



Procurement What Role does it play?

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PREPARED BY

SASKATCHEWAN ECONOMIC
DEVELOPMENT ALLIANCE



SASKATCHEWAN INVESTMENT
READINESS INITIATIVE

Saskatchewan Economic Development Alliance (SEDA) has been working since 1984 to support communities by enabling them to become investment-ready and by promoting economic, environmental, and social well-being through collaborative development.

Focused on strategic solutions and outcomes, SEDA engages stakeholders to coordinate and innovate. As a systems convener, we drive economic development in Saskatchewan by creating synergies between communities and sectors, promoting transformative change and innovation.



The Saskatchewan Investment Readiness Initiative (SIRI) engages industry and communities to determine investment and growth opportunities, build more capacity through investment readiness initiatives, and identify industrial and commercial sites for business development in Saskatchewan.

Working within designated geographic areas, SEDA assesses economic development and investment attraction opportunities. Financial support for SIRI is provided by PrairiesCan and the Province of Saskatchewan.



With respect and gratitude, we serve Treaty 2, 4, 5, 6, 8, and 10 territories, the ancestral lands of the Cree, Saulteaux, Dene, Dakota, Lakota and Nakoda peoples, and the traditional homeland of the Métis.

Local and Regional Resilience

LOCAL AND REGIONAL PROCUREMENT PLAYS A PIVOTAL ROLE IN SHAPING A COMMUNITY'S INVESTMENT READINESS AND ATTRACTIVENESS.

Procurement-focused community wealth building leads to job creation, increased local business activity, improved economic inclusion, and greater community resilience.

Municipalities using these strategies report reduced economic leakage and enhanced community capital, as procurement keeps more dollars circulating locally. Success in using procurement to strengthen the local and regional economic ecosystem can be achieved by implementing inclusive procurement policies, collaborating with anchor institutions, and leveraging joint purchasing power to support regional enterprises.

By strategically aligning procurement practices with economic development goals, regions can foster a more resilient, inclusive, and competitive environment for investors.



A Catalyst for Investment Attraction

Local and regional procurement can serve as a powerful catalyst for investment attraction by directing institutional purchasing toward businesses in the surrounding area, strengthening local supply chains, and enhancing the appeal of a region for future investors.

Strengthening Local Economies and Supply Chains

Procurement that prioritizes local suppliers helps retain economic value within the region. For example, in Saskatchewan's rural areas, the majority of purchasing is made outside of the community or region, highlighting a significant opportunity for import substitution. By incentivizing local production—especially in sectors like agri-tech and manufacturing—communities can reduce leakage, stimulate job creation, and build robust supply chains that appeal to investors seeking stable operational environments.

Enhancing Investment Readiness

Regional alliances and shared procurement strategies are foundational to building investment readiness. Centralized procurement data, shared dashboards, and cooperative licensing models allow communities to present a unified and efficient front to potential investors.

Aligning Procurement with Strategic Sector Growth

Targeted procurement can support emerging sectors identified as investment priorities. This alignment ensures that procurement decisions reinforce the region's economic narrative and sectoral strengths, making it easier to attract aligned investments.

Building Investor Confidence Through Governance and Transparency

Global frameworks stress the importance of procurement in demonstrating good governance, transparency, and strategic alignment with regional goals. Local procurement policies that are clear, inclusive, and performance-driven signal to investors that the region is serious about sustainable development and capable of managing complex projects.

Creating Inclusive and Resilient Communities

Procurement can be a tool for social value creation. By embedding local content requirements and supporting small and disadvantaged businesses, regions can foster inclusive growth. This not only strengthens community support for investment projects but also aligns with broader ESG (Environmental, Social, Governance) criteria that many investors now prioritize.

Be Strategic

WHILE LOCAL PROCUREMENT CAN SUPPORT INVESTMENT ATTRACTION, STRATEGIES SHOULD BE CAREFULLY DESIGNED TO AVOID UNINTENDED CONSEQUENCES.

When tied to investment attraction strategies, well-executed local and regional procurement policies nurture an inviting climate for outside investment by fostering competitive, resilient, and interconnected local economies. They do so not only by boosting existing local enterprises but also by broadcasting a region's commitment to sustainable internal development, which is a cornerstone for long-term investor confidence.



Examples of potential policies to guide strategy execution.

1. Procurement preferences should not reduce value for money, stifle competition, or contribute to local complacency or corruption.
2. Definitions of “local” or “regional” must be clear and inclusive so as not to disadvantage viable suppliers and cause retaliatory procurement practices elsewhere.
3. Avoid discriminatory barriers: Procurement policies should avoid restrictive measures that could exclude foreign or competitive suppliers, focusing instead on fostering innovation, efficiency, and knowledge spillovers.
4. Integrate with economic development strategies: Procurement initiatives paired with other economic development strategies can maximize positive outcomes, such as supply chain development and sector diversification.
5. Streamlined and simplified processes: Cutting red tape, simplifying tender documents, and introducing quick-quote systems for lower-value contracts will enable industry to compete without disproportionate administrative burdens.
6. Consider the use of incentives. Some examples are:
 - Reserved Contracts & Set-Asides: Designating a portion of procurement budgets or specific product/service categories exclusively for local/regional businesses allows these firms to compete among similar-sized entities and win government contracts that drive growth.
 - Contract Splitting: Breaking larger procurement lots into smaller contracts lowers the entry barrier, making public procurement more accessible while diversifying supplier participation.
 - Bid Price Preferences: Providing businesses with evaluative price discounts during bidding can help level the playing field against larger competitors, increasing the likelihood of contract awards and subsequent scaling.

Why it Matters.

Local procurement policies that are transparent, competitive, and supportive of supplier capacity can substantially enhance a region's attractiveness to potential investors, strengthen local supply networks, and promote sustainable development.



Economic Impact and Local Growth

By prioritizing local and regional suppliers, procurement initiatives can create a stimulating effect on regional economies. Keeping more procurement dollars within a community supports local enterprises, generates employment, and deepens economic linkages. These localized spending patterns create multiplier effects, as local businesses purchase from one another, invest in expansion, and recycle profits locally, thereby building greater resilience and sustainability into the regional economy.



Attractiveness to Investors

Communities and regions that demonstrate cohesive procurement strategies signal strong market opportunities and supply chain reliability to external investors. Good procurement practices—marked by transparency, efficiency, and open competition—are strongly associated with increased foreign direct investment (FDI). Investors favor regions where both public and anchor institutions leverage procurement to not only demonstrate a welcoming business environment, but also to “de-risk” their investments via predictable and accessible local suppliers.



Community Wealth Building

Integrating local procurement within broader strategies such as community wealth building further enhances a region's investment readiness. Public sector anchor institutions (hospitals, universities, municipalities) that intentionally use their procurement to develop local enterprise capacity, increase investment flows, and foster innovation create a more attractive ecosystem for both social and traditional investors. This approach not only minimizes economic leakage but also nurtures a more generative economy—one focused on wealth retention within the locale.



Evidence and Impact

Winning even a single public contract has been shown to measurably increase business employment and growth rates, with set-asides, transparency, and e-procurement policies amplifying these effects when paired with practical support. For example, initiatives like Canada's ScaleUp social procurement and Scotland's Supplier Development Programme significantly increased the share and diversity of small and medium suppliers landing government contracts.



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