



The Government of Newfoundland and Labrador's

Social Procurement Guide

By Buy Social Canada



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Introduction

Every purchase has a social, economic, and environmental impact, whether intended or not. The Government of Newfoundland and Labrador is committed to continuously improving social, economic, and environmental impacts through sustainable procurement. The Sustainable Procurement Strategy outlines how public bodies can use sustainable procurement to leverage public purchasing power and existing spend to help shape inclusive, vibrant, and healthy communities. Sustainable procurement takes a holistic approach to procurement to seek “best value” not just economic value.

Social procurement is one way to implement sustainable procurement and achieve goals that create positive impacts in community. *Social procurement uses existing spend to intentionally seek additional social value from purchasing.* It is one area of sustainable procurement that leverages the purchasing power of public bodies to create positive social value to promote Indigenous reconciliation, equity, diversity, inclusion, and accessibility.

Social procurement meets taxpayers’ expectations of financial prudence by leveraging procurement dollars already within the budget to simultaneously fulfill a procurement need as well as contribute to governmental social objectives. It asks taxpayers and public bodies to consider “what is best value?” and works as a tool to make each dollar go further towards that best value.

Social procurement is growing in popularity across Canada. Governments and public bodies such as the Government of Newfoundland and Labrador see that they can be leaders in social procurement and are updating procurement policies and establishing programs and frameworks to consider financial, environmental, and social returns.

Social procurement is not just about buying from more socially-responsible vendors – though this is an important consideration in purchasing decisions. It is about considering community needs, assessing the landscape of opportunity within current budgets and projects, and leveraging both to entrench this approach in policy to impact every purchasing decision thereafter.

Purpose of this Guide

This guide is an introduction to the why, what, and how of social procurement for public sector purchasers and offers approaches to social procurement that will assist with carrying out the Government of Newfoundland and Labrador’s Sustainable Procurement Strategy. It is designed to assist public bodies to

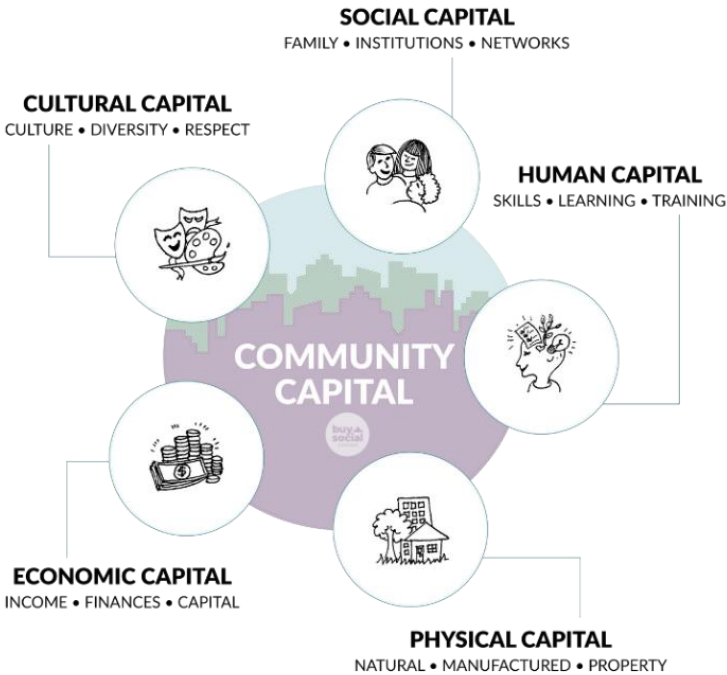
effectively plan and implement social procurement by providing guidance and examples for public bodies to learn from and implement themselves.

Why “best value”?

As defined in the Public Procurement Regulations, “best value” is the best balance of cost, quality, performance, and support, as achieved through a transparent, efficient, and competitive procurement process using clear and fair evaluation and selection criteria. Incorporating social procurement practices into the procurement process enhances the “best value” of public body spend and makes that spend go farther in communities.

Healthy communities require multiple types of capital, which are collectively referred to as community capital: human capital, economic capital, social capital, cultural capital, and physical capital. Building community capital is the means for creating healthy communities.

Figure 1 Buy Social Canada Community Capital



Procurement has historically been viewed as a merely financial transaction that produces economic value. Social procurement adds a social value to existing purchasing so that procurement is about more than just seeking lowest price; it becomes a tool for building community capital.

Types of social value sought by social procurement

Social procurement programs and policies seek to achieve social value – positive impacts on the well-being of individuals and communities – in addition to economic value. Social value can support Indigenous reconciliation, increased equity and inclusion, and/or improved accessibility.

When choosing how to capture social value through social procurement practices, public bodies can aim to increase positive impact for equity-deserving groups. *Equity-deserving groups are defined as those who have historically been denied equal access to employment, education, and other opportunities.*

They include, without limitation: Indigenous peoples; racialized communities; newcomers, refugees, and asylum seekers; persons with disabilities/disabled persons; women; gender minorities; members of the 2SLGBTQIA+ community; and others experiencing barriers to economic opportunity and participation.

Procurement practices can capture social value through several approaches.

Social value in business ownership or structure

Social value can be captured when public body purchasing decisions are made based on who or what kind of business the money will go to. There are organizations that public bodies can purchase from which already work to increase Indigenous reconciliation, equity and inclusion, and accessibility. There are many names for these kinds of organizations, but in this guide, they are called social value suppliers.

Social value suppliers incorporate social value into their business in order to create impact in their community. For example, diverse and Indigenous-owned businesses create social value through representation, equity, inclusion and reconciliation; co-ops create community wealth-building and inclusion; and social enterprises reinvest the majority of profits into their social, environmental, or cultural purpose.

Some common types of goods and services that social value suppliers sell can include:

- Catering and Food Services
- Couriers
- Building Services
- Graffiti Removal
- Landscaping
- Renovations and Painting
- Janitorial Services
- Security
- Office Supplies and Printing
- Recycling and Waste Management

Social value suppliers can be identified as a diverse-owned business or social enterprise through self-attestation or third-party certification.

Self-attestation is a low-barrier, trust-based approach which might include using a survey or questionnaire for the supplier to fill out.

Third-party certification exists for many types of social value suppliers, including co-operatives, Buy Social Canada Certified Social Enterprises, B-Corps, 2SLGBTQIA+ owned businesses, women owned businesses, businesses owned by an immigrant or refugee, and businesses owned by an Indigenous Person.

Recent research¹ shows that requiring third-party certification could create barriers for small social value suppliers to participate in the procurement process as certification has a cost. To reconcile with this risk, public bodies might choose to prioritize self-attestation for low value procurements and require third-party certification for above threshold purchases.

Social value suppliers can be found in directories, such as the Buy Social Canada Certified [Social Enterprise Directory](#), the Government of Canada's [Indigenous Business Directory](#), Co-operatives and Mutuals Canada's [Map and Directory](#), the Canadian Council for Indigenous Business [Member Directory](#), and many more.

¹ Buy Social Canada, Poverty Reduction Strategy Office, & AnchorTO. (2023, June). Self-Attestation: Removing Barriers to Diversity in the Supply Chain. Buy Social Canada. <https://www.buysocialcanada.com/wp-content/uploads/Self-Attestation-Removing-Barriers-to-Diversity-in-Supply-Chains-Buy-Social-Canada-AnchorTO-June-2023.pdf>

Example: Choices for Youth, a registered charity and Buy Social Canada Certified Social Enterprise in St. John's, provides youth and young families with support in their four program areas: **housing, employment, family, and health.**

As a Certified Social Enterprise, Choices for Youth reinvests the majority of its profits back into their mission.² As their business grows, their social impact increases.

Public bodies can also find social value suppliers by organizing supplier engagement activities. These help to clearly communicate social value, direction, and objectives. Through outreach and engagement with suppliers, public bodies can create the supportive ecosystem and communication necessary for successful contributions to social value objectives through procurement. These supplier engagement activities could include:

1. Provide a key contact for suppliers to reach out to about social procurement opportunities.
2. Communicate procurement opportunities on a variety of platforms.
3. Use a social procurement tag for relevant bids that prioritize social value.
4. Provide supplier training.
5. Host engagement events, such as reverse trade shows, "Meet the Buyer" events, regional roundtables, and bid-specific meetings.
6. Leverage existing business networks to build relationships with the vendor community.
7. Create a social value supplier directory.
8. Report regularly on social value objectives and outcomes.

Social value business activities

Social value business activities are activities that any business can do, whether or not they are social value suppliers.

Social value can be created by a business when they create employment opportunities for equity-deserving groups and people facing barriers to employment, have an apprenticeship or training program, or practice social procurement to include social value suppliers in the business' supply chain.

² How we work. Choices for Youth. (n.d.). <https://www.choicesforyouth.ca/how-we-work>

Example: Island Office, an office furniture installation service in St. John's, trains and employs individuals with intellectual disabilities and has created more than 1,500 job placements.³

When public bodies award points for social value activities in the procurement process, any business can be encouraged and recognized for creating social value in the community.

Social value in contracts

Contracts can track and encourage social value when there are specific requirements to report on social value business activities. These contracts can set targets or outline a framework for activities such as employment hours with equity-deserving groups, apprenticeship and training hours on the project, and/or sub-contracting and purchasing with social value suppliers.

Newfoundland and Labrador's social value benefits

The Newfoundland and Labrador Sustainable Procurement Strategy encourages public bodies to use social procurement to contribute to existing mandates by finding suppliers and designing a procurement process that better aligns with these mandates. For example, social procurement supports the prioritization of awarding contracts to businesses based in Newfoundland and Labrador and owned by equity-deserving groups.

Examples of incorporating social value benefits into social procurement:

- Direct purchases from social value suppliers.
- Employment of people facing barriers and of equity-deserving groups.
- Contracts that include training and apprenticeship opportunities.
- Subcontracts with social value suppliers.

Social value culture

The shift toward social procurement practices is not about disregarding quality, price, environmental considerations or legal obligations that may exist regarding procurement. It is about adding social value alongside quality, price, and environmental considerations in existing procurement practices and measurement. Adding social value to every purchase decision enhances best value.

³ About. Island Office. (n.d.). <http://ionl.ca/about/>

Social procurement will require a shift in thinking for all who procure goods and services on behalf of public bodies. This is a significant shift from the conventional mindset in procurement, where lowest price is weighed heavily compared to other factors. However, price-based evaluations do not always capture additional benefits that have a large impact in communities. For example, a non-profit in St. John's working as an employment service found that their social return on investment ratio for employing people with barriers was 1:3.8.⁴ This means that every dollar spent with the organization created \$3.80 of savings by reducing the need for healthcare, housing, food, and other public sector costs.

Individuals and organizations around the world are already incorporating value beyond price into personal and organizational decisions. When public bodies commit to shifting their perspectives on best value, and adopt such considerations into procurement policies and practices, you are scaling the impact of existing spend.

Social procurement is not always straightforward, but by leveraging existing mandates and budgets, departments can work together to share learnings and celebrate successes as they build community capital and social value in communities.

⁴ Avalon Employment Inc., (2012). (rep.). Social Return on Investment (SROI) Pilot Project. Retrieved from http://en.copian.ca/library/learning/acoa/sroi_final_report/sroi_final_report.pdf.

How to incorporate social procurement and best value for different types of purchases

Newfoundland and Labrador public sector purchases must align with the parameters of the relevant trade agreements based on approximate budget and purchase size. Notably, these trade agreements include the Canadian-European Union Comprehensive Economic and Trade Agreement (CETA) and the Canadian Free Trade Agreement (CFTA).

While trade agreements establish parameters for public procurement, they do not prohibit social procurement.

The Newfoundland and Labrador public sector must also comply with the Labrador Inuit Land Claims Agreement when procuring goods and services in Labrador Inuit lands or an Inuit community.

Low dollar value

Purchases that are \$2,500 or less can be made directly by using purchase cards. In addition, the following methods can be implemented to capture social value through other low dollar value purchases.

Prioritize local and social value suppliers

In addition to using directories to seek out social value suppliers, public bodies can attend or host supplier engagement events such as reverse trade shows, employment opportunity tables, and other events which suppliers are likely to engage with. These valuable relationship-building strategies help identify who is in the local area and who are social value suppliers.

Seeking Quotations

When using a quotation process, prioritize social value suppliers and request quotes from those suppliers as outlined above, or incorporate questions about social value into evaluated criteria.

Example: A limited call for the procurement of “Mail out for Moose and Caribou Licenses” invited quotes from Lodge Humber 1475 and Bay of Islands Search and Rescue, among other suppliers. Lodge Humber 1475, a not-for-profit Freemason Organization, responded and won the contract.

Lodge Humber 1475 participates positively in the region by regularly awarding young men with scholarships for post-secondary education and donating to charities, such as the Deer Lake food bank.

Example: The Department of Education’s procurement for “Packaging Parent Resource Kits” was carried out as a limited call for bids which requested quotes from Stella’s Circle, the Button Shop, and the Association for New Canadians – all not-for-profit organizations serving equity-deserving groups. This resulted in a contract for Stella’s Circle, the winning bidder.

Stella’s Circle provides services such as support to find secure housing, counselling, and job training for people who face barriers to participating in their communities.⁵

Keep in mind the goal of “best value” – think about price but remember that it does not have to be the only deciding factor for a purchase decision. Consider the budget, the social value benefits as well as price.

Over trade agreement threshold

For purchases where the estimated value is above trade agreement thresholds, there are more factors to consider when purchasing, but social value can still be captured.

For these purchases, public bodies cannot restrict competition based on geography but they can require community outcomes from all bidders.

Social value weighted criteria

Once a department’s mandates and desired social value benefits have been determined, translate them into criteria for evaluating suppliers.

Start by writing evaluated questions based on the purchase-specific benefits and outcomes relevant to the purchase, the mandate and community goals. Consider which types of responses you are seeking from bidders and how the questions will be evaluated, depending on the purchase and the mandate for social value. Typical weights for social value criteria can be between 5-20%.

⁵ An overview. Stella’s Circle. (2023, January 25). <https://stellascircle.ca/need-help/an-overview/>

For example, if a mandate references an increase in economic development and business diversity, supports employment, social progress or positive impacts for an equity deserving group, give points to small businesses, social enterprises, Indigenous businesses, and diverse-owned businesses.

Public bodies can apply social value criteria to their evaluation process as long as those criteria:

- Are connected to the subject-matter of the contract.
- Allow for a competitive environment.
- Are explicitly outlined in the contract notice and solicitation documents, including scoring weightings.
- Are compliant with applicable trade agreements.
- Can be measured or assessed and evaluated.

Find evaluation and criteria templates in the [Buy Social Canada Social Value Menu](#).

Example: In the RFP for “Environmental Assessment of Former US Military Sites in Labrador,” social value considerations were included in the evaluation matrix for training and hiring individuals from equity-deserving groups. The rated criteria evaluation preferred:

1. Teams that included Innu subcontractors and/or resources, and
2. Proposals that demonstrated local knowledge.

This resulted in an awarded contract to [Strum North](#), a majority Indigenous-owned business that supports Innu, Inuit, Mi’kmaq, and Metis communities and organizations in Atlantic Canada.

Social procurement bidding requirements

Social value bidding requirements seek, measure and report social value outcomes such as employment hours, apprenticeship and training hours, and social procurement spend on a contract.

Regional Economic Development (RED) exception

Current trade agreements provide up to ten procurement exceptions per year to encourage regional economic development (RED). These are direct

procurement opportunities to provincial suppliers who are non-urban, for contract values less than \$1 million.

The Government of Newfoundland and Labrador's Public Procurement Agency seeks to increase the use of these exceptions where possible. Please contact the Agency to determine whether a specific project would be a good fit for the RED exception.

Additional tips

If the desired outcomes are not realized, or social value suppliers are not bidding on or winning RFPs, there are a few areas public bodies can examine to identify and increase opportunities for social value suppliers:

- Simplify the RFP process and make it easier for social value suppliers with fewer resources and staff to bid and compete.
- Increase the weight assigned to bid evaluations to encourage social value. Some social criteria will be weighted higher in some RFXs than in others.
- Consider unbundling large purchases to allow smaller suppliers to compete while still maintaining an open competitive process.
- Establish pilot projects to test new relationships with social value suppliers.
- Be proactive in finding suppliers to bid on procurements and reach out to them directly. Let them know that the bids are evaluated using a social procurement framework.

Verification

It is important for public bodies and purchasers to conduct due diligence to ensure that what vendors say they will deliver – especially when it comes to capturing social value – is true.

While no system is 100% foolproof, purchasers can verify social value and reach the right social value suppliers through different due diligence activities.

- Verify third-party certification for being diverse-owned or a social value business.
- Review and audit information that appears inconsistent.
- Conduct random audits of social value claims.

When seeking social value, require that vendors provide evidence of their third-party certification, their apprenticeship programs, their hiring strategies,

or other evidence that supports their claims. Public bodies need to be able to demonstrate confidence in each supplier.

Conclusion

Public bodies are embedded in communities and share a stake in the social, economic, and environmental wellbeing of their taxpayers. This is why the Government of Newfoundland and Labrador is committed to using social procurement as part of the Sustainable Procurement Strategy. Social procurement will work to improve diversity, equity, economic opportunities, and support for organizations doing good work in communities.

When the public sector utilizes social procurement and shares meaningful stories of success, social procurement scales the impact of existing purchases and existing mandates. Newfoundland and Labrador's public bodies have already begun the social procurement journey. Capacity will continue to grow, and the Sustainable Procurement Strategy, as well as the examples and suggestions given in this Guide, will evolve and build over time. It is a learning practice that all public bodies can journey through together, with the help of the communities they serve.

Appendix A: Glossary

Asylum seeker (or Refugee claimant): A person who has fled their country and is seeking protection in another country. Asylum seekers make a refugee claim in Canada at a port of entry or online. It cannot be determined whether a claimant is a refugee until their case has been decided.

Source: Adapted based on [IRCC Glossary definition](#) and [Claiming asylum in Canada – what happens?](#)

Best value: As defined in the Public Procurement Act, “best value” is the best balance of cost, quality, performance, and support, as achieved through a transparent, efficient, and competitive procurement process using clear and fair evaluation and selection criteria.

Bid: means an offer from a supplier, submitted in response to a call for bids, to supply commodities.

Certifications: 3rd party verified designations that confirm social and/or environmental practices.

Community Capital: The health of a community is not measured by economic value alone. Community capital consists of the five main types of capital: social capital, human capital, cultural capital, economic capital, and physical capital. Building community capital is the means for creating healthy communities.

Contract: An agreement between supplier and purchaser of goods, services or construction, including a purchase order, formal agreement or other document evidencing the obligation, and any amendments.

Contractor: Refers to a broad range of organizations, including social enterprise, non-profits, small and medium enterprise and larger contractors that compete to deliver goods and/or services on a contractual basis to a public sector contracting authority.

Co-operative: A co-operative is an organization owned by its members that share similar economic, cultural and/or social needs. Each member has the right to vote, giving them democratic power within the organization. Moreover, one of the main goals of a co-operative is to create a business that gives back to the community.

Direct Award: Purchases that are contracted without a competitive bid process. These would normally be under trade agreement thresholds or purchasing policy thresholds.

Diverse Business: A business that is majority owned and controlled by a member of an equity-deserving group.

Employment barriers: A spectrum of factors relating to physical health, mental health, social exclusion, limited education and skills, language and cultural differences or other obstacles to engaging in a traditional employment opportunity, which requires work place, work environment or work expectation to accommodate successful participation in the workforce.

Equity-deserving (or equity-seeking) groups: A group of people who, because of systemic discrimination, face barriers that prevent them from having the same access to the resources and opportunities that are available to other members of society, and that are necessary for them to attain just outcomes.

Source: [Guide on Equity, Diversity and Inclusion Terminology](#)

Impact Business: A business who incorporates social value into their business in order to create impact in their community. Examples could be social enterprises, equity seeking businesses and local businesses with social value.

Individual within marginalized group(s) (also referred to as equity-seeking groups): Marginalized groups include, but are not limited to, Indigenous peoples, youth, women, recent immigrants, people with disabilities and people with experience of homelessness.

Lifecycle of development: Lifecycle of development is defined as the time from site preparation to post-occupancy and includes office and other off-site positions and tasks.

Provincial Supplier: a supplier of goods, services or public works that has a place of business in the province.

Newcomers: People who have recently arrived in Canada and are in the process of integrating/settling. The term 'recently' is an intentionally ambiguous term, as the period of time that it takes a newcomer to settle/integrate into Canadian life varies according to their unique circumstances.

Source: [Glossary – Funding guidelines for call for proposals \(CFP\) 2024](#)

Not-for-profit or Non-profit organization (NFP): Incorporated provincially or federally an organization whose purpose is to solve social, cultural, and/or environmental problems. Revenues or profits generated by a non-profit must be used to further their mission. Some NFPs are registered charities by Canada Revenue Agency.

Racialized Communities:

A group of people categorized according to ethnic or racial characteristics and subjected to discrimination on that basis.

Source: [Guide on Equity, Diversity and Inclusion Terminology](#)

Refugee: A person who has been forced to leave their country and who is afraid to return because of war, violence or persecution based on race, religion, nationality, political opinion or membership in a particular social group.

Source: [Canada: A History of Refuge](#)

RFx: A catch-all term that captures all references to Request for Information (RFI), Request for Proposal (RFP), Request for Qualification (can be used to refer to Request for Quote) (RFQ), and Request for Bid (RFB).

Social Benefit: Social benefit describes the positive social impact generated by an organization. Social benefits can include job opportunities, environmental restoration, and community resources. The primary goal of a social enterprise is to generate social benefit alongside profit.

Social Enterprise: A business that sells goods or services, embeds a social, cultural or environmental purpose into the business, and reinvests the majority of profits or surplus into its purpose.

Social Impact Criteria: Social impact criteria are the standards maintained by an organization that regulate its practices to ensure the organization meets its goals for minimizing negative social impacts and maximizing positive social impacts. Social impact criteria are established following an organization's impact measurement and leads to the formation of an impact management plan.

Social Procurement: Every purchase has a social, economic, and environmental impact. Social procurement is about using your existing purchasing to capture those impacts to achieve overarching institutional, governmental, or individual goals that helps shape inclusive, vibrant and healthy communities.

Social Procurement Criteria: Social procurement criteria are the requirements taken into consideration when an organization evaluates a supplier of goods or services based on the social impact, environmental impact, price, and quality of the supplier and its products.

Social return on investment: a methodology which aims assign monetary values to change being creating by the activities of an organization (whether environmental, social, or otherwise).

Social Value: Social value refers to the impacts of programs and organizations on the wellbeing of individuals and communities. Social enterprises and social purpose businesses can generate social value by innovating products and services that meet community needs and participating in social procurement.

Social value or social impact: The impacts of programs and organizations on the well-being of individuals and communities.

Social value outcomes: social, environmental or cultural impacts shown in quantitative metrics. These include: employment hours; jobs; contract spend; number of contracts; etc.

Social Value Supplier: A business who incorporates social value into their business in order to create impact in their community. Examples could be social enterprises, diverse-owned businesses, co-operatives, social purpose organizations and local businesses with social value.

Supplier: A supplier is an individual or organization that provides goods or services to a purchaser.

Supplier Diversity: A business practice that encourages the use of diverse businesses in an organization's supply chain, including social enterprises.

Supply Chain: A supply chain is a network of organizations, individuals, resources, activities, and technology that move a product from initial production to the consumer. It is composed of a direct supply chain, which includes all materials that become part of the final product, and an indirect supply chain, which includes all resources that contribute to the product's manufacturing and delivery but are not incorporated into the product.

Appendix B: Additional Resources

This Social Procurement Guide serves as the why, what, and how of social procurement. There are many more resources available to assist public bodies with developing a social procurement framework, educating procurement staff on implementation, and establishing new relationships with social value suppliers.

[Co-creating Social Value through Cross-Sector Collaboration Between Social Enterprises and the Construction Industry](#) – J. Barraket, M. Loosemore (2018)

[Exploring Social Procurement](#) – David LePage, Accelerating Social Impact CCC (2014)

[Guide to Social Procurement](#) – Buy Social Canada

[Guide to Social Procurement for Construction and Infrastructure Projects](#) – Buy Social Canada

[Marketplace Revolution](#) – David LePage

[Social procurement: A study on supplier diversity and workforce development benefits](#) – Office of the Procurement Ombudsman (2020)

Social Value Menu Series: Tools for social procurement implementation including worksheets on objective-setting, draft RFX language, weighting, and measurement – Buy Social Canada:

- [Social Value Menu for Community Benefit Agreements](#)
- [Social Value Menu for Community Employment Benefits](#)
- [Social Value Menu for Goods and Services](#)

[Supplier Guide to Social Procurement](#) – Buy Social Canada

[The role of intermediaries in social innovation: The case of social procurement in Australia](#) – J. Barraket (2019)

[The social procurement practices of tier-one construction contractors in Australia](#) – M. Loosemore, S. Reid (2019)

[The State of Social Procurement in Australia and New Zealand](#) – The Centre for Social Impact, Swinburne University (2021)

[The use of “Local” in the bid process](#) – Buy Social Canada

[Trade Agreements Primer](#) – Buy Social Canada

[Voices of Industry: A Paradigm Shift in CBAs](#), a research report about supporting apprenticeship and workforce diversity through community benefit agreements – Buy Social Canada