NIEDB Case Study

Navigating the Indigenous Federal Procurement Landscape:

Structural Barriers in Federal Supply Arrangements for Indigenous small to medium sized enterprises.

1. Background and Context

This case study documents the lived experience of an Indigenous entrepreneur navigating federal procurement processes, specifically pre-certification under small-value federal Supply Arrangements (≤ $40,000) and ProServices. The correspondence spans several months across two years (2024-2025) and captures an informal but candid exchange between:

- An Indigenous business owner, President/Partner of two small Indigenous-owned firms (media/graphics and IT services), and
- A federal public servant that manages the Secretariat that supports the work of the National Indigenous Economic Development Board, who provided encouragement and attempted to connect the business with available supports.

The intent of the correspondence was not adversarial. Rather, it reflects good-faith engagement on both sides. Precisely because of this goodwill, the case exposes structural and systemic barriers that persist even when Indigenous entrepreneurs receive active support from government officials, Indigenous business organizations, and procurement intermediaries.

The case study also links the entrepreneur's lived experience to the findings of the 2026 Office of the Procurement Ombud (OPO) Procurement Practice Review of Contracts Awarded to Indigenous Businesses, which independently identified many of the same structural issues.

2. Pre-Certification for Small Contracts

The entrepreneur's first procurement milestone—pre-certification for federal opportunities under $40,000—took multiple years to complete for one business, despite:

- Direct engagement with federal officials
- Guidance from Indigenous business organizations (e.g., procurement support and certification bodies)
- Internal team effort and external professional coaching

This step was described as so resource-intensive that the entrepreneur deliberately paused all further procurement steps until it was 100% completed for both businesses. The learning curve was characterized as:

- Extreme
- Costly (time and money)
- High-risk for small firms

The entrepreneur explicitly noted that moving through parallel procurement processes was not feasible without risking harm to the business.

3. Key Issues Identified

i. Disproportionate Burden on Small Indigenous Businesses

A central theme is the mismatch between procurement system complexity and small-business capacity. Even for contracts valued at $40,000 or less, the administrative effort required was described as excessive, so much so that:

- Larger firms may be able to absorb the cost of compliance
- Smaller Indigenous businesses face financial and operational strain merely to participate

The entrepreneur questioned whether the process unintentionally favors scale, professional bid infrastructure, and legal/administrative resources—advantages typically held by larger, non-Indigenous (often multinational) firms.

ii. Impacts on well-being and business morale

The correspondence reveals significant consequences on business morale and productivity, including:

- Loss of hope and confidence
- Feelings of regret ("I wish I would have left it alone")
- Stress severe enough that the word "procurement" became emotionally triggering within the business
- Ongoing damages associated with the experience

This dimension is particularly important: procurement policy often measures participation numerically, while ignoring human cost. The entrepreneur explicitly linked the procurement experience to negative impacts on personal well-being and business morale.

iii. Perceived Inauthenticity and Integrity Concerns Regarding the 5% Indigenous Procurement Target

A critical concern raised is skepticism about the effectiveness of the federal 5% Indigenous procurement target. Based on lived experience, the entrepreneur perceived that:

- Indigenous businesses may be positioned as access points for larger firms seeking to qualify for Indigenous procurement opportunities.
- Verification and oversight mechanisms are perceived as inconsistent, creating concerns about the authenticity of Indigenous participation.
- Through subcontracting arrangements, a significant share of contract value may ultimately flow to non-Indigenous firms, including firms located outside Canada.

This perception undermines trust. While the policy goal is wealth transfer and capacity-building in Indigenous communities, the experience described suggests the outcome may diverge sharply from that intent.

iv. Lack of Plain-Language Accessibility

Procurement documentation and processes were repeatedly described as opaque and written in “government language.” The entrepreneur planned a future step consisting solely of translating procurement requirements into plain language—after pre-certification—before even deciding whether participation was realistic. This signals a fundamental accessibility issue:

- The level of procurement knowledge and administrative effort expected of suppliers is disproportionately high relative to the value of many opportunities.
- Requirements are difficult to interpret without specialized knowledge.
- System literacy is assumed rather than supported.

4. The Paradox of Support

An important feature of this case is that the entrepreneur was not operating in isolation. Support came from:

- Federal officials
- Indigenous economic development and certification organizations
- Business coaches
- Internal staff

Despite this, progress past the first administrative gate was slow, painful, and destabilizing. This reveals a paradox:

"If this is the experience with strong support, outcomes for unsupported Indigenous businesses are likely much worse."

5. Alignment with the 2026 Procurement Ombud Review

The entrepreneur's experience is not an isolated account. The Office of the Procurement Ombud's 2026 Procurement Practice Review found systemic weaknesses in the administration of Indigenous procurement across federal departments that closely mirror the barriers identified in this case study.

i. Fragmented Guidance and System Complexity

The review concluded that guidance for the Procurement Strategy for Indigenous Business (PSIB) is fragmented across multiple sources, including departmental websites, manuals, presentations, and ad hoc communications. According to the Ombud, the absence of a centralized, comprehensive source of requirements has led to widespread confusion and inconsistent application across departments.

This finding aligns directly with the entrepreneur's description of procurement processes as difficult to navigate, overly complex, and dependent on specialized knowledge.

The need to devote years to understanding requirements before participating suggests a system that assumes procurement literacy rather than building it. The Ombud specifically noted that a lack of clear, authoritative, accessible, and current guidance undermines the integrity of Indigenous procurement administration.

ii. Accessibility and Plain Language Challenges

The entrepreneur reported needing to undertake a separate exercise simply to translate procurement requirements into plain language before determining whether participation was feasible.

Similarly, the Ombud found that procurement guidance was dispersed across multiple documents and that departments were often relying on outdated or incomplete information. The review concluded that this fragmentation creates confusion, inconsistent interpretation, and weakened oversight.

Together, these findings suggest that accessibility barriers are not solely an individual challenge but are embedded within the design of the procurement system itself.

iii. Support Does Not Eliminate Structural Barriers

A key finding of this case study is that significant external support, including federal officials, Indigenous business organizations, coaches, and internal staff, did not substantially reduce the burden of participation.

The Ombud's review reached a similar conclusion from a systems perspective. Despite multiple organizations having responsibilities for Indigenous procurement, the review found gaps in coordination, inconsistent implementation, unclear accountability, and missing documentation supporting procurement decisions.

This reinforces the conclusion that barriers persist not because of a lack of support efforts, but because of underlying design and governance issues within the procurement framework.

iv. Concerns About the Integrity of Indigenous Procurement Outcomes

The entrepreneur expressed concern that Indigenous businesses can function primarily as access points for larger firms, receiving only a small share of the economic benefits intended by Indigenous procurement policies.

While the Ombud review did not assess individual subcontracting outcomes, it raised broader concerns regarding the integrity of PSIB administration, identifying weaknesses in oversight, inconsistent verification practices, insufficient documentation, and confusion about key requirements.

The Ombud warned that these shortcomings risk undermining confidence in the strategy and its intended objectives of economic inclusion and reconciliation.

These findings lend credibility to concerns that meeting procurement targets alone may not be sufficient evidence that intended benefits are reaching Indigenous businesses and communities.

6. Why the Entrepreneur Stayed Engaged

Despite deep frustration and tangible harm, the entrepreneur continued the process for three reasons:

1. Curiosity – to determine whether Indigenous set-asides function as intended
2. Commitment to reconciliation – believing collaboration must come from both government and Indigenous businesses
3. Hope for systemic change – that sharing truth might help improve the system for others

At the same time, the entrepreneur deliberately chose not to publicly discourage other Indigenous businesses from procurement, out of concern that reduced participation would perpetuate the very system they were criticizing.

7. Policy Implications and Lessons Learned

This case highlights several systemic issues relevant to Indigenous procurement reform:

1. Front-loaded complexity discourages participation before benefits are visible
2. Process burden for low-value contracts undermines policy intent
3. Business morale impacts are real and unmeasured
4. Set-aside credibility depends on outcomes, not targets
5. Support alone is insufficient if the system itself remains inaccessible
6. Greater policy coherence and accountability are required.

The Procurement Ombud found that Indigenous procurement administration is weakened by fragmented guidance, inconsistent application, outdated information, and the absence of a comprehensive government-wide policy framework. Reform efforts should focus not only on increasing Indigenous participation but also on simplifying access, improving accountability, and ensuring procurement outcomes align with reconciliation objectives

This case study illustrates that Indigenous procurement challenges are not primarily about awareness or motivation. They are about design. Even highly capable, well-supported entrepreneurs can experience procurement systems as exclusionary, harmful, and misaligned with reconciliation goals.

The entrepreneur's experience is consistent with findings from the Office of the Procurement Ombud's 2026 review, which identified systemic issues including fragmented guidance, inconsistent implementation, weak oversight, and barriers that undermine confidence in Indigenous procurement programs.

The convergence of lived experience and independent federal review suggests that the challenges described in this case are not isolated incidents and reflect broader structural issues requiring policy and administrative reform.

8. Next Steps and Areas for Further Examination

The findings from this case study, combined with those of the Office of the Procurement Ombud's 2026 review, point to several areas where additional research, measurement, and policy attention is warranted.

A recurring theme throughout both this case study and the Procurement Ombud's review is the need to better understand whether procurement outcomes align with policy objectives. Future reform efforts may benefit from placing greater emphasis on accessibility, economic impact, supplier experience, and accountability mechanisms to ensure Indigenous procurement policies achieve their intended goals of economic inclusion and reconciliation.

i. Measuring Accessibility of the Procurement System

Current performance measures focus largely on participation rates and procurement values. Additional indicators could assess the accessibility of procurement processes from the perspective of Indigenous suppliers, including:

- Time required to complete registration and pre-certification processes
- Administrative burden associated with participation
- Supplier perceptions of clarity, usability, and support
- Barriers experienced by first-time Indigenous suppliers

Such measures would provide a more complete understanding of whether procurement systems are genuinely accessible to Indigenous businesses.

ii. Measuring Economic Retention Within Indigenous Businesses

While procurement targets measure the value of contracts awarded to Indigenous businesses, less information is available regarding how much contract value ultimately remains with Indigenous firms and communities.

Further examination should include:

- The proportion of contract value retained by Indigenous contractors
- The extent and nature of subcontracting arrangements
- Economic benefits flowing to Indigenous employees, communities, and suppliers
- The relationship between procurement awards and long-term Indigenous business growth

Understanding these outcomes would help assess whether procurement objectives are translating into meaningful economic participation and wealth creation.

iii. Understanding Supplier Experiences

The lived experiences of Indigenous suppliers are rarely captured through formal evaluation processes.

Future work should focus on:

- Collecting supplier experiences through surveys, interviews, and case studies
- Identifying common barriers across sectors and regions
- Assessing the impact of procurement participation on business capacity and growth
- Examining the effects of procurement processes on business confidence, morale, and willingness to participate

Incorporating supplier experience into policy evaluation would strengthen understanding of how procurement systems function in practice and help identify opportunities for continuous improvement.

9. Conclusion

This case study demonstrates that the barriers facing Indigenous businesses in federal procurement are not primarily a matter of awareness, motivation, or entrepreneurial capacity. Rather, they are rooted in the design, administration, and governance of the procurement system itself.

Despite receiving support from federal officials, Indigenous business organizations, professional coaches, and internal staff, the entrepreneur experienced the procurement process as complex, time-intensive, and emotionally taxing. The cumulative burden associated with navigating certification, registration, and procurement requirements created significant obstacles before any economic benefits could be realized.

The entrepreneur's experience is consistent with the findings of the Office of the Procurement Ombud's 2026 Procurement Practice Review, which identified systemic weaknesses in the administration of Indigenous procurement across federal departments. These included fragmented guidance, inconsistent application of requirements, outdated information, unclear accountability structures, and shortcomings in oversight and documentation.

Together, these findings suggest that many of the challenges encountered by Indigenous businesses arise from broader structural issues rather than isolated implementation problems.

Of particular significance, the Procurement Ombud found that even the PSIB's foundational safeguards, namely the requirements for 51% Indigenous ownership and control and a minimum of 33% Indigenous content in contract delivery, were supported by inconsistent guidance across federal sources.

The review concluded that fragmented direction, outdated information, and uneven implementation contributed to confusion and weakened oversight, creating risks to the integrity of Indigenous procurement administration.

The convergence of lived experience and independent federal review suggests that meaningful reform must extend beyond increasing participation rates or meeting procurement targets.

Future efforts should focus on improving accessibility, simplifying processes, strengthening oversight, measuring the extent to which economic benefits remain with Indigenous businesses and communities, and incorporating supplier experiences into ongoing evaluation and policy development.

Ultimately, the credibility and success of Indigenous procurement will depend not only on the number of contracts awarded, but on whether the system effectively advances economic inclusion, Indigenous business growth, and the broader objectives of reconciliation.

References:

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