

## **Recommendations for Evaluating Social Procurement Policy within the Canadian Federal Government**

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# Executive Summary

## Introduction

Public Services and Procurement Canada (PSPC) is the authoritative procurement arm for the Government of Canada (GC). PSPC has the delegated authority to purchase goods, services, and goods related to services, and construction for the use of federal departments and agencies. As part of the vision and mandate of Public Services and Procurement Canada, government procurement must provide best value to Canadians.

The client for this project is Tara Hartley, Regional Director of the Office of Small and Medium Enterprises (OSME) within PSPC Pacific Region. The role of OSME is to help small and medium sized enterprises (SMEs) understand how to sell to the Government of Canada. In line with the Minister's mandate letter, OSME has identified social procurement as a priority procurement strategy for further exploration. At the national level, the department is looking towards creating a social procurement policy framework for implementation in their procurement approach.

## Project Objective

This reports seeks to accomplish two goals. First, to provide an overview on the adoption of social procurement policies in other government jurisdictions, and determine whether these jurisdictions have measures to establish the success of these policies. Second, to examine the current guidelines put out by the department regarding the evaluation of social procurement, and whether this approach is complete.

Primary research question: What should be taken into consideration, by Public Services and Procurement Canada, when developing methods to evaluate the success of a social procurement policy?

Research Sub-Questions:

- Is the current draft approach developed by the department complete?
- Are there any gaps in understanding or knowledge that need to be considered prior to implementation?
- What other recommendations are essential when creating an evaluation approach of social procurement for use by the Procurement Branch?

- What should be considered when attempting to measure non-traditional success (social value versus lowest price) in a very structured and rules-based government procurement environment?

## Methods

The research questions were answered using three methodologies: a literature review, a jurisdictional scan, and semi-structured interviews. The literature review provided context on social procurement, social enterprises, evaluation, and current approaches in measuring social value. The jurisdictional scan included an overview of governments at various levels and the approaches they have taken in evaluating social procurement policy. The jurisdictions included in the scan were: the province of British Columbia (BC); Qualicum Beach, BC; Village of Cumberland, BC; the province of Manitoba; the province of Ontario (ON); Toronto, ON; Nova Scotia; Scotland; Wales; England; and Northern Ireland. Finally, the semi-structured interviews allowed for insight from three stakeholder groups. In total, the investigators conducted interviews with four public servants, four academics, and three subject matter experts.

## Discussion

Based on the data collection and analysis, four major themes were identified as areas of consideration for creating an evaluation approach for social procurement policy. The themes focused on actions or processes that need to take place, rather than implementing a specific evaluation method:

- Need for a culture shift in the federal public service in relation to changing attitudes in procurement activities
- Issues of capacity - in the public service, as well as capacity in the social procurement supply side
- Necessity of establishing and maintaining good communication
- Requirement of have a simple, but not prescriptive, measurement process at the contract level

## Recommendations

The research resulted in three recommendations. The first is for Public Services and Procurement Canada to convene a national roundtable using a SMART Procurement approach. The roundtable would engage key stakeholders including: social procurement/enterprise, PSPC, Treasury Board Secretariat (TBS), and industry. The use of PSPC's SMART Procurement approach will allow for early engagement, effective governance, independent advice, and benefits for Canadians.

The second recommendation is to rework the department's social procurement draft guidelines starting

from the desired objectives of social procurement policy. The approach suggested in reworking the guidelines include:

1. Establishing objectives of social procurement policy
2. Identifying specific target acquisitions which will be priority areas for social procurement
3. Developing evaluation model/framework for contract level, based on the four typologies
4. Using evaluation model to measure against targets and objectives

The third recommendation is for the department to seek legal clarification around trade agreements and create a framework which procurement officers may use when engaging in social procurement at the operational level. The questions posed should focus beyond “can we do social procurement?” and more towards framing questions on scenarios. Examples of questions which may be put forward include:

- In accordance with [specify trade agreement(s)], can a tender include criteria [specify criteria sought in social procurement tender (e.g. requirement for woman-owned business, green standards, minority-owned business)]?
- Under [specify trade agreement(s)], can points be awarded during the tendering process to businesses which demonstrate they will be able to provide [specify social benefit (e.g. employment to individuals facing barriers, work experience for students, internships)]?

\*May need to specify what type of tender when posing these questions

Finally, the report also provides additional recommendations for PSPC: engaging in further research in order to define social enterprise, in collaboration with Employment and Social Development Canada, and conducting a SMART social procurement pilot.

## 1.0 Introduction

Public Services and Procurement Canada (PSPC) is the authoritative procurement arm for the Government of Canada (GC). PSPC has the delegated authority to purchase goods, services, construction and goods related to services for the use of federal departments and agencies. Mechanisms have been put in place by Treasury Board policies to further delegate procurement power to individual departments and agencies. As part of the vision and mandate of Public Services and Procurement Canada, government procurement must provide best value to Canadians.

The Office of Small and Medium Enterprises (OSME), within PSPC, helps small and medium sized enterprises (SMEs) understand how to sell to the Government of Canada. The aim of OSME is primarily outreach and advocacy; the office works to reduce barriers for SMEs seeking access to the government procurement process. OSME works to ensure a fair, open, and transparent procurement system. As part of its mandate, OSME provides value to Canadians by advocating for smart government procurement strategies and policies for the benefit of SMEs and the Canadian economy. The Office of Small and Medium Enterprises – Pacific Region office has identified social procurement as a priority procurement strategy for further exploration. This comes as the department as a whole is looking towards creating a social procurement policy framework for implementation in their procurement approach.

In the context of this project, `social procurement` will be described as the use of public procurement (of goods, services, construction and goods related to services), at the federal level, to achieve some measure of social good, added social value, or community benefit (in addition to value for money). Social procurement can be achieved through awarding contracts to the social enterprise sector, as well as through other mechanisms. `Social enterprise`, for the purpose of this project, is defined as a small or medium enterprise that trades in goods and services, but which their primary objective is to calculate return on investment in terms of a social or environmental return, rather one based solely on a monetary return.

### 1.1 Project Objectives

This reports seeks to accomplish two goals. First, to provide an overview on the adoption of social procurement policies in other government jurisdictions, and determine whether these jurisdictions have measures to establish the success of these policies. Second, to examine the current guidelines put out by the department regarding the evaluation of social procurement, and whether this approach is complete. Rather than creating a draft policy and strategy for the department, the purpose of the

project is to provide insight and inform policy decision-makers. The project will outline important factors to take into account when creating evaluation methods to measure the success of a potential social procurement policy within the department.

Primary research question: What should be taken into consideration, by Public Services and Procurement Canada, when developing methods to evaluate the success of a social procurement policy?

Research Sub-Questions:

- Is the current draft approach developed by the department complete?
- Are there any gaps in understanding or knowledge that need to be considered prior to implementation?
- What other recommendations are essential when creating an evaluation approach of social procurement for use by the Procurement Branch?
- What should be considered when attempting to measure non-traditional success (social value versus lowest price) in a very structured and rules-based government procurement environment?

## 1.2 Project Client and Rationale

### Project Client

The client for this project is Tara Hartley, the Regional Director of the Office of Small and Medium Enterprises – Pacific Region. The Office of Small and Medium Enterprises was created within the Procurement Branch, of what was formerly known as Public Works and Government Services Canada, in 2005. In 2006, five regional offices throughout Canada were opened:

- Pacific Region (British Columbia and Yukon Territories);
- Western Region (Alberta, Manitoba, Saskatchewan);
- Ontario;
- Quebec;
- Atlantic (Newfoundland, Prince Edward Island, New Brunswick, Nova Scotia)

The Pacific Region branch of the Office of Small and Medium Enterprises does comprehensive outreach and advocacy in all the economic zones within the Province of British Columbia and the Yukon Territories. Staff offer one-on-one support to SMEs, conduct seminars and presentations, as well as organize and participate in conferences and tradeshows to promote the services of OSME. The Pacific

Region office is also the Indigenous Engagement Centre of Expertise, and focuses on barrier reduction and addresses Indigenous engagement as it relates to procurement and business issues.

## Rationale

Although social enterprise and the concept of social procurement in government purchasing has been advocated for by many social enterprise groups for over a decade, government procurement has been slow to embrace the concept. This is partly due to a cultural environment of risk aversion in the public service, particularly in matters of public procurement, where there is heavy scrutiny by nature and design. However, the Minister's Mandate letter has placed emphasis on the necessity of the development of a social procurement policy in the department of Public Services and Procurement Canada. There is a general understanding that government purchasing should move beyond assessing value through 'lowest dollar' considerations, and towards a more broad approach of creating value for taxpayers in a different way. After all, departments and agencies that serve the public are interconnected by means of their funding source (Treasury Board Secretariat), and mandate to provide broader social benefits to the Canadian population.

## 1.3 Background

Public Services and Procurement Canada manages about 30,000 contracts yearly for the Government of Canada (PSPC, 2017). As a common service provider for the GC, one part of the department's role is to acquire goods and services on the behalf of other government departments (OGD). Although OGDs retain authority for service contracts and have delegated authority for goods contracts under \$25, 000, PSPC handles the vast majority of contracting value (PSPC, 2017). On an annual basis, the department acquires about \$20 billion in goods and services (PSPC, 2017). With the immense buying power of the GC, the current government has called for more focus on social procurement. In 2015, social procurement was highlighted as a priority in the Minister of Public Services and Procurement Canada's Mandate Letter. In accordance with the letter, the department is directed to:

“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” (Trudeau, 2015)

In February 2016, a Private Member's Bill was introduced into the House of Commons by Ahmed Hussen of the Liberal Party (Bill C-227, 2016). Bill C-227 sought to amend *the Department of Public Works and Government Services Act* (the Act) to require assessment of community benefits from construction,

maintenance, and repair projects (Bill C-227, 2016). Included in the definition of community benefit was job and training opportunities, improvement of public space, and any other benefits to the community. The bill passed its second reading in October 2016 and moved forward to the Standing Committee on Transport, Infrastructure, and Communities (Bill C-227, 2016). Amendments were made in December 2016; the bill failed to proceed in the House of Commons on January 31, 2017 (Bill C-227, 2016).

Following Bill C-227, Bill C-344 was introduced by Ramesh Sangha of the Liberal Party on April 6, 2017 (Bill C-344, 2017). Similar to its predecessor, Bill C-344 seeks to amend the Act to include an assessment of community benefits. The bill has undergone its first reading and, as of April 10, 2017, awaits its second reading (Bill C-344, 2017). At present, the impact of the proposed bill on trade agreements is unknown.

### Current Departmental Draft Guidelines

Internally, Public Services and Procurement Canada has begun to develop draft guidelines, regarding social procurement, for the department's Procurement Branch. The guidelines propose initiatives and techniques for the department to engage in social procurement on a pilot basis (PSPC, 2017). Under the guidelines, socio-economic programs which are already in place within the federal government are outlined. Existing initiatives included:

- Set-asides: Procurement Strategy for Aboriginal Business (PSAB)
- Off-sets: Industrial and Technological Benefits Policy (ITB), Treasury Board Procurement Review Policy
- Other: Canadian Content Policy, Policy on Green Procurement (PSPC, 2017)

**Set-asides:** Set-aside contracts in federal procurement are contracts that are specifically set aside for one group or demographic. They can be mandatory or voluntary. In Canada, under the North American Free Trade Agreement (NAFTA) and the World Trade Organization Agreement on Government Procurement (WTO-AGP), provisions allow for procurements to be "set-aside" for minority and small businesses (Indian and Northern Affairs Canada, 2007).

**Offsets:** Sometimes, a government agency wants to spark innovation or economic development in that agency's country through public purchasing. One mechanism to do this is to include one or more socially beneficial requirements with a procurement request, or an 'offset'. Most simply, an offset is essentially a commitment that a supplier makes to a purchaser to win a contract (Broecker & Beraldi, 2017). In the

case of Canada, offsets used in federal procurement are limited to defense contracting (this will be explored further in the report) through the Industrial and Technological Benefits (ITB) Policy.

The draft guidelines also provide evaluation suggestions for social procurement at the contract level. The guidelines outline stages through which procurement officers and client authorities will be able to evaluate social benefits found within contracts. The proposed evaluation approach includes:

1. Establishment of social benefits criteria and scoring grid from the client authority, with the assistance of contracting (procurement) officer
2. Outlining social benefits in the solicitation
3. Setting-out requirements for reporting from the supplier
4. Rating the social benefits criteria (rather than making mandatory)
5. Client authority to evaluate proposals
6. After award, social benefits embedded into contracts
7. Client authority and contracting officer to monitor performance of supplier through reporting (PSPC, 2017)

At the time of writing, the draft guidelines did not provide insight on how a social procurement policy would be evaluated, should the department choose to implement such measures.

## 1.4 Organization of Report

This report is structured into eight sections. Following this introduction, Section Two provides an outline of the methodology and methods used. This section includes the rationale behind each method, how the data was collected and analyzed, as well as the limitations and delimitations of the project. Section Three presents the findings of the literature review and Section Four provides a jurisdictional scan of governments within Canada and Europe which have adopted social procurement practices and evaluation methods. Section Five presents the findings from the semi-structured interviews of the three target groups, and themes which emerged from the raw data. Section Six provides a discussion of the findings from the literature review, jurisdictional scan, and semi-structured interviews. The recommendations for PSPC are outlined in Section Seven, and include three primary recommendations, as well as two additional recommendations for consideration. Finally, the conclusion is found in Section Eight of the report.

## 1.5 Contributions of Co-Investigators

This report was completed through the collaborative efforts of the co-investigators. The sections were

divided as a way to allow the investigators to develop a strong understanding of social procurement and evaluation methods. Louisa Young led the following sections: 1.0, 1.1, 1.2, 3.2, 3.5, 6.0, 6.1, and 8.0. Louisa Young also led sub-sections 4.1 (Federal Procurement, Procurement Strategy for Aboriginal Business, Green Procurement, Green Procurement Scorecards, British Columbia, and Manitoba), 4.2 (Scotland), 5.0 (Subject Matter Experts) and 7.0 (Recommendation One). The second co-investigator, Felicia Chandra, led the following sections: 1.3, 1.4, 1.5, 2.0, 2.4, 3.0, 3.1, 3.3, 3.4, 4.0. and 7.1. Felicia Chandra also led sub-sections 4.1 (Ontario, Nova Scotia), 4.2 (England and Wales, Wales, and Northern Ireland), 5.0 (Public Servants and Academics) and 7.0 (Recommendation Two and Recommendation Three). While one investigator may have taken the lead on particular parts, both investigators reviewed, edited, and provided feedback on all sections of the report. The co-investigators interviewed participants as a team, and analyzed the data collected together. The analysis allowed the co-investigators to work in concert to develop recommendations for the client.

## 2.0 Methodology

The research takes on a qualitative, exploratory approach. According to Sahu (2013), exploratory research allows for the development of a problem or hypothesis. Generally, there are three methods which are useful in this type of research: examining literature, surveying experts and developing insight through exploring related areas (Sahu, 2013). This project incorporates all three of these methods with a literature review, jurisdictional scan and semi-structured interviews.

### 2.1 Method - Literature Review

The literature review allows for the exploration of knowledge within the field of social procurement. This research helps to illuminate information while also demonstrating the gaps which exist within the literature. Due to the innovative nature of social procurement, limited research exists within Canada. Many of the resources accessed focused on defining social procurement rather than on the evaluation of social procurement policy. As a result, a general search on literature related to evaluation was also conducted. Many of the resources were not peer reviewed and included government publications, from Canada and internationally, and guides developed by the non-profit sector for social enterprises.

Databases used to conduct the search included the University of Victoria's Summons 2.0, Google Scholar, and Google. Key search terms included variations on: social procurement, social enterprise,

social value, social benefit, social return on investment, key performance indicators, community benefit agreements, evaluation, and evaluation frameworks.

## 2.2 Method - Jurisdictional Scan

The jurisdictional scan supplements the literature review by providing examples of social procurement in the government context. Although there is limited research on evaluating social procurement, practices have been adopted and tested in multiple jurisdictions. The scan includes various levels of government: from municipal to provincial and federal. In addition, jurisdictions outside of Canada have also been examined. Included in the Canadian context is the province of British Columbia (BC); Qualicum Beach, BC; Village of Cumberland, BC; the province of Manitoba; the province of Ontario (ON); Toronto, ON; and Nova Scotia. These areas were chosen due to their experience or pilot projects related to social procurement. As Canada as a whole has limited experience with social procurement, practices within European nations were also taken into consideration. England, Wales, Northern Ireland, and Scotland, nations that are often viewed as leaders of government engagement in social procurement, were also included in the jurisdictional scan.

The scan explores the methods and practices implemented in order to understand how to evaluate social procurement policy through government acquisitions. Included in the scan were drawbacks and benefits of each approach.

## 2.3 Method- Semi-Structured Interviews

To build a strong understanding of the current practices, strategies and obstacles around evaluating social procurement, semi-structured interviews were conducted. These interviews were one-on-one or, when both researchers were present, two-on-one. The use of semi-structured interviews provided a guide for the discussion and allowed for comparability of responses (Robert Wood Johnson Foundation [RWJF], 2008). At the same time, use of open-ended questions allowed for various perspectives to be captured (RWJF, 2008). Follow-up and probing questions were also used when appropriate.

As a way to ensure that the viewpoints of all key stakeholders were considered in the research, three groups were interviewed. This included four public servants employed within Public Services and Procurement Canada: the Regional Director of the Office of Small and Medium Enterprises, two Policy

Analysts, and a Supply Team Lead (procurement officer); four academics with knowledge in: community development, impact investing, social economy, evaluation or related areas; and three subject matter experts from organizations which support social enterprises and social procurement including: the Local Economic Development Lab (LEDLab), the Social Value Lab, and Accelerating Social Impact (ASI).

Purposive sampling was used as the field of social procurement within Canada is limited; the researchers sought to include the perspectives of particular participants who had notable experience or knowledge around the topic (Robinson, 2014). The majority of participants are contacts of the client or individuals who are well-known in the field of social procurement and social enterprise. In addition, snowball sampling was used to recruit participants; this method was useful as the response rate from academics and subject matter experts was low without the use of recommendations. Participants were recruited and contacted by email.

The semi-structured interviews were between 30 minutes to an hour in length. The researchers had seven to eight open-ended questions. The questions drew on the experiences of each participant in relation to social procurement and evaluation. Each group had a separate set of questions, although many were similar in content. In addition to taking notes, the interviewers also audio-recorded each discussion. This allowed the researchers to engage with the participants in order to promote dialogue (RWJF, 2008). Three of the interviews were conducted in person, within PSPC Pacific Region's offices. Seven of the interviews were conducted over the phone due to convenience and geographical distance.

A general inductive approach was used to analyze the interviews. Thomas (2006) points out that such an approach allows key themes to be drawn from the data. The researchers condensed the information collected and established links while examining the similarities and differences in the responses. The analysis revealed various concepts the participants would take into consideration when creating methods for the evaluation of social benefits or social value. Based on the derived themes, the researchers were able to develop recommendations.

## 2.4 Limitations and Delimitations

Limitations to this project exist due to the use of purposive and snowball sampling. As specific participants were sought out due to their knowledge or expertise, the results of this study are not generalizable. In addition, some of the interviews conducted were with participants who are heavily

invested in promoting the development of social procurement policies at the federal level. While their knowledge and experience with successful social procurement initiatives is valuable, there is a risk in their role as advocates; the majority of the focus in their interviews was on the benefits of social procurement and not necessarily on the challenges that must be overcome before implementation is possible. Another limitation is that some of the social procurement stakeholders interviewed came from different jurisdictional backgrounds. Their knowledge and application of social procurement within their government or jurisdiction differs in many ways from the Canadian federal context. Provincial and municipal governments within Canada as well as other nations are not subject to the same international trade agreements as the federal government.

A limitation identified with our interview sample of public servants is that it was restricted only to employees working for Public Services and Procurement Canada. Their knowledge of the department's needs and current policy climate were invaluable in providing considerations for this project. However, the limitation exists because they could only speak to actions being undertaken or discussed in Public Services and Procurement Canada, and were not able to provide context into what was happening in other departments that would also be impacted by social procurement, such as Employment and Social Development Canada (ESDC). A delimitation of this was that measures were taken to ensure that the researchers had both regional (Pacific) perspectives, as well as headquarters (National Capital Region) perspectives.

An important delimitation of this report is that it does not provide comment on the policy behind social procurement. In addition, it does not attempt to produce an authoritative guide to measuring social procurement success within the federal government. Rather, it will attempt to provide recommendations, taking into consideration the federal government context, from which procedures, methods or frameworks for evaluation may emerge. This report will also work to contribute to the existing research to fill a knowledge gap.

### 3.0 Literature Review

The literature review informs the report by providing an overview of social procurement. Although there is limited information in the social procurement context, this section also looks into evaluation. In addition, it explores current approaches in addressing social procurement and social value, including community benefit agreements as well as social return on investment.

## 3.1 Social Procurement

### What is Social Procurement?

The acquisition of goods and services is vital to ensuring an organization meets its set-out objectives. Often, depending on the needs of the organization, this may be completed through a procurement process (Loosemore, 2015, p.133). Procurement seeks to acquire goods and services while taking into consideration cost, quality and delivery (Looseman, p.133). Social procurement takes this process a step further by seeking to create social value (Barraket & Weissmen, 2009 as cited in Furheaux & Barraket, 2014, p.265). According to Furheaux and Barraket (2014), social procurement is a fast-emerging tool of new public governance (p.265). Similar to traditional procurement practices, it considers, but is not limited to, financial bottom lines (Furheaux & Barraket, p.265). In addition, social and environmental impact are central to this process (Revington, Hoogendam & Holeton, 2015, p. 1). It seeks to use the marketplace in order to achieve positive social change (Toronto Enterprise Fund, 2014 as cited in Revington et al., p.5). This can include a variety of goals such as creating jobs for marginalized populations, increasing sustainability, or promoting fair trade (Revington et al., p.3).

Social procurement can occur both directly and indirectly (Furheaux & Barraket, 2014, p.269). Furheaux and Barraket (2014) argue that the process can be separated into four typologies (p.267). In some instances, social services are directly acquired. This type of procurement leads to immediate social impact as the programs or services acquired are from areas such as the healthcare sector or community services (Furheaux & Barraket, p. 267-268). The second type of social procurement outlined by Furheaux and Barraket (2014) is the acquisition of public works; this has indirect social impact as society benefits from structures such as roads and schools (p.268). The third typology involves corporations allocating a certain percentage of work to social enterprises. In this case, the acquisition of public works and services, from non-profits or social enterprises, leads to indirect social impact (Furheaux & Barraket, p.268). Finally, the fourth typology involves businesses taking into consideration their social impact. Such corporations are usually for-profit and exercise corporate social responsibility. They evaluate specific environmental or social criteria when making business decisions (Furheaux & Barraket, p. 269). These typologies are not mutually exclusive and each, whether direct or indirect, has the intention of creating positive social change (Furheaux & Barraket, p.270).

### The emergence of social procurement

Over the past few decades, social procurement has gained traction globally. Various countries have implemented policies including the United States' Supplier Diversity Program, the United Kingdom's

Social Value Principle, and Scotland and Wales' Community Benefits (Revington et al., 2015, p.1). Social procurement has become more widespread as everyday consumers are more conscious of their purchases (Revington et al., p.3). Many buyers are now selective and choose to purchase goods and services which are socially and environmentally responsible. This can include active participation in organic and local food movements, as well as purchasing fair trade coffee and tea (Revington et al., p.3). As individuals place emphasis on their personal social impact, governments have also begun to adopt these practices. Dragicevic and Ditta (2016) state that governments now seek social and economic benefits from investments (p.5). Procurement practices across various levels of government include criteria which evaluate social impact (Dragicevic & Ditta, p.5). Many organizations are willing to meet these extra requirements in order to make themselves competitive and secure government contracts (Dragicevic & Ditta, p.5). As demand for such businesses increase, the third sector and social enterprises are able to grow.

### What is a social enterprise?

Organizations which practice social procurement are often classified as third sector entities (Furheaux & Barraket, p. 265). These organizations can be either non-profit or socially responsible for-profit businesses (Durieux & Stebbins, p.10). According to Durieux and Stebbins (2010), social enterprises have three bottom lines: financial, social, and economic (p.9). They may seek to solve an array of enduring social issues at the local, regional, national, or international level (Durieux & Stebbins, p.9). These organizations are concerned with financial as well as social aspects of business; they fall between the public and private sector (Organization for Economic Co-operation & Development [OECD], 2000, p.7). Social enterprises have missions which aim to better groups or communities. Examples include art or culture organizations, religious institutions, thrift stores, charities, or health care programs (BC Ministry of Social Development and Social Innovation [SDSI], 2015, p.1; Shahmash, 2010, p. 10).

Generally, the purpose of these organizations is not solely to create profit (OECD, 2000, p.8). Rather, the third sector aims to fulfill the unmet needs of society (OECD, p.10). The organizations deliver goods and services and any profits generated are put back into the community (SDSI, 2015, p.1). These economically viable businesses use capitalism in the interest of the public (Shahmash, p.10; OECD, p.10). As a result, social enterprises create opportunities for job training, affordable housing, ecotourism, and accessible healthcare, among other things (SDSI, 2015, p.1).

## 3.2 Social Value

Phills, Deiglmeier & Miller (2008) define social value simply as value that is created through efforts to address social needs and problems, moving beyond just values quantified by general benefits of market activity or private gains (p. 39). The Social Value Portal defines social value as financial and nonfinancial impacts on individuals, communities, environment, and social capital as a result community and corporate activities (Social Value Portal, 2016). Social value can be created when individuals engage in activities that generate positive externalities; that is, there is an impact that extends beyond what is done at the outset (Auerswald, 2009, p. 54). The challenge lies in the measurement of social value, largely due to the fact that there is disagreement between the sectors involved in social action on what exactly the outcomes should be (Mulgan, 2010, p. 40). To further underscore the challenge, the subjective nature of 'value' creates an environment where these sectors compete to measure what they believe matters the most (Kirkland, 2012). Currently, there are hundreds of existing social value metrics used to measure social value across the different sectors of governments, academia, and Non-governmental Organizations (NGOs) (Mulgan, 2010, p. 40).

## 3.3 Evaluation

### What is evaluation?

Evaluation is a process which individuals engage in on a daily basis. Before reaching a decision, we often weigh and consider our options; we ask questions and gather information in order to make a decision on the worth of an evaluand (Shaw, Greene, Mark, 2006, p.2). Scriven (1991) defines evaluation as "the process of determining the merit, worth, or value of something, or the product of that process..." (as cited in Shaw et al., p.6). In the government context, evaluation seeks to determine the effects of implemented policies or programs (Percoco, 2014, p.1; Owen & Rogers, 1999, p.3). Program evaluation asks questions focused on performance, what improvements can be made and whether the set-out objectives are being met (Owens & Rogers, p.6; Gudda, 2011, p.1). These assessments may be completed on ongoing or completed projects (Stufflebeam, 2001, p.10). According to House (1993), the process involves data collection, identifying issues and dimensions, validating evidence, and forming conclusions (as cited in Owen & Rogers, p.3). The conclusions drawn from an evaluation are then used to form judgements and make decisions (Owen & Rogers, p.5).

Fournier (1995) outlines the process through the logic of evaluation (as cited in Owen & Rogers, 1999, p.14). According to this model, establishing criteria is the first stage of evaluation. Here the objectives of the policy or program are set-out. The second stage involves identifying the standards for performance.

After this point, the performance of the evaluand is measured and compared to the standards. Finally, the information is synthesized in order to make a decision on the merit and worth of the evaluand (Owen & Rogers, p.14). Leslie, Moodley, Goldman, Jacob, Podems, Everett and Beney (2015) identify a similar process which is defined as phases or standards of evaluation (p.3). According to this model, evaluation includes four phases: planning, implementing, reporting and follow-up. These phases take into consideration stakeholders, time, budget, and produce lessons learned (Leslie et al., p.3).

The evaluation process can be distinguished from monitoring (Gudda, 2011, p. 1). Monitoring occurs during the implementation of a program. This process involves collecting information in order to increase efficiency and overcome issues (p.1). Through monitoring, the design of a program can be corrected and improved upon (Gudda, p.1-2). In contrast, evaluation focuses on strategies, operations and learning (Gudda, p.5). Gudda (2011) points out that evaluation tends to answer questions asked by management; it focuses on areas such as compliance, program logic, policy and impact (p.6). Although these processes differ, together they form a strong assessment design for project managers.

### Evaluation Frameworks

According to Owen and Rogers (1999), there are five models of evaluation: proactive, clarifying, interactive, monitoring, and impact (p.40). Monitoring evaluation combines the two processes distinguished by Gudda (2011) and is often used for ongoing programs (Owens & Roger, p.46). In such cases, the goals and targets of the program or policy are clear. This management driven method focuses on consistent monitoring and performance indicators in order to determine if the evaluand is successful (Owens & Rogers, p.46). Included in this approach is component analysis, system analysis or performance assessments (Owens & Rogers, p.47). Impact evaluation seeks to determine the effect and worth of established programs (Owens & Rogers, p.47). These types of evaluations are often summative, occurring at the end-point of a project. The results of impact evaluations assist in reaching decisions on whether to end or expand a program (Owens & Rogers, p.47). Approaches which fall under this model include objectives-based or needs-based evaluations as well as performance audits (Owens & Rogers, p.47).

In contrast to Owen and Rogers (1999), Stufflebeam (2001) sets out four categories of evaluation including pseudoevaluations, question and methods-oriented, improvement and social agenda evaluations (p.11). Pseudoevaluations are described as methods which are politically motivated (Stufflebeam, p.13). Such evaluations are selective and often invalid in their findings (Stufflebeam, p.13). Question and methods-oriented models are viewed as quasi-evaluations (Stufflebeam, p.16). These

evaluations seek to determine the merit of a program. The program objectives allow evaluators to ask specific questions. Although these approaches may be useful in determining whether a program is successful in achieving its mission, they may fail to illuminate unintended effects (Stufflebeam, p.17). Included under this category are objectives-based studies. The audience of such as evaluation includes managers and program developers (Stufflebeam, p.17).

An objectives-based study is useful when a program or policy has clear, focused objectives. Information is collected in order to determine if a program meets the specified operational goals (Stufflebeam, p.17). Stufflebeam (2001) points out that such evaluations are useful for programs mandated to deliver public services (p.18). Such an approach establishes clear expectations, thus enhancing the organization's ability to achieve program objectives (Stufflebeam, p.18-19). In order to be successful, objectives-based studies require adequate planning, development, testing and validation (Stufflebeam, p.19).

Improvement evaluations are useful in assessing programs beyond their objectives (Stufflebeam, p.47). These studies bring to light unintended effects that may have otherwise been overlooked by a question and methods-oriented approach. Included under this category are decision-accountability studies which look at program needs, problems and opportunities (Stufflebeam, p.55). These studies encourage stakeholder engagement and regular reporting; approaches include needs assessments or case studies (Stufflebeam, p.57). Also included in the improvement evaluation category are accreditation approaches. Such evaluations establish guidelines which must be met in order to obtain approval for service delivery (Stufflebeam, p.61).

As various forms of evaluation exist, multiple factors must be taken into consideration before a particular framework is chosen. Owen and Rogers (1999) point out that the state of the program is an important consideration (p.52). One must reflect on whether the program is newly implemented, well-established, or time-bound (Owen & Rogers, p.52). The focus of the evaluation is also a crucial aspect. Evaluations could be required for a multitude of reasons including political or social needs, need to assess program design, or delivery as well as determining whether the outcomes of a program are successful (Owen & Rogers, p.52). Finally, an evaluation may be formative, summative, or ongoing (Owen & Rogers, p.55). Each of these dimensions are vital to determining the appropriate framework for a successful evaluation.

### Participatory Evaluation

Participatory evaluation approaches allow relevant stakeholders, such as staff and participants, to actively engage in the assessment of a program (Sullivan, 2009, p. 372). Rather than solely relying on

professional evaluators, stakeholders are encouraged to involve themselves in identifying the issues, developing methods to collect data, interpreting data, and improving the program (Sullivan, p.372; Jackson, 2012, p.105). According to Jackson (2012), participatory evaluations can be used to assess impact at the micro level and often involve a task force. Furthermore, they allow for all stakeholder voices to be heard (p.105). Participatory evaluations are useful in bringing about change within organizations or society as a whole (Mathison, 2005, p. 291). This type of evaluation process enables learning while also ensuring accountability from investors seeking to create social impact (Jackson, p.105). Due to the cost associated with participatory evaluations, it is up to investors to ensure that all key stakeholders are able to actively engage in the process. In addition, the participation should be long-term rather than a short-term or a one-time event (Jackson, p.105). The interactive, collaborative nature of participatory evaluation approaches allow for meaningful change as participants build a sense of ownership; stakeholders may also gain a better understanding of the program and evaluation process (Mathison, p.291). Participatory evaluation approaches allow relevant stakeholders, such as staff and participants, to actively engage in the assessment of a program (Sullivan, 2009, p. 372).

### 3.4 Community Benefit Agreements

#### What are Community Benefit Agreements (CBA)?

Community benefit agreements became common within cities in the United States during the 1990s (Galley, 2015). These formal, legally binding contracts work to promote positive social outcomes through infrastructure developments (Galley, 2015). Agreements are established between developers and coalition parties. The coalitions are made up of community-based groups which are directly affected by a development project. These groups merge together in order to have their needs and interests heard by real estate or infrastructure developers (Galley, 2015). The purpose of a CBA is to provide a voice to marginalized groups, encourage inclusiveness, and help promote community benefits for specific areas. Generally, community benefit agreements include a description of the project and parties involved, as well as a list of commitments the developer is obligated to act on (Galley, 2015). This may include employment opportunities, affordable housing, or environmental commitments (Galley, 2015). According to Galley (2015), the four phases of CBAs include negotiation, communicating interests, implementation planning, and monitoring. For a CBA to be successful, implementation should be transparent and developers must be held accountable (De Barbieri, 2016). In addition, communities affected by the project must be encouraged to actively engage in the process and provide feedback. Ineffectiveness emerges when there is lack of consultation with parties (De Barbieri, 2016). De Barbieri

(2016) points out that CBAs are not always the best solution for communities. Other approaches may be more beneficial in cases where there is a greater chance of displacement of community members as a result of the development (De Barbieri, 2016). Alternative, long-term approaches may be more appropriate in such instances.

### 3.5 Social Return on Investment

Social Return on Investment (SROI) borrows from the traditional measure of Return on Investment (ROI) used to measure a company's relative success, and attempts to describe the social impact of an organization's operations using dollar terms as a measurement of success (Lingane & Olsen, 2004, p. 118). The importance of having the ability to adequately measure the success in which a social enterprise is able to add social value, as a result of their activities, is highlighted by the need for the social enterprise in the first place: to be able to empower marginalized communities and reduce social exclusion (Ryan & Lyne, 2008, p. 223). While it is possible to apply traditional methods of established concepts, like accounting of profit and calculating rates of return, there is a gap in fully capturing the added social value created by a social enterprise (Ryan and Lyne, 2008), p. 223). The returns on new spending in social enterprises cannot be traded, and so there is no clear price of social value on the private market (Arvidson, Lyon, McKay & Moro, 2013, p. 3). For social enterprises or non-profits to pursue a wider agenda of continuous improvement, tools and techniques of performance measurement practices that provide value creation were adopted from the private sector (Rotheroe & Richards, 2007, p. 32). Arvidson et al (2013) positions SROI as the tool that bridges a communications gap from social enterprise's reliance on anecdotal claims of social value add and the shortcomings of other tools to demonstrate these claims (p. 6). Developed by the Roberts Enterprise Development Fund (REDF) in the mid-1990s in the United States, Social Return on Investment (SROI) analysis is based upon widely used cost benefit analysis characteristics of assigning monetary value to social and environmental returns (Rotheroe & Richards, 2007; Arvidson et al, 2013, p.4). The two types of SROI analysis are evaluative and forecast; the former is a retrospective analysis of real outcomes that have taken place, and the latter is predictive in calculating how much social value is created, or if the intended outcomes are met (Nicholls, Lawlor, Neitzert & Goodspeed, 2009, p. 8). SROI analysis can be applied to an entire organization to calculate social value, or it can be scaled down to focus on specific aspects of an organization's activities (Millar & Hall, 2013, p. 927).

## Social Return on Investment (SROI) as a Performance Measurement Tool

SROI as a performance measurement tool emerged from outside pressures on the social enterprise and non-profit sector to have formal standards and performance measurement tools in place (Millar & Hall, 2013, p. 924). It is generally recognized as the preferred method of performance measurement in the social enterprise and non-profit sector, and reaches a global audience (Millar & Hall, 2013). However, despite being widely used and accepted internationally as a measurement tool, Millar and Hall (2013) suggest that due to both practical and ideological barriers, it is undervalued and underused (p. 923).

The formula calculating SROI is as illustrated below (Rotheroe & Richards, 2007):

$$\text{SROI} = \frac{\text{Net Present Value of Benefits}}{\text{Net Present Value of Investment}}$$

In the UK, government funded programming on measuring social value has further developed the SROI framework, where the model is used to identify and appreciate the value created by social enterprise (Arvidson et al., 2013). The difference between this model and the REDF framework is that activities of an organization are reviewed by a diverse range of stakeholders to place monetary value on benefits (social, economic, and environmental) that are created by organizations. It moves beyond a methodology of calculating value to apply seven principles to the framework (Arvidson et al., 2013; Nicholls et al, 2009, p. 7). Explicit emphasis is made to involve stakeholders at every stage (Millar & Hall, 2013, p. 927).

Nicholls et al. (2009) outlines the principles as follows:

- Involve stakeholders
- Understand what changes
- Value the things that matter
- Only include what is material
- Do not over-claim
- Be transparent
- Verify the result

In contrast, the approach of the New Economics Foundation's (NEF) (2004) SROI framework is designed to have a wider application, and emphasizes four areas:

- Stakeholder engagement
- Materiality

- Impact map
- Appreciation of deadweight

A basic assumption in SROI is that there is a business element in most social enterprises that will create a flow of social benefits through their activities (Ryan & Lyne, 2008, p. 228). The NEF (2004) believed that SROI had the potential to ‘act as an investment decision-making and performance measurement tool in the areas of public procurement and investment’, but also to allow businesses to be able to improve their organization’s overall ability to measure their success in creating social value (p. 8). Expanding further, the NEF believed that where there were gaps in the absence of objective tools to assess value for money in social procurement, the SROI could be used when tender specifications do not explicitly include the stated expected social benefit value-add (NEF, 2004, p. 4).

## 4.0 Jurisdictional Scan

This section explores approaches taken in evaluating social procurement within various government jurisdictions. The scan begins by exploring procurement and existing socio-economic programs within PSPC. The section then moves into Canadian jurisdictions which includes British Columbia (BC); Qualicum Beach, BC; Village of Cumberland, BC; Manitoba; Ontario (ON); Toronto, ON; and Nova Scotia. Jurisdictions within the United Kingdom and Europe, including Scotland, Wales, England, and Northern Ireland, were also incorporated into the jurisdictional scan.

### 4.1 Canada

#### Federal Procurement

The Government of Canada purchases upwards of \$20 billion worth of goods and services in each year, and much of this purchasing is done through Public Services and Procurement Canada, approximately 75 percent. Regulations and policies pertaining to procurement are set by the Treasury Board Secretariat (TBS). PSPC is the main procurement arm for the Government Canada, mandated through various statutes and regulations, agreements, policies, directives, procurements and guidelines to purchase goods, services, construction, and services related to goods through both competitive and non-competitive processes (Buyandsell.gc.ca, 2015). Other government departments and agencies have also been delegated authority by the Minister of Public Services and Procurement Canada to procure goods, up to a certain dollar value. Canada is signatory to a number of trade agreements including: the Canada Free Trade Agreement (CFTA), the North American Free Trade Agreement (NAFTA), and the World Trade

Organization Agreement on Government Procurement (WTO-AGP). Each trade agreement is accompanied by different dollar thresholds and clauses and conditions, which impacts the procurement decisions that are made by procurement officers within PSPC and OGDs. In most cases, Government of Canada tender opportunities valued at over \$25,000 will be posted on the buyandsell.gc.ca website; this website is the authoritative source for GC procurement, some exceptions apply.

The Government of Canada has four procurement initiatives that are important to understand in the context of this project. This includes the Procurement Strategy for Aboriginal Business (PSAB), Green Procurement policy, Canadian Content Policy, and the Industrial and Technological Benefits Policy (ITB).

#### *Procurement Strategy for Aboriginal Business (PSAB)*

The Procurement Strategy for Aboriginal Business is a national procurement program led by Indigenous and Northern Affairs Canada (INAC), and supported by PSPC. All federal government departments and agencies participate in PSAB. The aim of this program is to support the development of Aboriginal business capacity through measures such as mandatory and voluntary set asides, joint ventures and partnerships, and to help assist qualified Aboriginal businesses compete for and successfully obtain contracting opportunities with the federal government. To be qualified as an Aboriginal business under PSAB, firms must be at least 51 percent owned and controlled by Aboriginal people, and at least one third of the employees must be Aboriginal, if the firm has six or more full-time employees (Indigenous and Northern Affairs Canada [INAC], 2014). Firms must be able to provide proof of eligibility at the time of contract bid upon request from the procurement officer. PSAB also encourages Aboriginal firms to participate in joint ventures or subcontracting opportunities. In joint ventures, Aboriginal firms will partner with other Aboriginal, or non-Aboriginal firms, to bid on federal contracts.

The Procurement Strategy for Aboriginal Business was created in 1996 (INAC, 2014), and is the only procurement set-aside initiative that exists in Canada under our current trade agreements. There are two types of set-asides under this initiative: mandatory and voluntary. Mandatory set-asides must be used when the proposed procurement of a good or service is valued over \$5,000 and serves a primarily Aboriginal population (INAC, 2014). Voluntary set-asides occur when the procurement officer believes that there is Aboriginal business capacity in the region of procurement, and will voluntarily set the procurement aside for only Aboriginal firms to bid on. Voluntary set-asides are typically done when it is practical or feasible, at the discretion of individual procurement officers and the client authority. Some

departments may place an internal mandate that their procurement activities must include a target for PSAB set-asides; this is required for departments whose procurement is valued at greater than \$1,000,000.

### *Green Procurement*

The Policy on Green Procurement came into effect on April 1, 2006, and is applicable to most federal departments within section 2 of the *Financial Administration Act* (PSPC, 2016). The policy seeks to reduce the environmental impact of government operations (in this case, procurement), by integrating environmental performance considerations in the decision-making process for procurement opportunities (PSPC, 2016). Green Procurement has allowed departments and agencies to meet green procurement targets as well as purchase goods and services which are more environmentally preferable (PSPC, 2014). The Policy on Green Procurement is built on the context of responsible financial stewardship through achieving value for money, and takes into consideration factors of cost, performance, availability, quality, and environmental performance (PSPC, 2016).

Intended outcomes of the policy are that its application will:

- Support environmental objectives that will then benefit the environment
- Reduce cost for government by using its purchasing power to acquire goods and services that are environmentally preferable, thus strengthening the greening of markets and industries
- Support conscious environmentally responsible practices in federal government planning, acquisition, use and disposal of goods and services
- And purchasing environmentally preferable goods and services to foster healthier working environments for general citizens and federal employees (PSPC, 2016)

The Green Procurement Team, within Procurement Branch of PSPC, is mandated to support the Policy on Green Procurement implementation within the department (PSPC, 2014). The team has a number of procurement tools that are used to support its mandate, including internal documents such as webinars and How-to Guides. There is also an Annex in the Supply Manual that lays out examples of aspects for consideration for environmental factors and related cost elements and evaluation indicators of green procurement.

### *Canadian Content Policy*

The Canadian Content Policy is a Cabinet-mandated policy meant to encourage industrial development in Canada, by limiting opportunities for government procurement to Canadian suppliers of goods and/or

services (Buyandsell.gc.ca, 2017). However, this policy is only applicable under specific circumstances, and as a result, it has a very narrow application to current government procurement. In terms of application, goods and services contracting carried out by Procurement Branch, except for those categories that were previously not done by the former Supply and Services Canada (SSC) or construction procurement that was previously carried out by the former Public Works Canada, would be subject to the Canadian Content Policy (Buyandsell.gc.ca, 2017). Additionally, this policy does not apply to procurement done by other government departments. Further provisions narrow its application, such as: it excludes government procurement subject to international trade agreements, procurements under a \$25,000 threshold, cabinet-mandated sourcing, among others (Buyandsell.gc.ca, 2017).

### *Industrial and Technological Benefits (ITB) Policy*

In 2014, the Industrial and Technological Benefits (ITB) Policy was launched, a refresh on what was previously the Industrial and Regional Benefits (IRB) Policy. Under the ITB Policy, which applies to all eligible defence procurements with a value of over \$100 million, companies that are awarded defence contracts are required to undertake business activity in Canada that is equal to the value of the contract awarded (Government of Canada, 2017). A Value Proposition Guide was developed to help score and weigh the factors for winner selection; the value propositions created by the winning bidder becomes a contractual commitment when the bid is awarded. Requirements for Value Propositions are specifically tailored for each individual procurement opportunity under which the ITB policy applies, so that the government can strategically steer investments and optimize advantages of unique economic opportunities for each project (Government of Canada, 2017).

### *British Columbia*

British Columbia's Ministry of Social Development and Social Innovation (MSDSI) released a Social Impact Purchasing Guide in November 2014. It provides guidance to provincial staff on how to incorporate social benefits in their procurement decisions, under the guiding principles of "fair and open public sector procurement (competition, demand aggregation, value for money, transparency and accountability)" (Dragicevic & Ditta, 2016, p. 9; MSDSI, 2014). The guidelines hope to influence purchasers to consider the broader impact of their purchasing decisions, and how these decisions can help the Ministry and the government achieve its broader goals and social objectives (Dragicevic & Ditta, 2016, p. 9; MSDSI, 2014). The formation of this policy emerged from the creation of the BC Social Innovation Council in January 2011, which was tasked with making recommendations on how the three

sectors of government, business, and not-for-profit organizations could collaboratively improve issues related to the most complex social problems facing the province (MSDSI, 2014, p. 3). Out of the March 2014 *Doing Business with Government Project Report* emerged one recommendation for individual ministries to achieve its mandates and objectives through government purchasing decisions, specifically highlighting MSDSI to take a leadership role in transforming their purchasing methods to achieve social and other objectives (MSDSI, 2014).

According to the Social Impact Purchasing Guide, the four steps to making a social impact purchase are:

1. Understand your social value requirements
2. Confirm your procurement process
3. Identify the type of Social Impact Purchasing that meets your needs
4. Complete your procurement process and make your purchase (MSDSI, 2014, p. 5).

The guidelines also encourage the inclusion of social value evaluation criteria, regardless of the size or complexity of the solicitation, and even whether or not the suppliers are social enterprises or traditional businesses (MSDSI, 2014, p. 10).

#### *Qualicum Beach, British Columbia*

In April 2016, Qualicum Beach's town council approved a policy on Purchasing & Disposition of Assets – General – Social Procurement to proactively align the town's procurement processes with the town's Corporate Mission Statement by including considerations of social value in its purchasing decisions (Town of Qualicum Beach, 2016). In order for procurement officers to audit supplier compliance, the Social Procurement Policy will use a combination of supplier disclosures and certifications, external independent certifications, and disclosures of information about factory and production facilities (Town of Qualicum Beach, 2016).

#### *Village of Cumberland, British Columbia*

In an effort to deliver improved socio-economic benefits and maximize community benefits, the Village of Cumberland created a Social Procurement Framework to leverage the positive social impacts that can be made through purchasing decisions (Corporation of the Village of Cumberland, 2015). The Framework explicitly aligns the Village's Procurement Policy and Principles to social, environmental, and economically sustainable purchasing where possible, and applies to "all purchases, leases and rentals

using operating, capital and restrict funds of the Village” (Village of Cumberland, 2016). The policy has provisions that allow purchasing officers to evaluate organizations against certain criteria during the procurement process: Living Wage Evaluation, Community Benefit Clauses (CBC’s), Infrastructure planning and investment to promote community benefits, and apprenticeship plans (Village of Cumberland, 2016). It also outlined a series of social, employment, and economic goals that the Village hopes to achieve by adopting the Social Procurement Framework.

## Manitoba

The Manitoba government has long been a supporter of community economic development, having passed the *Sustainable Development Act* (the Act) in 1998 (Government of Manitoba, 1997). The Act was developed to inform government departments, agencies, and corporations on how to become sustainable and was promoted within the public sector as well as private industry and society in general (Sustainable Procurement in Manitoba, n.d.). Under the Act, Manitoba’s Sustainable Development Procurement Guidelines were ratified in 2000 and formally recognized that the province’s purchasing decisions had an effect on the communities in the province and the environment (Manitoba Government, 2000). The Guidelines included a government wide procurement progress report requirement where a Provincial Sustainability Report was to be prepared four years or more after the ratification of the Guidelines (Manitoba Government, 2000).

The Community Economic Development Policy Mandate reiterated the government’s support of the economic development (CED) sector, which included social enterprise (Revington, Hoogendam & Holeyton, 2015, p. 16). The Social Enterprise Strategy was created in the province of Manitoba following a joint community-government steering committee that brought together government representatives in charge of employment, training, and community development program delivery with established managers and developers of social enterprise (Manitoba Social Enterprise Strategy, 2015, p. 4).

The group put forward a set of comprehensive policy recommendations under the Six Pillars of Social Enterprise Development:

1. Enhance enterprise skills
2. Ensure access to capital and investment
3. Expand market opportunities
4. Promote and demonstrate the value of social enterprise

5. Regulatory framework
6. Networks and community engagement (Manitoba Social Enterprise Strategy, 2015)

The strategy affirmed the government's priorities in supporting social enterprise and social procurement, specifically under the regulatory framework umbrella. Recommendations in the report called for departments and Crown corporations to be mandated to partner with social enterprises, creating target opportunities for procurement (Dragicevic & Ditta, 2016, p. 9). Additionally, the existing relationship the Manitoba Housing Authority had with the social enterprise sector was expanded; Manitoba Housing doubled their amount of spending on social enterprise activity, thereby increasing access to the government's public procurement opportunities (Dragicevic & Ditta, 2016).

## Ontario

The province of Ontario has over 10,000 social enterprises, according to the University of Toronto's Social Economy Centre (Ontario, 2016). In order to support these businesses, the Ministry of Economic Development, Employment and Infrastructure launched "Impact: Social Enterprise Strategy for Ontario" (Impact) in 2013 (Revington et al., 2015; Ontario, 2015b). This strategy aims to support social enterprises through increasing start-ups, investments, and job expansion (Ontario, 2015a). One of the four pillars behind Impact is increasing connections, coordination, and communication (Ontario, 2015a). Within this pillar, the province establishes the collection of baseline data as a crucial aspect of monitoring. The areas of focus for data collection include job creation, economic impact, research, and knowledge sharing (Ontario, 2015a). The first pillar also outlines annual reporting and the use of scorecards for progress tracking. The fourth pillar of Impact focuses on service, support, and solutions. This component attempts to overcome the challenges in obtaining standardized, reliable data through supporting the development of a framework which accurately reports social return on investment (Ontario, 2015a).

Ontario's goal to support social enterprises was put into action during the planning stages of the 2015 Pan-American (Pan-Am) and Para-American Games (Revington et al., 2015). Social procurement was put forward as a pilot project for the games. According to Revington et al. (2015), this was one of Ontario's first major initiatives in supplier diversity programs. The procurement requirements for the Pan-Am games included general guidelines such as cost, ability to deliver goods and services, quality, and innovation. In addition, selection was based on supply chain and diversity practices (TO2015, 2015). This

additional criteria aimed to increase purchasing from social enterprises as well as businesses owned by diversity groups (Revington et al., 2015).

Other social procurement initiatives within the province include section 37 of the *Ontario Planning Act* and the *Infrastructure for Jobs and Prosperity Act*. Both of these pieces of legislation enable community benefit agreements (CBA) (Galley, 2015). Section 37 provides developers with exemptions to building restrictions in exchange for community benefits (Galley, 2015). In terms of monitoring and evaluation, it has been found that course correction is more beneficial than punishment with CBAs (Galley, 2015). Generally, developers entered in a CBA are compliant as their contracts are legally binding (Galley, 2015). Community benefit agreements are also more effective when time limits are placed on the agreements. According to Galley (2015), monitoring and oversight reduces by the third year of an agreement and is significantly weakened by the seventh year. Issues cited within Ontario's section 37 include lack of clarity, consistency, and transparency (Gladki Planning Associates, 2014). There is a need to establish a vision and set targets for the outcomes in order to ensure community benefits are implemented and effective (Galley, 2015).

#### *Toronto, Ontario*

Through reviewing initiatives taken on by the province and other jurisdictions, the City of Toronto has established a social procurement program. This program focuses on supply chain diversity and workforce development (City of Toronto, n.d.). Contracts between \$3,000 to \$100,000 require an invitation to participate to at least one certified diverse supplier. For goods and services over \$100,000, suppliers are able to create their own diversity programs and may be awarded points during the Request for Proposal (RFP) evaluation if they do so (City of Toronto, n.d.). The workforce development component applies to contracts over \$5 million. In such instances, city staff are responsible for identifying potential opportunities for development (City of Toronto, n.d.). The Request for Proposal outlines the social procurement requirements or ask vendors to identify how they will exercise social procurement (City of Toronto, n.d.). In order to evaluate the effectiveness of Toronto's social procurement process, targets have been established. By 2018, the city hopes to have workforce development or supply chain diversity with 33% of contracts over \$5 million. In addition, the city aims to have 25% of suppliers certified as diverse (City of Toronto, n.d.). In order to ensure suppliers are diverse, the city requires them to be certified by organizations such as Canadian Aboriginal and Minority Supplier or Social Purchasing Project (City of Toronto, n.d.). In addition, commitments to workforce development

are enforced by the city. Successful businesses are required to appoint a liaison who is responsible for meeting with city staff on a regular basis in order to discuss progress (City of Toronto, n.d.). The businesses are responsible for monitoring and reporting on their own progress as well as developing a public workforce development plan (City of Toronto, n.d.). The following Indicator outputs have been identified in order to measure the success of Toronto's social procurement program:

- Number of procurement contracts which include workforce development plans
- Number of RFPs submitted which include workforce development plans
- Number of suppliers or subcontractors which are certified as diverse
- Number of direct suppliers practicing or developing supply chain diversity policy (Brillinger & Amant, 2016)

City staff are responsible for monitoring these outputs and providing a progress report in 2018 (City of Toronto, n.d.).

## Nova Scotia

Nova Scotia's *Environmental Goals and Sustainable Prosperity Act* (EGSPA) established the province's vision to become the cleanest and most sustainable economy by 2020 (Government of Nova Scotia, n.d.). In order to support the EGSPA, the province implemented the Sustainable Procurement Policy in August 2009 (Government of Nova Scotia, 2009; 2016). Under this policy, provincial procurement seeks to ensure goods and services acquired are sustainable. They must present the best overall value for government; this includes taking environmental, social, and economic factors into consideration (Government of Nova Scotia, 2009). As a way to ensure vendors meet certain standards of sustainability, the province reviews life cycle costs of machines, environmental, as well as health and safety impacts of products, the business' ability to support local economy, and other social aspects (Government of Nova Scotia, n.d.). Procurement will score vendors based on their ability to provide or meet certain standards. For example, products may need to have certified Green Seals or Ecologos. In addition, the products may be required to have a certain percentage of recycled content (Government of Nova Scotia, n.d.). Businesses providing specific services are required to complete the "Proponent Sustainability Assessment" (Government of Nova Scotia, n.d.). This is a mandatory questionnaire which evaluates and scores the social, economic and environmental impact of a business. The questionnaire may contribute to up to 10% of the points awarded during the evaluation stage (Government of Nova Scotia, n.d.). In order to ensure compliance, companies are required to submit supporting documentation and are subject to auditing (Government of Nova Scotia, n.d.). To date, Nova Scotia has applied sustainable

purchasing criteria to information technology, janitorial goods and services, office products, vehicles, and event planning (Province of Nova Scotia, 2016).

## 4.2 Europe

### England & Wales

The United Kingdom's Public Services (Social Value) Act was implemented in January 2013 (Social Enterprise UK [SEUK], 2012). The legislation requires social, environmental, and economic aspects to be considered for any public services acquired (SEUK, 2012). All public contracts over the European Union's threshold of £113,057 for central government, or £173,934 for other public bodies, are subject to the Act. The legislation applies to England as well as Welsh bodies which are not under the governing power of the Welsh Assembly Government (SEUK, 2012). During the pre-procurement stage, commissioners are required to consider the potential social value of the "relevant area" (Cabinet Office, 2012). The aim of the legislation is to encourage the best value for public spending (Cabinet Office, 2016).

In 2015, Lord Young, the Prime Minister's adviser on Enterprise, conducted a two year review on the Social Value Act (Cabinet Office, 2016). During this review, three barriers were identified with the practice: lack of awareness, understanding, and need for more effective measurement of social value (Cabinet Office, 2016). According to the report, impact evaluation of social procurement lacked consistency and rigour (Cabinet Office, 2015). One of the recommendations included developing a stronger social value framework which would address methodology, standards, and good measurement principles (Cabinet Office, 2015). Suggested measurement frameworks included SROI, cost-benefit analysis, well-being and satisfaction measures, and sector-specific measures (Cabinet Office, 2015). Overall, the region lacked a generally accepted technique for evaluating social value (Cabinet Office, 2015). In order to overcome these barriers, the Cabinet Office worked with Inspiring Impact to create a robust evaluation framework. The region promotes the use of the Code of Good Impact Practice developed by Inspiring Impact (Cabinet Office, 2015). The code includes four stages as well as eight principles which are central to good evaluation practice. The first stage is planning. This is where the desired impact is identified as well as how this goal may be achieved (Inspiring Impact, 2013). Second is the delivery of work and collection of data. The third stage involves assessing the information gathered and drawing conclusions. Lastly, Good Impact Practice concludes with communicating findings and reviewing lessons learned (Inspiring Impact, 2013). The eight principles of the code include:

- Taking on and encouraging responsibility of impact

- Focusing on the purpose
- Involving others in practice
- Applying the appropriate methods and resources
- Considering the full range of your impact
- Being honest and open
- Being flexible to change
- Actively communicating (Inspiring Impact, 2013)

## Wales

Principle 4 of the Wales Procurement Policy Statement outlines community benefits as an integral part of procurement processes within the region (Welsh Government, 2014). Under this policy, community benefits are to be applied to all public sector procurement. Similar to other regions, the aim of the policy is to create value for money. The Welsh Government seeks to obtain savings and quality while also benefitting society, the environment, and the economy (Welsh Government, 2014). There are six categories of community benefit initiatives: workforce, supply chain, community, education, environment, and diversity (Welsh Government, 2014). The 'core' approach is the encouraged method of incorporating community benefits into public procurement. Under this method, social requirements are found in the subject line of contracts. They are clearly specified and, during the tender process, businesses are evaluated on their ability to meet the requirements (Welsh Government, 2014). In some instances, the 'non-core' approach is required. Under this approach, suppliers are to submit community benefit proposals along with their tenders. The proposals are not evaluated. Rather, they become conditions in the final contract. Successful bidders meet with the contracting authority to discuss a community benefits delivery plan (Welsh Government, 2014). The Community Benefits Measurement Tool is used to keep track of progress and outcomes. This tool is an Excel spreadsheet which has specific metrics based on the community benefit requirements. Suppliers are responsible for collecting data which is then inputted into the tool. The contracting authority is clear on their objectives so that businesses understand what is required of them in order to meet their community benefit obligations (Welsh Government, 2014). The policy also recommends regular progress reports during contract management meetings (Welsh Government, 2014).

## Northern Ireland

Northern Ireland has a well-developed social procurement policy in place. The 2010 Sustainable Development Strategy for Northern Ireland is the driver behind the region's "Buy Social" initiative (The

Strategic Investment Board [SIB], 2016). Under this strategy, social clauses are to be included in all procurement contracts concerning supplies, services, and construction (Blee & Pidgeon, 2014). The social clauses encourage community benefits by creating opportunities for apprentices and long-term unemployed individuals (Blee & Pidgeon, 2014). The aim of social clauses is to obtain the best value for money spent; cost, quality, and sustainability are all taken into consideration (Blee and Pidgeon, 2014). According to the policy, for every £250,000 of goods or services acquired, vendors must ensure 13 weeks' worth of work experience for an apprentice or long-term unemployed individual (Blee & Pidgeon, 2014). Businesses are to create an implementation plan and the contracting authority is responsible for arranging progress meetings (Blee & Pidgeon, 2014). Since implementation, the progress and impact of social clauses have been monitored through the following questions:

- How many apprentices are placed every year?
- How many unemployed individuals are now employed as a result of social clauses?
- How many training spaces have opened up within each company?
- How many reviews or evaluations have taken place by each vendor?
- How many contracts include social clauses?
- What is the age range of apprentices within each organization? (Blee & Pidgeon, 2014)

In 2016, Northern Ireland called for an independent review of social clauses by the Strategic Investment Board (SIB) (SIB, 2015). Through this review, it was found that there was a greater need for compliance and monitoring (SIB, 2015). As a result, the SIB put forward the use of pre-qualification questionnaires in order to determine if vendors have the capacity to meet social clauses (SIB, 2016). Under this framework, businesses are asked questions to determine if they meet the specifications or are asked to sign a statement of affirmation guaranteeing they are able to meet the social clauses (SIB, 2016). When scoring tenders, a robust framework is to be created and used in order to ensure vendors can meet their obligations (SIB, 2016). The Buy Social conditions are formally set out during the contract stage. In order to encourage compliance with social clauses, progress reports are required during contract review meetings. In addition, the contract managers have the ability to apply pressure so that the social clauses are met (SIB, 2016). As a way to encourage businesses to meet their obligations, they are requested to set measurable targets and monitor their progress (SIB, 2016).

## Scotland

The social procurement structure in Scotland resembles what is in place in the United Kingdom. However, the Government of Scotland has gone further and in 2014, passed the Procurement Reform

Act, which goes beyond the UK’s Public Services (Social Value) Act. It requires that the government consider how a purchase may “facilitate the involvement of small and medium enterprises, third sector bodies, and supported businesses in the process” (Revington ; Hoogendam & Holeton, 2015, p. 11; UK Legislation, 2014). The Scottish government has also created a Sustainable Public Procurement Action Plan. The Plan was endorsed by the Public Procurement Reform Board, which attempted to assist the public sector in building sustainable procurement into corporate culture and taking account of sustainable procurement activity. This was done by setting out standards of good practice and a framework of common language (Scottish Government, 2009). Centres of Expertise were created to assist departments in developing measures to indicate whether they were meeting sustainable procurement practices, as well as overall reporting requirements (Scottish Government, 2009). It also created a website called “Buy Sustainable - Quick Wins” (Revington et al, 2015, p. 11). The Action Plan itself identified a number of ways to measure performance, emphasizing the importance of measuring both internal and external performance. One approach was benchmarking the level of progress against best practice and other organizations (Scottish Government, 2009). The other measurement tactic was target setting to quantify where organizations needed to be at a certain date, in terms of their sustainable procurement commitments. Progress was measured against those commitments (Scottish Government 2009).

The Scottish Government has also been able to create wording within their community benefit clauses that circumvent the restrictive language in the European Union Free Trade Agreement, which prohibits the use of the term ‘local’; with respect to community benefits, the wording of the clause is ‘related and proportional’, thereby ensuring compliance (Revington et al, 2015, p. 12). The growth of social procurement in Scotland can be attributed to two developments in Glasgow: the extremely high unemployment rate (highest in all of Europe), and the success in Scotland’s bid to host the 2014 Commonwealth Games (Revington et al, 2015, p. 11).

<b>Table 1.0: Summary of Jurisdictions</b>				
Jurisdiction	Policy Goals	Policy Approach or Requirements	Advantages	Disadvantages
British Columbia	<ul style="list-style-type: none"> <li>Incorporate social benefits in procurement</li> </ul>	<ul style="list-style-type: none"> <li>Use of guiding principles               <ul style="list-style-type: none"> <li>o Competition</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Encourages inclusion of social value evaluation</li> </ul>	<ul style="list-style-type: none"> <li>Onus is on procurement officers to make</li> </ul>

	decisions	<ul style="list-style-type: none"> <li>○ Demand aggregation</li> <li>○ Value for money</li> <li>○ Transparency and accountability</li> </ul>	criteria regardless of size or complexity of solicitation	the social value judgements
Qualicum Beach	<ul style="list-style-type: none"> <li>• Include considerations on social value with the town's procurement process</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier compliance audited through supplier disclosures and certifications, external independent certifications, disclosures of information about factory and production facilities</li> </ul>	<ul style="list-style-type: none"> <li>• Easy to determine if suppliers have/do not have the appropriate certifications or disclosures required</li> </ul>	<ul style="list-style-type: none"> <li>• Not clear if there is a structured approach to requesting certifications/disclosures according to the specific social values</li> </ul>
Village of Cumberland	<ul style="list-style-type: none"> <li>• Deliver improved socio-economic benefits and maximize community benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Use of framework to align procurement policy/principles to social, environmental and economically sustainable purchasing</li> </ul>	<ul style="list-style-type: none"> <li>• The guidelines encourage the inclusion of all suppliers, both social enterprises and traditional businesses</li> </ul>	<ul style="list-style-type: none"> <li>• Long-term environmental and social impact unknown; no post-evaluation in place</li> </ul>
Manitoba	<ul style="list-style-type: none"> <li>• Formally recognizes that purchasing decisions have effect on communities and environment</li> </ul>	<ul style="list-style-type: none"> <li>• Six Pillars of Social Development</li> </ul>	<ul style="list-style-type: none"> <li>• Strategy affirmed government's priorities in support social enterprise and social procurement</li> </ul>	<ul style="list-style-type: none"> <li>• No evaluation framework or method has been applied - effect not yet quantifiable</li> </ul>
Ontario	<ul style="list-style-type: none"> <li>• Reliable baseline data</li> <li>• Measuring/monitoring purchase agreements with social enterprises &amp; diverse suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Legally binding community benefit agreements; benefits outlined in agreement</li> <li>• Evaluation framework development continuing</li> </ul>	<ul style="list-style-type: none"> <li>• Vendors and developers compliant when legally binding agreements</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of clarity, consistency and transparency</li> <li>• No vision or targets</li> </ul>

Toronto	<ul style="list-style-type: none"> <li>Measuring effectiveness on reducing poverty through workforce development</li> <li>Monitoring number of diverse suppliers</li> </ul>	<ul style="list-style-type: none"> <li>City targets identified for 2018</li> <li>Certification required for diverse suppliers</li> <li>Designated liaison required from businesses</li> <li>Indicator outputs established</li> </ul>	<ul style="list-style-type: none"> <li>Clear targets and indicator outputs allow for long-term monitoring of program</li> <li>Certification ensures suppliers meet standards for diversity</li> <li>Liaison ensures consistent progress report</li> </ul>	<ul style="list-style-type: none"> <li>Newly implemented program, effectiveness of evaluation approach unknown</li> <li>Requires designated staff to specialize in social procurement in order to work effectively with businesses</li> </ul>
Nova Scotia	<ul style="list-style-type: none"> <li>Measure social, economic and environmental impact of goods and services acquired by the province</li> </ul>	<ul style="list-style-type: none"> <li>Certification or other proof of sustainability required for products</li> <li>Proponent Sustainability Assessment required for services</li> <li>Vendors scored on ability to meet standards outlined</li> </ul>	<ul style="list-style-type: none"> <li>Clear standards for vendors ensure they meet, or have the ability to meet, requirements</li> <li>Certification ensures suppliers meet standards of sustainability</li> <li>Compliance encouraged through auditing practices</li> </ul>	<ul style="list-style-type: none"> <li>Long-term environmental and social impact unknown; no post-evaluation in place</li> </ul>
England and Wales	<ul style="list-style-type: none"> <li>Measure social impact of various public service contracts</li> </ul>	<ul style="list-style-type: none"> <li>Recommended evaluation approaches for businesses include: SROI, cost-benefit analysis, well-being and satisfaction measures, sector-specific measures</li> <li>Encouraged use of Code of Good Impact Practice</li> </ul>	<ul style="list-style-type: none"> <li>Variety of approaches allow businesses to select appropriate method</li> </ul>	<ul style="list-style-type: none"> <li>Evaluation left to businesses</li> <li>Lack of generally accepted evaluation framework causes difficulties in comparison</li> </ul>
Wales	<ul style="list-style-type: none"> <li>Measure outcomes of community benefits</li> </ul>	<ul style="list-style-type: none"> <li>Use of 'core' and 'non-core' approach</li> <li>Community Benefits Measurement Tool</li> </ul>	<ul style="list-style-type: none"> <li>Clear, quantifiable data collection</li> <li>Allows for comparison and progress tracking</li> </ul>	<ul style="list-style-type: none"> <li>Regular progress reports not essential</li> <li>Difficult to quantify 'non-core' requirements</li> </ul>

		<ul style="list-style-type: none"> <li>Regular progress reports</li> </ul>		<ul style="list-style-type: none"> <li>Requires designated staff to work with vendors in order to develop plans and track progress</li> </ul>
Northern Ireland	<ul style="list-style-type: none"> <li>Measure impact of social clauses on creating work experience and employment opportunities for students or long-term unemployed</li> </ul>	<ul style="list-style-type: none"> <li>Measurement of program output indicators</li> <li>Pre-qualification questionnaires; scoring tenders</li> <li>Progress reports</li> <li>Ability to apply pressure by contract managers</li> </ul>	<ul style="list-style-type: none"> <li>Pre-qualification ensures vendors able to meet social clauses</li> <li>Consistent monitoring assists in effective implementation</li> <li>Ability to monitor long-term progress of program</li> </ul>	<ul style="list-style-type: none"> <li>Inconsistency in initial data collection skews information on progress of program (Blee &amp; Pidgeon, 2014)</li> <li>Need for designated staff to manage contracts and ensure compliance of social clauses</li> <li>Need for 'experts' to create robust frameworks which will be used to score tenders (SIB, 2016)</li> </ul>
Scotland	<ul style="list-style-type: none"> <li>Government required to consider how purchasing could facilitate the involvement of small and medium enterprises, third sector, and supported businesses</li> </ul>	<ul style="list-style-type: none"> <li>Set standards of good practice/framework of common language</li> <li>Centres of expertise were created</li> </ul>	<ul style="list-style-type: none"> <li>Identified a number of ways to measure performance</li> <li>Created wording that circumvent the restrictive language in the European Union Free Trade</li> </ul>	<ul style="list-style-type: none"> <li>Large administrative burden associated with these standards and new practices</li> </ul>

## 5.0 Findings - Semi-structured Interviews

An overarching social procurement policy has yet to be implemented within Public Services and Procurement Canada and the Government of Canada as a whole; there is no consensus or agreement yet within PSPC on how social value created by social procurement should be evaluated or measured.

Although the implementation of such a policy would not require other government departments to follow suit, the role of PSPC as a common service provider in procurement would lead others in a similar direction.

This section will explore the major themes and findings that emerged from the semi-structured interviews. For this project, three groups of people were interviewed for their knowledge of social procurement or aspects related to social procurement. Interviews were conducted with Canadian academics, public servants working for Public Services and Procurement Canada, and subject matter experts based in the Lower Mainland as well as one visiting from Scotland as part of their work with Buy Social Canada and the Social Enterprise Ecosystem. In total, four academics, four public servants, and three subject matter experts participated in this study. The interviews were carried out in order to canvas a wide range of opinions and knowledge on the fairly new and nascent topic of social procurement. This ensured that gaps in knowledge or understanding were minimized.

The specific participants and groups were identified as they are the key stakeholders who will be impacted, or will have an impact, on the shaping of Public Services and Procurement Canada's social procurement policies. For the most part, interviews were held over the telephone, but three interviews were held in-person in the Pacific Region offices of Public Services and Procurement Canada. Telephone interviews were the most convenient method of communication for participants who were not based in the Lower Mainland. One caveat that emerged through the interviews was the tendency for participants to focus on procurement measures rather than policy measures, which is the focus of this report. Nonetheless, the findings provided important themes which may be drawn upon.

## Public Servants

The public servants interviewed were able to provide insight on the department's limitations, needs, and opportunities in relation to the evaluation of social procurement. The perspectives brought forward were both high-level, from policy analysts and management, and practical, from the procurement officer. Four major themes emerged as a result of these discussions.

### 1. Culture shift

The participants emphasized the traditional nature of procurement within the department and the GC as a whole. Procurement officers are trained to focus on value for money when procuring a good or

service. Adopting social procurement would require the department to shift this view and look at cost and value for money in a different perspective. Procurement officers need to be educated on the value of procurement beyond the economic lens. In order to eliminate the risk averse culture, procurement officers need to be well supported and encouraged to adopt social procurement practices. There is need for pilots and success stories as a way to increase buy-in. Procurement officers should be comfortable with incorporating social value into a procurement process without fear of the repercussions.

Within the culture shift theme was also to sub-theme of restriction. Each of the public servants pointed to the trade agreements as a barrier to social procurement. Without knowing what or if social procurement measures are allowed within the provisions of the trade agreements, procurement officers will be reluctant to engage. There is need for guidance in order to ensure implementation and evaluation of social procurement in the federal government context is supported and justifiable.

## 2. Capacity

Another common theme amongst the public servant's responses was the need to determine whether capacity actually exists within the market. Should PSPC adopt a social procurement policy, procurement officers need to be able to determine whether social enterprises offering the goods and services sought actually exist. The participants pointed out that, at present, the information available on social enterprises is quite fragmented; it is unknown whether supply exists where there is demand from the federal government.

## 3. Communication

A third theme identified from this group was communication. The participants stated that there is a need to be actively engaged with social procurement stakeholder groups. Procurement officers should be able to communicate with social enterprise vendors. In addition, the vendor communities need to be educated on the social procurement process within the federal government. One of the participants pointed out that there is currently no appropriate vehicle within the department to speak to vendor communities.

## 4. Simplicity in Measurement

Each of the public servants stressed that the method used in evaluating social procurement must be easy to use and understand. At the contract level, there is need for a clear logic model, measurable

objectives, and baselining. The evaluation method should be able to demonstrate whether a difference is being made and provide support for public social procurement activities. As the department is accountable to taxpayers, any methods used must be transparent, rigorous, comparable, reliable, and systematically collected. With these requirements in mind, the participants also emphasized that the method should not be burdensome.

In relation to baselining, it was pointed out that the current data within the Government of Canada is quite fragmented. It is unknown what currently exists in terms of social procurement related initiatives; for example, how many minority-owned or women-owned businesses the federal government currently contracts with. Participants noted that such information will be crucial in the evaluation of social procurement activities.

## Subject Matter Experts

The subject matter experts that were interviewed were very eager to participate and share their experience and accumulated knowledge of social procurement, social purchasing, and social enterprises in general. The common themes that emerged from this interview group were: the necessity of communication, simplicity in measurement, and the overall culture shift that needs to take place within public sector procurement.

### 1. Communication

Participants defined communication in many ways; the need to communicate with potential vendors (in this case social enterprises), but to also develop strong relationships between the contracting and policy authorities with the social procurement interest groups. The researchers heard on more than one occasion that the approach to social procurement must include input from social enterprises, and that suggested policies cannot be created in isolation. Interview participants also pointed out that the approach must eventually become a whole of government integration, not just an initiative based out of Public Services and Procurement Canada. One participant highlighted that it must become a horizontal initiative, rather than a politically motivated one. Although PSPC cannot require other government departments to implement social procurement, exhortation may emerge due to the nature of the department's role as a procurement leader.

To continue with the theme of communication, participants identified the necessity of social procurement evaluation to state clear objectives - any process that is implemented must articulate the objective(s) clearly, and identify what is trying to be achieved.

## 2. Measurement

All three subject matter experts said that strong measurement tools are necessary for social procurement to be successful at the federal level. In terms of describing real measurement tools however, there was no consensus on what specific framework could be applied for the department's approach. Instead, participants said that there is difficulty in defining social value (the quantification and measurement, and attaching monetary values), and that rather than a single prescriptive model, the approach should be varied by contract and appropriate for the scale of the tender.

One participant mentioned that a logic model should be built at the outset, and limited key performance indicators decided upon at the beginning. They were adamantly opposed to prescribing a rigid evaluation framework that was 'one-size-fits-all'. From their experience, the simpler the evaluation method, with a small number of agreed upon performance indicators built into the contract itself, the more likely the measurement would be successful. Finally, the measurement approach has to be useable by both parties, embedded in the outcomes, and not burdensome to the social enterprise. Social enterprises must be able to understand what they are being asked for and measured on.

## 3. Culture Shift

Another major theme to emerge from the interviews with the subject matter experts was the need for a culture shift within the department, as well as the federal public service as a whole. This was based on two things: the risk averse nature of government procurement, and the idea that value for money can only mean 'lowest dollar price'. Participants spoke of the need to shift the lens beyond a solely economic discussion, and to start looking at social procurement as something that would be a positive benefit to Canadians. There was emphasis placed on recognizing the difference between dollar price and value. In terms of the culture within procurement and contracting officers in the department, there was a general agreement among the experts that risk aversion was a barrier to successfully implementing social procurement. It is one thing for the department to create social procurement policies; it is another thing for those policies to actually be put into practice by procurement officers and contracting authorities. Another consideration is buy-in and agreement from client authorities and OGDs. An

example of this would be the current usage of mandatory and voluntary set-asides under PSAB. Government departments that spend over \$1 million have PSAB requirements for varying numbers of mandatory set-asides. They may choose to voluntarily set-aside contracts as well. However, anecdotal commentary from those familiar with the program indicate that while procurement officers know that PSAB allows them to set contracts aside, they do not know when they should or could.

## Academics

The academics interviewed were chosen due to their knowledge and experience related to: community development, impact investing, social economy, evaluation, and other relevant areas. The participants were selected based on referrals and recommendations; a snowball sample resulted in four interviews. The academics interviewed were able to provide input on effective evaluation approaches and bring forward perspectives of third-sector organizations. Four major themes were identified through the responses.

### 1. Simple, Robust Measurement

The academic group participants highlighted that impact evaluation is often limited to measuring short term effects. Two of the participants suggested a robust approach be adopted as a way to measure both short and long-term results. In addition, the need for simple measurement tools, methods or frameworks was also emphasized. The academics pointed out that evaluation methods may already exist within the organization and are often designed for the funder, which, in this case, would be the federal government. Although it is important to incorporate the funder's view, one participant stated that the method implemented must also be relevant to the users (i.e. suppliers). Two of the academics suggested embedding the evaluation method within the procurement contract and setting out clear objectives for the suppliers; though this focuses on contract evaluation rather than policy evaluation, the point emphasizes the need for simplicity and clarity. The group also pointed out that the evaluation method chosen must be proportionate to the objectives and organizations involved.

### 2. Capacity

Similar to the public servants, capacity was highlighted by the academic participants. It was suggested that capacity is required on both ends. Social enterprises need to have opportunities for bidding. At the same time, the federal government must be able to access social enterprises which supply specific goods and services. There is a need for smaller-scale contracts, rather than the traditionally large

contracts managed by PSPC. Having smaller scale contracts allows social enterprises and non-profits to participate and remain competitive in a bidding process. One of the participants pointed out that the definition of social enterprise is also important for the federal government. An established definition would allow procurement officers to determine whether capacity actually exists.

### 3. Further Research

The participants pointed out that there is need to provide guidance to procurement officers in the form of legal opinion and a regulatory framework. Providing this information would allow procurement officers to easily determine where and when social procurement is appropriate, without fear of contravening any trade agreements. Such a framework would also work to lessen the risk averse culture of public sector procurement. One of the academics also pointed out that this is an area which requires further research.

## 6.0 Discussion and Analysis

This section will review the findings gathered from the literature review, jurisdictional scan, and interviews with public servants, academics, and subject matter experts, applying the lens of the research question and sub-questions established at the beginning of this report.

These questions were:

What should be taken into consideration, by Public Services and Procurement Canada, when developing methods to evaluate the success of a social procurement policy?

Research Sub-Questions:

- Is the current draft approach developed by the department complete?
- Are there any gaps in understanding or knowledge that need to be considered prior to implementation?
- What other recommendations are essential when creating an evaluation approach of social procurement for use by the Procurement Branch?
- What should be considered when attempting to measure non-traditional success (social value versus lowest price) in a very structured and rules-based government procurement environment?

The analysis of the lines of evidence of the literature review, jurisdictional scan, and interviews will be used to influence the recommendations for action presented later in the report.

The first part will consist of analysis and commentary on the common themes that arose in the interviews, drawing on elements of the literature review and the jurisdictional scan. The second part of this section will address a further need that was identified during the course of the research and interviews.

## 6.1 Common Themes

Drawing on the interviews conducted with public servants, academics, and subject matter experts, four common themes arose. When prompted, interviewees were able to identify areas of consideration for creating an evaluation method for social procurement policy within Public Services and Procurement Canada. Rather than interviewees recommending a specific evaluation method, as originally expected, responses varied to specific actions or processes that needed to take place. The themes most often raised by participants were:

- Need for a culture shift in the federal public service in relation to changing attitudes in procurement activities
- Issues of capacity - in the public service, as well as capacity in the social procurement supply side
- Necessity of establishing and maintaining good communication
- Requirement of have a simple, but not prescriptive, measurement process

### Culture Shift

There was overall agreement by all the interview groups that a culture shift was necessary within the public service, and more specifically, by groups involved with and directly responsible for procurement. The Government of Canada's approach to procurement is first and foremost that it is conducted in a fair, open, and transparent manner. As a result, the commonly understood operationalization of this is 'lowest dollar price' in aspects related to procuring goods and services. This is because 'lowest dollar price' is assumed to illustrate value for money; this is not actually based in fact. There are many different evaluation methods used in evaluating bids in the procurement process; lowest dollar price is just one of them. However, the misunderstanding or miscommunication that is prevalent is that social procurement will cost more, thus the hesitation to adopt or champion social procurement in federal government purchasing.

Another aspect of this is the risk-aversion that is intrinsically built into public procurement: the fear that conducting procurement differently (in this case social procurement) may result in a complaint being lodged to the Canadian International Trade Tribunal (CITT) or the Office of the Procurement Ombudsman (OPO). By design, procurement officers go to great lengths to ensure that their activities pass the test of scrutiny. A common argument as to why social procurement has not been, and is not widely used in federal procurement, is that the trade agreements that Canada is a signatory to prohibit set-asides or offsets. However, this is counterproductive to attempts to innovate the processes of public procurement, especially when working to add social value. The Government of Canada has a responsibility to adhere to the clauses and conditions as per their obligations to the trade agreements. There are avenues to social procurement that have not yet been proven to be in contravention to any of the trade agreements in which Canada is a signatory. Particularly for procurement under the \$25,000 threshold, there are no identified barriers to engaging in social procurement. In Scotland, legal advice has explicitly stated that social procurement does not contravene any of their trade agreements; although the country is subject to different agreements, there may be lessons the Canadian government could take away from Scotland's experience.

Finally, one observation by participants is that in order to get buy-in from the public service to actively use social procurement, it cannot create more work or place an undue administrative burden on the procurement process. This theme ties in with two others that will be further explored below.

## Capacity

Interview participants highlighted capacity in two different ways. First they identified that there must be capacity by those in public procurement to understand social procurement, and have the time and ability to operationalize it. The other type of capacity that was mentioned is capacity in the social enterprise sector; what ability do they have to meet the purchasing needs of the federal government?

In terms of capacity in the public sector for social procurement, a discussion point was that social procurement initiatives should not place more administrative burden on a procurement officer. The onus is theoretically on the client department with a purchase requisition to identify if their procurement could apply a social lens. The procurement officer should raise the point, when appropriate, but ultimately the decision is with the client department. Policy analysts tasked with

creating social procurement policies for Public Services and Procurement Canada will need to factor this in during the policy crafting process.

Something that is currently in discussion is the certification process to identify social enterprises; such an approach has been taken within jurisdictions such as Toronto and Nova Scotia. At the federal level, there is a gap in knowledge with how many social enterprises exist, and what their capacity is. Buy Social Canada is working on an online certification platform, and Innovation, Science, and Economic Development Canada (ISED) has a feature in their Canadian Company Capabilities (CCC) database to allow for social enterprises to self-identify. However, there is not authoritative source to provide an oversight function and merit criteria to formally classify a 'social enterprise' in the context of social procurement. No one group can definitively provide knowledge on the capacity in this sector. In the literature review, precertification was identified as one evaluation approach; accrediting social enterprises would be confirmation for procurement officers that there was a minimum standard that was met. However, this method would still require a post-evaluation process in order to ensure targets were reached.

One participant mentioned that an approach used in Scotland may be helpful in building capacity. The Scottish government publishes their procurement objectives years in advance of issuing the tender notice; this allows social enterprises to organize themselves to build the capacity necessary to be competitive.

### Communication

The interview group of subject matter experts were unanimous in identifying the need for government to not create their social procurement policy in isolation; they stressed the necessity of working together with the social enterprise sector. Communication was the key piece to this. There are a number of groups throughout the country working on promoting social procurement across multi-level jurisdictions. To some extent, Public Services and Procurement Canada has been involved in these groups, in varying levels of engagement. However, there is not yet a coordinated line of communication with these groups to those responsible for looking at social procurement policy implementation.

The risk of a lack of coordination is that the proposed policy may not be appropriate for the social enterprise sector. The intention of social procurement is positive, but unless an effort is made to ensure

that the department is communicating and broadly engaging social enterprises, the policy created will fail because it works only for the department, not for the social enterprise sector. The development of social procurement policies cannot be simply government ticking off a checkbox. One interview participant also stressed that social procurement cannot be narrow in focus; industry needs to be brought along in the approach. The research covered two jurisdictions which have demonstrated a model of communication; Toronto and Nova Scotia.

### Simple Measurement

Although the purpose of this report is to focus on the evaluation of social procurement policy, many of the participants placed emphasis on the contract evaluation stage of procurement. As our research progressed and the interviews went along, it became apparent that there is no single evaluation framework appropriate for contract evaluation. This relates to findings within the literature review which indicate that there are four typologies in social procurement: acquiring social services, acquiring public works, contracting with social enterprises and contracting with socially responsible corporations (Furheaux & Barraket, 2014). Due to the diverse nature of social procurement, flexibility is required in any measurement method which is used. When interview participants were encouraged to identify existing evaluation frameworks that they thought, in their professional experience may work, only four interviewees specifically mentioned evaluation frameworks such as SROI, social impact accounting, and key performance indicators (KPIs) during their interviews. It was also stressed that measurement be factored in all stages of the contract's life cycle.

The emphasis placed on a simple form of measurement relates to the need for clear objectives and definitions to be established by the department and Government of Canada as a whole. Without clarity, procurement officers will not be able to establish straightforward, easy-to-use measurement methods at the contract level. As a result, the implementation and adoption of social procurement policy will be hindered.

## 7.0 Recommendations

This section provides three recommendations PSPC may take into consideration when developing methods to evaluate a potential social procurement policy. The three recommendations take into account the findings and analysis of this research.

## **1. Department to convene a national roundtable using SMART Procurement approach**

The national roundtable would include participants from three key groups: social enterprise, PSPC, Treasury Board Secretariat (TBS), and industry. The roundtable will adopt PSPC's Smart Procurement approach; the elements of this approach include early engagement, effective governance, independent advice, and benefits for Canadians.

Early engagement between social procurement stakeholders, the department, and industry could work to address concerns around the need for a culture shift in procurement, determine capacity, and increase communication between parties. Another key role of the roundtable will be to explore social value and determine what positive externalities the federal government would seek to generate through the adoption of a social procurement policy. This would require the creation of clear objectives and how they may be achieved.

The implementation of a roundtable will ensure that PSPC is not creating social procurement policy and evaluation in isolation. Rather, the department will be able to gain input from stakeholders in order to determine what factors should be taken into consideration when developing and implementing not only the evaluation method but the policy as a whole. Additionally, this approach will allow for a place where creative and innovative solutions can surface. Each participant has an opportunity to bring their experience and resources to the roundtable, with the understanding that coordinated efforts yield better outcomes. Participants can share the existing mechanisms they have in place that might not be on the radar of other roundtable participants. Co-creation will drive the ideas brought forth, and it is also a way to break down silos.

Once the national roundtable commences, the department should work with the participants to draft a terms of reference (ToR) document. The ToR will establish the purpose of the roundtable and the authority of each stakeholder.

Simultaneously, regional social procurement roundtables should be convened to ensure that regional perspectives are taken into account. One such roundtable already exists in Pacific Region and has participants from various levels of government, non-profits, and social enterprise advocates; OSME

Pacific Region can take the lead in informing and advising on the existing approach, to be exported to all the other regions for use.

## **2. Rework social procurement draft guidelines starting from desired objectives**

At present, PSPC has developed draft guidelines for social procurement in which evaluation focuses on the operational, contract level. Based on the findings of this report, a gap exists as there is lack of guidance and clarity around the concept of social procurement. In addition, the desired outcomes and objectives of social procurement policy have not yet been defined by PSPC or the Government of Canada.

Through input from the national roundtable, the department may seek to rework the draft guidelines with a top-down approach. Doing so will allow for specific objectives to be set and priority areas within the Procurement Branch to be identified. This will then allow for clarity in the evaluation of social procurement policy. The department will be able to create different evaluation frameworks based on the four typologies of social procurement: acquiring social services, acquiring public works, contracting with social enterprises, and contracting with socially responsible corporations. Use of the four typologies will allow the department to apply social procurement on a broad spectrum, rather than limiting the policy to specific procurement opportunities.

The department may consider the following approach when re-working the draft guidelines:

1. Establish objectives of social procurement policy
2. Identify specific target acquisitions which will be priority areas for social procurement
3. Develop evaluation model/framework for contract level, based on the four typologies
4. Use evaluation model to measure against targets and objectives

## **3. Seek legal clarification & create framework**

The department should seek explicit clarification regarding the various trade agreements and their impact on social procurement practices. The legal opinions should form a framework or guideline which procurement officers may refer to when engaging in social procurement at the operational level. This approach will reduce the level of risk aversion and procurement officers will have a better understanding of the limitations created by the agreements. As a result, procurement officers may feel more comfortable making decisions around social procurement, and advocating for it with their clients.

The clarification sought through legal counsel should focus beyond “can we do social procurement?” and more towards framing questions on scenarios. The questions will depend on the objectives and priority areas selected by the department. Possible questions that may be asked include:

- In accordance with [specify trade agreement(s)], can a tender include criteria [specify criteria sought in social procurement tender (e.g. requirement for woman-owned business, green standards, minority-owned business)]
- Under [specify trade agreement(s)], can points be awarded during the tendering process to businesses which demonstrate they will be able to provide [specify social benefit (e.g. employment to individuals facing barriers, work experience for students, internships)]?

\*May need to specify what type of tender when posing these questions

## 7.1 Additional Recommendations

### 1. Further Research

Public Services and Procurement Canada should work in collaboration with Employment and Social Development Canada (ESDC) in order to define social enterprises. Currently, ESDC is working on this initiative. There is need for greater collaboration between the two departments. This will allow for a clear, concise definition to emerge. Having a clear definition will address issues of identifying capacity.

### 2. SMART Social Procurement - PILOT

To further expand on adopting SMART Procurement approaches previously mentioned in the first policy recommendation, there is an opportunity to choose a specific tender and take the entire SMART Procurement model, reconfigure it with a social value lens, and apply it as a pilot. The stakeholders that could be brought together would be supplier groups (in this case social enterprises and those operating within that realm), Procurement Branch staff, and departmental policy staff for a learning opportunity. Because it would be run as a pilot, it can be scaled up or down depending on the type of tender selected. Using this approach will allow the social enterprise sector to help shape the solicitation, and it is an approach that is already being used.

## 8.0 Conclusion

The goal of this project was first, to provide an overview on the adoption of social procurement policies in other government jurisdictions, and determine whether these jurisdictions have measures to

establish the success of these policies. Second, to examine the current guidelines put out by the department regarding the evaluation of social procurement, and whether this approach is complete. While this project was specifically undertaken for the department of Public Services and Procurement Canada, the hope is that the recommendations proposed can be applied to the whole of government moving forward.

To better understand the emerging field of community benefit, social value and social procurement, as well as program evaluation and social return on investment, a professional literature review was conducted. The literature review was used to help guide the development of the project's recommendations. A jurisdictional scan was completed to understand the depth and breadth of existing social procurement policies, and the extent to which evaluation was being done in jurisdictions that have begun to incorporate social procurement into their public procurement processes. The researchers conducted interviews with three groups of people; public servants working for the department of Public Services and Procurement Canada, social enterprise/procurement subject matter experts, and academics. These participants provided insight and expertise to help shape the report's recommendations for next steps. Many participants interviewed agreed that this was an area of study that required more work, and the subject matter experts specifically advocated for greater attention from the Government of Canada towards the subject.

The analysis of the information and data gathered illustrate that there was a general agreement that there is no one-size-fits-all evaluation framework that is appropriate for measuring social value and benefit in social procurement contracts. Participants were quick to point out that overly complicated evaluation processes would create barriers for social enterprises who would be responding to social procurement opportunities. This feedback heavily influenced the development of the project's three major recommendations.

There was support for the current draft guidelines in terms of developing measurements at the contract level; however, further work needs to be done to first establish objectives and highlight priorities areas. Establishing objectives and highlighting priority areas will help to inform the eventual implementation of social procurement policies by the department. It will also help procurement officers and their clients when making decisions on whether a procurement opportunity should include a social procurement lens. However, with the absence of an actual policy framework to base this report on, there is limited

clarity as to which of the three policy recommendations would be the best fit for the department. If possible, the adoption of all three would be ideal.

At the root of this entire discussion on social procurement for the federal government, the driving force should be the increased benefits that it brings to Canadians. Measurement and evaluation will always be important factors for government, but the cost of not leveraging the Government of Canada's buying power to address social issues will be costly in the long run. The challenge will be to coordinate a whole of Government approach; social procurement will be most effective if there is a whole systems buy-in by every public servant involved or affected by procurement activities. This statement heavily supports the roundtable recommendation through the lens of the four typologies. If coordinated creation drives the process, and there is clear articulation of 'what the Government of Canada is trying to achieve' through this initiative, there should be little reason why social procurement is not adopted as one of the foremost considerations when conducting public procurement. In this instance, it is time for public policy initiatives to be driven by a 'yes' approach - yes, social procurement is achievable and actionable in the procurement activities undertaken by the Government of Canada.

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## Appendix 1: Participant List

<b>Organization</b>	<b>Role</b>
Public Services and Procurement Canada	Regional Director of Office of Small and Medium Enterprises
Public Services and Procurement Canada	Policy
Public Services and Procurement Canada	Policy
Public Services and Procurement Canada	Supply Team Lead
Local Economic Development Lab	Subject Matter Expert
Social Value Lab	Subject Matter Expert
Accelerating Social Impact	Subject Matter Expert
Carleton University	Academic
Carleton University	Academic
University of Toronto	Academic
Queens University	Academic

## Appendix 2: Email to Participate

[Insert Name],

My name is [co-investigator's name]. I am a graduate student in the Master of Public Administration (MPA) program at the University of Victoria and a [insert employment position] at Public Services and Procurement Canada (PSPC). As a part of my studies, I am conducting research on social procurement within the federal government. The client for this project is Tara Hartley, Regional Director for the Office of Small and Medium Enterprises (OSME) for PSPC. Although a social procurement policy has yet to be adopted by our department, and the Government of Canada at large, we are looking to be proactive in assisting with its development implementation. I am working alongside [co-investigator], who is also a student in the MPA program and a [insert employment position] at PSPC, in order to develop recommendations for an evaluation framework for social procurement in the federal government. This study is being conducted solely for academic purposes and is not included in either [co-investigators name] or my employment duties.

As someone who has notable experience with this subject, we would like to interview you as a part of our study. The interview would be conducted over the phone or a web conferencing system, depending on your preference. We would require, at most, 60 minutes of your time. We will be asking open-ended questions in order to learn more about social procurement and how it may benefit the federal government and society as a whole. We also be seeking information you may have on how we can work to evaluate the effectiveness of social procurement. After we complete the interviews, we will also invite you to join our focus group with other [insert group-i.e. academics] in order to further discuss this topic. The optional focus group will require an additional 60 minutes of your time.

If this sounds like an opportunity that may be of interest to you, please contact me by phone or email. Also, please feel free to contact me if you have any questions or concerns. As the interviews will be conducted during work hours, we ask that you seek approval, as required, in order to attend this session.

We value your expertise on this topic and would highly appreciate the opportunity to interview you. We hope to hear from you soon.

Sincerely,

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## Appendix 3: Interview Questions

### Individual Interview #1

1. What is your experience with social procurement?
2. What benefits do you see [for your organization] with social procurement?
3. What drawbacks arise with adopting social procurement?
4. How do you measure the success of social procurement [within your organization]?
  - a. Does your organization have a specific evaluation framework in place? If so, can you describe it?
  - b. How did your organization develop this evaluation framework?
5. What issues do you experience in evaluating social procurement?
6. What considerations need to be taken into account when adopting social procurement?
7. What considerations need to be taken into account when creating an evaluation framework for social procurement?
8. Based on your evaluation framework, has your organization's social procurement practices been successful?
  - a. What drawbacks is your organization facing and what is being done to address this?

### Individual Interview – Procurement Officer

1. What is your experience with social procurement? Can be specific to your professional role or your interests.
2. What benefits do you see with PSPC adopting social procurement policies?
3. From an acquisitions branch standpoint, how would you like to see evaluation of social procurement carried out, should the department adopt social procurement policies?
  1. What issues do you foresee in evaluating social procurement?
4. What drawbacks or challenges arise with adopting social procurement, specifically with your current role as a procurement officer?
  1. How do you suggest addressing these drawbacks/challenges?
5. What considerations need to be taken into account when adopting social procurement, from a procurement officer's standpoint?
6. What should we take into consideration when developing an evaluation framework for social procurement – particularly from the perspective of a procurement officer, dealing with suppliers

at an arm's length – and even from the perspective of government procurement policy

7. Do you have any additional comments or suggestions for us?

#### Individual Interview – Academic

1. Please tell us about yourself/your research, and how it relates to social procurement.
2. What is your experience with social procurement?
3. What benefits do you see for the federal government in adopting social procurement policies?
4. What drawbacks or challenges arise with adopting social procurement for the federal government, from the standpoint of an academic?
5. What should we take into consideration when developing an evaluation framework for social procurement?
6. What linkages do you see with impact investing and social procurement? We understand you have done research in impact investing and social economy.
7. Is there any research you would like to point us to, to guide our study?
8. Do you have any additional comments or suggestions for us?

#### Individual Interview – Social Procurement Practitioner

1. What is your experience with social procurement?
2. What benefits have you seen with organizations that have adopted social procurement?
  - a. Have there been challenges or drawback that you have experienced?
3. What benefits do you see for PSPC (the federal government) in adopting social procurement policies?
4. One of the observed challenges of measuring social procurement is the measurement of social value, and quantifying it – have you seen any ways in which organizations have done this successfully?
5. In your opinion, what types of evaluation frameworks or assessment tools, if any, are fitting for social procurement at the federal level? (e.g. SROI, social impact accounting, community benefit agreements)
6. What should we take into consideration when developing an evaluation framework for social procurement-particularly from the perspective of a supplier/social enterprise and from the perspective of government policy?
7. What jurisdictions do you feel have made significant progress in creating measurement tools for

social procurement? Please note we have completed scans on BC, Manitoba, Ontario, Nova Scotia, UK and Northern Ireland

8. Do you have any additional comments or suggestions for us?

## Appendix 4: Consent Form

### Recommendations for Evaluating Social Procurement in the Federal Government

You are invited to participate in a study entitled *Recommendations for Evaluating Social Procurement in the Federal Government* that is being conducted by Louisa Young and Felicia Chandra.

Louisa and Felicia are graduate students in the School of Public Administration at the University of Victoria and you may contact them if you have further questions by email at [louisa.young@pwgsc.gc.ca](mailto:louisa.young@pwgsc.gc.ca) or [fchandra@uvic.ca](mailto:fchandra@uvic.ca). Louisa is also a Junior Policy Analyst within the Office of Small and Medium Enterprises (OSME) for Public Services and Procurement Canada (PSPC) and Felicia is a Research Graduate with the Regional Director General's Office for PSPC. This study is being conducted solely for academic purposes and is not included in the employment duties of either co-investigator.

As graduate students, Louisa and Felicia are required to conduct research as part of the requirements for a degree in Public Administration. It is being conducted under the supervision of Dr. Budd Hall. You may contact Dr. Hall at 250-721-8062. The client for this project is Tara Hartley, Regional Director for OSME for PSPC.

#### Purpose and Objectives

The objective of this research is to provide recommendations to the federal government on building an evaluation framework for social procurement. The recommendations will allow Public Services and Procurement Canada to develop a framework which will measure how successful social procurement is in achieving its goals at the federal government level.

#### Importance of this Research

Research of this type is important because there is limited literature based on government social procurement. This project will contribute towards the existing body of research and provide recommendations which will allow the federal government to develop an evaluation framework on social procurement.

#### Participants Selection

You are being asked to participate in this study because of your expertise and experience with social procurement.

#### What is involved?

If you consent to voluntarily participate in this research, your participation will include a 60-minute individual interview which will be conducted over the phone or via web conferencing. In addition, you will be invited to participate in a 60-minute focus group discussion which will also be conducted remotely.

Audio-tapes and written notes will be taken by the researchers.

#### Inconvenience

Participation in this study may cause some inconvenience to you, including taking time out of your work day in order to participate in the interview and focus group. In addition, if you choose to use the web conferencing option, you will need to familiarize yourself with this technology.

## Risks

There are no known or anticipated risks to you by participating in this research.

## Benefits

The potential benefits of your participation in this research include expanding your knowledge around social procurement and evaluation frameworks through engaging in a focus group discussion. Your participation will also aid the federal government in implementing social procurement successfully, thus benefitting society as a whole.

## Voluntary Participation

Your participation in this research must be completely voluntary. If you do decide to participate, you may withdraw at any time without any consequences or any explanation. If you do withdraw from the study your data will only be used if you provide permission to do so.

## Anonymity

In terms of protecting your anonymity your identity will be kept anonymous in the data gathering phase of research and in the dissemination of the results.

## Confidentiality

Your confidentiality and the confidentiality of the data will be protected by securely storing the data in a locked area. Due to the nature of focus groups, there will be slight risk to confidentiality, however, each participant will be asked to protect the identities of their co-participants.

## Dissemination of Results

It is anticipated that the results of this study will be shared with others through a written report which will be presented to the Regional Director of the Office of Small and Medium Enterprises within Public Services and Procurement Canada as well as faculty members at the University of Victoria.

## Disposal of Data

Data from this study will be disposed of after the final report is complete. All electronic data will be erased and paper copies will be shredded.

## Ongoing Consent

If, for any reason, you wish to withdraw your consent to participating in this research project (i.e. between the interview and focus group), you may do so at any time. Please provide written confirmation to either Louisa Young or Felicia Chandra expressing your desire to withdraw. Otherwise, your signature on the consent form will be considered as ongoing consent.

## Contacts

Individuals that may be contacted regarding this study include Louisa Young, Felicia Chandra and Dr. Budd Hall. Please refer to the information at the beginning of the consent form for details.

In addition, you may verify the ethical approval of this study, or raise any concerns you might have, by contacting the Human Research Ethics Office at the University of Victoria (250-472-4545 or [ethics@uvic.ca](mailto:ethics@uvic.ca)).

Your signature below indicates that you understand the above conditions of participation in this study, that you have had the opportunity to have your questions answered by the researchers, and that you consent to participate in this research project.

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*Name of Participant*

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*Signature*

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*Date*

*A copy of this consent will be left with you, and a copy will be taken by the researcher.*