

Social Procurement for Calgary

The following community economic development champions ask that the City of Calgary explore how it can enhance social procurement.

What is social procurement?

Social procurement leverages existing buying power to increase community benefits, which can include local economic development, social impact, targeted employment or training, and environmental benefits.

Social procurement is not an added cost, but an innovative adaptation of current procurement processes to achieve broader city goals.

The purchasing of goods and services still takes place through a competitive and transparent bidding process, while also proactively seeking to achieve community benefits. Additional community value is created when infrastructure and major development projects include a community benefit agreement.

Why do social procurement?

Fiscal responsibility: Public procurement carries great responsibility, and taxpayer-funded systems can and should be designed to deliver value as widely as possible across society. This is better accomplished through social procurement initiatives and policy. Increasingly, jurisdictions around the world are leveraging public supply chains strategically to deliver broad community benefits.

Economic opportunity for all: Studies from the International Monetary Fund¹ and University of California² show that economic inclusivity is the most significant indicator for long-term economic growth. However, ethnic minorities, women, Indigenous peoples, persons with disabilities, newcomers, or LGBTQ2+ persons, and others face barriers in their ability to access competitive procurement contracts from public institutions, as well as barriers to employment. By increasing participation from these businesses owners, and by encouraging vendors to work with and hire people with employment barriers, public institutions can improve economic and social outcomes.

Increasing innovation: Prioritizing economic opportunities for all increases competition and propels innovation through a more diverse pool of applicants and vendors.³ While the private and public sectors continue to try to advance Calgary's innovation ecosystem, studies from Brookings Institute⁴ and University of Toronto demonstrate that innovative ecosystems may exacerbate income inequality. To remedy this, cities across North America have supported tools like social procurement to build more inclusive economies. There is increasing evidence that businesses that intentionally adopt a "doing business differently" approach outperform their competitors.⁵

Building a sustainable economy: By being more strategic in the design of public procurement, our city can move markets in the direction of our economic, social, and environmental goals. By better leveraging existing spending to improve social and environmental outcomes, we can improve lives and the overall bottom line.

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1. Ostry & Berg (2011). Inequality and unsustainable growth: Two sides of the same coin? The International Monetary Fund <http://www.imf.org/en/Publications/Staff-Discussion-Notes/Issues/2016/12/31/Inequality-and-Unsustainable-Growth-Two-Sides-of-the-Same-Coin-24686>
 2. Brother, can you spare some time? Sustaining prosperity and social inclusion in America's metropolitan regions. Benner & Pastor (2014) <http://journals.sagepub.com/doi/abs/10.1177/0042098014549127?etoc=&>
 3. How diversity can drive innovation. Harvard Business Review. Hewlett, Marshall, Sherbin (2013). <https://hbr.org/2013/12/how-diversity-can-drive-innovation>
 4. All cities are not created equal. Brookings Institute. Berube (2014). <https://www.brookings.edu/research/all-cities-are-not-created-unequal/>
 5. The good jobs strategy: How the smartest companies invest in employees to lower costs and boosts profits. Ton (2014). <https://www.goodreads.com/book/show/17346828-the-good-jobs-strategy>

Why now?

The City of Calgary's Sustainable Environmental & Ethical Purchasing Policy (SEPP) was implemented in 2008. Since then we have experienced significant changes to our economy and trade agreements, and adopted Enough for All, Calgary's Poverty Reduction Strategy. Enough for All was passed unanimously by City Council, and includes a strategy on Doing Business Differently. For these reasons and others, SEPP would benefit from a review by the City of Calgary.

Inter-provincial trade agreements, the renegotiation of NAFTA, and the new Comprehensive Economic and Trade Agreement (CETA) with the European Union, are changing the rules of procurement, and access to our markets must now be open to all bidders. While this will result in potential bidders from around the globe, Calgary can use social procurement policy and guidelines to ensure that every bid and contract awarded delivers community, economic, social, and environmental value.

Numerous municipalities across Canada have embraced a more strategic approach to procurement. The lessons learned, models, and templates are easily accessed and adapted for the Calgary context.

Who is doing social procurement?

Regional Municipality of Wood Buffalo (since 2016): RMWB is the first municipality in Alberta to adopt social procurement. The framework improves access to city contracts by proactively pursuing suppliers that assist in meeting targeted social impact goals.⁶

City of Victoria (since 2016): The Mayor's Task Force on Social Enterprise and Social Procurement has developed a five-year plan focused on efforts to get the unemployed, underemployed, and marginalized into employment, and to grow a strong, inclusive economy at the same time. The plan identifies recommendations that will strengthen the City's procurement practices to maximize community benefit while supporting small business and the social enterprise sector.⁷

City of Toronto (since 2016): To promote supply chain diversity, the City of Toronto has transformed its procurement process by focusing on increasing procurement participation from diverse suppliers. The City also partners with businesses on contracts that are over \$5 million to establish apprenticeship and training opportunities.⁸

Village of Cumberland (since 2015): While Victoria and Vancouver are currently developing procurement frameworks, Cumberland became the first municipality in British Columbia to adopt social procurement in September 2015. The framework empowers staff to align procurement with community values, and proactively leverage procurement to achieve the objectives found in the official community plan.⁹

Social Procurement in Action

An Edmonton mattress company with a focus on hiring people with barriers to employment recently won a city contract. The company pays \$17.65 per hour plus benefits and employs 40 people to pull mattresses apart by hand, rather than halve staffing with more automation. They won this contract — beating two for-profit companies — in an open bidding process that gave no credit to the fact they're a non-profit focused on job creation.

"Social procurement is not just about the lowest price," says the company's executive director. "It's about doing the greatest good."

<http://edmontonjournal.com/news/local-news/west-end-recycler-pitches-a-big-idea-for-ending-poverty>

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6. Social Procurement at the Regional Municipality of Wood Buffalo https://www.rmwb.ca/Municipal-Government/municipal_departments/SCM/Doing-Business/Social-Procurement.htm
 7. City of Victoria Social Enterprise and Social Procurement Task Force <http://www.victoria.ca/EN/main/city/mayor-council-committees/task-forces/social-enterprise-and-social-procurement-task-force.html>
 8. City of Toronto Social Procurement Program <https://www.toronto.ca/business-economy/doing-business-with-the-city/social-procurement-program/>
 9. Village of Cumberland Social Procurement <https://cumberland.ca/social-procurement/>

Common questions on social procurement

Do trade agreements allow for social procurement?

Yes, social procurement processes can be designed in a manner that is compliant with trade agreements. However, purchasing culture combined with the current lack of social public procurement education, pose much bigger barriers than trade agreements. While trade agreements prohibit municipalities from providing preferential treatment to local businesses bidding for procurement contracts, they permit municipalities to pursue community benefits.

Since 2008, cities across Canada have proposed and implemented a wide range of community benefit strategies through procurement. These strategies have included, prioritizing bids being evaluated on community contributions, providing employment and training opportunities, utilizing diverse hiring practices, and rewarding and encouraging social businesses to successfully compete for contracts in the future.

What is the cost of implementing this policy?

Social procurement is not about expanding city budgets; it need not cost more. There is, however, evidence that early adopters have received bids within established budgets, and achieved benefits that would not have been realized under a conventional system.

Social procurement can also provide horizontal linkages that strengthen existing taxpayer-funded programs. For instance, the City of Toronto and the Government of Ontario cover the cost of employment and training by including it as a requirement in the bid for contracts. To support social enterprise or social business capacity-building, cities partner with existing entrepreneurial programs with little to no cost. Examples of potential partners in Calgary include the Haskayne School of Business, Thrive, Trico Charitable Foundation, REAP Business Association, and ATB's Entrepreneur Centre.

How to do social procurement in Calgary

Step one is leadership! Then the goals, policy, program, and social measurement will follow. Social procurement will open the doors to the many social businesses and organizations in Calgary, Alberta, and beyond that provide exceptional products and service while prioritizing social and environmental benefit. Some of the supporting organizations that may assist us in the social procurement process include:

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

Social Procurement in Action

Atira Property Management, a social enterprise offering property management in Greater Vancouver, prioritizes jobs and job training for people who face significant barriers to employment. Their target employee group includes: current and former residents of Vancouver's Downtown Eastside, people who are unemployed or underemployed, or receiving government income assistance. Both the company and its employees are experiencing great success.

<http://www.atira.bc.ca/sites/default/files/APMI%20Social%20Impact%20Report%20-%20July%202017.pdf>

For more information

Explore how to do social procurement

<https://static1.squarespace.com/static/58530be0579fb3e60fd6b1a4/t/594561888419c26c3040aea7/1497719178225/Exploring+Social+Procurement+%282%29.pdf>

Review social procurement policies across jurisdictions in Canada, the UK, US, and Australia

<https://mowatcentre.ca/community-benefits-and-social-procurement-policies/>

Explore how the social procurement movement enhances non-profit sector revenue and social

<http://www.imaginecanada.ca/blog/how-social-procurement-movement-enhances-nonprofit-sector-revenue-and-impact>

Learn more about trade agreements and social procurement strategies

https://ccednet-rcdec.ca/sites/ccednet-rcdec.ca/files/ccednet/ccednet-asiccc-primer_on_trade_agreements_for_social_purchasing.pdf

http://www.sandrahamilton.ca/assets/uploads/sandra_hamilton_social_procurement_july_2014_web_59814.pdf

Hear how one of the largest commercial and residential real estate developers in Canada is embracing social procurement

http://danielshomes.ca/media/news/files/Globe_and_Mail_-_Companies_should_tap_into_social_procurements_endless_opportunities.pdf

Explore social procurement as a market-based approach to solving complex social problems

https://ccednet-rcdec.ca/sites/ccednet-rcdec.ca/files/ccednet/exploring-social-procurement_asi-ccc-report.pdf

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