

## SOCIAL PUBLIC PROCUREMENT

Cumberland, BC, announces a Canadian first



# Advancing Social Innovation in Canada

## Building a New Economy requires investing in Social Innovation as well as Technological Innovation

In March 2015, the percentage of Canadians working in the service sector peaked at 78.4%. Manufacturing hit an all-time low, accounting for only 9.4 percent of all jobs in Canada. Despite this, research funding continues to flow primarily to the male dominated sectors of Science, Technology, Engineering and Math, leaving Social Innovation in Canada unfunded and undeveloped as a sector.

Canada has the second largest nonprofit sector in the world. Employing 1 in every 10 Canadian, it is too big to ignore. 165,000 organisations strong, the sector is larger than automotive or the manufacturing sector and contributes 8.1% of GDP. Earned income is the fastest growing revenue stream, making up two thirds of core sector nonprofit revenues. Government funding and donations now account for less than a third of all core nonprofit revenues. The sector is in transition.

### Recommendations to Federal Gov't

1. Enact Canada's first Social Procurement Policy
2. Train public sector buyers in Social Procurement techniques
3. Create a Social Tax Credit to attract new capital to impact investing
4. Charity Law - modernize, simplify and provide absolute clarity to enterprising charities
5. Engage the nonprofit sector in the Solution Economy; design labs and shared service, back-of-house business systems
6. Build Social Innovation capacity through a network of Local Labs
7. Require accredited online *ChangeMaker* training for nonprofit board members overseeing large government funded social service contracts
8. Leverage data to modernize and transform public sector service delivery
9. Social Finance
  - a) Develop a supportive regulatory environment and ecosystem
  - b) Leverage dormant bank accounts to provide seed capital for community investment funds
10. Fiduciary Duty - Clarify Ethical, Social Governance (ESG) rules for trustees

## Deloitte's estimates that a \$50 billion Solution Economy exists in Canada

In these challenging economic times, governments are under pressure to do more with less. To achieve this many countries have taken a very proactive approach to Social Innovation, developing solution driven models to tackle complex problems. Canada has been slow to the table. Yet, under Prime Minister Trudeau this may be about to change. In a bid to develop a more socially equitable and sustainable economy in Canada, Trudeau's mandate letters to his new Ministers clearly signal a plan to drive social innovation, social finance and social procurement. PM Trudeau's mandate letters include;

- **Minister of Families, Children and Social Development:**

Work with the Minister of Employment, Workforce Development and Labour to develop a [Social Innovation](#) and [Social Finance](#) strategy

- **Minister of Public Services and Procurement:**

Modernize procurement practices so that they are simpler, less administratively burdensome, deploy modern comptrollership, and include practices that support our economic policy goals, including green and [Social Procurement](#)

## Tax dollars can work harder

As a country, how we buy and how we invest drives our economy which shapes our communities. Canada's public sector accounts for 40% of GDP. How we choose to define value in Requests for Proposals (RFPs) is how a country communicates and demonstrates its values. In the private sector, procurement is a strategic function, highly aligned with corporate values and objectives. It is time for Canada's public sector to further leverage

## Social Procurement is law across Europe



*Brussels, Feb. 2014: By law, before the end of 2016, every country in the EU must adopt Social Procurement.*

taxpayer funded contracts to drive social & economic benefits into communities across Canada.

## Social Procurement - The Vancouver 2010 Olympic and Paralympic Winter Games

Through my work as Business Manager to John Furlong, CEO at the Vancouver 2010 Olympics, I learned that the vendor who won the floral contract for the games did so because, over the course of the contract, she committed to train women from the downtown east side to become florists. This first experience with Social Procurement was catalytic, inspiring the creation of Canada's first SocialMBA.ca., and the study of how to better structure public sector contracts to improve socio-economic outcomes across Canada.

**Sandra Hamilton - Designed both British Columbia's & Alberta's first Social Procurement Frameworks**

**Cumberland, B.C. is Canada's first Buy Social certified municipality**



## At the Vancouver 2010 Olympics the definition of sustainability was 'Do the right thing'.



*The Vancouver 2010 Olympics were the first Olympics to include social criteria in the sustainability strategy.*

Vancouver's knowledge transferred to the Commonwealth Games in Glasgow, where Scotland moved quickly to make Social Procurement law. By February 2014, the UK and every country across Europe had followed. The UK has also created a specialist academy to train some 40,000 public sector procurement officers in the art of social purchasing. With a European trade agreement pending, it is time to level the playing field; time for Canada to enact legislation to harness the power of social procurement.

### Social Procurement – Moving from 'Do No Harm - To Do Some Good'

Social procurement moves us beyond the 'Do no harm' of the environmental movement to pro-actively leveraging tax dollars to 'Do some good'. Social procurement works on the premise that tax payer funded contracts should enhance, rather than diminish social value in our communities. Social procurement better leverages existing public expenditure to diversify supply chains and improve small business access to government contracts. Social procurement involves educating public sector buyers in how to structure and evaluate contracts to maximise value for taxpayers.

In the absence of a social procurement policy, one department in government can inadvertently drive costs higher in another. In light of tragedies such as the Bangladesh factory collapse, society now clearly understands the unacceptable social price of best price.

### Community Benefit Agreements Tax dollars carry a greater moral responsibility than private sector dollars

Community Benefits Agreements are being added to public sector contracts across Europe. In Canada, Ontario and Quebec have legislation that includes Community Contribution clauses in provincial infrastructure contracts. Nova Scotia is about to follow. This is good preparation for CETA, which unlike NAFTA, will impact municipal procurement.

### Developing a national Social Innovation Strategy

Canada currently has a nascent patchwork of legislation guiding social innovation. A more cohesive and supportive national framework must be developed. Nova Scotia is alone in offering a 35% tax credit to citizens investing in community based initiatives. B.C. is the only province with legislation to support the incorporation of hybrid social venture businesses.

Canada is late to the space, but Trudeau's mandate letters to Ministers suggest a welcome new era for advancing Social Innovation, Social Finance and Social Procurement across Canada.

**Sandra Hamilton, EMBA** is the first Canadian to earn an Executive MBA, with a specialty in Social Enterprise Leadership. More at: [SocialMBA.ca](http://SocialMBA.ca)

Hamilton is a speaker and consultant; the former Business Manager to clients such as John Furlong & Olympian Silken Laumann. Today, her work is focused on advancing social innovation and social procurement in the public sector and working to inspire & support organisations seeking transformative change, revenue generation & increased impact.

[www.SandraHamilton.ca](http://www.SandraHamilton.ca)

