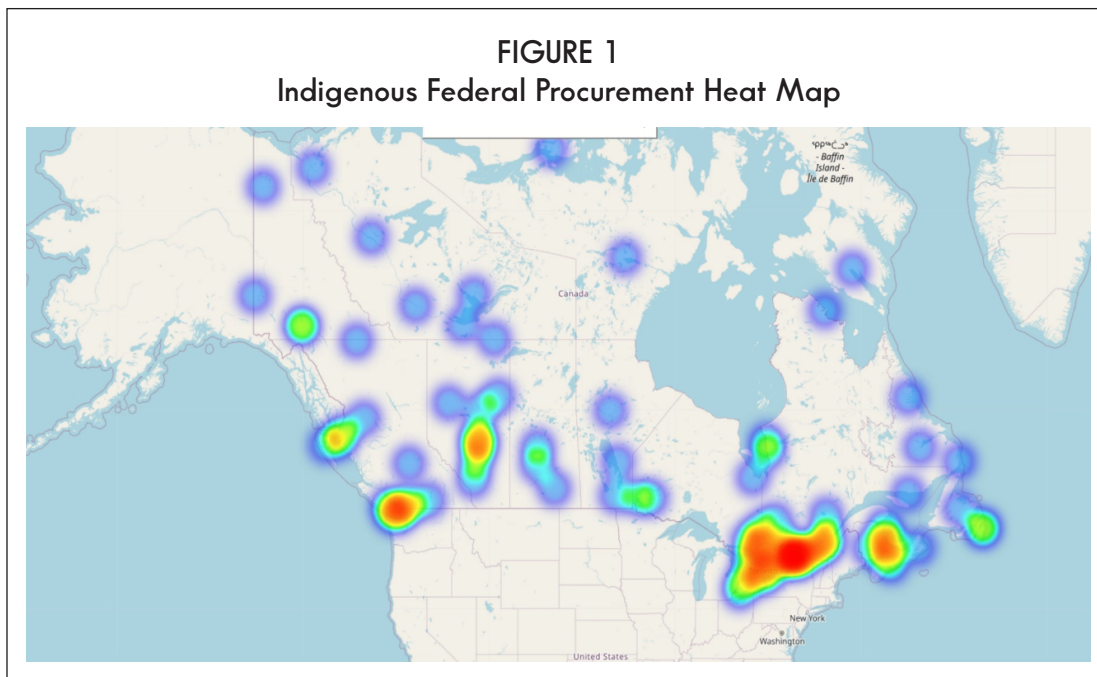
PUBLIC PROCUREMENT

Public procurement is “the process by which a government department purchases either goods or services from businesses or individuals”(Panezi, 2020, p. 218). Procurement contracts vary in value and duration and occur at the federal, provincial, crown corporation, and municipal levels. Governments are one of the largest buyers of goods and services worldwide. The Government of Canada, for example, has spent an estimated \$15.1 billion in 2021-2022 excluding the Department of National Defense, commissions, review committees, and Offices of Parliament (Carleton SPPA Research Project, 2022).

Beyond being a tool to obtain goods and services, public procurement contracts can be used to fulfill economic and socio-political objectives. Procurement has been used to achieve national industrial policies (Sorte Junior, 2015), socio-economic goals (McCrudden, 2004), and political goals (Grandia & Meehan, 2017). One very interesting avenue is the use of procurement as a tool for economic growth while simultaneously helping historically disadvantaged groups – this is known as social procurement. Procurement can, therefore, be used to empower disadvantaged groups by helping to strengthen capacities while simultaneously redistributing income to said communities, thereby advancing economic equity and addressing historical injustices (Colbourne, Peredo, & Henriques, 2023).

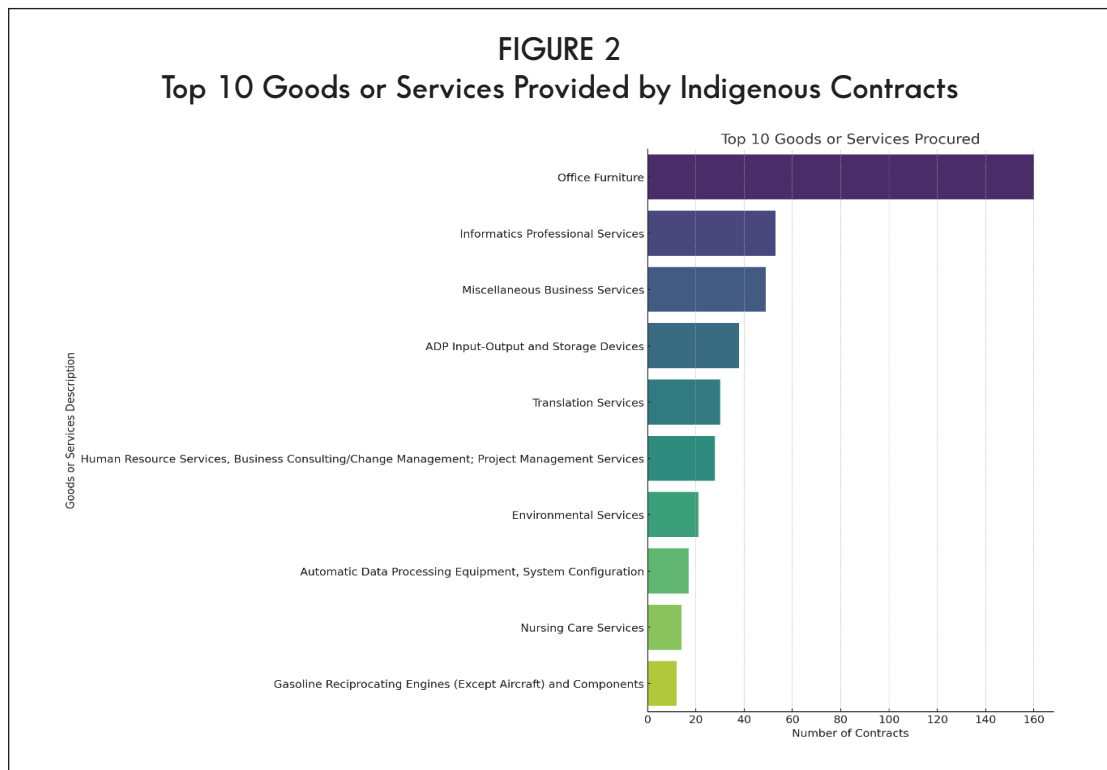
INDIGENOUS FEDERAL PROCUREMENT 2009 TO 2023

To assess Indigenous federal procurement, we used the Open Government archived contract history data from the Government of Canada’s open data platform (now called CanadaBuys) (Government of Canada, n.d.). The data include all federal government procurement contracts across all federal departments. Our analysis focuses on the Canadian procurement set aside, a policy that reserves certain contracts for Indigenous businesses (Public Services and Procurement Canada, 2023). From 2009 to May 2023, there were 793 set aside contracts averaging \$2,143,318.62 (ranging from \$338 to \$78,661,632), with an average duration of 1 year and 8 months (ranging from 0 to 11 years and 6 months). Figure 1 provides a heat map of the location of Indigenous contract winners. Blue reflects fewer contracts, while red signifies more contracts.



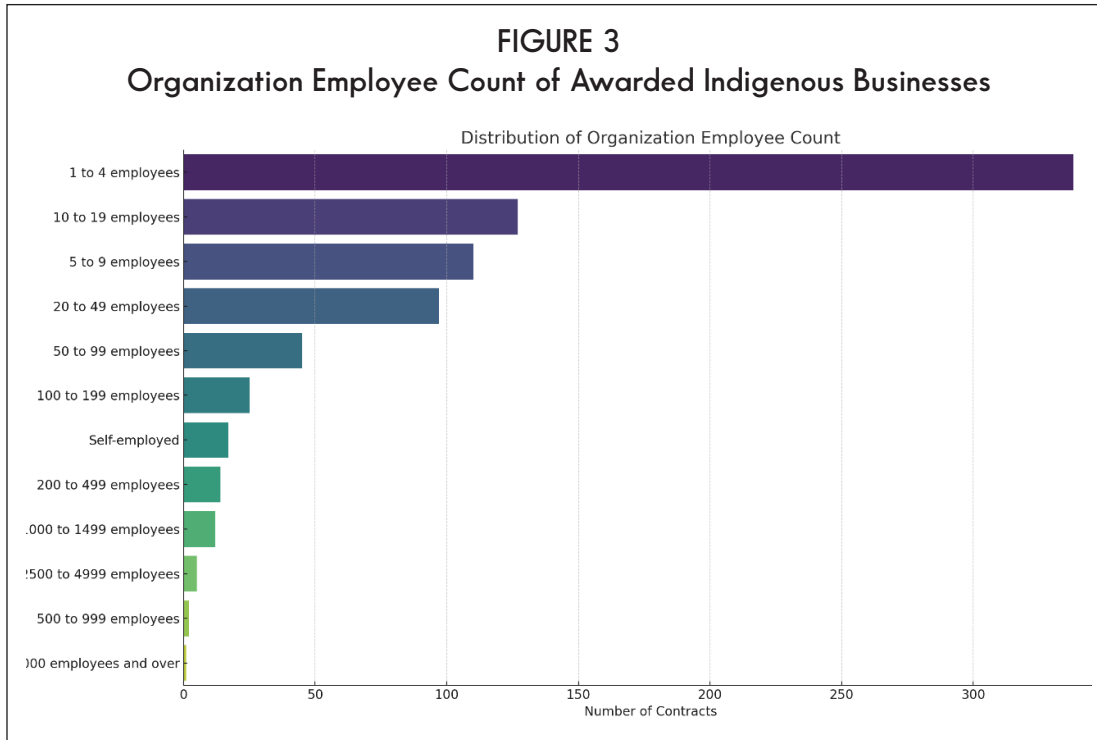
The greatest number of contracts were observed in Vancouver, British Columbia; Edmonton, Alberta; Winnipeg, Manitoba; Toronto, Ontario; Ottawa, Ontario; Montreal, Quebec; and various regions in New Brunswick: Ottawa had the highest number of contracts. However, the map suggests there is room for improvement. Rural and remote Indigenous businesses/communities appear to not have benefitted from such contracts, suggesting a need for greater outreach and communication if economic reconciliation is truly the goal.

Figure 2 showcases the top 10 most frequently procured goods or services based on the number of contracts.



Leading the list is Office Furniture, indicating a demand for workplace furnishings in the contracts. This is followed by categories such as Informatics Professional Services and Miscellaneous Business Services, emphasizing the value of specialized IT and other professional services in the procurement process. Clearly there is significant room for Indigenous businesses to expand their offerings into other goods and services such as IT where there is scope for new entrants, nursing care, and environmental services.

Figure 3 provides insights into contract distributions based on organization employee counts of awarded Indigenous businesses.



Smaller businesses, especially those with 1 to 4 employees, are heavily engaged in contracts, closely followed by organizations with 10 to 19 and 5 to 9 employees. Self-employed individuals also play a significant role in the contract landscape. Over time, these contracts should allow Indigenous businesses to grow.

Table 1 provides a synopsis of the number of procurement contracts by government department.

TABLE 1
Frequency of Contracts Across Government Departments

Government Department	Number of Contracts	Percentage of Total Contracts
Public Works and Government Services Canada	446	56.24%
Health Canada	50	6.31%
Department of National Defense	46	5.80%
Aboriginal Affairs and Northern Development Canada	30	3.78%
Employment and Social Development Canada	26	3.28%
Correctional Service of Canada	25	3.15%
Fisheries and Oceans Canada	24	3.03%
Parks Canada	21	2.65%
Citizenship and Immigration Canada	20	2.52%
Royal Canadian Mounted Police	16	2.02%
Indian Residential Schools Resolution Canada	11	1.39%
Transport Canada	10	1.26%
Statistics Canada	9	1.13%
Natural Resources Canada	6	0.76%
Industry Canada	6	0.76%
Canada Revenue Agency	5	0.63%
Treasury Board of Canada	5	0.63%
Public Safety and Emergency Preparedness Canada	4	0.50%
Department of Justice Canada	4	0.50%
Indigenous Services Canada	3	0.38%
Canada Border Services Agency	3	0.38%
Economic Development Agency of Canada for the Regions of Quebec	2	0.25%
Canadian Heritage	2	0.25%
Agriculture and Agri-Food Canada	2	0.25%
Public Prosecution Service of Canada	2	0.25%
Privy Council Office	2	0.25%
Canadian International Development Agency	1	0.13%
National Energy Board	1	0.13%
Canadian Nuclear Safety Commission	1	0.13%
Public Health Agency of Canada	1	0.13%
Department of Finance	1	0.13%
Foreign Affairs, Trade and Development	1	0.13%
Veterans Affairs Canada	1	0.13%
Canadian Food Inspection Agency	1	0.13%
Environment Canada	1	0.13%
Indian Residential Schools Truth and Reconciliation Commission Secretariat	1	0.13%
Canadian Human Rights Commission	1	0.13%
Canada School of Public Service	1	0.13%
Library and Archives Canada	1	0.13%

Of the 793 contracts awarded between January 2009 and May 2023 to Indigenous businesses, over 56% are with Public Works and Government Services Canada followed by Health Canada, the Department of National Defense, Aboriginal Affairs and Northern Development Canada, Employment and Social Development Canada, Correctional Service of Canada, and Fisheries and Oceans Canada. The remaining departments had less than 22 contracts, with most having between 1 and 6 contracts.

Federal procurement opportunities present a significant avenue for collaboration between the government and Indigenous businesses and communities. Analysis of the federal Indigenous procurement data from January 2009 to May 2023 suggests there is considerable scope to enhance the geographical distribution of contracts, ensuring that even remote and underrepresented Indigenous regions benefit. The dominant categories of goods and services procured, such as office furniture and various professional services, highlight the need to diversify contract offerings. By aligning contracts more closely with the current strengths and capacities of Indigenous businesses (some of which draw on traditional ways of knowing and being and some of which demonstrate leadership in emerging sectors), the government can tap into a rich stream of expertise and resources.

The data, however, only look at awarded contracts and reveal little about the procurement experiences of Indigenous businesses across Canada. We now look at what Indigenous businesses and communities have shared with us regarding their procurement experiences.

INDIGENOUS EXPERIENCE OF PUBLIC PROCUREMENT

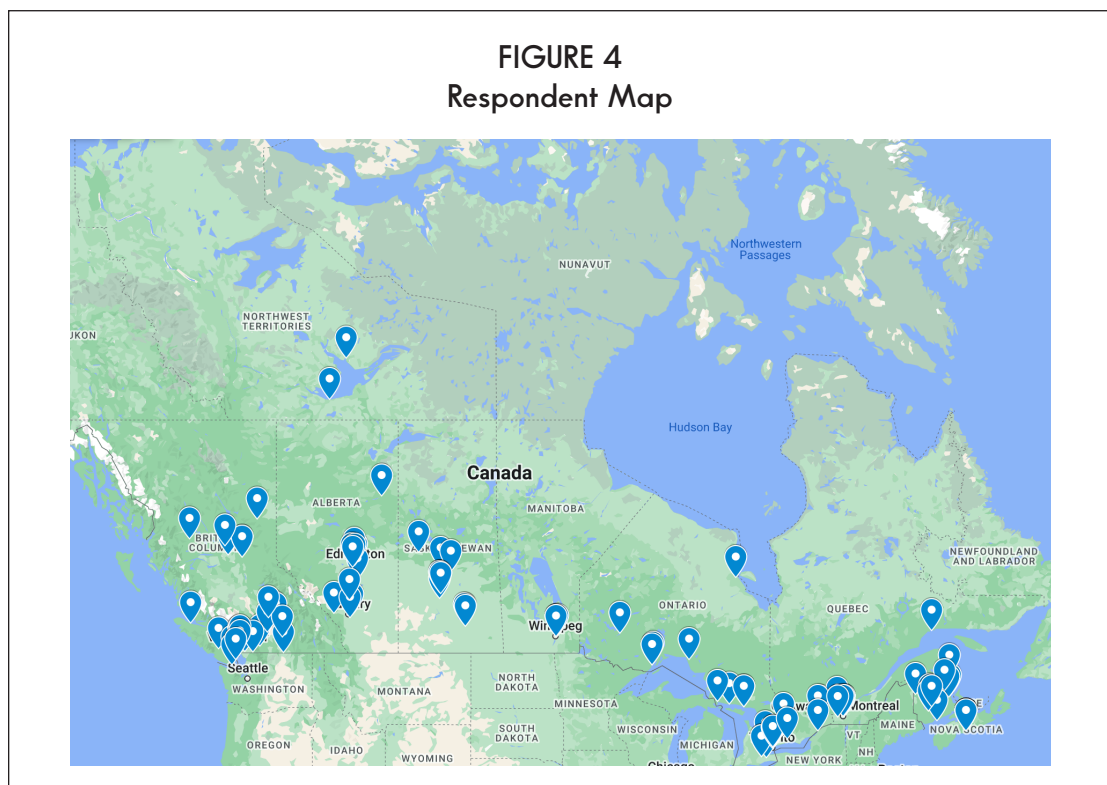
In the spring of 2023, a multidisciplinary team of Canadian researchers in collaboration with Cando undertook an online survey to study the state of Indigenous procurement activities and capacity needs in Canada. The survey was designed to determine the types of procurement contracts awarded across all levels of government (federal, provincial, municipal, crown corporation, and foreign), the barriers and challenges Indigenous businesses face when participating in the procurement process, and the capacity needed for Indigenous businesses to participate effectively in procurement opportunities.

The survey, written in English and French, was sent to approximately 3,000 Cando members and alumni with 163 people responding – a 5.4% response rate. Participation was entirely voluntary, and the survey employed a self-selection method. This allowed respondents the flexibility to complete the entire survey or only specific sections based on their preference.

The survey's low response rate of 5.4% poses several limitations to the reliability and generalizability of our findings. Firstly, non-response bias may skew the results, as those who chose to participate might differ from non-respondents. This self-selection bias could distort the representation of opinions and characteristics in the broader population. Secondly, the limited sample size reduces our statistical power, making it challenging to detect meaningful relationships and draw precise conclusions. Despite these limitations, surveys remain the primary means to gather this type of information, and we strongly encourage Indigenous businesses, economic development officers,

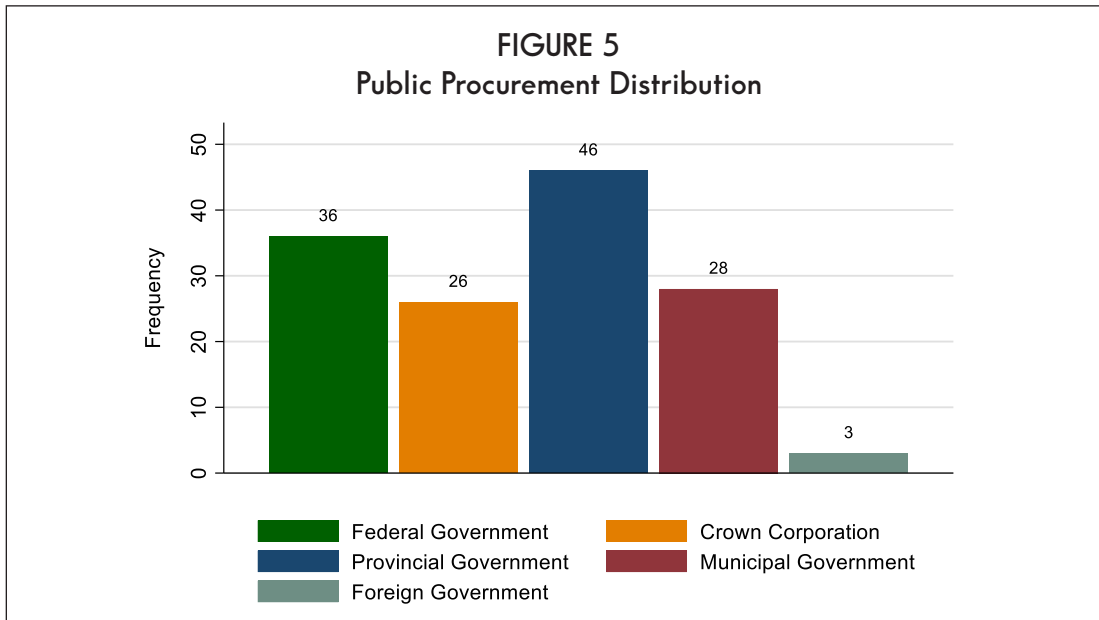
and community leaders to participate in future procurement surveys, as their input is invaluable for shaping policies and strategies that can boost Indigenous procurement. Participation in these surveys significantly enhances research comprehensiveness and accuracy, ultimately supporting efforts to boost Indigenous participation in procurement opportunities.

Seventy-five percent of respondents were First Nations and 14% were Metis: together, their main roles included business owners, economic development offices, CEOs, and land managers. Figure 4 provides a visual representation of the geographical distribution of respondents. Seventy-six percent of respondents lived in communities with under 5,000 people.



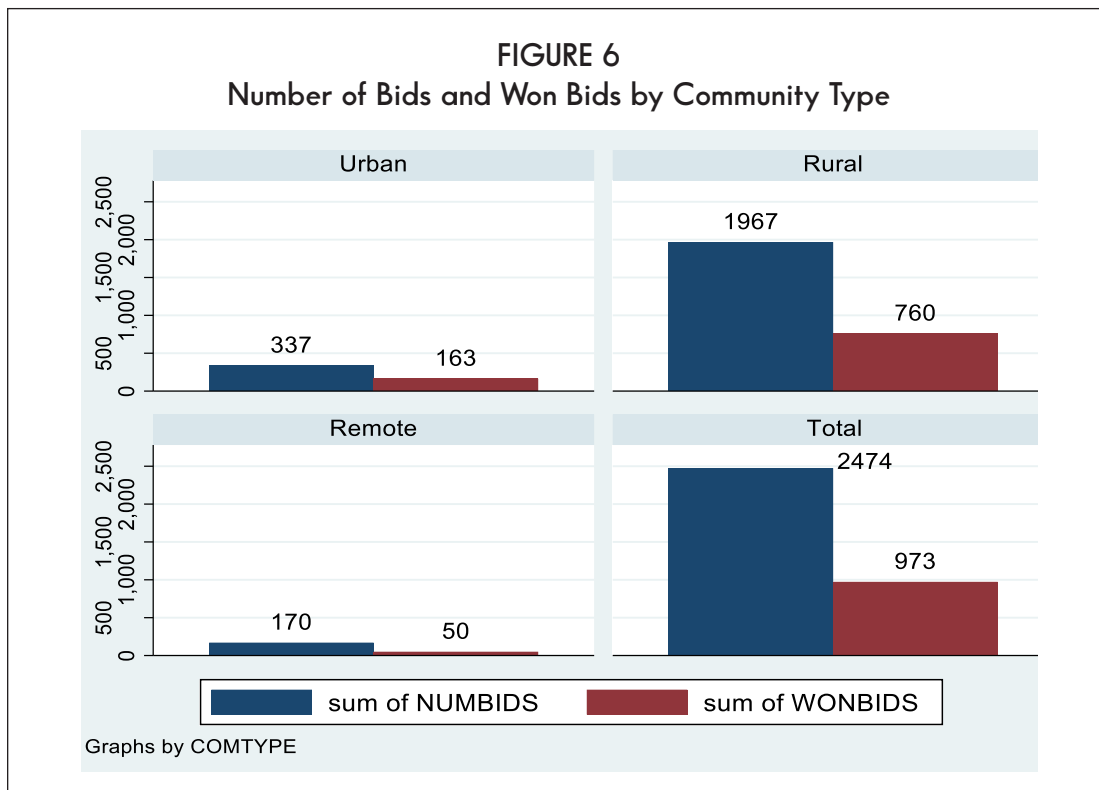
Approximately 58% of respondents lived in a rural community, 23% lived in an urban community, and 18% lived in a remote community.

Furthermore, as Figure 5 shows, when looking at public procurement experiences over the last five years, the top three types of public procurement that respondents bid on were provincial, federal, and municipal. The following analysis relates to all public procurement.



Ninety respondents provided information regarding submitted bids. Respondents collectively submitted 2,474 bids, of which 973 were successful, translating to a success rate of 39%.

To assess the difference in success rates across community type, we divided the total number of bids and winning bids by community type (see Figure 6).



The urban success rate was 48.4%, the rural success rate was 38.6%, and the remote success rate was 29.4%. An analysis of differences in business supports across community type suggests that access to financial advice and entrepreneurial/start-up advice appears to be a driver of these differences: these supports are the strongest in urban centres. The reported winning bid ranged from \$6,500 to \$250 million. The industries in which these winning bids belonged included construction, consulting, transportation, utilities/green energy, technology, forestry, and mining.

What did respondents view as the key factors in winning public procurement contracts? The number one reason given was being an Indigenous-owned business, followed by high-quality offering, low price, territorial knowledge, traditional knowledge, knowledge of risk, and cultural training. An Indigenous business must be visible to buyers in both the public and private sectors and it is imperative that government departments and agencies be able to identify an Indigenous business with the capacity to bid for and/or win a contract. One option is to register the business in the Government of Canada's Indigenous Business Directory (IBD). Note that IBD is not the only source of verified Indigenous businesses used by federal departments and agencies for contracts: other sources include Modern Treaty beneficiary lists. For more information on the Indigenous Business Director, including eligibility requirements or to register visit <https://services.sac-isc.gc.ca/rea-ibd>.

Despite the strengths of Indigenous businesses, procurement challenges still need to be addressed. This is reflected in the fact that 61% of procurement bids were unsuccessful. We inquired about the extent to which respondents agreed or disagreed with a set of statements regarding obstacles to accessing federal, provincial, and municipal procurement contracts. Most respondents stated that government procurement contracts were too difficult to win. The findings reveal two prominent challenges. First, respondents agree that a lack of resources poses a barrier to their participation in the Request for Proposals (RFP) process. Second, respondents identified issues with the specifications in RFPs as another major obstacle. These two factors indicate that resource constraints and procedural difficulties are hindering Indigenous businesses' access to government procurement contracts.

More specifically, many respondents strongly agreed that government procurement contracts are too difficult to win. The most common constraints to participation in public procurement were the lack of resources or capabilities, government assistance networks, and mentors to guide them in the government procurement process. Regarding procurement specification issues, the lack of insurance and experience, as well as large contract size, were viewed as daunting. A copy of the full report entitled "Transforming Indigenous Procurement: 2023 Cando Survey" can be accessed at <https://www.edo.ca/edo-tools/transforming-procurement-survey>.

When presenting our findings to Indigenous communities, local enterprises, economic development officers, and government officials, it is evident that clear communication is essential to encourage broad engagement in these opportunities. Utilizing community representatives and organizing informative events can help connect Indigenous enterprises with federal opportunities.

KEY TAKEAWAYS

The federal government's mandatory requirement that a minimum of 5% of the total value of contracts be held by Indigenous businesses is a unique opportunity for Indigenous businesses and communities. Our survey identified the types of procurement contracts Indigenous businesses have been awarded, their value, and the successes and obstacles to bidding and winning such contracts. Comparing our results to past Indigenous federal procurement awarded contracts shows there is a mismatch between current capacities and the requirements of Indigenous procurement.

There is a need to develop government policies and initiatives so that Indigenous procurement activities better align with the capacities of Indigenous businesses. There is a need to facilitate the exchange of experiences and expertise amongst Indigenous businesses involved in procurement. Clear, effective communication remains paramount to ensure widespread participation in these opportunities. Leveraging community liaisons and hosting informational sessions can bridge the gap between federal opportunities and Indigenous businesses. Additionally, fostering an environment of growth through training, mentorship, and transparent feedback mechanisms can empower Indigenous entrepreneurs to confidently navigate the federal procurement landscape. By prioritizing inclusivity, recognizing traditional knowledge, and adapting to the unique positioning of Indigenous communities, the government can foster a more collaborative, beneficial, and holistic procurement process.

The Federal government is not the only entity capable of developing an effective and comprehensive procurement process. Our next section focuses on the practical actions and contributions of Cando, Economic Development Organizations (EDOs), Indigenous businesses, and community leaders. This section showcases how these groups are essential in driving the success and evolution of Indigenous procurement, setting the stage for future growth.

ROAD AHEAD

a) Cando activities

The Council for the Advancement of Native Development Officers (Cando) plays a crucial role in empowering Indigenous communities in the field of Federal procurement. Their comprehensive approach encompasses various initiatives, each designed to address specific challenges and opportunities within this field. Below are some illustrative examples of their work.

In the area of capacity building and training, Cando actively organizes workshops to demystify the federal procurement process. These workshops focus on navigating the System for Award Management (SAM) and understanding set-aside contracts for Indigenous businesses, providing invaluable insights for participants. Regarding networking and partnerships, Cando has been instrumental in bridging the gap between Indigenous business leaders and federal departments. Through a series of networking events, they have fostered direct partnerships and mentorship opportunities, which are crucial for securing federal contracts. In terms of advocacy and policy development, Cando's contributions have been transformative. Their advocacy for mandatory

Indigenous procurement targets in federal contracts has been a game changer, opening new avenues for Indigenous businesses in this competitive landscape. To facilitate resource and information sharing, Cando has developed a comprehensive online resource hub. This platform offers step-by-step guides and templates to assist Indigenous businesses in preparing effective bids for federal procurement opportunities, including case studies of successful bids. Lastly, in supporting Indigenous business growth, Cando's mentorship program stands out. By connecting established Indigenous businesses with emerging entrepreneurs, this program has significantly increased Indigenous participation in federal procurement.

Through these diverse initiatives, Cando has not only enhanced the capabilities of Indigenous communities in securing and managing federal procurement contracts but has also laid a strong foundation for continued growth and success in this important area.

b) EDO activities

In collaboration with Cando and other similar organizations, Indigenous economic development organizations (EDOs) can lobby and advocate for federal, provincial, and municipal procurement processes and practices that are responsive to the scale of Indigenous businesses and their service product offerings. Professional development is essential, given the evolving role of EDOs, who now act as advisors, researchers, communicators, and knowledge providers across different First Nations in Canada. Central to this is the development of custom training programs in collaboration with Cando and other Indigenous-led bodies to enhance procurement-related skills, competencies, and knowledge so individuals and organizations can better manage resources and negotiate with governmental and corporate entities. This ensures that training is relevant, accessible, and affordable and supports EDOs in identifying and capitalizing on procurement opportunities for their communities. In addition, through certification programs such as Cando's Technician Aboriginal Economic Developer (TAED) and Professional Aboriginal Economic Developer (PAED) certificates, senior Indigenous business leaders can develop new skills, build their professional networks, and share best practices in Indigenous economic development: EDOs can expand partnerships and joint ventures to facilitate successful procurement strategies. EDOs, through their collaboration with Cando and similar organizations, will not just enhance procurement capabilities but will also play a transformative role in the economic development of their communities and the wider Indigenous business ecosystem.

c) Indigenous business activities

Indigenous businesses are central to Indigenous procurement programs, and their success is essential for achieving the 5% target and beyond. To maximize their engagement, it is crucial that both individual Indigenous businesses and those within their ecosystem are well-informed about procurement programs' opportunities and benefits.

These businesses, regardless of size, location, or sector, have successfully participated in procurement projects, expanding their market presence. While challenges exist, such

programs present an appealing opportunity for business growth. Efforts should focus on local-level dissemination and collaboration with organizations like Chambers of Commerce, Boards of Trade, and Industry Associations, emphasizing the potential for success.

Furthermore, it is essential to pay attention to businesses who applied but failed to secure a public procurement contract. These businesses have shown interest in Indigenous procurement programs and should be supported through collaboration with organizations like Cando, local EDOs, or business advisors to facilitate revisions and resubmissions. Expanding the regional scope of these contracts will require commitment by procurement programs and EDOs to supporting viable business propositions and convey the message that success is attainable. The goal is clear: “We want you as a supplier!”

d) Community leadership activities

Indigenous community leadership in Canada is exercised through several organizations at different levels including band councils, which are responsible for various aspects of community life including economic development and national advocacy groups such as The Assembly of First Nations (AFN), and regional councils. Both levels already play an important role in advancing economic development activities and continue to support the increase of procurement opportunities for First Nations.

At the local level, band council leaders can and do play an important role in bringing information about procurement opportunities and requirements to their members. Some band councils are already linking their websites to key procurement information and facilitating networking events where members can share their experiences. Further, band leaders can guide discussions on how to respond to procurement opportunities as a community. Bands can explore building alliances with their community corporations and/or small businesses.

Community leaders can also play a role by fostering collaborations between local businesses and educational institutions to create new products and services available for procurement. Community leaders can support small businesses, particularly women-owned, by providing resources and mentorships and facilitating connections with national Indigenous organization programs such as CANDO, regional AFN, government, and other sectors.

Indigenous businesses, economic development officers, and community leaders are active participants in the procurement process. Together, our collective participation in future procurement surveys is invaluable for shaping policies and strategies that can effectively enhance Indigenous procurement. We encourage and urge you to participate in future Cando Indigenous procurement surveys. By working together, we can not only track progress but also address concerns as they arise, ensuring that Indigenous procurement continues to thrive and grow.

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