

Accelerating Economic and Social Impact Through Procurement Practices

Social procurement is about increasing the efficiency and effectiveness of government budgets by leveraging current spending to achieve targeted social and economic goals.

Overview

The Government of Alberta spends billions purchasing goods and services every year. Currently, the procurement system is mostly set up to achieve the best price. An alternative to this practice is called *social procurement* or *best value procurement* which aims to achieve the greatest value instead. This often means looking at how we spend, not spending more. Through social procurement, there is potential to build a stronger economy for all Albertans, and achieve additional goals while remaining within existing budgets.

Recommendation

We ask the Government of Alberta to implement social procurement policy and practice in all government spending, including [Community Benefit Agreements \(CBAs\)](#) and [Community Employment Benefits \(CEBS\)](#) for large scale construction and infrastructure projects, and to work with civil society organizations that are ready to support this work.

Why now?

Charting a path forward from unprecedented economic challenges requires strategic action coupled with careful stewardship of public budgets. To do this, innovation in existing government processes will be required. Transforming the procurement process for best value is such an innovation.

What is social procurement?

Through changes in procurement criteria and valuation metrics, the Government of Alberta can use existing budgets and spending to get added value in the form of:

- Supporting the business community in economic recovery and job creation
- Employment and skills training for diverse Albertans who are unemployed or low-income
- Developing the capacity of social enterprises across the province
- Increasing access to jobs for Albertans struggling to find work from historically low-income and disadvantaged groups
- Targeted regional and local economic development
- Increased supply chain diversification, including social enterprise and businesses owned by diverse and under-represented people
- Other community benefits, including CBAs through construction and infrastructure projects

Goods and services are still purchased through a competitive and transparent bidding process, but adapted criteria and metrics allow for business innovation in reaching broader community and policy goals. The process changes can be used for all types of projects from infrastructure to goods and services.

What are the Benefits of Social Procurement?

Accelerated economic recovery: Critical job creators have increased access to public procurement opportunities, such as locally-owned business, small and medium sized businesses, including social enterprises, and co-operatives. These businesses are most likely to result in public dollars recirculating in local economies.

Global competitiveness: By valuing, inspiring, and encouraging business innovation, best value criteria can help Alberta businesses remain globally competitive with foreign businesses under trade agreements in jurisdictions far more advanced in social procurement.

Employment and skills training: Meeting current and future industry needs, addressing workforce/labour challenges, preparing unemployed Albertans with employment opportunities.

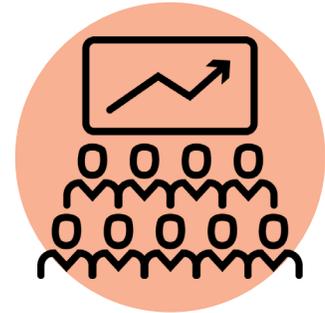
Increased economic opportunity for all: The most significant indicator for long-term economic growth is inclusivity – the more Albertans, including historically marginalized Albertans, who have access to economic opportunity, the stronger the Alberta economy.

Fiscal responsibility: Increased value for public money, ensuring that purchasing decisions amplify the economic and social goals of government

Increased innovation: Best value policies for procurement can increase competition and propel innovation by tapping into a more diverse pool of vendors, job candidates, and service providers.

Who benefits:

Industry/private sector



Workers/unemployed/ marginalized groups



Government & tax payers



What are common concerns?

Trade Agreements: Trade agreements do not prohibit social procurement or best value procurement criteria, but do require specific attention; [primers and support are available](#).

Setting targets: Building targets for social procurement will require careful consultation across multiple ministries. These consultations can inform the development of employment and procurement targets in support of priority outcomes throughout the government. Targets such as employment of specific demographics, dollars awarded to diverse suppliers, and number of apprenticeship opportunities for diverse people are goals commonly set in other jurisdictions.

Coordination and capacity building: Government leadership in developing increased knowledge, understanding, change management, and capacity across sectors within Alberta and within government departments is required to implement effective targets.

Common myths: Concerns around added costs, lower quality goods and services, legal barriers, subjective evaluation assumptions, and the potential for 'social washing scams' are all [well addressed](#) by social procurement leaders.

Where is Social Procurement happening in Canada?

Municipalities: Social procurement strategies are being employed in Alberta's two largest cities, the Regional Municipality of Wood Buffalo, and many other municipalities outside of Alberta including, Winnipeg, Toronto, Vancouver, rural municipalities in BC, Montreal and others.

- City of Edmonton [Sustainable Procurement Policy](#), which includes social value considerations
- City of Calgary [Benefit Driven Procurement Initiative](#)
- Regional Municipality of Wood Buffalo [Social Procurement Framework](#)

Alberta: The Ministry of Seniors and Housing uses best value procurement for select projects, including the redevelopment of a seniors' lodge in Manning and Spirit River. The Request for Proposals included criteria related to hiring people with barriers to employment, providing employment training and enhanced inclusivity.

Newfoundland: An update to public procurement [legislation and regulations in 2018](#) enabled a greater emphasis on best value over lowest price, expanding opportunities for local businesses, local economic growth, and social and environmental priorities. This resulted in a significant change to procurement practices in the province, including issuing more flexible requests for proposals, and growing connections to social enterprises, locally owned businesses, women-owned businesses and Indigenous-owned businesses.

Nova Scotia: A [Sustainable Procurement Policy](#) was implemented in 2009, encouraging bids to be evaluated based on price and life-cycle costs, as well as environmental and social considerations. Social purchasing criteria has been included in bids for information technology, janitorial goods and services, office products, vehicle fleets, and event planning.

Ontario: Ontario was the first Canadian jurisdiction to pass legislation to enable consideration of community benefits in infrastructure planning and investment, through the [Infrastructure for Jobs and Prosperity Act](#). The Community Benefits Policy Framework was 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.

British Columbia: [Social Impact Procurement Guidelines](#) have been supporting and cultivating a culture of social impact purchasing in government for almost four years and coincides with broader work around procurement transformation. A cultural shift from lowest price, to best value, is well underway.

Manitoba: The [Sustainable Development Procurement Guidelines](#) were ratified in 2000, and further enhanced it in 2015 with the [Manitoba Social Enterprise Strategy](#), supporting better access to markets for Manitoba social enterprises.

Canada: Infrastructure Canada developed a Community Employment Benefits (CEB) initiative in 2018. Recipients of federal infrastructure funding are asked to pursue targeted efforts to increase the supply and retention of diverse workers in infrastructure-related industries like construction. Budget 2021 contains commitments to increase diversity in procurement, economically empower historically disadvantaged businesses, support small businesses and supply chains, improve fairness in procurement opportunities for Canadian suppliers, create jobs, and contribute to a more inclusive economy, including a 5% of federal procurement target for Indigenous-owned business.

Who can help the government and industry with social procurement?

Social Value Connectors

- [AB Seed](#)
- [Buy Social Canada](#)
- [EndPoverty Edmonton](#)
- [Momentum](#)
- [Vibrant Communities Calgary](#)

Examples of Diversified Suppliers

- [Alberta Community Cooperative Association](#)
- [The Alberta LGBTQ+ Chamber of Commerce](#)
- [Alberta Women Entrepreneurs](#)
- [B-Corps](#)
- [Be Local](#)
- [Black-Owned Businesses](#)
- [Buy Social Canada](#)
- [The Canadian Council for Aboriginal Business](#)
- [Momentum Businesses and Trades Graduates](#)
- [Support Local AB](#)
- [Women Building Futures](#)

Where can we learn more?

- [Edmonton social enterprise wins City contract](#)
- [The Business Council of Alberta and Building Trades of Alberta call for more social procurement](#)
- [Social Procurement in Construction and Infrastructure Projects](#)
- [More Effective and Efficient Government Spending](#)
- [Mastering Tracking and Evaluation of Best Value \(Social\) Procurement](#)
- [Best Value \(Social\) Procurement Across Canada, United States, United Kingdom and Australia](#)

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