

Social Procurement in Alberta

The Opportunity

As the Government of Alberta charts a return to balanced budgets, social procurement can be an effective tool to achieve economic, social, and environmental policy goals more efficiently.

The requirement to develop an approach to community employment benefits as part of the *Investing in Canada Infrastructure* agreement with the Federal Government, as well as the current review of Alberta's *Government Procurement Policy*, provide a timely opportunity to develop policy goals, program guidelines, and measurement criteria to enable the strategic use of social procurement.

What is social procurement?

Social procurement leverages existing purchasing power to increase community benefits, which can include targeted employment or training of marginalized people, local economic development, and environmental benefits.

Social procurement is not an added cost, but an innovative adaptation of current procurement processes to achieve broader public policy goals. Goods and services are still purchased through a competitive and transparent bidding process, while added value is sought by including social impact criteria as part of the bid evaluation process. Social procurement can be an integral element of infrastructure and other major development projects, as we see in the Community Employment Benefits Initiative linked to the Investing in Canada Infrastructure Program.

Why do social procurement?

Fiscal responsibility: Public procurement carries great responsibility and should endeavour to deliver value from government spending as effectively as possible.

Global competitiveness: Inter-provincial trade agreements, the renegotiation of NAFTA, and the Comprehensive Economic and Trade Agreement (CETA) with the European Union, are changing the rules of procurement. Trade agreement obligations generally apply to procurement contracts above certain thresholds, and many allow for exemptions that support regional economic development, procurement from Indigenous businesses, and the inclusion of social and environmental criteria in evaluating bids.¹ Alberta can use social procurement policy and guidelines to ensure that local businesses remain competitive with foreign ones and that every bid and contract awarded delivers economic, social, and environmental value.

Economic opportunity for all: Studies from the IMF² and University of California³ show that economic inclusivity is the most significant indicator for long-term economic growth. However,

ethnic minorities, women, Indigenous peoples, persons with disabilities, newcomers, and LGBTQ2+ persons often face barriers to employment and, as business owners, they can experience challenges competing for public procurement contracts. By increasing participation from these businesses owners, and by encouraging suppliers of goods and services to work with and hire people with employment barriers, public institutions can improve economic and social outcomes for these often economically-marginalized groups.

Building a diverse, sustainable economy: As Albertans work hard to rebuild after the worst recession in a generation, a growing and diversified economy is essential to building a recovery that lasts. Locally-owned businesses, including social and co-operative enterprises, are critical job creators, have a direct line of sight to the environmental impact of their business decisions, are more likely to employ vulnerable Albertans, more likely to pay higher wages, and more likely to invest in community.⁴ Opening public procurement opportunities to these businesses can enhance the positive social, economic, and environmental returns to communities, while advancing the key government priorities of economic growth and job creation.⁵

Increasing innovation: While the private and public sectors continue to advance Alberta's innovation ecosystem, studies from the Brookings Institute and University of Toronto demonstrate that innovative ecosystems may exacerbate income inequality.^{6,7} Social procurement policies can increase competition and propel innovation by tapping into a more diverse pool of vendors and service providers, including from the growing field of social enterprises.⁸

Who is doing social procurement?

Provinces and municipalities across Canada have embraced a more strategic approach to procurement. The lessons learned, models, and templates are easily accessed and can be adapted to Alberta's unique economic and social context.

The Government of Manitoba: Manitoba has long been a leader in the field of social procurement, having ratified their Sustainable Development Procurement Guidelines in 2000. This work was further enhanced in 2015 with the development of the Manitoba Social Enterprise Strategy, which affirms social procurement as a priority to expand market opportunities for social enterprises.⁹

The Government of Ontario: Ontario is the first Canadian jurisdiction to pass legislation to enable consideration of community benefits in infrastructure planning and investment.¹⁰ The Community Benefits Policy Framework is focused on getting more value out of Ontario's 12-year, \$160 billion infrastructure plan to advance a range of goals, including reducing poverty and developing the local economy with input from under-represented groups.¹¹

Social Procurement in Action

The Government of Manitoba, through Manitoba Housing & Community Development has been directing spending on affordable housing construction, apartment refreshes and energy-efficient upgrades to local social enterprises that deliver training and employment programs for people with barriers to employment. These employees provided ten percent of all labour hours on the new Austin Family Commons project in Winnipeg, in a variety of skilled trades.

<https://www.winnipegfreepress.com/local/point-douglas-project-builds-new-place-new-skills-to-live-410672565.html>

The Government of British Columbia: British Columbia implemented their *Social Impact Purchasing Guidelines* in 2014. The Guidelines aim to cultivate a robust social enterprise sector through procurement that assists in creating sustainable employment and inclusion for those in need, including those with disabilities.¹²

The Government of Nova Scotia: Nova Scotia first implemented its *Sustainable Procurement Policy* in 2009.¹³ The policy encourages bids to not only be evaluated based on price and life-cycle costs, but also environmental and social considerations. The government has applied social purchasing criteria to bids for information technology, janitorial goods and services, office products, vehicle fleets and event planning.

The Government of Canada has several active policy files related to social procurement:

- The Procurement Strategy for Aboriginal Business has been in place since 1996.
- The Women's Entrepreneurship Strategy, launched in 2018, aims to remove barriers to women-owned businesses competing for contracts with the federal government.
- There are now community benefit agreement requirements for projects greater than \$25M where federal funding is used
- The Minister of Public Service and Procurement has been mandated to simplify and modernize procurement practices to support social procurement.
- Bill C-344, currently under consideration, would provide the Minister of Public Services and Procurement the authority to require Community Benefit Agreements for government-funded projects.

Municipal governments in Calgary and Edmonton¹⁴ are now implementing social procurement strategies following the lead of the **Regional Municipality of Wood Buffalo** which adopted a *Social Procurement Framework* in 2016.

How to do social procurement in Alberta?

Infrastructure Canada announced a Community Employment Benefits (CEB) initiative under the Investing in Canada Infrastructure Program in June 2018. The CEB initiative provides a timely opportunity to develop policy goals, program guidelines, and measurement criteria for social procurement strategies applied to infrastructure projects funded through the *Investing in Canada Infrastructure* program.

We encourage the provincial government to consider the following in developing its approach to define the targets for community employment benefits:

- The CEB Initiative shows great promise in achieving multiplier effects from public investments in other areas of government. Consultation with the Ministries of Infrastructure, Labour and Immigration, Advanced Education, Economic Development, Trade, and Tourism, Community and Social Services, and Indigenous Relations should inform the development of employment and procurement targets in support of priority outcomes throughout the government.
- Coordination and capacity building across sectors are essential success factors in achieving the intended impacts of this initiative. Post-secondary and non-profit workplace training providers, industry and labour groups, as well as business leaders in Alberta's entrepreneur and social enterprise sectors would benefit from government leadership in convening

stakeholders to co-develop employment and procurement targets and a collaborative framework through which these targets can be met.

- Once established, the potential exists to extend these social procurement strategies to other infrastructure and development projects and to inform government purchasing and procurement practices more broadly. Given the activities currently underway in key municipalities in Alberta, efforts to align priorities and practices will go a long way in supporting the supply-side capacity of stakeholders to respond to these emerging policies.

The following organizations may assist in advancing social procurement strategies in Alberta:

- Buy Social Canada <http://www.buysocialcanada.com/>
- REAP Calgary Businesses <https://www.belocal.org/find-a-business/>
- Alberta Cooperatives <http://acca.coop/>
- Alberta Women Entrepreneurs <https://www.awebusiness.com/>
- B-Corps <http://www.bcorporation.net/community/find-a-b-corp/>
- Momentum Businesses and Trades Graduates <https://momentum.org/provide-support/support-our-graduates/>
- The Canadian Council for Aboriginal Business https://www.ccab.com/main/ccab_member/
- Women Building Futures <https://www.womenbuildingfutures.ca/>

Additional Resources

Explore social procurement as a market-based approach to solving complex social problems: https://ccednet-rcdec.ca/sites/ccednet-rcdec.ca/files/ccednet/exploring-social-procurement_asl-ccc-report.pdf

Examine how and why social procurement can help government spending be more effective and efficient https://buy-social-canada.cdn.prismic.io/buy-social-canada%2F47fa7b64-c5f0-4661-9a00-93a936f38dd0_bsc_socialprocurement_screen-opt.pdf

Master the negotiation, tracking, and evaluation of the delivery of community benefits agreements https://buy-social-canada.cdn.prismic.io/buy-social-canada%2F02afc036-31f2-43b7-b0f9-81f7c6698c6c_buysocialcanada_scorecard_how%2Bto%2Buse_31aug.pdf

Learn about the Community Benefit Agreement outcomes from the Eglinton Crosstown LRT project in Toronto: <http://www.crosslinxtransit.ca/in-the-community/reports/>

Review social procurement policies across jurisdictions in Canada, the UK, US, and Australia: <https://mowatcentre.ca/community-benefits-and-social-procurement-policies/>

Connect with the Canadian consultant who designed the Social Procurement Framework for the Regional Municipality of Wood Buffalo: <http://www.sandrahamilton.ca/index.php?page=2>

Hear how one of the largest commercial and residential real estate developers in Canada is embracing social procurement: http://danielshomes.ca/media/news/files/Globe_and_Mail_-_Companies_should_tap_into_social_procurements_endless_opportunities.pdf

Endnotes

1. Penner & LePage. (2015) Primer on Trade Agreements for Social Purchasing. https://ccednet-rcdec.ca/sites/ccednet-rcdec.ca/files/ccednet/ccednet-asiccc-primer_on_trade_agreements_for_social_purchasing.pdf
2. Ostry & Berg (2011). Inequality and unsustainable growth: Two sides of the same coin? The International Monetary Fund <http://www.imf.org/en/Publications/Staff-Discussion-Notes/Issues/2016/12/31/Inequality-and-Unsustainable-Growth-Two-Sides-of-the-Same-Coin-24686>
3. Brother, can you spare some time? Sustaining prosperity and social inclusion in America's metropolitan regions. Benner & Pastor (2014) <http://journals.sagepub.com/doi/abs/10.1177/0042098014549127?etoc=&>
4. The Benefits of Locally-Owned business. Business Alliance or Local Living Economies. <https://bealocalist.org/economic-development/planet-protection/benefits-of-locally-owned-businesses>
5. The Power of Purchasing. The Economic Impacts of Local Procurement. Pringle, A. 2013. https://ccednet-rcdec.ca/sites/ccednet-rcdec.ca/files/local_procurement_finalforweb.pdf
6. All cities are not created equal. Brookings Institute. Berube (2014). <https://www.brookings.edu/research/all-cities-are-not-created-unequal/>
7. Income Segregation and Rise of the Knowledge Economy. Berkes and Gaetani. (2018).
8. How diversity can drive innovation. Harvard Business Review. Hewlett, Marshall, Sherbin (2013). <https://hbr.org/2013/12/how-diversity-can-drive-innovation>
9. Manitoba Social Enterprise Strategy http://www.gov.mb.ca/housing/pubs/mb_social_enterprise_strategy_2015.pdf
10. Infrastructure for Jobs and Prosperity Act. Government of Ontario, 2015. http://www.ontla.on.ca/bills/bills-files/41_Parliament/Session1/b006ra.pdf
11. Ontario's Social Enterprise Strategy 2016-2021. Government of Ontario, 2016. <https://www.ontario.ca/page/ontarios-social-enterprise-strategy-2016-2021>
12. Social Impact Purchasing Guidelines. Government of British Columbia, 2017. <https://www2.gov.bc.ca/assets/gov/employment-business-and-economic-development/business-management/social-innovation/si-purchasing-guidelines.pdf>
13. Social Procurement Policy. Government of Nova Scotia, 2016. <https://www.novascotia.ca/treasuryboard/manuals/PDF/300/30301-02.pdf>
14. Social Procurement at the City of Edmonton https://www.edmonton.ca/business_economy/selling_to_the_city/social-procurement.aspx

Published in partnership with:

