

2023-5 Procurement for Community Benefit

Mover: PCS

The Province of Manitoba, City of Winnipeg, Manitoba municipalities and the broader public sector should enhance government procurement by intentionally generating economic, social, and environmental outcomes, including creating meaningful employment opportunities, through the use of the following three Social Procurement tools:

- A. Demanding social, environmental and economic outcomes when purchasing goods and services by including them in the bid evaluation process. This includes tools such as Community Benefits Agreements, which assigns a percentage of the selection value to community benefits provisions for future projects in collaboration with community, particularly considering benefits such as increased purchasing from social enterprises, cooperatives, and non-profits and increased job and training opportunities for people facing barriers to employment.
- B. Set aside purchases that can only be accessed by social enterprises, cooperatives and/or non-profits. Governments should support a tool that includes a directory of social enterprise goods and services available.
- C. Purchasing the social, environmental and economic outcomes directly as a program (for instance, purchasing the services of a social enterprise training program that also provides goods and services to government)

Because: The Province of Manitoba, Manitoba municipalities and the broader public sector (including crown corporations, hospitals, academia and schools) purchase significant amounts of goods and services. The value of public procurement can be greatly enhanced by intentionally generating economic, social and environmental outcomes. Social procurement is the practice of using existing purchasing to promote social, environmental, and cultural goals. There are multiple policy tools for social procurement that are already working in other jurisdictions, including other Canadian provinces, cities, and municipalities.

Because: Government can support multiple economic, social, and environmental goals while strengthening and securing the supply chain by instituting social procurement. Embedding community benefits into government purchasing beyond the good or service itself can contribute to reconciliation, workforce development, sustainability, and individual, community, or local economic resiliency.

Because: COVID-19 has demonstrated a need to support and strengthen local supply chains, which is also likely to be necessary due to the impending climate crisis. Strengthening local, community, and social procurement for the food supply chain is one commonly cited example.

Because: Across multiple sectors, there is a significant labour shortage, but unemployment/underemployment remains high among numerous demographics facing multiple barriers to employment. Embedding goals of workforce integration and meaningful employment opportunities within government procurement is a sound public policy tool to achieve multiple outcomes and grow opportunities for work.

Because: The goals of social procurement can commonly be achieved through utilizing social enterprise as a set-aside contract. Social enterprises strategically use a business model that blends and values both social and financial impact, reinvesting surplus revenue into the mission of the business focused on community economic, social, and environmental goals. Social or direct purchasing acquires goods and services for operations directly from community social enterprises that are dedicated to serving their social, economic, and environmental purposes. Social Purchasing is the easiest and most effective means of supporting these enterprises' community benefits through sole-source purchasing when permitted and using a set-aside program. Experienced jurisdictions have shown that social procurement works best when purchasers and suppliers collaborate to achieve the goal of providing successful employment opportunities for barriered individuals, and then collaboratively identify goods and services social enterprises can provide.

Because: When policy prevents sole-sourcing or contracts are too large for social enterprises, Community Benefits Agreements (CBAs) have been a successful instrument for increasing the social impact of procurement. CBAs are pre-determined and defined social value outcomes that will be delivered as part of a significant infrastructure or land development project like building a bridge, a road, school, hospital, office tower, or transit system. Through a CBA, the community, government, and developer agree upon some social value deliverables. Examples of deliverables are job training, target hiring, prevailing wages, purchasing from local businesses and social enterprises, affordable housing requirements, street and neighborhood revitalization, and inclusion of community infrastructure. CBAs expand the value considered in request for proposals (RFPs) by broadening evaluation criteria to include social, environmental and economic outcomes. While not applicable to every tender, this practice can bring benefits to government procurement, including strong private sector contribution to the community and better value for spending. A community benefit can be evaluated just as any other deliverable in a contract would be, although it can take more resources to quantify community benefit than traditional deliverables. When used, CBAs have generally accounted for 5-25% of an RFPs evaluation matrix, along with traditional criteria such as price, speed, quality, and track record.

Because: Social purchasing is a growing international practice as it is an effective policy tool to achieve multiple economic and social outcomes, and a strong return on investment. Returns on investment from social procurement, including from the impact of social enterprises, cooperatives, and non-profits are high. There can be significant cost reductions in crime, savings in health care and emergency costs, reduced strain on social assistance systems, and higher employment in the community - all of which contributes to vibrant and sustainable communities with high quality of life.

Because: For government, social procurement meets expectations of financial prudence by leveraging government dollars already within the budget to simultaneously fulfill a procurement need as well as contribute to governmental social and environmental objectives. Social procurement can also help government fulfill other objectives, including contributing to the goals of poverty reduction strategies, or supporting Call to Action #92 of the Truth & Reconciliation Commission, ensuring equitable access to employment for Indigenous communities.

Because: Trade agreements allow for social procurement, with robust articles supporting the practice. For example, the Canada Free Trade Agreement between the provinces has articles that enable social procurement, particularly for legitimate objectives such as employment for disadvantaged groups or positive social outcomes.

Because: This approach has already been taken in other jurisdictions, including the Government of Canada, the City of Winnipeg, and a variety of government crown corporations or arms-length institutions. The City of Winnipeg adopted its Sustainable Procurement Action Plan in July 2022. The Province of Manitoba utilizes social procurement approaches in Manitoba Housing, through Indigenous Procurement Initiative, and this practice can be scaled significantly at the provincial level.

How this Resolution will be Advanced: The *We Want to Work* coalition is leading advocacy on social procurement at the provincial and municipal levels. We Want to Work is a group of social enterprises, supported by labour unions like Manitoba Building Trades, and convened by CCEDNet Manitoba. We Want toWork has successfully led advocacy at the City of Winnipeg level and will continue to monitor the Sustainable Procurement Action Plan’s implementation. The coalition is planning engagement provincially for the 2023 election and beyond, as well as with other municipalities and institutions.