



Exceeding 5%: Procurement and IEDCs

Procurement plays a significant role in supporting Indigenous economic development. It can be a powerful tool for promoting Indigenous entrepreneurship and business growth, leading to broader socio-economic benefits and contributing to the path to self-determination.

In many cases, Indigenous Economic Development Corporations (IEDCs) utilize government procurement opportunities to promote economic development within their communities or generate additional revenue for their operations. Prior research by CCIB demonstrates that IEDCs are often better positioned for government procurement contracts than Indigenous businesses operating as sole proprietorships or other business structures, particularly when compared to small businesses.¹ IEDCs are important pillars of economic success in Indigenous communities. They play a crucial role in generating their revenue independently of government funding.

Given these factors, CCIB developed this policy brief to spotlight the importance and benefits of increasing IEDCs engagement in procurement opportunities. For additional context and a more comprehensive review of the benefits and challenges faced by IEDCs engaging in procurement, refer to CCIB's publication on the topic: **Untapped Potential: A Case Study of Indigenous Economic Development Corporation Capacity in Federal Procurement.**

Benefits:

- **Business Development and Expansion:** Through procurement, IEDCs can develop diverse income streams that strengthens the community's economic standing through a more diversified portfolio that can withstand downturns in one or more industries in which they participate. Many IEDCs also expand their businesses by making private equity investments.
- **Skills Development:** IEDCs provide training for community members to ensure they can have the skills required to engage in employment opportunities arising through procurement contracts and major projects. These can include formal and informal training programs, capacity training through apprenticeships, education grants, and other forms of training in areas with relevant skills. This often takes the form of trades or heavy equipment training, but some IEDCs have gone so far as to support community members in acquiring driver's licenses or directly funding specific high school programming in high-demand areas.
- **Employment Opportunities:** Through long-term and high-value contracts, IEDCs can provide substantial employment opportunities for community members that extend beyond entry level roles. IEDCs often reach out to community members to share employment opportunities and give preference to those seeking work. Many also offer leadership and professional development opportunities.
- **Benefits for the Community, including own-source revenues:** Engaging in procurement can also provide revenue for IEDCs to support Indigenous businesses, contributing to Indigenous communities' socioeconomic well-being. By securing investments, IEDCs can create revenue and economic stability for community members that can last generations involving investments in trusts, infrastructure and other items needed for vibrant communities.

¹ Canadian Council for Aboriginal Business. (2020). Aboriginal Economic Development Corporation Capacity. <https://www.ccab.com/wp-content/uploads/2020/02/CCAB-Report-1-web.pdf>. Pg. 10