

INCLUSIVE BUSINESS

KNOWLEDGE SHARING TEMPLATE

The aim of this template is to collect experiences, projects, policies or initiatives at local, country and regional level related to the promotion of Inclusive Business.

1. General Information
1.1. G20 Country
Australia
1.2. Project / Initiative / Policy name/title:
Australian Government Indigenous Procurement Policy
1.3. General objective
<p>The Australian Government introduced the Indigenous Procurement Policy (IPP) on 1 July 2015 to give Indigenous businesses more opportunities to win Commonwealth contracts. The policy supports Indigenous business development and entrepreneurship in three ways.</p> <ol style="list-style-type: none"> 1. The IPP sets an annual Commonwealth target that 3 per cent of Commonwealth contracts are awarded to Indigenous businesses. 2. The IPP has a mandatory set aside (MSA) for contracts valued between AUD80,000 and AUD200,000 and all contracts in remote areas – Indigenous businesses must be approached first to quote on Government purchases of goods and services. 3. Under the IPP all businesses – Indigenous and non-Indigenous businesses - that win contracts over AUD7.5 million in eight industry sectors, must meet minimum Indigenous employment requirements or use Indigenous businesses in their supply chains. This is ensuring that Aboriginal and Torres Strait Islander people gain skills and economic benefit from some of the larger pieces of work the Government outsources. <p>Importantly the IPP provides Indigenous businesses with the opportunity to quote for more contracting opportunities and to win contracts without going through a full open approach to market process, but they must demonstrate that they can deliver the required goods or services on a value for money basis. If the business cannot demonstrate this, they cannot be awarded a Commonwealth government contract.</p>
1.4. Expected results <i>(output-level: number of BoP engaged, jobs created, services delivered, etc.)</i>
<p>Since July 2015, the IPP has resulted in over 1000 Indigenous business across the country winning over 6,800 contracts delivering goods and services worth over AUD1.084 billion (at September 2018) Table 1 shows how the policy is achieving its key performance indicators (KPIs):</p> <ul style="list-style-type: none"> • An increase in the number of Indigenous businesses contracted to the Commonwealth Government and

- An increase in the number and value of contracts awarded to Indigenous businesses.

TABLE 1: First two years of IPP KPIs

	2015-16	2016-17
Total number of new IPP contracts	1,579	3,329
Total value (\$ million) of new IPP contracts	AUD317.0	AUD345.4
Number of Indigenous owned businesses awarded contracts	496	726

The third-year results are expected to be released in October 2018.

1.5. Intended impact (*outcome-level: income generated or increased, health/education/housing improved, etc.*)

A strong and prosperous Indigenous business sector is key to empowering Aboriginal and Torres Strait Islander Australians – through job creation, financial security for families and communities, and contributing to the growth of local economies and the broader Australian economy. This is particularly true in rural and remote Australia where small businesses are critical for creating jobs and economic growth.

2. Legal framework

2.1. Does the Project / Initiative / Policy have an associated regulatory or legal framework?

The Indigenous Procurement Policy operates as a mandatory procurement connected policy under the Commonwealth Procurement Rules. The Commonwealth Procurement Rules are a legislative instrument under the *Public Government Performance and Accountability Act 2013*.

3. Implementation

3.1. Implementation level

- Domestic
 Support of developing and low-income countries (international cooperation)

3.2. Implementing agency (*including link*)

Department of the Prime Minister and Cabinet
www.pmc.gov.au/ipp

 Department of Finance
www.finance.gov.au/procurement

3.3. Direct target group (*MNCs, medium or large international or domestic company, SMEs, women, youth, rural/urban communities etc.*)

Indigenous Australians

3.4. Indirect target group (*SMEs, women, youth, rural/urban communities, etc.*)

Rural/remote communities	
3.5. Nº of countries involved (if project is Regional/Global)	
n/a	
3.6. Project status	3.7. Duration 1 July 2015 – July 2020
<input type="checkbox"/> Under design <input checked="" type="checkbox"/> In progress <input type="checkbox"/> Completed	Ongoing
3.8. Brief description of the link with the BoP <i>How does the project / initiative / policy include the BoP? How does it benefit the BoP? How does it define the BoP and its role?</i>	3.9. Role of the BoP
<p>The Australian Government is using its purchasing power to generate demand for products from Indigenous-owned businesses to provide opportunities for entrepreneurs who want to establish or grow a small business to build assets and wealth.</p> <p>Between 2011 and 2016, the number of Indigenous people who were self-employed grew by 30 per cent.</p> <p>However, only three per cent of the working-age Indigenous population is self-employed, compared with around 10 per cent of the non-Indigenous population. There are additional barriers, particularly in remote areas where Indigenous self-employment remains low compared to non-Indigenous rates, like limited markets, and access to appropriate forms of start-up capital and business advice. The Indigenous Procurement Policy is increasing Indigenous economic development outcomes by creating access to opportunities for Indigenous Australians and addressing the gap in self-employment between non-Indigenous Australians and Indigenous Australians.</p> <p>The IPP has been a great success in creating growth opportunities for Indigenous businesses, and the Indigenous business sector has responded to this increased demand.</p>	<input type="checkbox"/> BoP as customer <input type="checkbox"/> BoP as distributor <input type="checkbox"/> BoP as retailer <input checked="" type="checkbox"/> BoP as supplier

3.10. Sector *(more than one answer possible)*

- | | |
|---|--|
| <input type="checkbox"/> Agriculture or Food
<input type="checkbox"/> Energy
<input type="checkbox"/> Health
<input type="checkbox"/> Education
<input type="checkbox"/> Water, Sanitation
<input type="checkbox"/> Waste Management
<input type="checkbox"/> Housing or Construction | <input type="checkbox"/> Retail, Manufacturing or Consumer Goods
<input type="checkbox"/> Information Communications Technology (ICT)
<input type="checkbox"/> Financial Services
<input type="checkbox"/> Tourism
<input checked="" type="checkbox"/> Cross-sectoral
<input type="checkbox"/> Other: _____ |
|---|--|

3.11. Topic *(more than one answer possible)*

(*) See Annex for definitions

- | | |
|---|--|
| <input type="checkbox"/> Inclusive business models and strategy
<input type="checkbox"/> Scale
<input checked="" type="checkbox"/> Policy and government
<input type="checkbox"/> Finance for inclusive business
<input type="checkbox"/> Corporates in inclusive business
<input type="checkbox"/> Partnerships
<input type="checkbox"/> Environmental impact
<input type="checkbox"/> Gender | <input type="checkbox"/> Results measurement and impact
<input type="checkbox"/> "What is IB?"
<input type="checkbox"/> Innovation
<input type="checkbox"/> Digitalization
<input type="checkbox"/> Capacity building
<input type="checkbox"/> Data
<input type="checkbox"/> Impact investing
<input type="checkbox"/> Other: _____ |
|---|--|

3.12. Main area of intervention / Type of support provided *(What is the project's/initiative's/policy's focus regarding the main challenges faced by inclusive businesses -more than one answer is possible-)*

- Financial resources
- Rules and regulations
- Information
- Capacity

4. Funding

4.1. Origin *(more than one answer possible)*

- Government / State-owned enterprise
- Multilateral Development Banks (MDBs) or Development Financial Institutions (DFI)
- International Organisations (IOs)
- NGO / Foundation
- Private sector *(impact investment fund, private equity fund, venture capital fund, commercial bank, corporation, etc.)*
- Other: _____

<p>4.2. Brief description of funding / contributions (e.g. name of funding institution, type of financing instrument, etc.)</p> <p>The Indigenous Procurement Policy is cost neutral, as the purchasing contracts would have been undertaken regardless and the requirement for the business to demonstrate value for money is maintained. The Government provides grants funding to the non-profit organisation Supply Nation to ensure Indigenous businesses meet the IPP eligibility requirements and maintain a directory of these businesses. This includes undertaking assessments of Indigeneity, developing business capability statements and investigating any complaints.</p>
<p>4.3. Available funds (optional)</p> <p>NA</p>
<p>4.4. Value of project</p> <p>Since 1 July 2015 the IPP has resulted in over 1000 Indigenous business across the country winning over 6,800 contracts delivering goods and services worth over AUD1.084 billion. The annual grants funding for Supply Nation to help implement the IPP is approximately AUD 1.35M.</p>
<p>4.5. Description of financing/procurement process</p> <p>Annual grants funding under the Indigenous Advancement Strategy.</p>

5. Monitoring and Evaluation	
<p>5.1.1. Does the project / initiative / policy involve a monitoring process?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p>5.2.1. Does the project / initiative / policy involve an evaluation process?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>5.1.2. Brief description</p> <p>The IPP works because it is transparent and accountable. The results of each Government Portfolio against their 3 per cent target, are published every year. A new online reporting portal Powering Indigenous Procurement is collecting data and information in real-time and enabling supply chain monitoring where contracts include mandatory minimum requirements. Refer www.pmc.gov.au/ipp</p>	<p>5.2.2. Brief description (specify type of evaluation - process, outcome, impact – and methodology)</p> <p>The IPP was independently reviewed after the first year of implementation. Cox Inall Ridgeway (CIR) reviewed the first year results data and conducted a survey, a series of interviews and roundtables with buyers and Indigenous businesses. A third-year evaluation is underway and due for completion October 2018 using similar methodology. The evaluation topics in the third-year review include Indigenous procurement demand and supply, mandatory minimum requirements (MMR) performance, employment outcomes, joint ventures and support for Indigenous-owned</p>

	businesses. The third-year evaluation will include recommendations for policy change.
5.1.3. Lessons learned and results <i>(if applicable)</i>	5.2.3. Lessons learned and results <i>(if applicable)</i>
<p>Targets are effective in driving performance, where there is clear accountability and transparency around performance.</p> <p>The Indigenous Procurement Policy (IPP) has, driven rapid growth in the demand for Indigenous goods and services. Since July 2015, the IPP has resulted in over 1000 Indigenous business across the country winning over 6,800 contracts delivering goods and services worth over AUD1.084 billion (at September 2018).</p> <p>This is a substantial increase on the former Indigenous Opportunity Policy, which did not lessen accountability and transparency in terms of target outcomes achieved. Under the previous policy only 30 Indigenous businesses won just AUD6.2 million in Commonwealth contracts in 2012-13.</p> <p>More work needs to be done to improve performance against the mandatory set aside for contracts valued between AUD80,000 and AUD200,000 and remote contracts. Collection of data on remote contracts needs to be improved as this is currently an undercount due to data collection limitations.</p>	<p>Key findings from the first year review were:</p> <ol style="list-style-type: none"> 1. The policy achieved strong first year results across the Commonwealth, but individual portfolio performance was inconsistent and the level of resources put into implementation by individual portfolios directly correlates to the volume of IPP contracts awarded. 2. There needs to be an ongoing commitment to education and networking, for Indigenous businesses and Commonwealth buyers to sustain the first year results. 3. The Supply Nation database needed improvement to better identify supplier capability and capacity 4. The mandatory set aside (MSA) results were lower than expected and further work needs to be done to effectively implement this part of the policy. <p>The Department has implemented a number of measures based on these findings – including improvements to Indigenous Business Direct and a series of ‘meet the supplier’ national Indigenous business tradeshows to help raise awareness of the policy and promote the capabilities of Indigenous-owned businesses and compliance with the MSA.</p> <p>Impact on Indigenous employment – key learnings The IPP is a small and medium business policy. It is not an employment policy. However, we know that Indigenous businesses are much more likely to employ Indigenous Australians than non-Indigenous businesses.</p>

	<p>The Supply-Nation registered Indigenous businesses who won IPP contracts in the first two years of the policy had an overall Indigenous workforce of 50 per cent.</p> <p>This is outstanding given non-Indigenous businesses have been estimated to have an average Indigenous workforce of 0.7 per cent.</p>
--	--

6. Contact Information

6.1. Contact Information *(if there is a website of the project/policy/initiative, please include it)*

IndigenousProcurement@pmc.gov.au

7. Supporting material

Please provide links to or upload any further supporting materials, including: newspaper articles, case studies, toolkits, photographs, and any other relevant materials to help illustrate the project

www.pmc.gov.au/ipp

www.supplynation.org.au

https://www.pmc.gov.au/sites/default/files/publications/Year-One-Review-IPP_0.pdf

Video case studies and articles

<http://www.indigenous.gov.au/news-and-media/stories/achieving-reconciliation-through-business>

<http://www.indigenous.gov.au/news-and-media/stories/indigenous-professional-services-role-models-aspiring-business>

<https://www.pmc.gov.au/news-centre/indigenous-affairs/technology-supports-people-stay-country>

<http://www.indigenous.gov.au/news-and-media/stories/%E2%80%98providing-opportunities-our-mob%E2%80%99>

ANNEX

BoP as customer: business models that reach low-income consumers (products, services that target low-income consumers).

BoP as distributor: business models that reach low-income distributors (distribution, awareness, market building).

BoP as supplier: business models that engage source products from low-income workers and suppliers

BoP as retailer: business models that sell goods to the consumer, e.g. at the BoP

Capacity building: Lessons learned from capacity building programmes.

Corporates in inclusive business: corporate business models that engage the BoP.

Digitalisation: impact of digitalisation on business and society.

Data: Data and inclusive business. Data and the BoP.

Environmental impact: inclusive business models that mitigate or adapt to climate change.

Finance for inclusive business: finance for inclusive business, e.g. impact investing, accessing funding.

Gender: economic empowerment of women, gender issues.

Impact investing: publications from impact investors and about impact investing in general.

Inclusive business: Inclusive businesses provide goods, services, and livelihoods on a commercially viable basis, either at scale or scalable, to people living at the base of the economic pyramid (BOP) making them part of the value chain of companies' core business as suppliers, distributors, retailers, or customers. In addition to these commercially inclusive activities, businesses may also pursue broader socially inclusive goals. Inclusive business should promote sustainable development in all its dimensions – economic, social and environmental.

Inclusive business models and strategy: business-planning tools, assessment of models.

Innovation: Innovative business models, importance of innovation and how to be innovative.

Partnerships: business-to-business, business to government, or business to NGO partnerships within inclusive business models.

Policy and government: policy issues and ecosystem for IB; resources from or for donors and policymakers; policy recommendations.

Results measurement and impact: approaches to measurement of results, findings on results of inclusive businesses.

Scale: strategies for scale.

“What is IB?” : introductory literature on IB, discourse papers that define IB.