



CANADIAN COUNCIL FOR
INDIGENOUS
BUSINESS

**BARRIERS AND
WISE PRACTICES
FOR INDIGENOUS
ENGAGEMENT
IN FEDERAL
PROCUREMENT**



About the report

Barriers and Wise Practices for Indigenous Engagement in Federal Procurement is funded by Indigenous Services Canada (ISC). It is the first report of a multi-report collaboration with ISC focused on Indigenous procurement.

About the design

The cover and additional report graphics were designed by CCIB, Associate, Marketing and Communications, Jolene Arcand. The artwork in this report was designed using a modern take on the traditional Indigenous woodland art style.



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Executive Summary

Objective and Overview

This research aims to gather insights from Indigenous businesses and federal procurement representatives to illustrate the challenges and opportunities for promoting Indigenous procurement as one of the tools for successfully achieving economic reconciliation. By interviewing ecosystem contributors from both sides of the procurement equation, we create an informative resource that acts as feedback on current procurement realities while also positing suggestions for procedural improvement. This work aligns with the need to conduct additional research on key barriers to Indigenous business participation in federal supply chains from the perspectives of Indigenous businesses and government procurement officers to ensure that there are continuously open channels of dialogue.

Barriers

General

- Lack of access to resources that support participation in procurement or procurement-related activities like searching and identifying relevant procurement opportunities.
- Colonial legacy in Canada and the impact this has on relationship or trust-building.
- Indian Act provisions that create financial barriers to some Indigenous businesses (on-reserve businesses).
- Discrimination against Indigenous businesses in the application and execution phases of procurement.
- Short contract durations that provide only short-term benefits, precluding the Indigenous partner on a project from scaling or capacity building.
- Lack of education and training resources for Indigenous businesses looking to become more involved in federal procurement.
- Inadequate knowledge of entrepreneurship realities and the effort that goes into operating a small business on behalf of federal procurement representatives tasked with doing business with Indigenous Peoples.

Pre-award

- Application expectations are not transparently conveyed to Indigenous applicants, leading to denied bids.
- Complex language and processes that can intimidate to the point of disengagement or non-participation.
- Rigid procurement policies that hinder creativity and the ability of procurement representatives to develop creative procurement solutions that are responsive to the needs and capabilities of Indigenous entrepreneurs.
- Poor communication of available and relevant procurement opportunities for Indigenous businesses.
- Poor return-on-time investment associated with procurement opportunities (RFPs and LDVs).

Post-award

- Lack of accountability in joint ventures, subcontracting arrangements, and other partnerships related to ensuring benefits allocated to Indigenous partners flow to them effectively.
- Infrequent and superficial auditing of procurement ventures with Indigenous and non-Indigenous partnerships related to ensuring adequate and meaningful inclusion of Indigenous partners.

Wise Practices

General

- In-person engagements with Indigenous communities and businesses to socialize procurement opportunities.
- Close collaboration with Indigenous economic leadership, economic development officers, and national Indigenous organizations supporting engagement with federal procurement.
- For Indigenous entrepreneurs, identify and closely collaborate with a procurement and/or industry experience mentor to help demystify the process and make this undertaking seem less daunting.
- Regular update and review of training materials to ensure they are educating on the most current trends, realities, and needs related to procuring from Indigenous businesses.
- Provide learning resources internally to employees and establish Indigenous procurement knowledge hubs.

Pre-award

- Provide training to Indigenous businesses on what to expect when becoming a federal government supplier.
- Build procurement relationships and participate in networking opportunities dedicated to business development.
- Host buyer training sessions to increase understanding of working effectively with Indigenous businesses and the broader importance of Indigenous procurement and economic reconciliation.

Post-award

- Feedback channels and processes to ensure that they provide teachable moments for Indigenous businesses whose bids are denied.

Recommendations

General

- Have the federal government post previously accepted procurement bids as an example of what a quality application should resemble.
- More inclusion of Indigenous partners in the education process or creation of education materials to ensure their relevance.
- Develop tailored training and education for Indigenous entrepreneurs interested in becoming suppliers. Conversely, procurement representatives looking to purchase from Indigenous businesses must undergo ongoing education on wise practices, opportunities, and benefits of procuring from this group.
- Simplify all types of procurement (RFPs and LDVs) application processes and clearly define applicant expectations and opportunity description in a 1–2-page summary.
- Improve communication of available and relevant procurement opportunities for Indigenous businesses.

Pre-award

Establish accessible resources for Indigenous businesses undertaking procurement activities, such as pausing other work to respond to bids.

Provide resources to meet requirements if the bidding process succeeds, such as insurance and bid bonding.

Post-award

Improve current auditing processes to become more thorough, regular, and robust with respect to ensuring procurement benefits flow to Indigenous partners where expected.

Establish a tiered incentive framework for government departments or employees that rewards achievement of procurement targets to lessen turnover, promote prolonged engagement on this federal portfolio, and penalize missed targets.



Background

On August 6, 2021, the Government of Canada announced that it had begun implementing a “mandatory requirement for federal departments and agencies to ensure a minimum of 5% of the total value of contracts are held by Indigenous businesses.”¹ This requirement included public reporting and was slated to be phased in over three years, with full implementation expected by 2024. The introduction of this mandatory Indigenous procurement requirement, which established a minimum of federal spending with Indigenous businesses, generated great optimism across Indigenous economies.

Implementation of this monumental announcement of a minimum department-wide spending target faces challenges and roadblocks. Despite the government’s commitment to meet or exceed this minimum in its annual budgets, it has been slow to achieve its spending goals each year since it was introduced.²

This gap is evident in the procurement spending reporting of some of Canada’s largest purchasing departments. For example, according to Public Services and Procurement Canada, the federal family’s second-largest procurer of goods and services spent approximately \$139 million with Indigenous businesses in the 2022–2023 fiscal year. While this is a significant amount of money spent with Indigenous businesses, it only accounted for approximately 2.7 percent of the over \$5 billion they spent on procurement contracts overall for the same

period.³ This shortcoming in Indigenous spending is reflected across numerous departments and indicates the need for improvements, stagnation in current practices, and motivations for doing business with Indigenous partners.

The slow progress toward achieving the 5 percent minimum Indigenous procurement mandate impedes the prosperity of Indigenous businesses and hinders national economic growth by ineffectively engaging with this pool of potential economic productivity. Data from Statistics Canada identified that Indigenous Peoples contributed \$48.9 billion to Canada’s GDP in 2020.⁴ With this contribution to GDP projected to increase year over year, there is immense potential to grow Canada’s economy by better including Indigenous businesses, communities, and Peoples in procurement and supply chains. The literature documents the numerous socio-economic benefits of addressing these shortfalls in spending by meaningfully engaging with Indigenous businesses.

A 2016 report by the National Indigenous Economic Development Board (NIEDB) estimated that Canada’s GDP suffered an opportunity cost of \$27.7 billion in the 2015 fiscal year due to the lack of inclusion of Indigenous businesses and Peoples in Canada’s economy.⁵ That same report found that if issues related to Indigenous employment and engagement in Canada’s economy were more effectively managed, there is the potential for an \$8.4 billion (\$2.2 billion saving on spend currently

1 Public Services and Procurement Canada. (2021). Government of Canada announces federal-wide measures to increase opportunities for Indigenous businesses. <https://www.canada.ca/en/public-services-procurement/news/2021/08/government-of-canada-announces-federal-wide-measures-to-increase-opportunities-for-indigenous-businesses.html>.

2 Flanagan, Tom. (2022). *Indigenous Spending in Budget 2022*. Bulletin Report, Fraser Institute. <https://www.fraserinstitute.org/sites/default/files/indigenous-spending-in-budget-2022.pdf>. Pg.1

3 Public Services and Procurement Canada. (2023). *2022 to 2023 Departmental Results Report*. Departmental Report. https://publications.gc.ca/collections/collection_2023/spac-pspc/P1-34-2023-eng.pdf. Pg. 69

4 Ayotte, Catherine, and Jeremy Bridger. (2022). *Indigenous Peoples Economic Account: Methodology and Preliminary Results*. <https://www150.statcan.gc.ca/n1/pub/13-604-m/13-604-m2022001-eng.htm>.

5 Fiscal Realities Economists. (2016). *Reconciliation: Growing Canada’s Economy by \$27.7 Billion*. Background and Methods Paper, The National Aboriginal Economic Development Board. http://www.naedb-cndea.com/reports/naedb_report_reconciliation_27_7_billion.pdf. Pg. 15

dedicated to managing poverty and \$6.2 billion of new taxable revenue) net increase to Canada's overall budget.⁶ Strengthening federal procurement of goods and services from Indigenous businesses can support economic reconciliation by capitalizing on this lost productivity.

Achieving a 5 percent minimum spend with Indigenous businesses will require meaningful planning, engagement,

About CCIB

Canadian Council for Indigenous Business (CCIB) is committed to the full participation of Indigenous Peoples in Canada's economy. As a national, non-partisan association, CCIB has a mission to promote, strengthen, and enhance a prosperous Indigenous economy by fostering business relationships, opportunities, and awareness. CCIB offers knowledge, resources, and programs to its members to foster economic opportunities for Indigenous Peoples and businesses across Canada.

For more information, visit www.ccib.ca.

CCIB conducts research to support and exceed the Government of Canada's 5 percent Indigenous procurement target. Our research covers a wide range of Indigenous economic issues, including trade and export, procurement, women's entrepreneurship, digital adoption, and industry-specific areas such as mining, marine, and aerospace.

and auditing of procurement processes to ensure that Indigenous businesses can effectively participate in contract opportunities. This means increased collaboration to ensure that procurement is accessible and worthwhile for the Indigenous businesses it is intended to benefit.

Methodology

This report utilizes qualitative, in-depth interviews conducted with Indigenous businesses with federal procurement experience and representatives of different federal departments engaged directly with Indigenous procurement. In total, we were able to interview seventeen participants consisting of nine Indigenous entrepreneurs and eight federal procurement representatives from six departments. As a condition of being interviewed, participant responses are reported anonymously and in aggregate.

Unique questionnaires were created for each group of interview participants. Informed by external desk research sources and prior CCIB data on Indigenous procurement, the Indigenous business questionnaire focused primarily on barriers and supports. In contrast, the other for procurement specialists deals more with processes, supports, and feedback.

⁶ Ibid, Pg. 21



Interview Sample Group Demographics

Profile of Indigenous Business Participants

To gain additional context on the perspectives gathered from Indigenous entrepreneurs through the interview process, it is valuable to know the types of businesses that lent their insights and expertise.

Gender. Most of the businesses that were interviewed are men-owned. However, there was one women-owned business and one co-owned by a husband-and-wife team.

Industry sector. The businesses are engaged in various NAICS code sectors, including construction, manufacturing, management of companies and enterprises, utilities, and professional, scientific, or technical services.

Business age. They vary in years of operation from 2 to 18 years, allowing for diverse perspectives to be gathered during the interview phase.

Employees. They also have differing employee structures, with some being solo entrepreneurs while others have full-time staff ranging from 2 to 26 individuals. Additionally, they employ contracted staff members ranging between 10 and 40, hired as needed to support their operations.

Revenue. Their annual revenues reflect a wide spectrum captured in reported annual earnings ranging from \$300K to \$6 million.

These business characteristics are important to note because, while their business sizes and sectors may vary, many of the experiences they shared related to engagement with federal procurement opportunities aligned.

Motivations for Pursuing Procurement

Indigenous business owners who participated in the interview phase of this project cite various reasons for being interested in pursuing procurement. One of the primary motivating factors is a desire to strengthen Indigenous capacity in the workforce and the community. Most interviewees attribute their involvement with federal procurement opportunities to redistributing wealth back into their communities to address socioeconomic issues; supporting the hiring, training, and upskilling of Indigenous Peoples in their communities; and creating educational opportunities to learn about entrepreneurship for their career development.

These findings related to the motivations for seeking federal procurement contracts are consistent with the habits of Indigenous businesses captured by previous CCIB research. One example of this is demonstrated by Indigenous businesses tending to employ Indigenous Peoples at a higher rate than other businesses. According to CCIB's 2016 Aboriginal Business Survey, almost all (83%) Indigenous businesses with employees employ at least one Indigenous person.⁷ Expanding on this, if Canadian federal procurement from Indigenous-owned businesses leads to entirely new Indigenous business supply capacity (assuming businesses grow in proportion to targeted spending to meet new federal demand), achieving a 5 percent Indigenous procurement target would create over

⁷ Canadian Council for Indigenous Business. (2016). *Promise and Prosperity: The 2016 Aboriginal Business Survey*. Research Report. <https://www.ccab.com/wp-content/uploads/2016/10/CCAB-PP-Report-V2-SQ-Pages.pdf>. Pg. 20

1,315 full-time equivalent positions for Indigenous Peoples in Canada.^{8,9}

Thus, it is unsurprising that Indigenous businesses in our sample view participation in federal procurement as a pathway for Indigenous capacity development.

Revenue generation is another commonly cited factor for engaging in federal procurement opportunities, which aligns more with what one might expect from the typical business. Many interviewees mentioned using federal procurement to diversify their income stream. Not solely

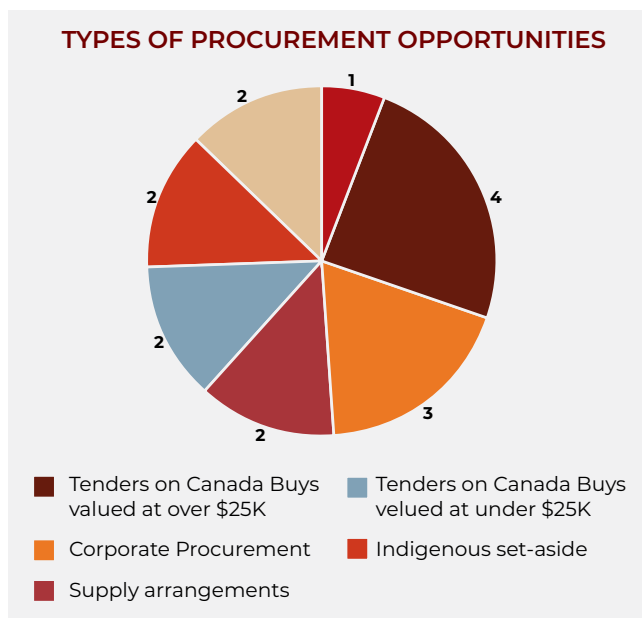
relying on federal procurement but using it to bolster other business revenue streams is common within this sample.

It is also worth noting that some of the business owners who participated cite the introduction of the five percent federal Indigenous procurement mandate as their primary incentive for engagement with these opportunities.

Types of Procurement Opportunities

Procurement preference breakdown

Indigenous businesses from our interview sample were asked to discuss the types of procurement opportunities they have applied to and what dollar-value amounts are being sought out as providing a worthwhile return-on-time investment.



The most pursued opportunities by those who participated in interviews are tenders on the CanadaBuys website that are valued at over \$25K (four participants), followed by corporate procurement opportunities (three participants), supply arrangements (two participants), tenders on CanadaBuys valued at under \$25K (two participants), Indigenous set-asides (two participants), subcontracts (two participants), and sole-source or non-competitive bids (one participant). As federal departments seek to tailor their services and procurement opportunities to Indigenous businesses more effectively, it is critically important that they pay attention to what is garnering the attention of Indigenous entrepreneurs through qualitative engagements like this. This direct feedback can play a vital role in optimizing procurement processes and offerings. For example, interview participants mentioned the possible value these types of opportunities provide when speaking about their engagement with supply arrangements.

8 Canadian Council for Indigenous Business. (2019). *Industry and Inclusion: An analysis of Indigenous potential in federal supply chains*. Research Report. https://www.ccab.com/wp-content/uploads/2019/05/CCAB_Research-Report_web.pdf. Pg. 12

9 See the appendix to review data methodology.

The following highlights the security and surety of future work provided through their generally longer durations:

“I like supply arrangements and other forms of sustained procurement orders because they can be a valuable tool for providing long-term benefit to the Indigenous partner.”

“They [the federal government] wanted the delivered training aid on a three-month timeline. This was way too expedited to engage meaningfully. The contract was never awarded to anyone, and it was eventually scrapped.”

“The size of contracts available has made it difficult to justify the effort required to apply.”

“There are many challenges; you are going to lose money before you make money. Conditions are tough, and there’s a lot of lead time. Getting qualified also doesn’t mean they’re ordering from you—sometimes contracts never come.”

“Qualifications don’t always lead to contracts. Some may be better off dealing with corporate Canada, which has committed mandates and is incentivized [to work with Indigenous businesses]. Corporations win contracts and must involve Indigenous businesses anyway when they’ve won contracts. It would make more sense for Indigenous businesses to start there in some instances. It’s a long and tough process.”

This desire to participate in longer-term arrangements that allow for increased capacity planning for the Indigenous partner is universal within the sample. CCIB and other Indigenous economic organizations have consistently advocated for more robust procurement contracts and relationships that promote business longevity and mutual benefit. This advocacy is important considering recent data collected by Carleton University’s School of Public Policy and Administration, which shows that, in the 2021–2022 fiscal year, the average federal procurement contract had a duration of 0.77 years or approximately eight months.¹⁰

To create a procurement system that works for Indigenous entrepreneurs, federal departments will need to prioritize offering procurement opportunities that provide a sufficient timeline to develop equity partnerships and promote skill development and capacity-building throughout the project life cycle.¹¹

10 Carleton University School of Public Policy and Administration. (2022). *Government of Canada Contract Analysis*. <https://govcanadacontracts.ca/all/#:~:text=The%20Government%20of%20Canada%20spent%20an%20estimated%20%2422.2B,public%20sector%20organizations%20that%20proactively%20disclose%20contract%20spending>.

11 Canadian Council for Indigenous Business. (2023). *Embedding Indigenous Businesses*. Policy Brief. <https://www.ccab.com/wp-content/uploads/2023/12/Embedding-Indigenous-Businesses-in-Supply-Chains.pdf>. Pg. 2-3

By preventing Indigenous businesses from leveraging contracts with longer durations to achieve required capacity development, federal departments will face difficulties meeting their five percent Indigenous procurement mandate because they will constantly be trying to draw from an under-resourced vendor pool. More needs to be

done to ensure that Indigenous businesses can access these longer-term supply arrangement opportunities to build up their capacity and confidence to take on larger procurement ventures in the future.

Procurement contract size

It is also worth noting the size of procurement opportunities that participants in our interview sample are seeking out, as it can provide insight into the types of contracts that might draw interest from Indigenous businesses more broadly. Half the participants say they seek contracts in the \$100–500K range. A quarter mentions targeting those that are either \$25–100K in total value or less than \$25K. This breakdown is interesting because even though the companies we spoke to are generally small with a few employees, they seek larger procurement contracts that make the time and effort worthwhile.

It appears that Indigenous entrepreneurs who have experience within the federal procurement system are acutely aware of the opportunity cost associated with applying and not being selected for opportunities. It is also possible that the trait of small contracts having tight turnarounds, and as such are difficult to undertake without unutilized staff or production capabilities or flexibility in the other contracts and supply arrangements with other customers, are turning small and medium-sized Indigenous businesses away from these opportunities in favour of those that provide more utility. This guides their preferences regarding the procurement opportunities they pursue, and the values they deem a worthy return-for-time investment.



Profile of Federal Procurement Representatives

Our interview research phase allowed us to meet with various federal procurement representatives who are supporting and directly engaging in Indigenous procurement. CCIB interviewed the following individuals, noting their respective job titles:

- A director very closely engaged in the Indigenous procurement initiatives of a large crown corporation
- Technical and Indigenous procurement specialists
- Team Leads specializing in Indigenous engagement, outreach, and supply
- A Regional Manager responsible for overseeing procurement projects
- An Indigenous Projects Procurement Officer

Hailing from numerous departments within the Canadian federal family, these interviewees were able to provide valuable insights and perspectives related to some of their experiences working on Indigenous procurement. Their names and departments must remain anonymous due to the agreed-upon interview specifics. However, it is interesting to note their tenure within their current roles. It is important to acknowledge that this observation is based on a small sample and may not be representative. Still, it might signal a broader trend of high turnover rates among government employees.

The federal procurement representatives we interviewed for this research project were all relatively new to their roles. Some had worked in their roles for as little as

a few weeks or months. Most have been working in their current position for 1–2 years, with a few outliers having more than three years of experience. While this might seem like an insignificant characteristic of the interview sample, it garners more interest when considered in the context of relationship development with Indigenous businesses they intend to procure from. Having a constant or regular turnover of employees can greatly hinder the success of engagement with Indigenous businesses or communities. There is often a lack of effective knowledge transfer when turnover occurs with Indigenous procurement leads, resulting in the loss of relationships with Indigenous suppliers and organizations.¹²

Achieving the government’s current procurement goals is challenging because of the “bounce around” culture that seems to exist among federal family employees. The qualitative responses from federal procurement representatives and Indigenous businesses capture notable barriers to success tied to the lack of established connections that hinder relationship development.

“We [federal department] have high turnover. Some people are leaving us and are taking their connections with them to work in other positions and do other work. This makes maintaining a relationship difficult because you are always in the ‘getting-to-know-each-other’ phase.”

¹² Canadian Council for Indigenous Business. (2023). *Meaningful Engagement with Indigenous Businesses*. Policy Brief. <https://www.ccab.com/wp-content/uploads/2023/12/Meaningful-Engagement-with-Indigenous-Businesses.pdf>. Pg. 1

“My best recommendation would be to do what [specific department within the federal government] does and call them [Indigenous businesses] up—there is an importance in making and maintaining personal connections.”

“It’s important to be available and be helpful. The sentiment I often hear when I’ve spoken to people for a half-hour is, ‘Oh, this has been great and so helpful, I normally get pawned of...’ That’s why I think many Indigenous businesses don’t want to waste their time doing work with the federal government.”

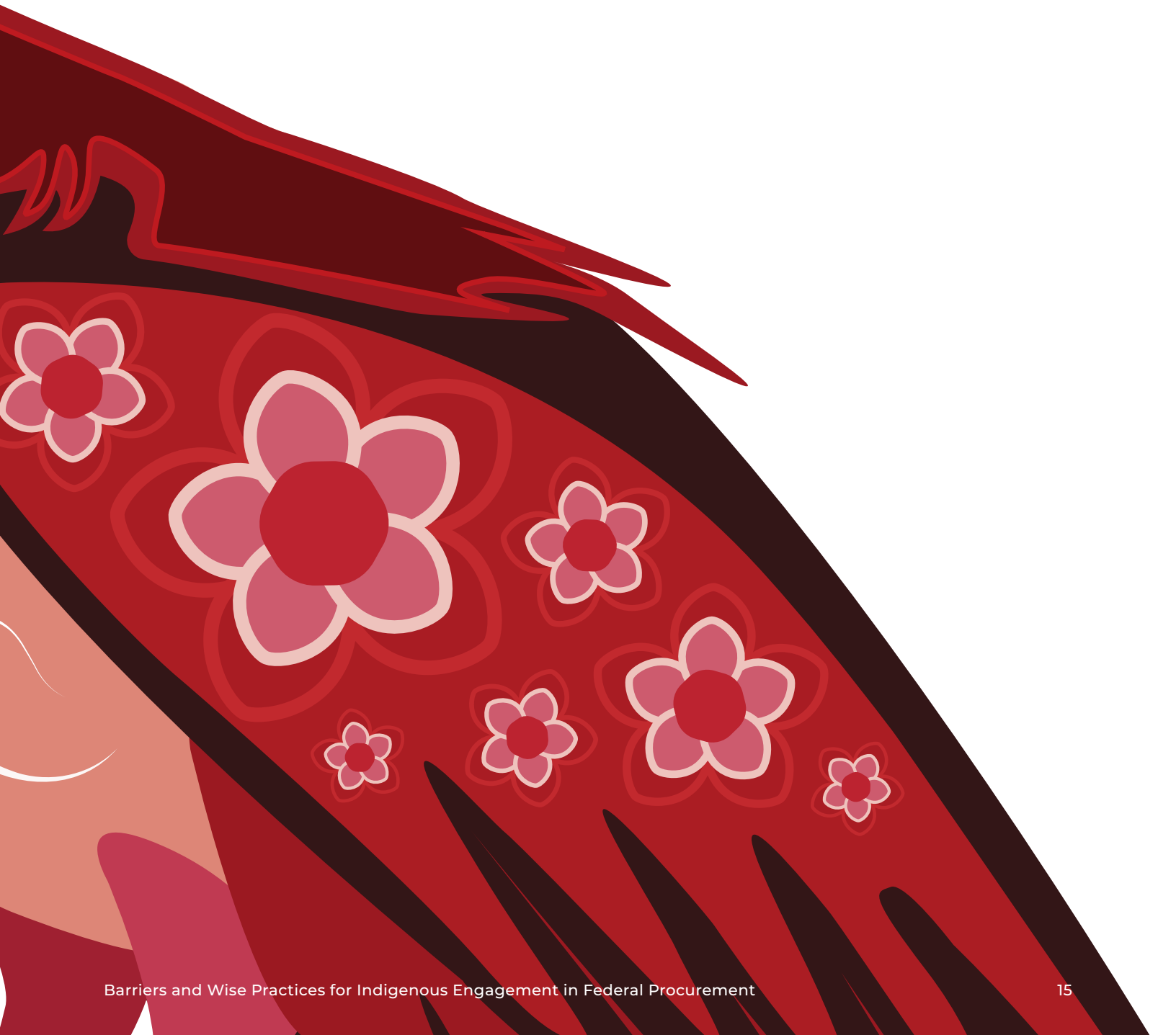
“There’s a need for wrap-around services that can support Indigenous entrepreneurs. We need someone whose job is to help Indigenous businesses get contracts—help to explain things in layman’s terms and put together a proposal.”

Procurement can shift the status quo of the relationship between the Government of Canada and Indigenous businesses. This is why it is important to have dedicated and well-informed individuals working on the federal government’s Indigenous procurement portfolio. In the spirit of economic reconciliation, there is a substantial opportunity to build equity, establish sustained touchpoints, promote knowledge sharing, and strengthen community capacity to undertake procurement opportunities by developing long-term and mutually beneficial arrangements.¹³



¹³ Canadian Council for Indigenous Business. (2019). *Industry and Inclusion: An analysis of Indigenous potential in federal supply chains*. Research Report. https://www.ccab.com/wp-content/uploads/2019/05/CCAB_Research-Report_web.pdf. Pg. 13

Barriers to Procurement Participation



A primary focus of the interviews conducted with Indigenous entrepreneurs and federal procurement representatives are identifying barriers or challenges and to what degree these impede the success of Indigenous businesses pursuing procurement. The following is a thematic analysis of the most prominent issues cited in our interviews. However, it is worth noting that all mentioned barriers align with those reported in past studies.

A CCIB report published in 2019 that utilized data sets on Indigenous businesses and their procurement practices from as early as 2015 captures many of the same sentiments expressed by participants in our current research sample.¹⁴ The following are direct quotes from our 2019 publication:

"I got the sense that they just didn't want to do the paperwork. Too many hoops and roadblocks came up as barriers. Our mandate is for profit; all my focus is on profit. If I focus on government process, I would never make any profit." - Indigenous Business Owner, private business, interviewed in 2015

"For funding and procurement opportunities, there is an issue with awareness and complexity in the federal procurement process. Funding sources are not always clear to First Nations, some miss out on funding for this reason and it has a massive impact." - CEO, Indigenous Economic Development Corporation, interviewed in 2018

The frustration and confusion reflected in these quotes are still echoed today by Indigenous business leaders looking to become suppliers of the federal government through the process of contracting for goods and services. This raises a critical question: why do federal procurement processes continue to expect Indigenous businesses to be adaptable to their procurement norms, as opposed to introducing adaptive procurement processes that are more inclusive of Indigenous businesses? Subsequent sections of this report identify areas where progress has been made to support positive outcomes within the federal government's Indigenous procurement portfolio, such as increased in-person engagement and bolstered internal training. The path to long-term success begins with these steps, but more are needed.

Lack of transparency in the communication of procurement expectations

Indigenous and non-Indigenous entrepreneurs understand that procurement administered by the federal government can be a complex and convoluted process. Despite numerous efforts by federal departments to streamline processes and make them less onerous for applicants, there are still notable challenges related to the transparency built into the

Canadian government procurement structure. Transparency is an important aspect of smart procurement. It must be incorporated throughout the procurement process because a lack of it can result in diminished due diligence, rushed solutions, poor-quality tenders, and other problems downstream in the implementation or

14 Ibid, Pg. 5

execution of a contract.¹⁵ One common barrier mentioned by Indigenous entrepreneurs who participated in interviews is that procurement opportunities are not communicated clearly, and the proposal application requirements are not explicitly identified:

He [Indigenous business participant] wished they [federal government departments] would explain what they want, when do they want it, and what do they expect from the vendor laid out in plain language.”

“Relaxed language in applications and RFPs. More clarification on what is required and expected.”

“They [Indigenous business participant] use all the electronic databases. Our challenge isn’t finding contracts but finding ones that are the right fit.”

“The lingo is complicated and makes it difficult to understand what is needed to adequately apply.”

“Language is often ambiguous, but the officers don’t have the answers and can’t explain it themselves—we need specific answers, not general ones. They can’t get to that level of detail because the people managing the contracts don’t have the skills and background to begin with. It’s not a good-paying job, so it’s hard to find qualified individuals—it’s unfair to them and to us. When we get those wishy-washy answers, it’s hard to help Indigenous businesses.”

The struggles with clarity in the procurement process is a sentiment that is shared by federal procurement representatives we spoke with as well. It is important to note that we are not advocating for eliminating processes as we understand that these are important components of a fair procurement selection system. However, more needs to be done to streamline these processes. Many recognize the complexity and difficulties posed by some of the language and processes included within procurement contracts. There were expressions of a desire to simplify processes, but many of the procurement representatives that we interviewed felt helpless as their departments are subject to policies that force them to conduct procurement with rigidity.

“Communication from the federal government did not translate to business owners. One challenge businesses seek help with is how to prepare a bid which they [this federal department] are unable to help with.”

“A lot of the forms for benefits criteria are large and complex. They are daunting to procurement people, let alone for Indigenous entrepreneurs.”

“There are a lot of good resources and tools available to assist. However, businesses are not either aware or do not know how they can utilize them to their advantage.”

“The number one barrier is that the process is complex and it is not a complaint with only Indigenous businesses but across the board.”

¹⁵ Robson, Alistair, and Will Goring. (2021). *Five ways to achieve transparency in your procurement*. <https://www.turnerandtowntsend.com/en/perspectives/five-ways-to-achieve-transparency-in-your-procurement/>.

On internal barriers posed by policy standards that establish the rules of engagement for procuring goods or services from Indigenous businesses:

“Our hands are a little bit tied, I guess, by the PSIB policy if you want to put it that way. I do often hear from Indigenous businesspeople who are frustrated with the Indigenous business policy. We have to follow the PSIB policy as it’s written.”

“Since we follow PSIB policy, we can’t really limit bids to certain Indigenous communities—for example, we can set aside an opportunity for Indigenous businesses in Winnipeg, but Indigenous businesses from Ontario can apply, and then the only thing that’s taken into consideration is that they are compliant.”

“The biggest barrier is the tendering process, and they have only one shot.”

The notion of being “handcuffed” by a rigid policy that does not allow for creative procurement solutions tailored to Indigenous businesses is a salient example of how the federal government is incorrectly approaching Indigenous procurement. As it currently stands, there is a disconnect between policymakers’ desire to systematize Indigenous procurement through legislation that prescribes strict rules of engagement and procurement officers who must conduct procurement within the confines of these policies.

Simply put, too many rules and regulations enshrined in policies like the Procurement

Strategy for Indigenous Businesses (PSIB) constrain procurement representatives from practicing innovative procurement strategies. Increasing rules and regulations to create a more fair and equitable procurement system is a methodology the government typically employs, especially considering procurement controversies like those unfolding with ArriveCan. As the government conducts an internal audit on this matter, it contributes to the creation of an atmosphere of feeling like we need more rules, protocols, and principles in place to prevent issues like this from happening in the future.¹⁶

On the surface level, this might seem like a rational response. However, assessing the full implications of further codifying Indigenous procurement is worthwhile to see how checks and balances on the existing processes and internal controls can be added instead of introducing more complexity to business processes. The goal of any policy changes should be focused on alleviating existing complexities of an already over-complicated process while also applying consequences for breaching the intent of the existing policies. A balance must be struck between procurement rules and practices to ensure that any new rules that must be introduced keep the best outcomes for Indigenous businesses in mind.

The responses from Indigenous entrepreneurs and federal procurement representatives indicate a need to change the way procurement opportunities and applicant requirements are presented. Research shows that the use of Westernized language and processes can pose barriers to Indigenous businesses seeking to participate in federal procurement.¹⁷

¹⁶ Government of Canada: Office of the Procurement Ombudsman. (January 2024). *Procurement Practice Review of ArriveCAN*. <https://opo-boa.gc.ca/prapp-prorev/2024/epa-ppr-01-2024-eng.html>

¹⁷ Okwaho Equal Source. (2021). *Transforming the Indigenous Procurement Process in Canada: A literature review, qualitative analysis, and recommendations*. Research Report. National Aboriginal Capital Corporations Association (NACCA). <https://nacca.ca/wp-content/uploads/2022/05/2.-Transforming-Procurement-Process-Academic-Research-Final-English.pdf>. Pg. 9

Whether by intimidation to the point of non-participation or confusion to the point of disengagement, these opportunities are unclear regarding what they require and how Indigenous businesses can satisfy those requirements.

Federal organizations are responsible for maintaining the confidence of the supplier community and the Canadian public when purchasing goods and services by conducting their procurements fairly,

openly, and transparently—a commitment codified in the Financial Administration Act.¹⁸ If policy change to regain the trust of Indigenous entrepreneurs is not currently an option, then more needs to be done to ensure that Indigenous businesses can easily understand the procurement opportunities set aside for them. Achieving five percent of federal procurement spend with Indigenous businesses will be difficult if entrepreneurs cannot comprehend application requirements and expectations.

Challenges creating awareness of procurement opportunities

During the interview process, barriers were also attributed to how procurement opportunities are marketed to Indigenous businesses. The inability to identify viable opportunities is an obstacle that hinders Indigenous business participation in procurement because if applicants cannot quickly and easily identify opportunities available for them, they may adjust course to more valuable uses of their time running their business.¹⁹ This is especially true since most Indigenous businesses are small and medium-sized enterprises (SMEs) and often do not have the luxury of relying on an entire procurement department or team like those of larger companies. Previous CCIB research on Indigenous business demographics shows that most Indigenous businesses are unincorporated (73%), are sole proprietorships (61%), and operate without employees (64%).²⁰ This is why it is important to adopt a procurement

strategy that relieves undue stress on small business owners by clearly identifying opportunities for Indigenous businesses and communicating them effectively. This is a wise practice that can support the successful engagement of Indigenous suppliers in procurement.²¹

Indigenous interviewees raised concerns about the difficulties locating procurement opportunities that are relevant to them:

“One improvement is that they [federal government departments] could post them on their websites. There hasn’t been much of a change in CanadaBuys in terms of Indigenous-focused procurement opportunity numbers.”

18 Government of Canada: Office of the Procurement Ombudsman Promoting Fairness, Openness, and Transparency in Federal Procurement. (2023). *2018-2023 Procurement Practice Review*. <https://opo-boa.gc.ca/documents/pepa-prrp-2018-2023-eng.pdf>. Pg. 4

19 Callihoo, Teresa, and Derek Bruno. (2016). "Chapter 4: Entrepreneurship." In *Indigenous Businesses in Canada*, edited by Keith Brown, Mary Doucette and Janice Tulk. Sydney: Cape Breton University Press. Pg.70

20 Canadian Council for Indigenous Business. (2016). *Promise and Prosperity: The 2016 Aboriginal Business Survey*. Research Report. <https://www.ccab.com/wp-content/uploads/2016/10/CCAB-PP-Report-V2-SQ-Pages.pdf>. Pg. 16

21 Indigenous Corporate Training Inc. (2019). *14 Indigenous Procurement Best Practices Suggestions*. <https://www.ictinc.ca/blog/14-indigenous-procurement-best-practices-suggestions>.

“The piece that’s missing is the in-between area, where consultants will go into the community and prepare them for that procurement that’s happening. Even a cold call and a good approach will help with engagement.”

“Haven’t had much success finding work through government procurement websites. We have more success going to trade shows.”

“We get more contracts through talking to maintenance people than procurement people.”

“Indigenous businesses are going in and submitting essentially blind bids to these government RFPs. It’s hard to get work.”

“There are very few opportunities through MERX or CanadaBuys. We get a lot of cold calls—an agent in the federal government will ask if we’re interested, and those projects often provide much more value and work than picking through what’s on a website.”

These comments demonstrate that the procurement opportunities intended to be set aside for Indigenous businesses are not being adequately marketed or communicated. This is the cause of frustration for many Indigenous entrepreneurs seeking to engage with these opportunities, only to find that their time could have been better spent running their business or participating in activities that are guaranteed to have a positive return on investment. Procuring

agencies within the federal government must understand that SMEs have many competing priorities and cannot afford to spend their days sifting through open RFPs. If federal departments want Indigenous businesses to participate in procurement relationships, they need to have more direct marketing of opportunities, clearly stated and filterable set-aside criteria, and well-defined applicant expectations from the outset to ensure more successful bids. Examples of procurement platforms that consider these factors already exist, such as CCIB’s Indigenous Procurement Marketplace or the Government of Yukon’s First Nations Procurement Policy, which sees the establishment of an Indigenous business registry managed by the Yukon First Nation Chamber of Commerce.²²

Though these comments demonstrate shortcomings in socializing procurement opportunities to Indigenous businesses, efforts are being made to address this. Some Indigenous interviewees did report that, over time, they have established a good relationship with a specific department within the federal government that has allowed them to have procurement opportunities cross their desks more often. Though rare, a few of the established Indigenous businesses we talked to have positive comments about a relationship they have established with a specific federal agency.

“Defence Construction Canada is doing a fantastic job. They have called asking when he has and hasn’t bid for jobs, asking why he hasn’t bid to see why.”

“My best recommendation would be to do what Defence Construction Canada does and call us up—the importance of personal connections.”

22 Government of Yukon. (2021). *Yukon First Nations Procurement Policy fully implemented*. <https://yukon.ca/en/news/yukon-first-nations-procurement-policy-fully-implemented>.

“The ones that work are where you have an engaged audience. That’s where you get your engagement. A marriage is going to work if two people are willing to commit—the good, bad, ugly—everyone has their days, and we need to recognize that.”

“Federal procurement reps have been good generally. PSPC and PAC staff have been supportive generally and the staff themselves are great.”

These descriptions of positive interactions reassure us that a procurement system that works for buyers and suppliers is possible. It is also worth noting some of the strategies federal departments employ to better communicate the available procurement opportunities to Indigenous businesses within their network. One example is the effort of departments such as PSPC to be more approachable and proactively engage with Indigenous procurement partners. In 2022–2023, PSPC hosted or participated in 403 events tailored toward Indigenous businesses. This social outreach included PSPC leading or co-leading thirteen national and regional Indigenous business information sessions.²³

The goal of these sessions is to gather Indigenous businesses, communities, and associations to raise awareness of the Government of Canada’s five percent requirement for Indigenous participation in federal procurement, highlight Indigenous procurement opportunities, and outline the supports available through Government of Canada programs and services, such as CanadaBuys and Procurement Assistance Canada (PAC). PAC has launched a new coaching service to help business owners from diverse social backgrounds, including Indigenous Peoples, who have had limited success competing for federal contracts.²⁴ The coaching involves personal sessions within a formalized program that can help Indigenous entrepreneurs maneuver through the competitive procurement process. Getting themselves out into the community and meeting Indigenous entrepreneurs where they are is an exemplary best practice that should be employed more commonly by departments looking to engage Indigenous partners in their procurement processes meaningfully.

23 Public Services and Procurement Canada. (2023). *2022 to 2023 Departmental Results Report*. Departmental Report. https://publications.gc.ca/collections/collection_2023/spac-pspc/P1-34-2023-eng.pdf. Pg. 70

24 Public Services and Procurement Canada. (2024). *Helping Indigenous businesses participate in federal procurement*. <https://www.canada.ca/en/public-services-procurement/corporate/stories/helping-indigenous-businesses.html>.



Procurement cannot be conducted solely from the halls of power in Ottawa if the intention is to leverage the strength of the Indigenous economy throughout the supply chain. The interviews with federal procurement representatives capture widespread awareness among

participants regarding some challenges they face in effectively communicating procurement opportunities to Indigenous entrepreneurs. However, efforts are being made to address this communication barrier on behalf of the federal government with the following initiatives:

Increasing in-person engagements with Indigenous communities and businesses

- *“We have had a very active role in doing outreach to Indigenous businesses. In 2021–22, we planned to do in-person sessions at every CF base and wing in Canada, but due to COVID, we pivoted to virtual sessions and held 22. We have developed our own Indigenous business database, which they drew from CCIB’s directory, the IBD (Indigenous business directory), and other regional directories—400 or so businesses that offer the construction, environmental, services, and facility maintenance that we are looking for.”*
- *“We make road trips to the community to do in-person events where we can make connections on the ground.”*
- *“We have job fairs and senior management going into Indigenous communities to get knowledge out there about procurement opportunities available.”*
- *“Sometimes making connections on the higher level is the way that you can get to meet businesses. It goes a long way to have a person there and make connections with the Chief and Council when they have the opportunity to go into communities.”*

Collaborating with Indigenous community economic leadership and other Indigenous-led organizations

- *“We work with First Nations on the East Coast, primarily by engaging with economic development officers within the community.”*
- *“We make sure our tenders are going through Indigenous organizations like CCIB. We have also hosted town halls, and we try to keep a line open.”*
- *“We have connections through various Indigenous organizations and also work with CANDO to conduct a series of events regarding procurement education.”*
- *“We have presented at various workshops for Indigenous businesses and partnered with organizations like Community Futures and CANDO. When opportunities are presented, we try to get out there, sponsor events, and talk with businesses about who they are and how we can more effectively share opportunities.”*

Training and education on being a supplier for the federal government

- “[Specific federal department] services offer one-on-one engagement with Indigenous businesses. This is a positive experience with helping businesses find contracts or opportunities, acting as a link between future project opportunities and Indigenous businesses.”
- “A lot of [specific federal department] contractors have been in direct contact with Indigenous businesses, and when we post something, we will follow up to make them aware. Our site offices have established some relationships with Indigenous suppliers.”
- “Virtual sessions were a bit more limited, so we just presented our department and opportunities, spoke about other partners and our programs, and how to navigate things like security clearance. We also generated awareness of our plans to advance Indigenous procurement. Upcoming, we will have different sessions where we will focus on working to develop partnerships. The sessions will be about bringing all the parties together so everyone can hear about what’s working and what’s not working.”
- “We have regular training sessions done with the client department. We do Indigenous outreach and engagement to encourage Indigenous participation and educate them on the opportunities available.”

Much of the challenges noted by federal procurement representatives are related to socializing procurement opportunities, which is tied to building trust and relationships with Indigenous businesses and communities. The colonial legacy in Canada has instilled generations’ worth of distrust between Indigenous Peoples and the Government of Canada.²⁵ The introduction of the Indian Act, residential school systems, policies of mass adoption, assimilation, and some of the socioeconomic struggles faced by Indigenous communities perpetuated by these factors have greatly hindered the creation of conditions essential for successful collaboration. Most of the interviewees from this sample expressed frustration in handling this historical legacy while attempting to promote procurement with Indigenous businesses.

“Communication from the federal government did not translate to business owners. Building trust between Indigenous communities and the federal government is hard, and the message that we are here to support them is hard to get through to communities.”

“In isolated areas, it can be harder because sometimes many in the community do not speak English or want to communicate with us as much. Trying to build that trust between government and community is hard, but the more we do, the easier it is.”

25 Christmas, Bob. (2012). “The people are the police: Building trust with Aboriginal communities in contemporary Canadian society.” *Canadian Public Administration* 55 (3). https://www.researchgate.net/publication/264299619_The_people_are_the_police_Building_trust_with_Aboriginal_communities_in_contemporary_Canadian_society. Pg. 452

“On the negative side, a lot of these legal documents that have been signed in the past have not been favorable to them, so when procurement contracts are presented, it can be scary for entrepreneurs due to a lack of trust. In remote, isolated areas, they are very close to project authorities and haven’t met the procurement people most of the time.”

Indigenous interviewees shared similar frustrations concerning the inability to effectively establish relationships, with some saying:

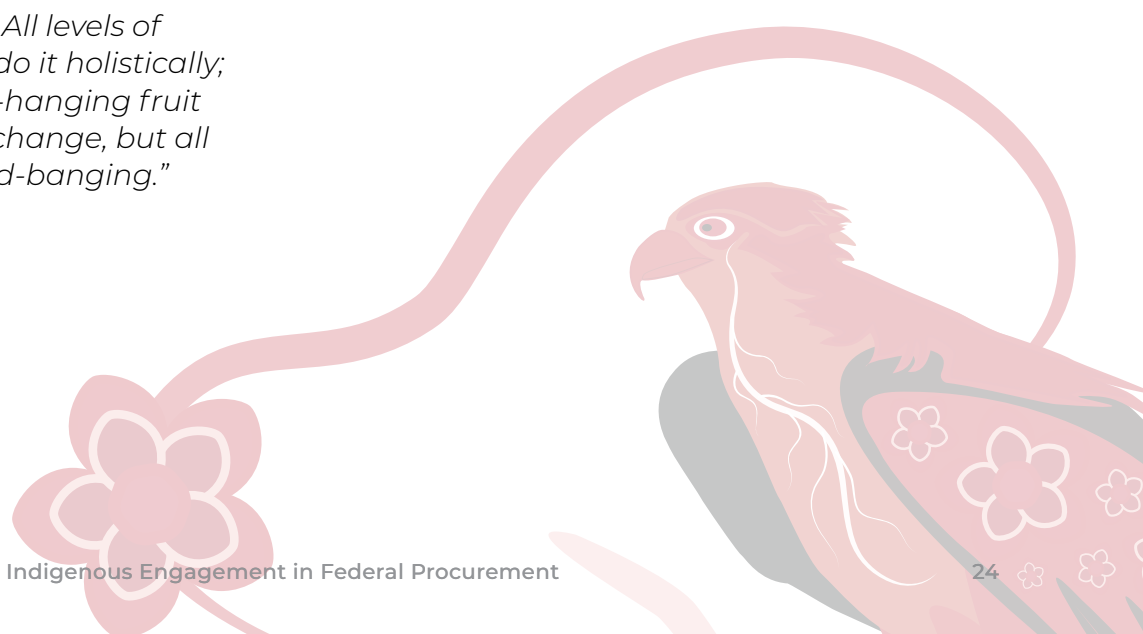
“Indigenous services are supposed to be the go-to, but they do not provide much help. but they aren’t well-educated or savvy. They have a bad process, and they have the inability to make positive change.”

“I don’t think the federal government is engaged or committed, they need more opportunity to learn and be educated on what we face as Indigenous businesses.”

“The government has the mandate, but the procurement officers don’t have the background, training, and understanding of the realities of actually doing it. All levels of government fail to do it holistically; they pick some low-hanging fruit and make a small change, but all that leads to is head-banging.”

Not enough is being done to bridge the gap in understanding necessary to foster meaningful relationships. As it stands, Indigenous businesses and federal procurement representatives are on opposite shorelines. On the one hand, Indigenous entrepreneurs are raising serious concerns about communication, transparency, and the complexity of federal procurement opportunities. This group struggles to identify contracts set aside for them that are relevant to their business or provide enough of a return on the time invested during the application process.

On the other hand, there are procurement officials who feel frustrated with their ineffectiveness in socializing procurement opportunities and establishing the relationships with Indigenous partners necessary to achieve a five percent minimum procurement spend. This might indicate a need to be more proactive with respect to larger projects, such as infrastructure planning to socialize with the adjacent communities. This lead time could include descriptions of types of contracts and subcontracts that will be sufficient for the local Indigenous business community to build capacity or determine an engagement strategy that best serves their interests. Enhancing current procurement processes and moving the needle on economic reconciliation will require a shift in strategy and motivation for engaging with Indigenous businesses.



Access to financing and capacity to support procurement activities

In addition to the challenges Indigenous entrepreneurs face regarding communicating and identifying relevant or viable procurement opportunities, many struggle with financing these endeavors. Previous CCIB research has spoken to this obstacle, such as the 2016 national survey findings, which demonstrated that approximately three in ten surveyed Indigenous businesses cite access to financing as a key barrier (29%), with another three in ten indicating that applying for financing through the process of completing forms is difficult for them (30%).²⁶ The same study also found that most Indigenous entrepreneurs, especially those who constitute sole proprietorships, finance their businesses with personal savings (65%).²⁷ Moreover, access to financing and equity or capital is also particularly difficult for individuals living on reserve since their property cannot be used as collateral for loans due to provisions outlined in the Indian Act.^{28,29} In the context of participating in federal procurement, these factors relating to financing are important to consider because they allude to some of the experiences that Indigenous entrepreneurs have in their procurement journey.

Participating in federal procurement is not an inexpensive undertaking and often draws an entrepreneur away from activities that are guaranteed to earn money instead of applying to the possibility of financial return. This is especially true for many smaller businesses that may find the costs of navigating the federal procurement system to be too high, thus limiting their capacity to meet requirements or participate equitably without modifying or expanding their operations.³⁰ Costs attributed to obtaining or maintaining certifications and memberships, registering for directories, hiring professional services, and purchasing machinery, combined with the lost productivity and revenue from time spent reviewing and applying, severely deter Indigenous businesses interested in federal procurement.

26 Canadian Council for Indigenous Business. (2016). *Promise and Prosperity: The 2016 Aboriginal Business Survey*. Research Report. <https://www.ccab.com/wp-content/uploads/2016/10/CCAB-PP-Report-V2-SQ-Pages.pdf>. Pg. 35

27 Ibid, Pg. 33-34

28 Cornet, Wendy, and Allison Lendor. (2002). *Matrimonial Real Property on Reserve*. Discussion Paper, Ottawa: Government of Canada: Department of Indian and Northern Affairs Canada. This resource mentions that "under the Canadian legal system, legal title to Indian reserve land is held by the federal Crown for the use and benefit of specific First Nations through the 'Bands' recognized under the *Indian Act*."

29 Canadian Council for Indigenous Business and Office of the Chief Economist of Global Affairs Canada. (2019). *Indigenous-Owned Exporting Small and Medium Enterprises in Canada*. Research Report. https://www.ccab.com/wp-content/uploads/2019/07/CCAB_GAC-Indigenous-Exporting-SMEs-in-Canada-EN.pdf. Pg. 35 also states that "The Indian Act, which governs most First Nations communities, defines primary property rights for First Nations in such a way that it either prevents the use of land as collateral against a loan or creates uncertainty, thus impeding economic activity developments: 1. Customary or traditional rights provide the band chief and council with authority over reserve lands in full, such that a band member never has true and complete security of tenure as there is always a possibility of eviction (Section 60(1) and (2)); and 2. Certificates of possession are the legal proof that a property on reserve is in the possession of a band member. These can only be exchanged between band members and are protected against seizure. As such their use for collateral is limited (Section 40)."

30 Canadian Council for Indigenous Business. (2019). *Industry and Inclusion: An analysis of Indigenous potential in federal supply chains*. Research Report. https://www.ccab.com/wp-content/uploads/2019/05/CCAB_Research-Report_web.pdf. Pg. 21

Interviewees from our sample shared insights into some of the financial thought processes and decision-making that must be frequently employed when seeking to participate in federal opportunities:

"It's a lot of work and very technical. It can scare many away. I am familiar with it and have done enough to understand it, but often it comes down to a cost balance analysis—is it worth engaging in a 500-page contract if you get \$250K?"

"[Referring to financial barriers] The cost of memberships and things you need to do the work—there isn't any support for these things. ISO certification cost us \$50K and 8 months of our time, even though we understood the process. There was no guarantee that this would equal work."

"I haven't accessed any consultants, but some grants would help immensely with that—also with certifications and other stuff."

"I've spent hundreds of hours on procurement but nothing's manifested—why chase the carrot that's not there? The 5% is like a dangling carrot you're never going to get. I've seen no benefit to it so far, all it's done is cost me money and harm."

"The amount of inspection that is required under defence contracts is also a barrier. We almost need to buy a \$250K machine to let us know if we meet the requirements. We're getting contracts, but we're not getting contracts over \$3K—why would we invest that much?"

"Their [federal government] payment time is long. It takes almost two months to get paid - for a small 20K job. This is tough because we need to pay our contractors and suppliers who have helped complete the project."

"The value doesn't matter. Longer-term contracts are ideal because then I could get financing and figure out how to plan the rest of our expenses and activities for the duration of the contract."

"The issue was that we found out in the second phase that the government would only pay \$75K for this RFP and not take bids from vendors. This was not enough to cover the costs of R&D and even the human resources for filling out the RFP."

The concerns shared among this sample of Indigenous entrepreneurs emphasize the need for stronger provisions related to accessing finance to stimulate meaningful participation in federal procurement.

By offering enhanced financing options and procurement contracts with longer durations, the government could build better relationships and help Indigenous businesses support their communities in meaningful ways.³¹ A key aspect will be tailoring opportunities to the needs of Indigenous businesses and ensuring that

they have the tools and resources to engage effectively. If Indigenous businesses cannot secure financial support to offset the lost revenue attributed to diverting operational capacity toward applying for or reviewing procurement opportunities, these ventures will remain a secondary priority or be viewed as unviable.

Low-dollar-value contracts

The federal government has introduced low-dollar-value (LDV) contracts as a potentially valuable incentive to increase Indigenous participation in procurement in response to some of the concerns raised by Indigenous entrepreneurs. LDV contracts are one way to enhance Indigenous businesses' accessibility to federal government supply chains. An untapped supply chain equity market, LDV contracts can potentially engage and embed Indigenous businesses into federal government organizations.³² For the federal government, LDV contracts encompass purchases below \$25K for goods and below \$40K for services and construction, including all applicable taxes.

The benefit of these types of contracts is that, unlike larger purchases, which are made through soliciting bids and quotes from potential suppliers using a tendering process, low-dollar-value procurements are often direct purchases from vendors.³³ This means that procurement representatives in various federal departments can leverage their connections with Indigenous

communities and suppliers to funnel these contracts to them where appropriate. LDV contracts have resulted in modest success related to increased engagement with Indigenous businesses in the procurement process.

In 2022, PSPC introduced its Indigenous Business First strategy, which awarded all internal LDV procurements to Indigenous businesses first where applicable.³⁴ In 2022–2023, PSPC's LDV procurement budget totalled \$736.5 million. Initiating the Indigenous Business First strategy for LDV procurements resulted in \$46.0 million, or 6.2% of LDV contracts going to Indigenous businesses.³⁵ Another example of the value of LDV opportunities is highlighted in the procurement reporting of Real Property Services; a federal department focused on the management and maintenance of government real property holdings, including the Parliamentary Precinct, professional and technical real property services to federal departments and agencies, and provision of working environments to federal employees and

31 Canadian Council for Indigenous Business. (2023). *Reaching 5%: Impacts and processes of procurement*. Policy Brief. <https://www.ccab.com/wp-content/uploads/2023/03/Reaching-5-Report.3.pdf>. Pg. 4

32 Canadian Council for Indigenous Business. (February 6th, 2024). *Supply Change Webinar: How to find federal government opportunities under \$40K*. Toronto.

33 Government of Canada. (2024). *Reference sheet: Low dollar value opportunities*. <https://www.canada.ca/en/public-services-procurement/services/acquisitions/support-for-businesses/searching-opportunities/low-dollar-value.html>.

34 Public Services and Procurement Canada. (2023). *2022 to 2023 Departmental Results Report*. Departmental Report. https://publications.gc.ca/collections/collection_2023/spac-pspc/P1-34-2023-eng.pdf. Pg. 70

35 Ibid, Pg. 70

parliamentarians.³⁶ Between the 2022–2023 and 2023–2024 fiscal years, this agency spent over \$30 million worth of contract value on LDV opportunities.³⁷ This significant amount of money could flow directly to Indigenous vendors or suppliers quickly and efficiently.

Federal procurement representatives from our interview sample had positive things to say about the use of LDV contracts and unbundling opportunities to increase engagement with Indigenous suppliers:

“We unbundle because some Indigenous companies are able to do really great work in one area but not the full area. This allows them to get involved and leverage their specialty.”

“We sometimes do an LDV or supply arrangement pilot to test if a supplier can supply to a certain area, and if they can, they can help them with wider distribution.”

“Anything we post online for Indigenous businesses has conditional set-asides outlined. This includes LDV contracts, which we have been trying to get more out to Indigenous suppliers.”

While there are many positive elements to unbundling larger contracts or creating LDV opportunities, some Indigenous businesses in our sample expressed concerns related to the amount of effort required, even for low-dollar-value contracts. It is worth noting that finding these LDV opportunities is not transparent and is yet another exercise

in identifying which departments have opportunities and how to apply for them. LDV contracts are marketed or socialized separately from those opportunities available on platforms like CanadaBuys or MERX.

“Last year I did three jobs with [specific federal department], and they were all less than 30K, but I still had to file the same amount of paperwork! I am the main owner and operator of my business, which makes it difficult because you need good administration to keep up with the paperwork, but I cannot bring in someone. As a small business, I cannot afford it.”

“One contract wanted me to have \$5 million liability insurance for a \$25K project. I asked them to change the numbers, and they went along with it—it’s important to have some pushback but also be polite and respectful.”

“Since 2019–2024 [referring to how long it has taken to gain approval to participate in supply arrangement contracts]. We just received a letter essentially saying that it’s taken since 2019 for us to bid on supply arrangements because the process to get in is terrible. Even if civil servants have good intentions, they don’t know what they’re doing, and it wastes our time.”

³⁶ Public Services and Procurement Canada. *Real property services and parliamentary infrastructure*. <https://www.canada.ca/en/public-services-procurement/services/infrastructure-buildings.html>.

³⁷ Public Services and Procurement Canada. (2024). *Real Property Services (2022-2023)/(2023-2024) Regional Procurement Review*. Annual Report.

“Even on smaller contracts the insurance requirements, bonding requirements, and so many other barriers could be fixed if the government invested money in the entrepreneurial side to assist with getting these certifications.”

This feedback from Indigenous entrepreneurs indicates that the current operating standards for LDV contracts must be reviewed to ensure they are accessible and worthwhile. The current approach related to LDV is not perfect and still requires substantive adjustments to ensure these opportunities align with the goals of CCIB Indigenous businesses to build capacity and remain profitable.

These comments also align with prior CCIB research on the subject, which focused on the low threshold for sole-source contracts, typically \$25K, and how this makes the sole-source or LDV opportunity moot for most substantive work.³⁸ On this topic, CCIB has previously recommended that amendments be made to the Treasury Board Contracting Policy to establish a new enterprise-wide threshold for sole-source/LDV contracts of \$100K for Indigenous businesses. This change would encourage federal officials to procure from Indigenous businesses by simplifying the contracting process for those valued at less than \$100K.³⁹ Improvements like this would provide an immense opportunity to enhance and support Indigenous engagement in federal supply chains.

Discrimination against Indigenous businesses

Other unfortunate barriers to Indigenous participation in federal procurement that participants shared and are worthy of further analysis are racism, discrimination, and other forms of unfair treatment experienced throughout the process. This is not a novel issue Indigenous Peoples, communities, and businesses face. An Environics Institute study from 2016 found that just over one in ten respondents expressed their first impression of Indigenous Peoples in clearly negative terms pertaining to special treatment or negative attributes. This unfavourable viewpoint included the mentioning of tax breaks and other rights and privileges (5%), reliance on welfare or government handouts (3%), that Indigenous Peoples are lazy or do not work to contribute to society (2%), and generally negative feelings (3%).⁴⁰ Importantly, the study indicates that the

proportion citing such impressions in urban Canada is essentially unchanged since 2009, demonstrating the perpetual prejudice Indigenous Peoples face.

Additionally, Statistics Canada data from 2019 show that discrimination was more common among the Indigenous population than among populations who are both non-Indigenous and non-visible minorities (33% versus 16%). More specifically, 44% of First Nations people had experienced discrimination in the five years preceding the survey, as had 24% of Métis and 29% of Inuit.

Moreover, the same study found that experiences of discrimination had jumped 10 percentage points in five years (23% to

38 Canadian Council for Indigenous Business. (2021). *Transforming the Indigenous Procurement Process in Canada*. Research Report. <https://www.ccab.com/wp-content/uploads/2022/03/Transforming-the-Indigenous-Procurement-Process-in-Canada.pdf>. Pg. 10

39 Ibid, Pg. 10

40 Environics Institute. (2016). *Impressions and Perceptions of Aboriginal Peoples*. Research Report. https://www.environicsinstitute.org/docs/default-source/project-documents/public-opinion-about-aboriginal-issues-in-canada-2016/imp-pressions-and-perceptions-of-aboriginal-peoples.pdf?sfvrsn=cd4066b3_2. Pg. 11

33%) for Indigenous Peoples in Canada.⁴¹ These negative perceptions can leak into the business world and greatly impact the prospect of success for Indigenous entrepreneurs who are already likely to be confronted with a plethora of socioeconomic challenges. Interviewees from our sample regrettably corroborated much of the findings captured in the data.

“Yes, we did one of those subcontracting arrangements, and I’ll never do it again. We will never entertain someone whose only reason for being there is to check a box.”

“If I’m not friends with them, I can’t get in—there’s a huge old boys club and existing relationships.”

“I want to kick the doors open and am tired of being shut out—I’m sick of it and being suppressed and held back and left out. I’ve been excluded from so many rich white men’s clubs that run [city this business operates in].”

“Telling people we are an Indigenous businesses has honestly hurt more than it’s helped. I haven’t seen the benefit of set-asides and other businesses in Saskatchewan don’t share their work with us because we think we’re getting an unfair advantage. It’s almost harder to go down the path of Indigenous procurement policies.”

“There is a financial requirement that is required, and they are not things that are needed. They seemed discriminatory. Also, some of their rules for Indigenous procurement are unfair, like some requirements that are in place make it harder as an Indigenous business when for other groups [visible and non-visible minorities] those aren’t requirements.”

“We were told our approach is not good [when advocating for themselves with procurement officials], and we are not to speak to their employees like this. We were trying to obtain legitimate information from the procurement people and ask simple questions, but they took it as offensive, and we got a racist email back from them [specific federal department].”

“Government must communicate with Indigenous Peoples in the country. We get the feeling that they are doing this because they are told to, not because they want to. There is racism they must deal with.”

Regardless of whether the discriminatory experiences originate with procurement representatives or other non-Indigenous members of the business community, these harmful outlooks are having a direct impact on Indigenous business success. The common sentiment shared by Indigenous businesses that participated in interviews is that identifying as an Indigenous-owned company can often hurt the likelihood of positive procurement and business development outcomes. This challenge requires more resources dedicated to combatting discrimination

⁴¹ Cotter, Adam. (2022). *Experiences of discrimination among the Black and Indigenous populations in Canada, 2019*. <https://www150.statcan.gc.ca/n1/pub/85-002-x/2022001/article/00002-eng.htm>.

against Indigenous businesses, demystifying falsehoods about Indigenous businesses, and communicating the benefits of collaboration with this segment of the economy. A key countermeasure that can be implemented is increased education.

A lack of inclusive education is a common barrier noted by both Indigenous business owners and federal procurement representatives who participated in this research.

Lack of education and adequate training

Issues pertaining to education form barriers that prohibit Indigenous businesses from reaching their full economic and entrepreneurial potential. This educational gap can impact everything from accessing government programs to arranging financing, writing a business plan, negotiating with suppliers, contractors, and clients, and completing day-to-day record keeping.⁴² Data presented in the National Indigenous Economic Strategy show that if Indigenous Peoples had equal access to education and training as non-Indigenous people, the increase in productivity would result in an additional \$8.5 billion in annual earned income for the Indigenous population, much of which would be reinvested in the broader Canadian economy.⁴³ Investing in education and training for Indigenous entrepreneurs is believed to have the capacity to grow Canada's GDP by at least 1.5%. This is important to consider in this study since concerns about lackluster education are shared by both Indigenous business owners and federal procurement representatives we interviewed, albeit with slight differences in framing.

Challenges related to education manifest in a few ways for Indigenous business participants. For some interviewees, the barriers are directed internally at their level of procurement education and the lack of

available resources to assist with training on the federal procurement process.

"I have no procurement training, so this has made the process a little bit more difficult. I have had to dedicate lots of time to trying to figure out the procurement application process and would appreciate more training related to this."

"Taking some or developing some procurement classes for entrepreneurs to help understand what procurement professionals and reviewers are looking at. A bit of education would help in conjunction with experience."

"More training. A procurement-specific training course would be helpful. Training for entrepreneurs seeking to get involved in procurement. More formal and individualized for Indigenous businesses maneuvering through federal procurement. They have webinars but have something more tailored for Indigenous businesses/small businesses."

42 Indigenous Corporate Training Inc. (2017). *11 Challenges for Indigenous Businesses*. <https://www.ictinc.ca/blog/11-challenges-for-indigenous-businesses>.

43 National Indigenous Economic Strategy. (2022). *"National Indigenous Economic Strategy for Canada: Pathways to Socioeconomic Parity for Indigenous Peoples."* https://niestrategy.ca/wp-content/uploads/2022/12/NIES_English_FullStrategy_2.pdf. Pg. 9

Others focused on education barriers outwardly, citing knowledge inadequacies on behalf of federal procurement representatives.

“Get more qualified Indigenous people involved so they can go work in government and educate/advocate for Indigenous Peoples and businesses in the process.”

“Procurement people need to understand the value of their dollar. Even if it is more expensive, it’s better to buy something local and of quality. There’s a federal mandate sure, but it’s about a greater willingness, understanding, and partnerships.”

“There is a need for an Indigenous bid team or someone who came from the government that understands business.”

“There needs to be more education for federal procurement employees. Currently, they do not understand what Indigenous businesses face, which makes them ineffect

These insights demonstrate how a lack of education on procurement acts as a precursor barrier to engagement for many. Simply put, more focus needs to be allotted to supporting Indigenous businesses to understand and feel comfortable with the how and what elements of doing procurement, and federal procurement representatives need to pay attention to the why components. The lack of education on behalf of both parties breeds misunderstanding and frustration and fosters disengagement. When asked about some of the internal work being done to educate federal procurement representatives on Indigenous economies and procurement, those we interviewed said the following.

“New employees should go through more Indigenous awareness training (history, engagement, and culture) and must have empathy for the perspectives of Indigenous businesses.”

“You need to know the information that businesses are seeking or may ask. You need to ask questions, continue to learn and be willing to have your ideas challenged.”

“Know who supports are. There is a lack of education that exists internally on how to do this right. I found it valuable to reach out to others for information or guidance.”

“We have a pretty good relationship with ISC and they are planning a training day to talk about Indigenous procurements. We usually have information sessions or training days.”

“We have several educational trainings that employees can take, also have education/training that partner organizations provide [cultural awareness training].”

“Every [specific federal department] employee must take Indigenous cultural awareness training. We wanted to ensure that everyone interacting with Indigenous businesses would have that training. When we rolled out our joint Indigenous procurement strategy, we had rollout sessions at every regional office and invited people from every site in the region to explain why we have the strategy, what went into it, and what it meant in practical terms. This was done to ensure everyone understood the importance of the 5% mandate and what they should be looking for in trying to achieve it.”

It is important to note that while the efforts being made internally to educate employees on procuring with Indigenous businesses are positive, these could be enhanced in the following ways:

- More inclusion of Indigenous partners in the education process or creation of education materials to ensure their relevance.
- Regular update and review of training materials to ensure they are educating on the most current trends, realities, and needs related to procuring from Indigenous businesses.
- Host supplier training sessions to increase understanding of how to work with Indigenous businesses effectively and the importance of Indigenous procurement and economic reconciliation more broadly.
- Provide learning resources internally to employees and establish knowledge hubs.
- Share land acknowledgments and reflections in meetings.⁴⁴

The NIES calls on the government to understand the business case for meaningful procurement from Indigenous businesses and communities and invest in education and training for mutual benefit.⁴⁵ The Truth and Reconciliation Commission Calls to Action state, “Education is the key to reconciliation,” and call #57 demands that federal, provincial, territorial, and municipal governments educate public servants on Indigenous Peoples, communities, histories, and current socioeconomic realities.⁴⁶ To streamline the procurement process for all parties, there needs to be educated actors on both sides. Indigenous businesses must be confident and knowledgeable about the procurement process to engage effectively. The federal government provides capacity training and skills development in procurement participation. Federal procurement representatives must do their due diligence and educate themselves on Indigenous businesses and wise practices for engagement, as well as iteratively build on this knowledge through engagements with Indigenous partners.

44 Canadian Council for Indigenous Business. (2023). *Embedding Indigenous Businesses*. Policy Brief. <https://www.ccab.com/wp-content/uploads/2023/12/Embedding-Indigenous-Businesses-in-Supply-Chains.pdf>. Pg. 2

45 National Indigenous Economic Strategy. (2022). *National Indigenous Economic Strategy for Canada: Pathways to Socioeconomic Parity for Indigenous Peoples*. https://niestrategy.ca/wp-content/uploads/2022/12/NIES_English_FullStrategy_2.pdf. Pg. 36

46 Truth and Reconciliation Commission. (2015). *Truth and Reconciliation Commission of Canada Final Report*. https://ehprnh2mwo3.exactdn.com/wp-content/uploads/2021/01/Calls_to_Action_English2.pdf. Pg. 7



Wise Practices and Areas for Improvement

Increased accountability

One of the most common suggestions related to wise practices that our interviewees cite is increasing accountability through more auditing of supplier relationships, specifically joint ventures. The PSIB outlines three factors they look for when auditing subcontracting ventures related to Indigenous set-asides. They identify that the business is at least 51% owned and controlled by an Indigenous person/ group and, in cases of joint ventures, that an Indigenous business partner performs at least 33 percent of the contract value.⁴⁷ PSIB also specifies three types of audits that it might conduct: a mandatory pre-award audit, an optional/ by-request post-award audit, and random audits.⁴⁸

Though this may seem like a thorough audit process that ensures transparency and accountability when subcontracting, partnering, or joint venturing between Indigenous and non-Indigenous businesses, CCIB and other organizations researching this topic have long identified inconsistencies in the application or implementation of the auditing process.^{49,50} Even government reporting has validated calls for better auditing practices and processes. For example, a 2013 Audit of Procurement and Contract Management Process was completed for the Office of the Privacy Commissioner of Canada. This internal audit of procurement practices assessed approximately 900 contracts and amendments between April 2011

and September 2012 and identified opportunities to strengthen consistency and performance in authorization, approval, and segregation of duties related to contract work, including improvements to documentation of procurement sourcing rationale and justification.⁵¹ Research gathered for this report indicates that supplier relationships need to be audited more thoroughly and regularly, especially those that consist of a joint venture between an Indigenous and non-Indigenous company. Federal procurement officers in our sample had the following comments related to auditing in their departments and some of the protocols therein.

“We see a lot of JVs. If it’s a JV pursuing a set-aside opportunity we leave it to ISC to do the audit. However, it’s incumbent on us that when the contract is awarded, the Indigenous business is doing 33% of the work awarded, and it’s up to us to police that.”

“There are changes being made to whom is reviewing applications. However, it seems as if there is a disconnect with this and with whom is reviewing and approving applications.”

47 Indigenous Services Canada. (2023). *Audit information*. <https://sac-isc.gc.ca/eng/1407949234714/1610985664338>.

48 Ibid.

49 Canadian Council for Indigenous Business. (2023). *Reaching 5%: Improving federal subcontracting for Indigenous Businesses*. Policy Brief. <https://www.ccab.com/wp-content/uploads/2022/12/Reaching-5-Report.2.pdf>. Pg. 2

50 Canadian Council for Indigenous Business. (2021). *Reaching 5% and Beyond: A roadmap to increasing federal procurement from Indigenous businesses in Canada*. Research Report. <https://nacca.ca/wp-content/uploads/2022/05/1.-Procurement-Summary-Paper-Final-English.pdf>. Pg. 4-5

51 Government of Canada: Office of the Privacy Commissioner of Canada. (2013). *Audit of Procurement and Contract Management Processes*. https://www.priv.gc.ca/en/about-the-opc/opc-operational-reports/audits-and-evaluations-of-the-opc/internal-opc-audits-and-evaluations/2013/iac_pcmp/

“We see a lot of Indigenous businesses creating JVs with non-Indigenous businesses; non-Indigenous companies seem to be purchasing a ‘card’ to say they are Indigenous. These JVs do not have any other Indigenous involvement other than identification. Indigenous Services Canada has scaled requirements back to only consider the 51% Indigenous ownership, which is creating loopholes for JVs and non-Indigenous businesses.”

“Tracking subcontracting is a bit of a challenge. We are lacking evaluation criteria within this area.”

“We do not do a lot of auditing processes. We need to be doing more auditing when it comes to the JVs; having these measures in place would help in tracking the success and accountability of the business. We conduct a pre-award audit and post-award audit (have to justify 1/3 value of the work). However, these audits are costly.”

“The 5% contract really speaks to awarding contracts to Indigenous businesses—for better or for worse, we are not really tracking how that contributes to education, community development, or other socioeconomic factors very closely.”

Regarding joint ventures, Indigenous entrepreneurs from our interview sample expressed similar concerns about the possible abuses associated with a non-Indigenous company partnering without a well-defined Indigenous engagement plan.

“There needs to be an effort to hold governments and other companies that are dedicated to high Indigenous spending targets accountable. On one project we asked for a 5% minimum engagement level in the work, but things died after that.”

“The 5% mandate is a big win, although they won’t achieve it right out of the gate but there is positive movement - it’s important to hold contractors accountable that are taking advantage of it, making bids off it, and not delivering on it.”

“When it comes to JVs, often what we do is start a small relationship [with a non-Indigenous business] to see what it looks like with an MOU, they have their mandate and if that goes through the gate than they can work together. If they want to do proper Indigenous engagement and all of those things then they will pursue an MOU and be careful with the relationship before jumping into it. Holding true to your mission statement, objectives, and goals is important.”

“Not having a bond forces me into sometimes predatory joint venture when I can do everything else required of the contract or job.”

In terms of combating some of the problematic joint venture practices being recognized by both Indigenous businesses and federal procurement representatives, there are suggested wise practices existing in the literature and posited by our interview participants. One suggestion is the Partnership Accreditation in Indigenous Relations (PAIR) certification offered through CCIB.

PAIR is a tiered program that certifies non-Indigenous businesses have developed and are using processes to be:

- good business partners
- great places to work
- committed to prosperity in Indigenous communities

PAIR's certification program provides a high level of assurance to Indigenous communities and businesses because the designation is supported by independent and third-party verification of company reports. A jury comprised of Indigenous businesspeople determines the final company level.⁵² Since its introduction in 2001, PAIR has remained the premier corporate social responsibility program, emphasizing Indigenous relations. Federal procurement representatives and Indigenous business owners from our sample mentioned the value of CCIB and similar organizations stepping into this space to assist with accountability in procurement.

“Separately, we’re trying to do other things like pursuing the CCIB’s PAIR certification so that while we’re focused on the 5%, we’re also taking actions, corporately, to ensure best practices in Indigenous procurement and partnerships.”

While certifications and programs like PAIR are valuable for promoting accountability in procurement relationships, more must be done to hold non-Indigenous partners, both government and corporate buyers, accountable for the meaningful inclusion of Indigenous partners on the project. Another tool that could be better leveraged is mandatory minimum requirements, which must be more stringently enforced and audited to ensure Indigenous spending compliance by tracking bidders' progress and rewarding bidders who meet them while holding those who do not meet them accountable.⁵³

Currently, there are not enough regulatory checks and balances within the procurement review, awarding, and execution process that focus on the level of engagement with Indigenous businesses cited on a bid. Federal government departments intending to spend with Indigenous businesses through joint ventures or other partnerships must utilize tracking and oversight to ensure an appropriate division of project work is allotted to participating Indigenous businesses and that required funds flow to the Indigenous stakeholder. Processes should also ensure adequate rigor is used to certify that the Indigenous partner is actually Indigenous owned.

52 Canadian Council for Indigenous Business. *Partnership Accreditation in Indigenous Relations (PAIR)*. <https://www.ccab.com/programs/partnership-accreditation-in-indigenous-relations-pair/>.

53 Canadian Council for Indigenous Business. (2023). *Reaching 5%: Improving federal subcontracting for Indigenous Businesses*. Policy Brief. <https://www.ccab.com/wp-content/uploads/2022/12/Reaching-5-Report.2.pdf>. Pg. 2

Improved feedback channels and processes

Another wise practice that many Indigenous entrepreneur interviewees appreciated is well-established feedback processes that help improve future bids. Feedback on bids is important because it can act as a procurement teaching mechanism for Indigenous entrepreneurs who may be struggling with maneuvering through the application phase. One solution CCIB has advocated for in the past is supporting the development of Indigenous institutional infrastructure, whereby Indigenous procurement experts could provide support to federal procurement officials to amend their departmental practices.⁵⁴ This would create an effective feedback loop that funnels the procurement needs of Indigenous businesses at the national, regional, and local levels toward those making process-related policy decisions.

The findings gathered in this research indicate that Indigenous businesses and federal procurement representatives are currently experiencing a misunderstanding in expectations related to the feedback process. In numerous interviews, CCIB researchers heard from federal procurement representatives that they do, in fact, conduct feedback sessions with denied bids in some capacity.

“We have a feedback process. We send regret letters, including what they [Indigenous business applicant] failed on. We don’t always get requests for feedback sessions but there is an option for entrepreneurs to request it, either written or via Teams.”

“The responsibility of receiving feedback is on the business, this is not mandatory, but we will conduct it if requested.”

“Failed bids are eligible for feedback. Everyone has a right to a debrief after they lose and we give them reasons why they lost out. We have not had a debrief with an Indigenous business yet.”

While the feedback process may exist for Indigenous entrepreneurs to access after a bid has been denied, dissatisfaction is shared concerning the utility and value of these sessions. Some participants from our sample even had detailed experiences where feedback was not provided, which they found particularly frustrating.

“It’s very important [referring to the value of feedback], but it would be nice to receive feedback without asking.”

“There is a feedback loop, but they don’t follow through on it. No feedback provided on application that I have previously submitted.”

“There’s been no feedback on anything I’ve ever bid on with government at every level (provincial and federal). Even when I try to pry those doors open, I get knocked down.”

54 Canadian Council for Indigenous Business. (2021). *Reaching 5% and Beyond: A roadmap to increasing federal procurement from Indigenous businesses in Canada*. Research Report. <https://nacca.ca/wp-content/uploads/2022/05/1.-Procurement-Summary-Paper-Final-English.pdf>. Pg. 6-7

“There isn’t a lot of feedback, but I also haven’t really followed up. I am busy and getting answers is challenging, not because they [federal procurement representatives] won’t tell you but because they don’t know.”

These responses highlight the challenges and ineffectiveness of current feedback processes related to Indigenous procurement. If the federal government wants Indigenous businesses to engage

in their procurement opportunities, it is worthwhile to dedicate resources to providing meaningful feedback on denied bids to lay the foundation for future success. This may also instill confidence or trust in participating in federal procurement on behalf of Indigenous businesses. If procuring entities show that they care about the success of Indigenous applicants in future bids, it might alleviate some of the cited barriers related to relationship building and effectively communicating procurement opportunities.

Mentorship and relationship-building

Indigenous business respondents could not overstate the importance of mentorship as a tool for overcoming barriers related to procurement participation. The presence of a mentor has been proven to contribute to a business’s overall success. Previous CCIB research shows that successful business owners are more likely to seek external advice, with two-thirds (67 percent) of highly successful owners seeking informal support through networking or mentoring.⁵⁵ Identifying and regularly connecting with a mentor can help overcome challenges by leveraging their business insights and experiences as guidance. Where programming, training, education, and other supports have fallen short, many are looking to the advice of seasoned entrepreneurs or procurement professionals. Many participants from our sample detailed the value their mentor has provided as a guide that helped make the prospect of participating in federal government procurement opportunities more manageable and less daunting of an undertaking.

“It is important to find mentors that you know and will work with you towards success.”

“Reach out to other companies that have done it, ask about the hoops they’ve had to jump through. Get in touch with CCIB. Just get in touch and work to support each other.”

“I’ve been fortunate—I came across a couple of mentors. One is a political leader and entrepreneur who’s helped guide me to this procurement.”

“It’s about sharing and finding mentors. The other guy [referring to one of his mentors] I found at a banquet, and we’ve also stayed in touch. Mentorship and partners are important for overcoming barriers and answering questions.”

55 Canadian Council for Indigenous Business. (2016). *Promise and Prosperity: The 2016 Aboriginal Business Survey*. Research Report. <https://www.ccab.com/wp-content/uploads/2016/10/CCAB-PP-Report-V2-SQ-Pages.pdf>. Pg. 49

"I have received really good mentorship out of the Indigenous Service Canada network. I have found people who actually care about breaking the cycle of poverty and giving good advice. Having that mentor that is there to listen and ask questions that can lead you to your solutions is valuable."

Mentorship and building a network that can be leaned on for support is a strong best practice that Indigenous businesses

can embrace as they attempt to become more engaged in federal procurement. Whether it is a business on the cusp of participating in federal procurement or one that has years of experience, it is important to remember that you do not have to go at it alone, and likely, the experiences you are having have been lived and worked through by others who are willing to share their knowledge. It may be difficult to admit that help or assistance is required; however, it will certainly pay dividends in the long run in the form of increased business acumen and success.

Suggestions for the Next Generation of Federal Procurement Employees

When interviewing federal procurement representatives, CCIB researchers asked them what advice they might want to share with the next generation of employees working on the Indigenous procurement portfolio within the federal government. Below are some of the comments and sentiments that they shared in their responses to this question:

"They [federal government departments] should first try to provide employment for Indigenous Peoples, they shouldn't do it alone they should contact Indigenous organizations and experts."

"I think it's incumbent on us to understand and be transparent. You have to be personable, available, and believe in what you're doing—that the 5% mandate is a very important thing."

"I would tell somebody to be patient. This is a learning curve for everybody. If there's something you're not sure about, ask questions. If you need a refresher, take courses, and see if there's something in policies or regulations that can help. Be patient, be kind, we're all working towards the same effort and goal."

"First make sure you have your homework done, you have the right people working for you, and a relationship with an Indigenous organization that can help you navigate the Indigenous landscape."

"As an officer, 'slow down' focus on developing relationships with communities, they must be aware that a relationship/trust is being rebuilt."

“Ensuring people know that collaborating with Indigenous businesses isn’t just checking a box it brings benefits to the business.”

Advice for Other Indigenous Businesses

Similarly, when interviewing Indigenous business owners, CCIB researchers asked about advice that this sample of participants wanted to share with other Indigenous entrepreneurs. More specifically, we asked them to share advice for those on the cusp of participating in federal procurement and about what tools would have been valuable to them when they were more novice on their procurement journey. Below are some of their responses:

“Brace yourself. Come with a piggy bank, because the federal government will not let you in that door easy. They do not make it easier because you’re Indigenous.”

“I think it’s worth it. I’ve spoken about the importance. It really comes back to your goal and motive, and it can change lives. If that’s important to you, you need to keep educating yourself to make that happen.”

“It’s important to have that business plan in place—understand your costs, understand your risks, and when and how you are going to get paid.”

“I would advise most Indigenous entrepreneurs not to get into it and focus on getting their contracts somewhere else, especially if they haven’t done their background. Not avoiding it entirely but making sure you’re doing it for the right reasons and looking to diversify.”

“It’s not a good business plan for a new Indigenous company to rely on federal contracts, you must get to a certain size and scope before you can do it. Sure, the government buys everything but the size of contracts, payment terms, and all those different aspects make many Indigenous businesses not able to engage.”

“If you can’t deal with Corporate Canada, you definitely won’t survive federal procurement. People need to check their expectations and understand that sometimes contracts never come. I would focus on federal procurement after the business has matured.”

“Get more qualified Indigenous people involved so they can go advocate for Indigenous Peoples and businesses in the process.”

"I would tell most not to waste their time. It's emotionally draining, harmful, feels like a form of suppression."

"Relationships and engagement are the most important. The federal government see things in terms of career, we see things differently and if they approach procurement from a value of what they will get from it, they'd be more willing to engage."

"Honesty—true transparency. Someone to tell me that it's harder and more complex than people make it out to be. If I hadn't had the truth told to me in the beginning, I wouldn't be here but maybe that's a good thing."





Conclusion

This report and research project provide a thorough but not all-encompassing assessment of current trends related to Indigenous business participation in federal government procurement. Through this work, we have shed more light on some of the barriers and wise practices for Indigenous entrepreneurs and federal procurement representatives.

The needle has moved slightly on this portfolio in terms of communicating procurement and low-dollar-value opportunities and progressing toward the government's ultimate spending goals; however, it has not eliminated the barriers, as Indigenous businesses continue to voice concerns over them. However, Indigenous businesses continue expressing frustrations and concerns about

some of the barriers highlighted in this report. Continued research on this topic is important to keep progress iterative and responsive to the needs of Indigenous businesses, though directions for where changes can be made have long been identified by Indigenous entrepreneurs. Indigenous businesses are interested in more transparency throughout the process, access to financing to offset lost business when time is spent on procurement applications, and more training or education on effectively maneuvering the federal procurement sphere. Using these focuses as jumping-off points for policy change will help the federal government achieve its procurement spending goals and assist Indigenous businesses seeking government contract opportunities.

Recommendations

Better access to financing, capital, loans, or other capacity-building resources to offset the costs faced by Indigenous businesses participating in federal procurement

Findings from this research project indicate a need for more robust financing and capacity support options for Indigenous businesses seeking to become engaged in federal procurement. Resources must be set aside to allow Indigenous SMEs to split their focus between participating in federal procurement and operating their business without experiencing serious financial repercussions. Too many Indigenous entrepreneurs expressed concerns related

to an all-too-common scenario where they are forced to weigh the decision to pause revenue-generating activities to adequately participate in the procurement review and application process. It should be incumbent on governments to develop tools that allow Indigenous participation in federal procurement by providing the financial conditions for success throughout the process.

ACTION ITEMS:

- Ensure adequate resources, time, people, money, and effort dedicated to engaging with Indigenous suppliers.
- Increasing the threshold of LDV contracts to ensure a worthwhile return on investment for Indigenous SMEs seeking to engage in these opportunities.

Tailored training and education for Indigenous entrepreneurs interested in supplying the federal government and conversely for procurement representatives looking to purchase from Indigenous businesses

Indigenous businesses and federal procurement representatives need more training and education opportunities. To bridge the gap in procurement understanding, resources must be dedicated to ensuring that procuring entities and Indigenous suppliers are on the same page, operating with a universal understanding of each other. For Indigenous entrepreneurs, this includes more training on efficiently maneuvering procurement systems, effectively crafting bids, and pursuing informative feedback to assist with future

contract applications. Federal procurement representatives need to more thoroughly understand why Indigenous procurement is important, be educated enough on the subject to provide clear advice or feedback, be aware of the history of Indigenous Peoples, what has prevented inclusion in the past, cultural awareness to be more sensitive to the approaches that Indigenous business take, and immerse themselves in an iterative learning process that keeps them apprised to the most up-to-date information on Indigenous procurement trends.

ACTION ITEMS:

- Mandatory and continuous Indigenous procurement training on an annual basis.
- Resources for Indigenous organizations to build out existing supports and continue to assist with facilitating procurement training for Indigenous entrepreneurs.
- Two-way education seminars that focus on educating federal employees about Indigenous suppliers and opportunities while also providing information to Indigenous entrepreneurs on increasing their understanding of how to effectively work with the federal government as a supplier.
- To build Indigenous capacity and expertise, the federal government should work proactively with national Indigenous organizations to communicate procurement opportunities and build the procurement readiness of Indigenous businesses.
- Support the development of procurement expertise within Indigenous communities and organizations.

More thorough auditing processes to ensure procurement benefits flow to these partners

Many respondents in our research, both Indigenous entrepreneurs and federal procurement representatives alike, recognize the risks that poor vetting of Indigenous companies and the project benefits that flow therein can pose related to meaningful engagement of Indigenous businesses. Combating phantom joint ventures, dishonest subcontracting arrangements, and predatory partnerships is important not only for ensuring that the

procurement benefits are going to the rightfully deserving Indigenous entities but also acts as a tool for instilling trust in the entire process. Government departments procuring from Indigenous businesses through either JVs, subcontracting, or partnerships between non-Indigenous and Indigenous companies must do their due diligence to ensure that these relationships are legitimate and are not being used by nefarious actors looking to siphon benefits.

ACTION ITEMS:

- Within the auditing process, specifically focus on assessing Indigenous inclusion and ensuring adequate engagement of Indigenous partners during the planning and execution of project work.
- Continue establishing operational teams within federal departments to guide the implementation and action of Indigenous procurement efforts.
- Require bidders engaging in Indigenous subcontracting relationships to submit an Indigenous content plan demonstrating how they will achieve their requirements and outlining the benefits that will flow to the Indigenous partner. This should also identify penalties for not meeting these planned objectives.
- Develop Indigenous supplier portals and other supplier tracking mechanisms.
- Utilize CCIB's Indigenous Procurement Marketplace to identify Indigenous suppliers and access company overviews.
- Establish a procurement task force to combat phantom joint ventures (JVs) in collaboration with Indigenous economic organizations already supporting procurement.

Simplified application processes and clearly defined RFP applicant expectations

One aspect of the procurement process that must be revisited with an eye for accessibility, practicality, and transparency is how RFPs are formatted and presented to prospective Indigenous applicants. Reviewing open tenders, identifying relevant ones, and getting prepared to make a bid can be more streamlined if RFPs were shortened, presented in plain language, and clearly stated what exactly is expected of the applicant before and after applying. Making procurement convoluted and overly complex does not always equate to more

fair competition, as the federal government commonly explains as its justification for presenting opportunities the way it does. Federal departments seeking to procure from Indigenous businesses would boost engagement in their opportunities if they were easier to understand and process as small to medium-sized firms. Procurement policies must be changed so that the process is not so rigid and allows entrepreneurs to quickly assess what is available and decide to pursue or move on.

ACTION ITEMS

- A 1–2-page RFP brief or overview document that would streamline the procurement opportunity review and identification process.
- Start the RFP with the desired deliverables, rather than embedding these multiple pages and sections into the RFP or in an appendix, so that bidders know what is required.
- Establish pre-qualification processes to streamline the bidding and awarding of contracts.
- Embrace flexibility within procurement processes and practices to ensure they remain accessible for small and medium-sized Indigenous businesses.

Better communication of available and relevant procurement opportunities for Indigenous businesses

The procurement opportunities need to be simplified and streamlined for increased user viability on behalf of Indigenous businesses, and the government needs to do a better job socializing their available contracts. CanadaBuys requires revision to promote better user experiences, and government departments must make

targeted efforts to advertise their available opportunities directly to Indigenous business communities. Collaborating with Indigenous organizations doing work on procurement to flow the contracts set aside for Indigenous businesses directly through those that have established networks and can make those important connections.

ACTION ITEMS:

- Be proactive and make connections early. Begin working with Indigenous businesses, communities, and organizations to establish trust and strong relationships when suppliers are needed. Explore mechanisms for providing early notice.
- Enable Indigenous businesses to specifically search and sort through set-aside opportunities on the CanadaBuys platform. Clearly identify which available opportunities are Indigenous set-asides.
- Host networking events for corporate and Indigenous suppliers to interact and develop connections.
- Create more one-on-one sessions and vendor days to facilitate procurement connections.

Weight progress towards and achievement of Indigenous procurement targets as a factor considered in procurement representative progress reports

POSITIVE INCENTIVE

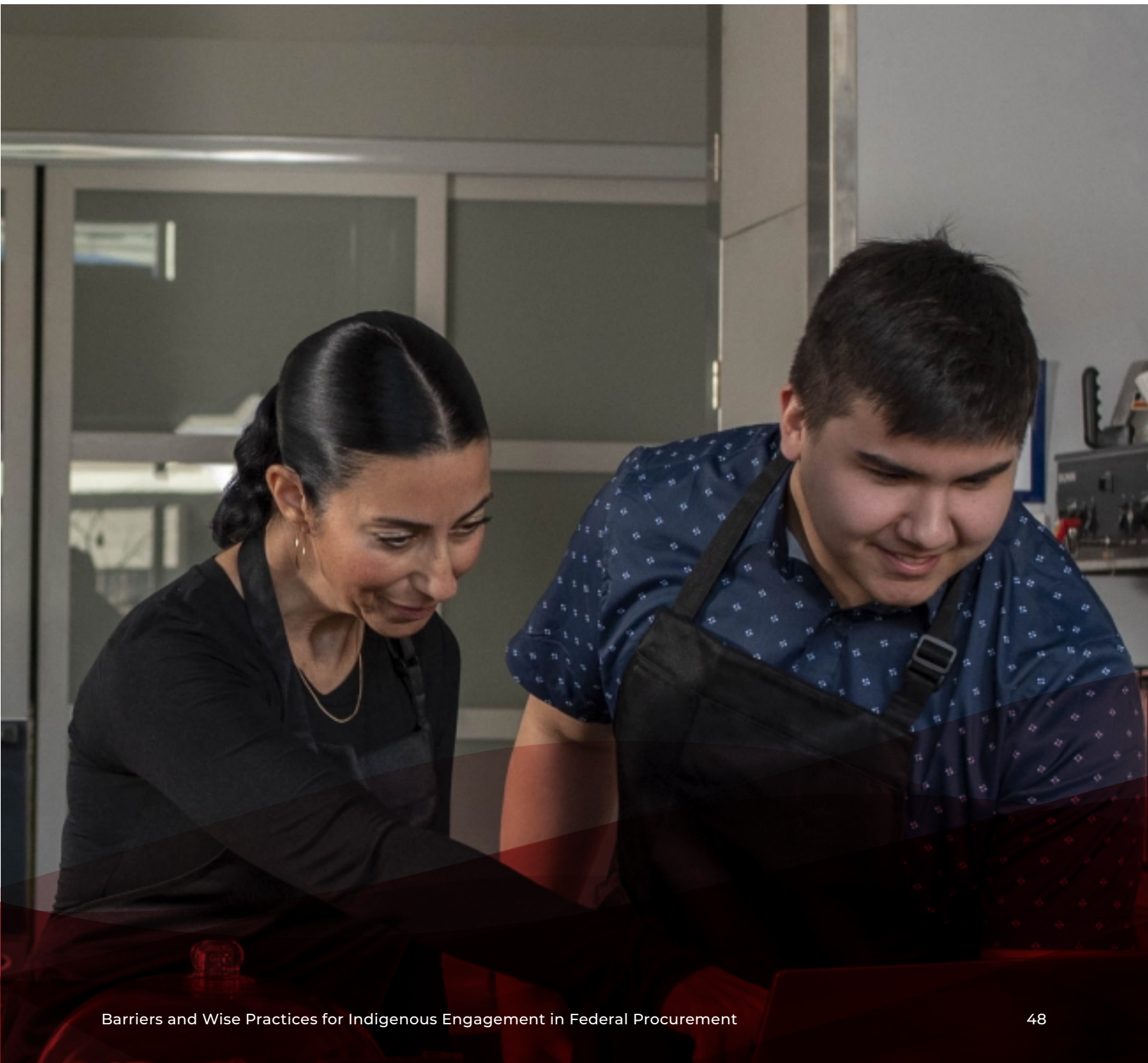
- Attainment of Indigenous procurement targets being considered during purchasing staff progress reviews.

NEGATIVE INCENTIVES

- Tiered approach towards disciplinary actions during progress reviews when Indigenous procurement targets are not met.
 - First failure to meet target: internal meeting with a supervisor to discuss infraction and how to improve.
 - Second failure to meet target: internal hearing with a committee dedicated to understanding why targets were not met.
 - Third failure to meet target: demotion or removal from a position working on the federal Indigenous procurement portfolio.

- If targets are missed, procurement officers/departments should be responsible for developing a strategy for achieving them in the next fiscal year. Something on paper, public, to ensure accountability throughout the process

Continued research on various aspects of the procurement process including, but not limited to, post-award auditing and insurance or bid bonding, highlighting wise practices, barriers, and amplifying the voices of Indigenous entrepreneurs



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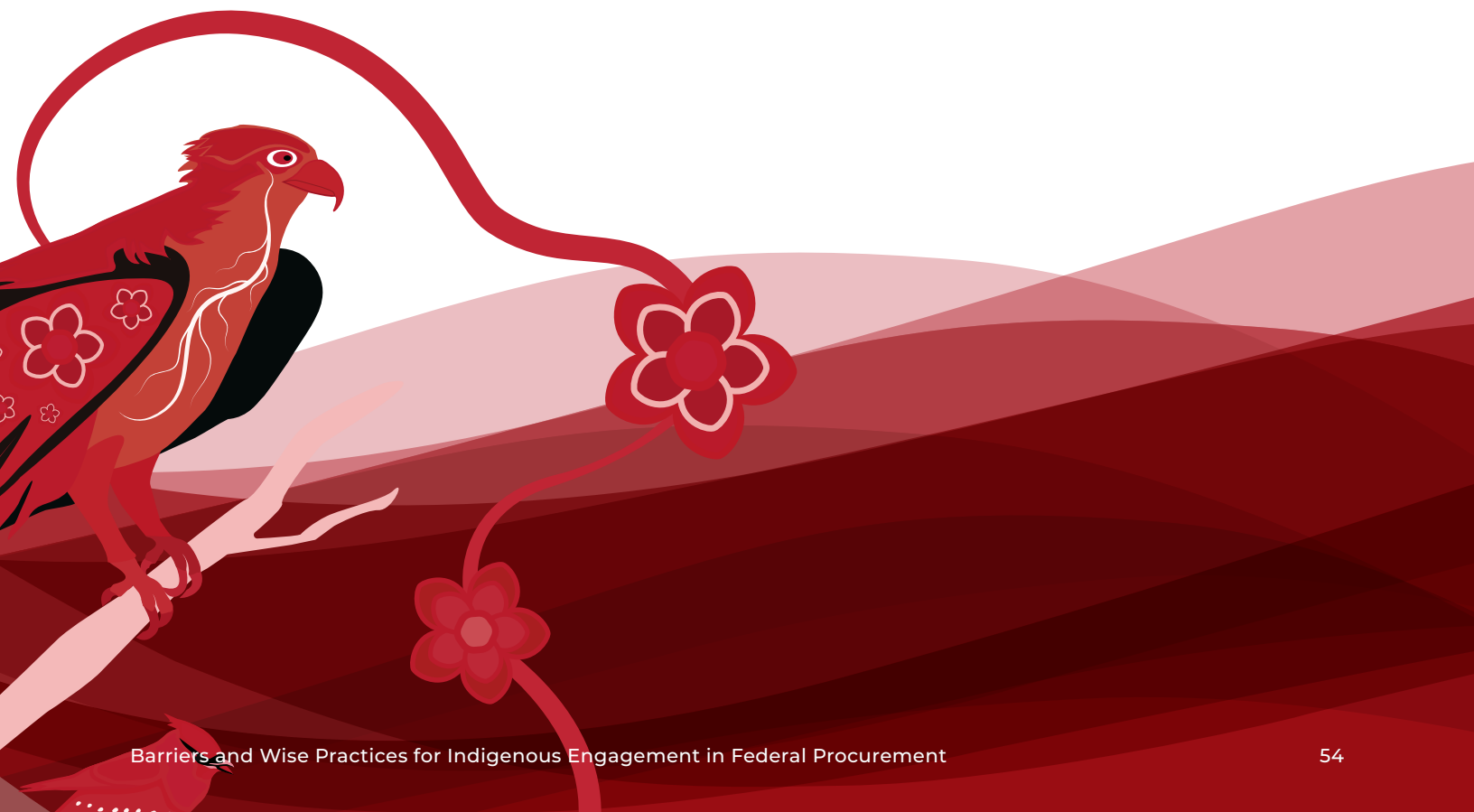
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Appendix

For footnote #9, the following steps are employed to produce those estimates:

1. Assume Indigenous businesses that meet federal procurement demand do so by growing business to meet the size of federal contracts while maintaining business in other sectors.
2. Assume Indigenous businesses would employ the same proportion of Indigenous employees as they grow, expand, or transition to meet federal procurement opportunities.
3. Because we're trying to estimate the net impact of increasing PSAB contract awards for each industry, we multiply our target PSAB rate (0.05) by the aggregate procurement value and then subtract from that the PSAB and incremental award value that is presently allocated to get the incremental PSAB procurement value required to achieve the 5 percent of all contract awards (our target).
4. Our next step is to estimate payments to labour. Using supply/use tables for each major industry (goods producing, services producing, and construction), we've estimated a multiplier to estimate the value of payments to labour.
5. To obtain total employment estimates, we estimate a full-time/full-year wage and divide labour payments by the FT/FY wage.
6. We estimate (from CCIB's ABS data) the Indigenous employment rate (Indigenous employees/total employees) and subtract from that the rate of Indigenous employment in the sector as a whole (minus self-employed Indigenous people in those sectors).
7. We apply the net Indigenous employment rate to the total number of jobs to obtain our estimate of the impact of the policy change.





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