



ISED

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Subject: Written Submission for ISED Consultation on Legislated Procurement Targets for SMEs

Introduction

As an advocacy group representing Canadian fruit and vegetable growers, the Fruit and Vegetable Growers of Canada (FVGC), appreciates the opportunity to provide input on the potential for legislated procurement targets for small and medium-sized enterprises (SMEs). We believe that including agricultural SMEs in this framework is essential for driving innovation, economic growth, and sustainability in the Canadian agricultural sector.

Role of Public Procurement in Supporting Innovation

Public procurement is a powerful tool for fostering innovation across various sectors, including agriculture. By strategically using its buying power, the government can stimulate research and development, encourage the commercialization of new technologies, and promote sustainable practices. In agriculture, innovation is critical for addressing challenges such as climate change, food security, and sustainable resource management.

Supporting Evidence:

- A study by the OECD highlights that public procurement can significantly impact innovation, especially in sectors like agriculture where technological advancements are crucial for productivity and sustainability.
- The success of the [Small Business Innovation Research \(SBIR\) program](#) in the United States, which allocates around \$4 billion USD annually to small businesses, has led to numerous technological advancements and commercialization successes.

Challenges and Opportunities in Current Procurement Processes

While initiatives like Innovative Solutions Canada (ISC) have made strides in supporting early-stage R&D, the complexity of procurement processes remains a significant barrier for many SMEs, particularly in the agricultural sector. These processes often favor larger corporations with more resources to navigate the system.

Supporting Evidence:

- Research by the Canadian Federation of Independent Business (CFIB) indicates that 65% of SMEs find the procurement process too complex and time-consuming, which limits their participation.
- An analysis by Deloitte found that simplifying procurement processes can increase SME participation by up to 20%, leading to more diverse and innovative solutions being brought to market.

Legislative and Policy Recommendations

To enhance the inclusivity and effectiveness of federal procurement in supporting SMEs, we recommend the following:

1. **Legislated Procurement Targets:** Establish specific targets within the procurement framework to ensure a dedicated portion of federal procurement is allocated to agricultural SMEs. This would provide a reliable market for innovative agricultural technologies and practices, driving both economic and environmental benefits.

Supporting Evidence:

- The U.S. SBIR program mandates that 3.2% of federal R&D budgets go to small businesses, which has led to a significant increase in innovative solutions and their commercialization.

2. **Simplified Procurement Processes:** Streamline procurement procedures to make them more accessible to SMEs. This includes reducing administrative burdens, clarifying application criteria, and providing clear guidelines on how to participate in procurement opportunities.
3. **Targeted Support and Resources:** Offer targeted support to agricultural SMEs to help them navigate the procurement process. This could include mentorship programs, funding for proposal development, and partnerships with research institutions to foster innovation specifically within the agricultural sector.

Supporting Evidence:

- A report by the [World Bank](#) highlights that targeted support programs can increase SME participation in public procurement by up to 30%.

4. **Integration of Sustainability Criteria:** Incorporate sustainability and environmental criteria into procurement policies. By prioritizing sustainable practices and innovations, the government can drive environmental benefits alongside economic growth.

Supporting Evidence:

- The European Commission's [Green Public Procurement \(GPP\) policy](#) demonstrates that integrating sustainability criteria into procurement can

significantly reduce environmental impact and stimulate market demand for green products.

5. **Addressing Rural and Remote Challenges:** Consider the unique challenges faced by rural and remote SMEs, including those in agriculture. Addressing issues such as access to infrastructure, broadband connectivity, and logistical support can enhance the inclusivity and impact of procurement policies.

Supporting Evidence and Case Studies

- The success of similar initiatives internationally, such as the [Small Business Innovation Research \(SBIR\) program](#) in the United States, highlights the potential impact of targeted procurement policies. The SBIR program has been instrumental in driving innovation and commercialization of new technologies by allocating a significant portion of federal R&D budgets to small businesses. In Canada, programs like ISC have demonstrated the value of government support for early-stage R&D, but there is a need for more focused support for agricultural innovation.

Case Studies:

- A case study from the SBIR program shows how a small agritech company developed a revolutionary irrigation technology that increased crop yields by 20% while reducing water usage by 30%.

Conclusion

Including agricultural SMEs in ISED's funding suite and establishing legislated procurement targets can significantly enhance innovation, sustainability, and economic growth in the Canadian agricultural sector. By addressing the unique challenges faced by these enterprises and providing targeted support, the government can ensure that agricultural SMEs play a crucial role in meeting Canada's innovation and sustainability goals.

We urge ISED to consider these recommendations and look forward to continued engagement on this important issue.

Sincerely,

Amy Argentino
Director of Operations
Fruit and Vegetable Growers of Canada

References

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6. [European Commission. \(2020\). "Green Public Procurement: Boosting Innovation and Sustainability."](#)
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