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Moving to Mandatory

A Research Paper on
Sustainable Public
Procurement in Canada

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About the Authors

Canadian Business for Social Responsibility (CBSR) Advisor, **Sandra G. Hamilton** led the development of this report, which is largely based upon her forthcoming research paper entitled *Public Procurement; Price-Taker or Market-Shaper?* which will be published shortly in the academic journal *Critical Perspectives on International Business (CPOIB)*. Sandra is a Ph.D. researcher at the University of Manchester, UK, strategic procurement policy adviser, and Canada's first Social MBA. As the developer of Canada's first municipal Social Procurement Frameworks, in 2017, she presented her work highlighting "*The Importance of People, in a People, Planet, Profit approach to Sustainability*" at the World Trade Organisation (WTO) Symposium on Sustainable Government Procurement in Geneva. She was again invited by the WTO to present her work at the [WTO 2021 Public Forum](#), and at the Circular Procurement Summit, an official side event of the 2021 World Circular Economy Forum.

In Canada, Sandra serves as strategic advisor to CBSR, and has provided strategic advice and project leadership to the Ontario Public Buyers Association (OPBA), and frontrunner municipal governments, construction associations, and community benefit networks conducting demonstration projects across British Columbia, Alberta, and Ontario.

Having won an international scholarship to advance her work and research in the UK, Sandra is currently pursuing a Ph.D. at the Manchester Institute of Innovation Research (MIOIR). With a focus on global policy trends in high-income countries, her research investigates public sector innovation, specifically the rise of the social aspect of sustainability within public procurement. This work incorporates the role and emerging responsibility of public procurement to stimulate and reward Responsible Business Conduct (RBC); to address inequality, poverty, modern slavery, human rights, and to contribute to a fair work agenda.

Recently appointed as an expert to the British Standards Institute (BSI) Committee on Construction Procurement (CB/500), Sandra envisions a future where all taxpayer funded contracts must be designed to move markets toward the 2030 UN Sustainable Development Goals; to align and support priority environmental, social, and economic public policy goals. Known for her progressive, trade agreement compliant approach, Sandra designed both British Columbia's and Alberta's first municipal Social Procurement Frameworks.

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The team at **Canadian Business for Social Responsibility (CBSR)** is on a mission to connect and empower Canada's business community to advance and amplify social and environmental leadership and ambition. As Canada's only membership association for companies co-creating a sustainable, equitable future, CBSR empowers leaders to go further, faster together.

Contributions

Monica Da Ponte, Principal at **Shift & Build**, reviewed the report. She holds an MBA with a specialization in sustainability from the Schulich School of Business. Monica supports organizations in developing and implementing strategies that deliver social, environmental, and economic value at scale. She led the development of a roadmap for a goal-oriented community of practice, which led to the formation of the **Coalition for the Advancement of Sustainable Procurement (CASP)**.

HP Canada, Sandra Hamilton, and CBSR are all founding members of CASP, which is a collaborative network working to advance an economy where sustainable purchasing decisions enable circularity of resource flows, net-zero environmental impacts, positive contributions to the health and wellbeing of all peoples, and the creation of sustainable markets for the future.

CASP members also include the **Centre for Greening Government, Canadian Collaboration for Sustainable Procurement (CCSP); Circular Innovation Council, Espace Quebecois de concertation sur les pratiques d'approvisionnement responsable (ECPAR)**, and the **Federation of Canadian Municipalities (FCM)**.

This report also builds on the progress made by Canada's social procurement ecosystem, which includes **Buy Social Canada, Toronto Community Benefits Network, Scale Collaborative**, and many public service employees on all levels of government.

Green Economy Canada's report entitled *Buying a Better Future: Insights from a Sustainable IT Procurement Project* also informed our process.

Many of the leading sustainable procurement champions above have inspired, influenced, and provided feedback to this report. Thank you.

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Glossary

CSR - Corporate Social Responsibility

EU - European Union

GDP - Gross Domestic product

GPA - Government Procurement Agreement

LCC - Life Cycle Costing

MNE - Multinational enterprise

NAP - National action plan

OECD - Organisation for Economic Co-operation and Development

RBC - Responsible Business Conduct

RMG - Ready-Made Garments

SDG - UN Sustainable Development Goals – 2030 Agenda

SPP - Sustainable Procurement Policy

SP - Social Procurement

SRPP - Socially Responsibility Public Procurement (SRPP)

TCO - Total Cost of Ownership

WTO - World Trade Organisation

EXECUTIVE SUMMARY

This research paper provides Canadian policymakers and businesses insight into sustainable procurement as a strategic public policy mechanism, and advocates for a comprehensive approach to advance Sustainable Procurement Policies that lead to positive social, environmental, and economic outcomes.

Sustainable public procurement (SPP) is a “process whereby public organizations meet their needs for goods, services, works, and utilities in a way that achieves value for money on a whole life-cycle basis in terms of generating benefits not only to the organization, but also to society and the economy, while significantly reducing negative impacts on the environment”.¹ That is, sustainable public procurement ensures a government receives the best value for money by procuring the most sustainable goods and services from the most sustainable suppliers, in keeping with the government's stated purpose and strategic goals.



Public procurement across all levels of government is a potentially powerful, and strategic tool to drive sustainability and transform markets to achieve social, environmental, and economic policy objectives.² UN Sustainable Development Goal (SDG) Target #12.7 – Sustainable Public Procurement, calls upon governments to promote public procurement practices that are sustainable in accordance with national policies and priorities.³

Sustainable public procurement policies can be designed to better engage the private sector in delivering public policy objectives and provide a comparative advantage to the most sustainable, socially responsible, and best-managed market leaders.⁴

The Government of Canada has the lowest percentage of national, and the highest percentage of sub-national spend among all advanced economies in the Organization for Economic Co-operation and Development (OECD).⁵ 87 percent of public procurement in Canada is spent at the sub-national level, leaving only 13 percent of spend controlled at the federal level.⁶

In such a decentralized federation, it matters how Canada’s provincial governments and large cities define value in taxpayer funded contracts. Aligning federal and sub-national procurement strategies is critical to success.

¹ ‘Sustainable Public Procurement Initiative | UNEP - UN Environment Programme’.

² ‘2017 Global Review of Sustainable Public Procurement | UNEP - UN Environment Programme’.

³ ‘Sustainable Public Procurement Initiative | UNEP - UN Environment Programme’.

^{4,5} ‘Hamilton, S., (2021) Public Procurement Price-Taker or Market-Shaper? Critical Perspectives on International Business, Special SDG Issue (Forthcoming)’.

⁶ ‘Government at a Glance 2013_Procurement Data GOV_PGC_ETH_2013_2.Pdf’ <https://www.oecd.org/gov/ethics/Government%20at%20a%20Glance%202013_Procurement%20Data%20GOV_PGC_ETH_2013_2.pdf> [accessed 7 December 2021].

While COVID-19 has been widely cited as the cause for significant disruptions to global supply chains, it is more accurate to describe the pandemic as an amplifier of pre-existing fundamental challenges and inequalities. The pandemic has laid bare the lack of resiliency, sustainability, and policy coherence across current systems. Many of these challenges were on display at the peak of the global pandemic, as 400,000 seafarers were unable to leave their ships, some working for as long as 18 months over their initial contracts.⁷ This happened while private sector buyers in clothing and other consumer goods companies changed the terms of their contractual relations with their suppliers, in some cases refusing to pay them for goods already produced.⁸ Throughout the last two years, supply chains have become severely strained as tens of millions of workers have been pushed to extremes in unsafe conditions, with few or inconsistent rules to protect them.

In response to COVID-19, and to address pre-existing concerns regarding the lack of practical SPP implementation across OECD countries, governments at all levels are tightening and enforcing regulatory frameworks and establishing capacity building structures. For instance, in November 2021, The Canadian Government stopped two separate garment shipments of goods linked to forced labour from entering Canada — a move that has some advocates pleased but still pushing for more. The clothing was held under a trade tariff that prohibits goods "mined, manufactured, or produced wholly or in part by forced labour" from entering Canada. It marked the first time the federal government has implemented this tariff, which was brought into effect on July 1, 2020, after the ratification of the Canada-United States-Mexico Agreement (CUSMA).⁹

To stimulate a more inclusive and sustainable post-pandemic recovery, global leaders are now mandating the inclusion of non-financial social and environmental objectives in public procurement. Research and analysis of the procurement policy landscape globally uncovered four promising trends: 1) Move to mandatory sustainable public procurement; 2) Adoption of due diligence legislation to advance responsible business conduct in MNE's; 3) A whole of government approach to integrating social wellbeing; and 4) Development of knowledge hubs to build capacity and support implementation.¹⁰

Some countries, such as the United Kingdom (UK), take a mandatory approach across all central government procurement, whereby other policy approaches, such as the European Union (EU), limit the compulsory approach to designated high-risk, or high-strategic impact categories of spend. Yet, Canada has no legislation, policy, or multi-level system in place to implement a comprehensive approach to sustainable public procurement. Understandably, with this gap in place, there are limited investments in much needed outcome enablers, including specific and measurable purchasing targets connected to sustainability objectives, as well as the

⁷ 'Global Transport Chiefs Urge UN to End Humanitarian Crisis for Supply Chain Workers' <<https://www.ics-shipping.org/press-release/global-transport-chiefs-urge-un-to-end-humanitarian-crisis-for-supply-chain-workers/>> [accessed 3 November 2021].

⁸ 'Timeline – Covid-19: The Road to Recovery in the Apparel Sector', *Just Style*, 2021 <<https://www.just-style.com/news/timeline-covid-19-the-road-to-recovery-for-the-global-apparel-industry/>> [accessed 3 November 2021].

⁹ 'Canada Halts Import of Goods Linked to Forced Labour from China, Malaysia' <<https://www.cbc.ca/cdn.ampproject.org/c/s/www.cbc.ca/amp/1.6252283>> [accessed 26 November 2021].

¹⁰ 'Hamilton, S., (2021) Public Procurement Price-Taker or Market-Shaper? Critical Perspectives on International Business, Special SDG Issue (Forthcoming)'.

commensurate scale of resources and mechanisms of accountability required to deliver desired outcomes.

Transforming public procurement from the low-bid mindset of the last thirty years, into a strategic public policy mechanism, requires that the consideration of people and planet is not simply bolted-on as an afterthought. Thus, as Canada seeks to “Build Back Better”, greener, and fairer, this paper offers six recommendations that The Government of Canada should implement to leverage public procurement as a strategic and socially just economic driver:

- i. Move to Mandatory Sustainable Public Procurement:**
To demonstrate role model leadership and to foster harmonization across the provinces, territories, and broader public sector the federal government should adopt mandatory, sustainable public procurement. This includes strengthening policy language to remove ambiguity and setting mandatory targets for sustainable procurement.
- ii. Adopt a Comprehensive View of Public Procurement, Including the Environmental and Social Dimensions of Sustainability:**
Moving from a simple, economistic view of public procurement, Canada should adopt a “whole-of-government” approach that prioritizes wellbeing and social progress in the provision of public services.
- iii. Reduce Regulatory Fragmentation:**
Canada should foster multi-level government collaboration, rewarding provincial policy coherence, the strategic alignment of sustainable public procurement policies, and the inclusion of sustainable procurement related requirements within intergovernmental funding and transfer payment agreements.
- iv. Create a Centralized Knowledge Hub and an Open Access Data Repository:**
Through a centralized data collection and stewardship system, the government would foster continuous peer-to-peer learning, document best-practices, and allow for an evidenced-based approach to future policy improvements.
- v. Integrate mechanisms of accountability, including conducting a Methodology for Assessing Procurement Systems (MAPS) Assessment to establish an SPP Benchmark:**
To design a more transparent and sustainable public procurement system, public procurers should establish mechanisms that enable progress assessment and establish accountability towards desired objectives and outcomes. The Government of Canada should commit to the MAPS process and conduct the supplemental Sustainable Public Procurement audit.
- vi. Stimulate and Reward Responsible Business Conduct and Supply Chain Transparency:**
Governments across Canada should adopt mandatory modern slavery and supply chain due diligence legislation. Canadian public procurement policies should mitigate supply



chain risk by requiring and or rewarding full supply chain transparency in publicly funded contracts. Other measures to promote responsible business conduct include the development of standardized guidelines, sustainable sourcing codes, a grievance mechanism, environmental costing evaluation tool, and a centralised knowledge hub.

SECTION 1: UNDERSTANDING SUSTAINABLE PUBLIC PROCUREMENT

1.1 Why Public Procurement is a Strong Market Tool

Public procurement is the process through which governments acquire the goods and services needed to deliver public services.¹¹ Often representing the single largest area of government expenditure, procurement is a powerful tool with the potential for positive impact. It is increasingly being strategically leveraged to align and support the UN 2030 SDGs and deliver incremental social value.

As influential principal buyers, governments have the potential to shape markets. In fact, governments across Canada collectively spend 13.3% of gross domestic product (GDP) on the purchase of services, works, and supplies.¹² Therefore, as large buyers, governments can use the power of purchasing to shift markets towards more socially responsible business conduct (RBC). In using existing budget dollars to drive existing policy objectives, sustainable procurement is a potentially powerful strategic policy lever. Every investment Canada makes influences the national, collective direction of travel; towards a more carbon intensive, socially unjust future, the status quo; or alternatively, toward a more sustainable, and socially just society. As such, public use of purchasing dollars is critical to counter historical and existing investments in our current state. Recognizing this, the expert panel on the Circular Economy in Canada's recent Turning Point report also identified procurement an important economic instrument and policy lever to advance the circular economy.¹³

This holds true specifically in the high-impact sectors of health and construction, both of which have been slow to adopt sustainable business practices.¹⁴ However, most of the Requests for Proposals (RFPs) in Canada do not consider sustainability as a criterion.¹⁵

Figure 1.1 below provides an overview of the key public service delivery areas among OECD countries, with health being the highest share of procurement spending. In Canada, health care is managed by provincial governments, making federal-provincial collaboration essential in delivering a consistent approach to advancing SPP across Canada. Thus, government procurement can be leveraged to

¹¹ Sue Arrowsmith, 'Public Procurement in European Community Law. By Friedl Weiss. [London and Atlantic Highlands (N.J.): The Athlone Press. 1993. Xv, 215, (Bibliography) 5, (Tables) 9 and (Index) 4pp. Hardback £45.00 Net. ISBN 0-485-70002-6.]', *The Cambridge Law Journal*, 52.3 (1993), 542-44 <<https://doi.org/10.1017/S0008197300100200>>.

¹² 'Public-Procurement-for Sustainable-and-Inclusive-Growth_Brochure.Pdf' <https://www.oecd.org/gov/ethics/Public-Procurement-for%20Sustainable-and-Inclusive-Growth_Brochure.pdf> [accessed 5 November 2021].

¹³ Council of Canadian Academies, 2021. *Turning Point*, Ottawa (ON). The Expert Panel on the Circular Economy in Canada, Council of Canadian Academies.

¹⁴ Chunling Yu, Toru Morotomi, and Haiping Yu, 'What Influences Adoption of Green Award Criteria in a Public Contract? An Empirical Analysis of 2018 European Public Procurement Contract Award Notices', *Sustainability*, 12.3 (2020), 1261 <<https://doi.org/10.3390/su12031261>>.

¹⁵ 'Buying-a-Better-Future-Insights-from-a-Sustainable-It-Procurement-Project.Pdf' <<https://greeneconomy.ca/wp-content/uploads/2021/11/buying-a-better-future-insights-from-a-sustainable-it-procurement-project.pdf>> [accessed 1 December 2021].

improve lives and working conditions, generating incremental social value, and reducing impacts on the planet.

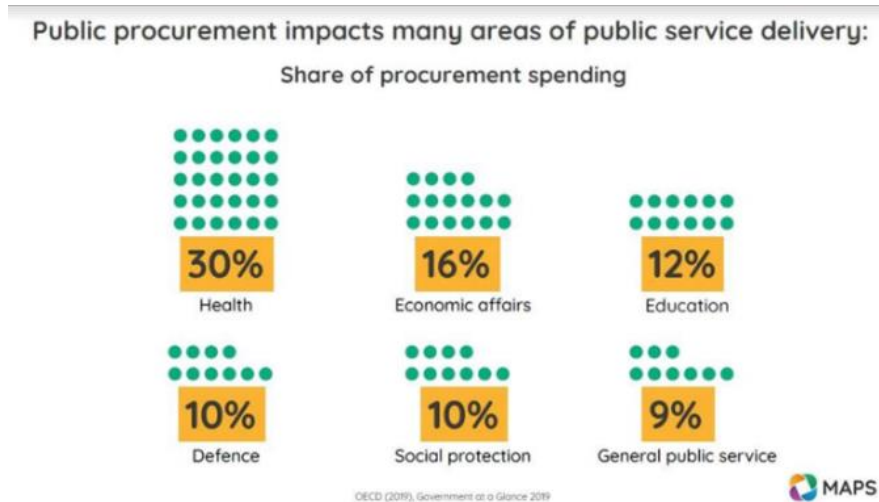


Figure 1.1: Government at a Glance

The World Trade Organisation (WTO) Government Procurement Agreement (GPA) governs the terms of access to a U.S. \$1.7 trillion-dollar government procurement market across 48 member countries. The GPA is primarily an economic, market opening tool, which remains disconnected from the increasingly important sustainable development agenda.¹⁶ In fact, it was only in 2012 (effective 2014) that the GPA was revised to permit environmental considerations, and it has yet to explicitly address the social aspects of sustainability. This leaves many to believe that aligning public procurement with broader societal objectives is a recent 21st century idea. However, history shows that prior to the establishment of the original WTO-GPA text in 1994, which prohibited the inclusion of non-financial criteria, government procurement globally had a significant history as a policy lever to improve societal outcomes. Figure 1.2 below identifies three distinct paradigms for public procurement policy:¹⁷

- 1) The pre-globalization era of domestic protectionism
- 2) Global competition based on lowest price, and
- 3) Global competition based on the Most Advantageous Tender (MAT) to achieve quality, sustainability, and innovation outcomes

^{16,15,16} Hamilton, S., (2021) Public Procurement Price-Taker or Market-Shaper? Critical Perspectives on International Business, Special SDG Issue (Forthcoming).

Three Paradigms of Public Procurement Policy: Localism, Globalism, Sustainability

Public Procurement Policy is Disconnected from Societal Objectives

2) Global Competition Based on Lowest-Price

UK Fair Wages Resolution is rescinded. UK withdraws from ILO C94

1983

UK Introduces Compulsory Competitive Tendering (CCT) and passes Local Government Act, prohibiting non-commercial criteria in government procurement. USA and EU law soon follow

1988

UK General Preference Scheme for Depressed Regions is abolished

1991

World Trade Organization (WTO) and the Government Procurement Agreement is established. The WTO-GPA prohibits non-commercial criteria in government procurement

1994

Primary objective is to liberalise government procurement, increasing global market access and driving down prices

Public Procurement Policy Advancing Societal Objectives

1) Pre-Globalisation – Localism Domestic Protectionism

1840

USA: President Van Buren issued an executive order establishing 10-hour working day for those working under certain government contracts

1891

UK: Establishes Fair Wages Resolution for Public Contracts

1926

UK: Special Contracts Arrangements for WWI Veterans

1930s

UK: General Preference Scheme for Depressed Regions

1931

USA: Davis Bacon Act mitigates low-bid contracts depressing local wages

1938

USA Special Contracts Arrangements for WWI Veterans

1949

International Labour Organization – ILO Convention 94 requires payment of prevailing local wage on public contracts (ILO C94)

1950

USA Civil Rights Movement leads to calls for Supply Chain Diversity, with set-asides for equity-deserving groups

1987

Brundtland Commission launches Sustainable Development Agenda



UN Sustainable Development Goals

2012

WTO- GPA is revised to permit environmental criteria in government procurement (Effective 2014)
WTO-GPA Sustainable Public Procurement work program is launched

2013-14

2013: UK Social Value Act – Obligation to consider Social Value.
2014: New EU Directives – Enabling green & social criteria

2020

UK General Preference Scheme re-introduced for Depressed Regions

2021

UK: Mandates the evaluation of Social Value in all central government procurement, with a minimum 10% weighting (PPN06/20). A Carbon Reduction plan is required to bid on contracts over £5 million (PPN06/21)

3) Global Competition Based on Most Advantageous Tender (MAT) Quality, Sustainability and Innovation

Hamilton, S. (2021), Public Procurement – Price-Taker or Market-Shaper? critical perspectives on international business (accepted for publication, forthcoming).
Sandra G. Hamilton, Manchester Institute of Innovation Research – October 2021

Figure 2.2: Historical Timeline of Public Procurement Policy Trends

1.2 Rise-To-The-Top: Harnessing the Power of Government Procurement

Governments operate as both market regulator and customer. Whereas government regulation serves to mitigate race-to-the-bottom business practice, the procurement function offers governments a rise-to-the-top approach;¹⁸ an approach that can be harnessed to stimulate incremental societal value, rewarding the most sustainable market actors.

To advance a more socially responsible business sector, governments, especially those in high-income countries, must first provide exemplary sustainable public procurement leadership. This can be done by:

1. Establishing leadership commitments to leveraging purchasing to existing sustainability objectives
2. Establishing specific and measurable procurement goals and metrics connected to existing sustainability objectives
3. Designing and resourcing policies and programs to achieve said goals
4. Establishing mechanisms of accountability to said goals

It is this leadership that will provide companies that are committed to meaningfully addressing societal problems with a comparative advantage over those that are not, thereby incenting critically needed sustainability-oriented investments by the private sector,

Additionally, citizens' expectations have risen, with calls for greater accountability in government purchasing decisions, increasing the need to consider broader societal outcomes and multi-dimensional risks, including the lack of resiliency and transparency in global supply chains.¹⁹ Thus, civil society is also playing a part in advancing sustainable public procurement (see figure 1.3).

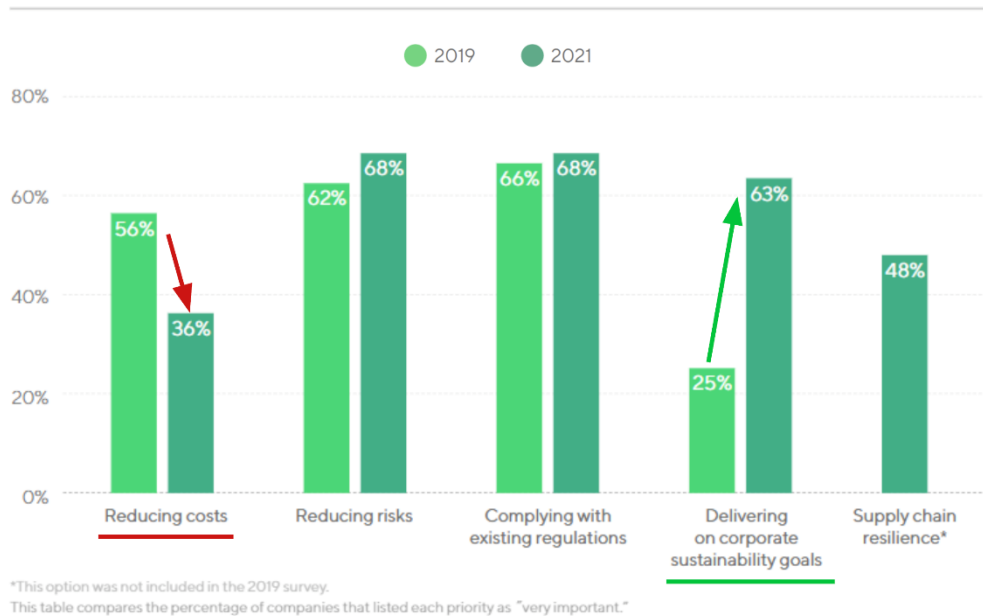
¹⁸ Sandra G. Hamilton, 'Rise to the Top: Socially Responsible Public Procurement', 2020

<<https://blog.policy.manchester.ac.uk/inclusivegrowth/2020/10/rise-to-the-top-socially-responsible-public-procurement/>>.

¹⁹ 'Responsible Business Conduct and Human Rights - OECD' <<https://www.oecd.org/industry/inv/responsible-business-conduct-and-human-rights.htm>> [accessed 8 November 2021].

Barometer - A Shift in Priorities for Procurement

Main priorities of procurement organizations in 2019 vs. 2021



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Figure 1.3: Priorities of Procurement Organizations

1.3 Sustainability in Public Procurement

Sustainable public procurement is not yet universally defined. Originating in the goods category, the process was first designed to stimulate the greener, cleaner, more environmentally friendly production of manufactured goods.²⁰ Today, however, any sustainable procurement policy mix that fails to integrate the social and environmental aspect of sustainability across all categories of spend, would be strategically incomplete. Sustainability requires the simultaneous pursuit of social, environmental, and economic objectives. Yet, all too often the low-price objective remains dominant, rewarding race-to-the-bottom market actors with opaque global supply chains.

The understanding of SPP and its implementation is continuously evolving as synergies between different pillars of SPP are explored across the globe. With global, national, regional, and local dimensions, sustainable procurement policies are being designed to achieve both domestic and international agendas in line with national and institutional priorities. Policy development varies depending on the nation, region, or public entity, and remains largely shaped by the different interests of the implementing actors and the goals they wish to achieve through the strategic use of public procurement.

²⁰ 'Hamilton, S., (2021) Public Procurement Price-Taker or Market-Shaper? Critical Perspectives on International Business, Special SDG Issue (Forthcoming)'.

SUSTAINABLE PROCUREMENT TERMINOLOGIES

Circular Procurement: Advances the sustainability goals as it contributes to the enabling conditions of a system which creates value and social well-being while maintaining resources at their highest possible value in the whole lifecycle and ultimately creating an economy which is regenerative.

Green Public Procurement (GPP): Stimulates clean production techniques that are less harmful to the planet; rewards the reduction of waste and green house gas emissions, along with the reduced use of water and non-renewable energy sources.

Ethical Procurement: Takes a ‘*Do no harm*’ approach, primarily to people, but also animals. Seeks to eliminate modern slavery and sweatshop labour within global supply chains, in keeping and compliant with the International Labour Organisation’s (ILO) conventions on labour rights; the United Nations’ Universal Declaration of Human Rights, and the UN Guiding Principles on Business and Human Rights.

Indigenous Procurement: Supports economic development and capacity building of Indigenous owned businesses and communities, as a commitment to reconciliation.

Social Procurement: Provides a supportive eco-system for non-profit social enterprises delivering incremental social value by providing socio-economic opportunities to disadvantaged populations and equity-deserving groups.

Socially Responsible Sourcing (SRS): Terminology in use primarily in private sector supply chains.

Socially Responsible Public Procurement (SRPP): Seeks to proactively improve lives by stimulating the private sector to generate incremental Social Value and rewarding Responsible Business Conduct in core operations and through the entire supply chain.

Table 1.1: Sustainable Procurement Terminologies²¹

Theories Behind Sustainable Public Procurement

I. People, Planet, Profit – A Shared Value Economy – Triple Bottom Line

Triple Bottom Line is a sustainability approach that incorporates environmental health, social equity, and economic prosperity into decision-making to advance a more regenerative and sustainable future.

Throughout most of the 20th century, business success focused on a single, financial bottom line. In 1994 John Elkington introduced the concept of a “**triple bottom line**” (TBL), recognizing the need to measure an organization’s social and environmental performance, in addition to its financial performance.²² Building upon this, Porter and Kramer introduced the concept of shared value, first

²¹ ‘Hamilton, S., (2021) Public Procurement Price-Taker or Market-Shaper? Critical Perspectives on International Business, Special SDG Issue (Forthcoming)’.

²² ‘What Is a 3P Triple Bottom Line Company?’

highlighting the rise of environmental value at the turn of the century, later followed by the rise of social value, which commenced around 2010.²³

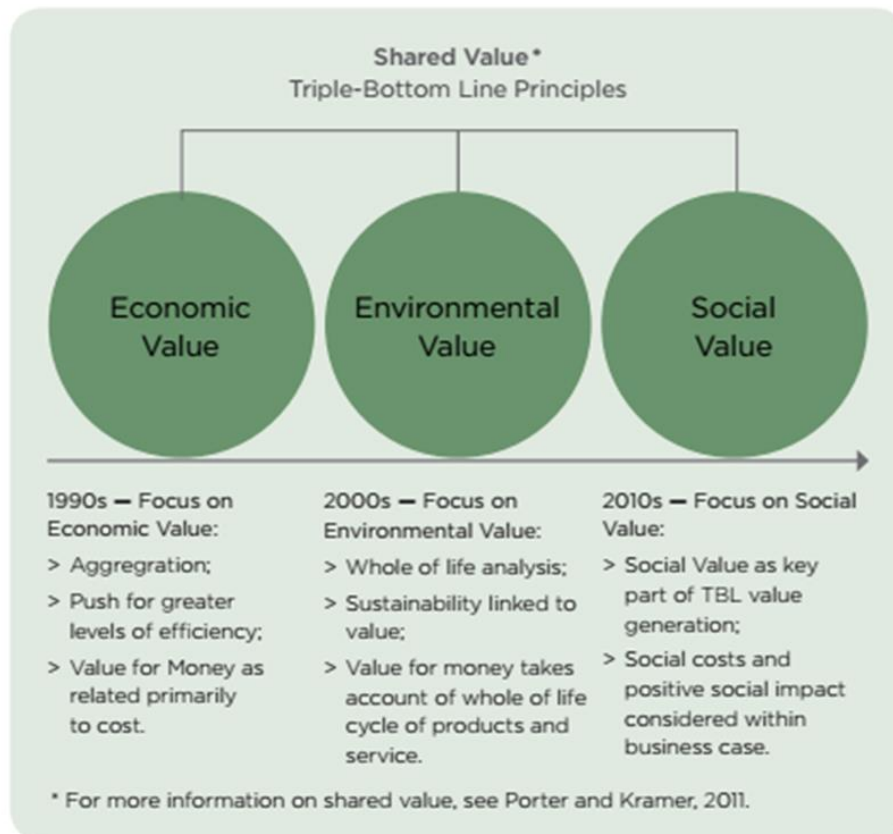


Figure 1.4: Creating shared value in Procurement Practice⁸

In the public sector, the three categories are often referred to as the three “P’s”: people, planet, and profit. The TBL looks through a systems theory lens, where people, planet, and profit are all interconnected. Triple bottom line tools and thinking can help governments and businesses to measure, benchmark, set goals, improve, and evolve toward more sustainable systems.

²³ ‘Creating Shared Value’.

II. Seven-stage Model of Public Procurement Organisational Development

Telgen's (2007) Seven-stage Model was developed to illustrate the organisational development involved in transitioning public procurement from a transactional administrative function into a strategic tool to deliver broader government policy objectives.²⁴

STAGE	7 LEVELS OF PUBLIC PROCUREMENT ORGANISATIONAL DEVELOPMENT
7	Delivery of broader government policy objectives
6	Supporting of broader government policy objectives
5	Value for money
4	Accountability
3	Efficient use of public funds
2	Compliance with legislation/regulation
1	Sourcing and delivery of goods and services

Table 1.2: Telgen's Seven-stage Model²⁵

Sustainable Public Procurement (SPP) is only possible at the highest levels of public procurement maturity. The Seven-stage Model predicts that only the most advanced global public procurement systems, those having already achieved the foundation of performance levels one through five, (see Table 1.2) can aspire to operate at levels six and seven which involve the integration of broader environmental, social and innovation public policy objectives. At the highest level, delivery of broader government policy objectives will require a commitment to the use of procurement as evidenced in public policies, specific and measurable procurement goals related to policy objectives, policies and

^{24,25} Telgen (2007) *Public Procurement: International Cases and Commentary* (London, U. K.: Routledge, 2007) <<http://www.routledge.com/books/details/9780415394055/>> [accessed 3 November 2021].

programs designed and resourced to achieve these goals and mechanisms of accountability to ensure continued progress towards these goals.

Environmental Considerations to Sustainable Public Procurement

Two key concepts constitute the pillars of green and circular procurement, **total cost of ownership**, and **life cycle costing**. These concepts have become instrumental to the development of the business and public value case when integrating environmental considerations into sustainable public procurement.

Total cost of ownership (TCO) captures the costs associated with a product over its lifetime—from the development and design of a product through its use, maintenance, and disposal. TCO includes the purchase price as well as costs associated with shipping, insurance, taxes, storage, and disposal of materials at the end of the product's useful life.²⁶ Rather than distributing the costs into different buckets (or budgets) based on materials used or labor associated with the product, TCO accounts for all costs associated with the product. TCO evaluates the complete cost of different solutions by considering the whole-of-life future costs and returns, at the point of purchase of a project. For instance, consider the TCO for an incandescent lightbulb vs LED – the upfront acquisition cost is higher for buying the longer lasting, energy efficient LED lightbulb, but when operating costs over the lifetime of the product are considered, the LED is less expensive.

TCO is a tool to enhance the sustainability of business models and procurement decisions because it captures all direct and indirect costs associated with taking ownership of a product or material. TCO expands the traditional procurement approach to account for more than just purchase price, informing better decision making and favouring environmentally sustainable business practices. If done well, TCO can help governments and business avoid rushing decisions that appear to be of good value for money, but do not encompass environmental costs such as waste in production or at end of life.

Life Cycle Costing (LCC) is an analytical tool used to establish the total cost of ownership of an asset over its life cycle. By applying LCC, procurers account for the costs of resource use, maintenance, and disposal, which are not reflected in the purchase price. LCC supports companies to reach their environmental and economic objectives.

TCO and LCC provide a systematic framework for environmentally sustainable procurement. The tools are often used to identify negative externalities, such as pollution and waste. However, as the analysis requires standardized data sets for GHG emissions, water use, and waste, it is difficult for procurers to quantify the TCO. The social externalities of procurement are more difficult to translate into quantifiable data, and thus are not yet well integrated into procurement practices. Given these

²⁶ HP, *Purchasing the Future You Want: A Sustainable IT Purchasing Guide*.

challenges, centralized knowledge hubs are emerging as an important structural support, to harmonize data collection and advance the implementation of SPP (See Section 2.4).



1.4 The State of Sustainable Public Procurement in OECD countries

Recognizing the transformative potential of public procurement as a driver for human rights, sustainable production and consumption, **SDG Target 12.7 of the UN 2030 Agenda for Sustainable Development** calls on all states to: *“Promote public procurement practices that are sustainable, in accordance with national policies and priorities”*.²⁷

Despite UN SDG Target 12.7 committing governments to the advancement of Sustainable public procurement, Hamilton’s review of the literature²⁸ concludes that public procurement in OECD countries continues to reward lowest price over responsible business conduct. Figure 1.5 below illustrates that while all OECD countries have frameworks in place to address environmental objectives, far too many have no framework to address labour and human rights—the social aspects of sustainability.

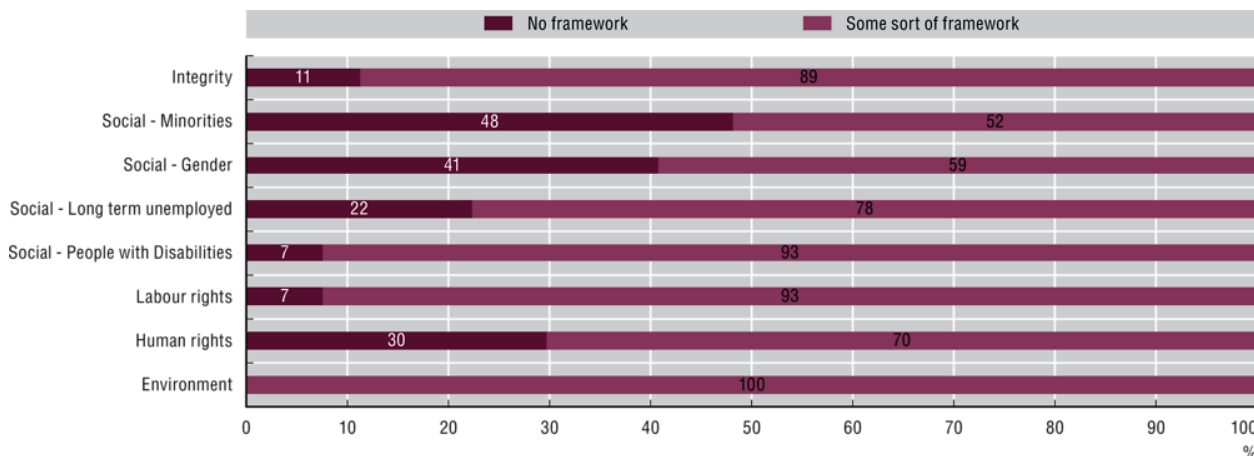


Figure 1.5 Share of countries that have any type of framework to support RBC objectives 2020²⁹

²⁷ U. N. Environment, ‘SDG - 12.7 Target and Indicator on Sustainable Public Procurement Implementation’, *UNEP - UN Environment Programme*, 2021 <<http://www.unep.org/explore-topics/resource-efficiency/what-we-do/sustainable-public-procurement/sdg-127-target-and>> [accessed 2 November 2021].

²⁸ ‘Hamilton, S., (2021) Public Procurement Price-Taker or Market-Shaper? Critical Perspectives on International Business, Special SDG Issue (Forthcoming)’.

²⁹ OECD, ‘Survey on Leveraging Responsible Business Conduct through Public Procurement’, 2020 <<https://doi.org/10.1787/888934258401>>.

Furthermore, Figure 1.6 below shows that in 2020 most OECD countries continued to take a voluntary approach to regulating social objectives within government supply chains. However, the move to adopt mandatory sustainable public procurement and stronger regulatory frameworks is emerging.

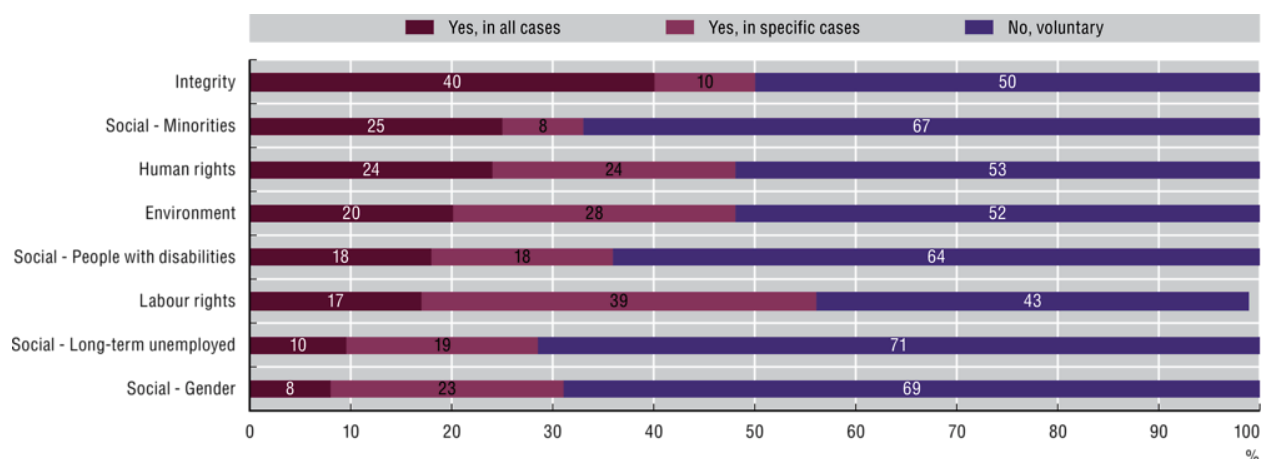


Figure 1.6 Share of countries applying regulatory or strategic frameworks in the supply chain, 2020³⁰

The COVID-19 pandemic both highlighted and acutely tested the role of public governance. Governments had to act swiftly to adapt processes and routines to keep societies and economies afloat. While countries have generally responded to the crisis at scale and speed, the lack of resilience and transparency in public governance systems may have contributed to an erosion of public trust. Governments must use the lessons of the crisis to become fit to meet tomorrow's public governance challenges.

Listed below are some governance trends that were highlighted by COVID-19:

- Before the crisis, 19 of 32 OECD countries (59%) did not have business intelligence among their e-procurement functions (i.e., information on public entities' procurement needs, contracted suppliers, or available products). Governments had to innovate rapidly to address information deficits and manage supply constraints.
- Before the pandemic, only a few countries, such as Finland, already had a public procurement strategy as part of the crisis preparedness. Most countries (Canada included) have been forced to rethink their risk management strategies and put measures in place that can be activated in the event of a shock.

³⁰ OECD, 'Survey on Leveraging Responsible Business Conduct through Public Procurement', 2020 <<https://doi.org/10.1787/888934258401>>.

- 22 of 30 OECD countries (73%) have aligned long-term infrastructure plans with sustainability objectives, and 17 of 30 (57%) have adapted existing infrastructure to improve environmental performance.³¹ Canada has committed to align sustainability with long-term infrastructure plans as part of the build-back-better plan yet, the government does not have mandatory sustainability procurement requirements.
- Countries are inconsistent in how they monitor and follow up Responsible Business Conduct (RBC) objectives. Only environmental considerations are monitored routinely, with 88% of countries monitoring them partly, leaving out social and ethical considerations.

Due to the COVID-19 pandemic, OECD countries have an immense opportunity to strengthen their procurement approach to achieve social and environmental public policy goals. COVID-19 has highlighted supply chain gaps and the need to manage supply chain constraints.

1.5 Sustainable Public Procurement Policy and Its Impact on Business

As demonstrated by the UK's rise-to-the-top approach to mandatory Social Value, public procurement provides an opportunity to stimulate and reward responsible business conduct.³² By applying a 10% to 30% social value weighting to taxpayer-funded contracts, socially responsible, sustainable market actors are provided with a comparative advantage.

Research³³ finds the integration of sustainability criteria in public procurement in Canada as superficial. While there are many examples of leading companies with advanced environmental, social, and governance (ESG) performance, there is little evidence that such responsible business conduct delivers a comparative advantage in a government procurement system dominated by low price awards.

While the Canadian government has publicly announced that it is striving for net-zero by 2050, this commitment has yet to be systemically embedded throughout Canada's public procurement systems. Since Scope 3 supply chain emissions often represent the highest proportion of an organization's total greenhouse gas (GHG) emissions,³⁴ a reduction in Scope 3 emissions is crucial to achieving net-zero by 2050. Robust SPP policies combined with the resources and accountability mechanisms required to implement those policies incentivize companies to reduce their emissions, providing a comparative advantage when bidding on public contracts, contributing to the advancement of Canada's net-zero agenda.

³¹ 'Government at a Glance 2021', Government at a Glance, 2021 <<https://doi.org/10.1787/1C258F55-EN>>.

³² Sandra G. Hamilton.

³³ Monica Da Ponte, Megan Foley, and Charles H. Cho, 'Assessing the Degree of Sustainability Integration in Canadian Public Sector Procurement', *Sustainability*, 12.14 (2020), 5550 <<https://doi.org/10.3390/su12145550>>.

³⁴ OAR U.S. EPA, 'Scope 3 Inventory Guidance', 2016 <<https://www.epa.gov/climateleadership/scope-3-inventory-guidance>> [accessed 4 November 2021].

As part of qualifying a supplier's technical and professional ability in the UK, the government requires all firms bidding on public contracts valued over £5 million to provide a carbon reduction plan.³⁵ This entails confirming the supplier's commitment to achieving net-zero by 2050 in the UK, setting out the environmental management measures that proponents have in place, which will be in effect and utilized during the performance of the contract. Initially, Canada can adopt this approach by using a pass/fail requirement which can evolve into a weighted evaluation rewarding social and environmental business conduct. By adopting this approach, governments across Canada can tangibly demonstrate their public commitment to requiring sophisticated ESG performance and disclosures of firms committed to pursuing the 2050 net-zero target.

As part of the policy mix, public procurement can also be leveraged to support innovation in Canada's small and medium-sized enterprises (SMEs), which at 51% of GDP,³⁶ represent a significant portion of the country's economy. Through challenge-based public procurement of innovation (PPI) processes, governments can become influential "first customers" for emergent products and services offering cleantech solutions.³⁷ Businesses can benefit from access to technologies and infrastructure, which would have been otherwise difficult to obtain, with opportunities to test and validate products before releasing them into the commercial market. However, given the governments' current focus on low-cost awards, SMEs are not incentivized to compete in public bids or to adopt their own sustainable procurement practices.

Additionally, capital markets are increasingly looking to invest in positive social and environmental outcomes. The private sector is enhancing its ambition and ESG performance to attract investment. The market is primed to support sustainable transitions. There is a substantial supply of companies with the capacity to meet enhanced requirements. However, progress in sustainable procurement from the Canadian private sector has much room to grow – according to previous CBSR research,³⁸ there are significant gaps in Canadian private sector supply chains:

- Only 68% of companies studied had a Supplier Code of Conduct
- Only 58% publicly reported on sustainable procurement
- Only 32% provided training and support to their suppliers
- Only 11% reported on living wages

The public sector can lead the way for businesses to improve their ESG performance; if the public sector were to better integrate and harmonize its sustainable public procurement requirements, it would signal to businesses the need to further their sustainable practices. Such an impetus would help close these gaps by providing an attractive incentive for companies to invest further into their

³⁵ 'Procurement Policy Note 06/21: Taking Account of Carbon Reduction Plans in the Procurement of Major Government Contracts', *GOV.UK* <<https://www.gov.uk/government/publications/procurement-policy-note-0621-taking-account-of-carbon-reduction-plans-in-the-procurement-of-major-government-contracts>> [accessed 2 November 2021].

³⁶ Innovation Government of Canada, 'Key Small Business Statistics — 2020 - SME Research and Statistics' (Innovation, Science and Economic Development Canada) <https://www.ic.gc.ca/eic/site/061.nsf/eng/h_03126.html> [accessed 4 November 2021].

³⁷ https://cleanenergycanada.org/wp-content/uploads/2018/03/Power-of-Procurement_FINAL.pdf

³⁸ Zoe Birnie and Leor Rotchild, 'SUSTAINABLE SUPPLY CHAIN MANAGEMENT IN CANADA', 30.

supply chain opportunities and receive a return on those investments in the form of enhanced potential to secure government contracts.

SECTION 2: GLOBAL POLICY THEMES EMERGING IN FRONT-RUNNER NATIONS

“Governments are expected to lead by example by incorporating Responsible Business Conduct (RBC) standards in their purchasing policies, to safeguard the public interest and ensure the accountability of public spending. While there are increasing international commitments to link public procurement and responsible business conduct there is a lack of practical implementation”.³⁹ -OECD

Across high-income countries, four global policy themes⁴⁰ have been identified. This section highlights the global frontrunner nations and the leading practices related to:

- i. Moving to mandatory sustainable public procurement,
- ii. Adopting due diligence legislation to advance responsible business conduct in MNE's,
- iii. Advancing a whole government approach to wellbeing
- iv. Developing knowledge hubs to build capacity and support implementation

Through the successful implementation of these overarching policy themes, the Canadian government can further leverage public procurement to advance the following policy objectives:

- *Provide role-model leadership:* accelerate the shift towards more socially responsible and sustainable patterns of consumption and clean production.
- *Environmental:* Reduce GHGs and aid the transition to a net-zero, more circular economy, reducing waste and the use of virgin resources.
- *Social:* Reduce poverty and inequality. Foster Equity, Diversity, and Inclusion (EDI) by proactively seeking ways to improve lives and reduce barriers to employment for equity-deserving groups. This can be achieved by promoting and rewarding family-friendly work schedules in publicly funded contracts; by guaranteeing a minimum number of hours and requiring 30 days advance notice of work schedules for part-time workers; by banning precarious hours in taxpayer funded contracts; by rewarding firms paying the Living Wage; by recruiting in supportive cohorts and working to overcome transportation and childcare barriers.⁴¹

³⁹ 'Public Procurement and Responsible Business Conduct - OECD' <<https://www.oecd.org/governance/public-procurement/procurement-and-rbc/>> [accessed 3 November 2021].

⁴⁰ 'Hamilton, S., (2021) Public Procurement Price-Taker or Market-Shaper? Critical Perspectives on International Business, Special SDG Issue (Forthcoming)'.

⁴¹ 'Hamilton, S., (2019) Buyer or Change-Maker? Caveat Emptor Magazine, OPBA Ontario Public Buyers Assn. <https://S3.Amazonaws.Com/Images.Chaptermanager.Com/Chapters/Cd2f8590-Ff70-8eca-4c04-88afc4766544/Files/19q4-Sdg-1579100021295.Pdf> .

- *Reconciliation*: Be an ally to Indigenous people, maximizing set-aside programs and opportunities to reward skills development and supportive pathways to employment.
- *Diversify public supply chains*: Develop set-aside programs and run restricted procurement processes for lower value, under-threshold contracts to engage minority-owned suppliers in bidding for smaller contracts under the WTO- GPA thresholds.
- *Support Social Enterprises*: Set aside a portion of appropriate contracts exclusively for non-profit social enterprises providing gentle employment opportunities tailored to provide the dignity of employment for disadvantaged Canadians facing barriers to employment.
- *Responsible Business Conduct*: Reward companies for embedding social responsibility in core operations and for committing to contractual obligations to deliver public policy objectives. Reward transparency, responsibility, and due diligence throughout supply chains.
- *Supply Chain Resiliency*: Redesign procurement strategies to eliminate the incumbent advantage; to increase and diversify the supplier pool. Examine insourcing, reshoring, and localized strategies to diversify and develop more resilient supply chains
- *Diversify Engagement*: Engage early and often with market actors and industry associations and with civil society, specifically NGO's able to provide a lived-experience perspective from equity-deserving groups
- *Foster Innovation*: Stimulate new ideas and engage new market actors by adopting an outcomes-based approach to procurement, minimizing product specifications, and engaging new market entrants through challenge-based procurement, negotiated RFP processes and by providing secure long-term contracts.

2.1 The Move to Mandatory Sustainable Public Procurement⁴²

Global Leadership Examples from Japan, the Netherlands, and the United Kingdom,

Given the significant potential influence of public procurers, public procurement can be a powerful force for change and critical to achieving the SDGs. A 2015 PwC study⁴³ conducted for the EU Commission concluded that stronger policy frameworks for green and socially responsible public procurement coincide with higher uptake. Mandatory provisions are significantly linked to stronger uptake, as evidenced by the nations of Japan, the Netherlands, and the UK.

To this end, on July 22nd, 2021, the Chief Sustainability Officer of the US federal government, Andrew Mayock, announced that Sustainable Procurement will be a key pillar of President Biden's New Federal Sustainability Plan. The Executive Order 14030 directs the Federal Acquisition Regulatory Council to:

*Require major federal suppliers to disclose greenhouse gas emissions and climate-related financial risk publicly and to set science-based reduction targets; and ensure that major federal agency procurements minimize the risk of climate change, including requiring the social cost of greenhouse gas emissions to be considered in procurement decisions and, where appropriate and feasible, give preference to bids and proposals from suppliers with a lower social cost of greenhouse gas emissions.*⁴⁴

Globally, frontrunner governments are moving to mandatory sustainable public procurement requirements.⁴⁵ Like the UK, U.S., and other frontrunner governments, Canada must also move to mandatory sustainable public procurement requirements.

⁴² 'Hamilton, S., (2021) Public Procurement Price-Taker or Market-Shaper? Critical Perspectives on International Business, Special SDG Issue (Forthcoming)'.

⁴³ Industry European Commission. Directorate General for Internal Market and Price Waterhouse, *Study on 'Strategic Use of Public Procurement in Promoting Green, Social and Innovation Policies'. Final Report* (Publications Office of the European Union, 2015) <<https://doi.org/10.2873/8480>>.

⁴⁴ SPLC, *Special Guest Andrew Mayock, Full Presentation - July 2021, SPLC Defining the Delta*, 2021 <<https://vimeo.com/582266883>> [accessed 26 November 2021].

⁴⁵ 'Hamilton, S., (2021) Public Procurement Price-Taker or Market-Shaper? Critical Perspectives on International Business, Special SDG Issue (Forthcoming)'.

Table 2.1: Examples of Global Sustainable Public Procurement Leadership⁴⁶

COUNTRY	DESCRIPTION
Japan	<ul style="list-style-type: none"> Green purchasing in Japan dates to the late 1980s, with legislation passed in 2001 marking the early adoption of mandatory Green (Sustainable) Public Procurement at the central government level. Green Public Procurement is encouraged at the local government level, and voluntary at the business and citizen level. By 2016, Japan's early move to legislate a mandatory approach had resulted in an unprecedented 70% of government procurement now being green. The highest country level adoption achieved by any nation. The Government of Japan has positioned public procurement at the core of its National Action Plan to advance the United Nations Guiding Principles (UNGPs), mandating that procurement must be used as a strategic policy instrument to achieve a sustainable society through the integration of social, environmental, and economic aspects.⁴⁷
Netherlands	<ul style="list-style-type: none"> In 2010, the Dutch House of Commons ruled that, effective 2015, all Dutch public authorities must implement 100% sustainable procurement, as the Netherlands seeks to achieve a fully circular economy by 2050.⁴⁸
United Kingdom	<ul style="list-style-type: none"> Building up on the UK Social Value Act (2012), which required only the consideration of social value, the UK has evolved central government procurement policy further becoming the first country in the world to mandate that all central government procurement must evaluate Social Value by applying a minimum Social Value weighting of 10%. The approach requires UK central government procurement to align with one, or more of the following five key policy objectives: <ol style="list-style-type: none"> 1) COVID Recovery 2) Tackling Economic Inequality 3) Fighting Climate Change 4) Providing Equal Opportunity 5) Improving Wellbeing⁴⁹

⁴⁶ 'Hamilton, S., (2021) Public Procurement Price-Taker or Market-Shaper? Critical Perspectives on International Business, Special SDG Issue (Forthcoming)'.

⁴⁷ CSO, N., 2018. Sustainable Public Procurement (SPP) In the Era of SDGs -Global Trend and Status in Japan-. The CSO Network Japan

⁴⁸ OECD, 2014. Mandatory Green Public Procurement Netherlands.

⁴⁹ UK GOV, 2020. Procurement Policy Note 06/20 – taking account of social value in the award of central government contracts [WWW Document]. GOV.UK. URL <https://www.gov.uk/government/publications/procurement-policy-note-0620-taking-account-of-social-value-in-the-award-of-central-government-contracts> (accessed 10.13.20).

2.2 The Rise of Due Diligence Legislation – Increased Regulatory Pressure for Multinational Enterprises³⁴

Global Leadership Examples from: France, Germany, Norway, Switzerland, EU Commission, Finland, and Denmark

The current voluntary regulatory approach has failed to mitigate income inequality,⁵⁰ poverty, and modern slavery globally.⁵¹ The supply chain risk for Multinational enterprises (MNE's) is being elevated from reputational risk to a legal liability for large corporations,⁵² including the risk of substantial fines and potential prison sentences for corporate directors who fail to act to alleviate known supply chain risks. The voluntary regulatory approach has failed to mitigate income inequality,⁵³ poverty, and modern slavery globally.⁵⁴

While the current international guidance, as outlined below, provides a voluntary framework, due diligence legislation elevates supply chain risk for multinational enterprises (MNE's) from reputational to legal liability,⁵⁵ including the risk of substantial fines and potential prison sentences for corporate directors who fail to act to alleviate known supply chain risks.

- OECD Guidelines for Multinational Enterprises,
- UN Guiding Principles on Business and Human Rights,
- ISO 26000 Guidance on Social Responsibility,
- ILO Labour Standards and,
- UN Global Compact and the Global Reporting Initiative.

Through the due diligence legislation, governments are strengthening supply chain legislation to improve corporate governance, holding MNE's to account for irresponsible business conduct in core operations and supply chains globally. Leading by example, government can foster responsible behavior among businesses. By adopting public procurement that integrates risk-based supply chain due diligence, it can signal the values expected from suppliers, thus creating an environment for them to deliver better outcomes. Globally, the Ethical Trading Initiative plays a key role in the development and monitoring of due diligence requirements, and in advocating for the application of the UNGPs in public procurement processes.⁵⁶

⁵⁰ Facundo Alvaredo and others, 'The Elephant Curve of Global Inequality and Growth', *AEA Papers and Proceedings*, 108 (2018), 103–8 <<https://doi.org/10.1257/PANDP.20181073>>.

⁵¹ Brent Burmester, Snejing Michailova, and Christina Stringer, 'Modern Slavery and International Business Scholarship: The Governance Nexus', *Critical Perspectives on International Business*, 2019; Olga Martin-Ortega and Claire Methven O'Brien, 'Advancing Respect for Labour Rights Globally through Public Procurement', *Politics and Governance*, 5.4 (2017), 69–79 <<https://doi.org/10.17645/PAG.V5I4.1073>>.

⁵² Robert Grabosch, 'The German Supply Chain Due Diligence Act in the Making – What to Expect', *NOVA BHRE Blog*, 2021 <<https://novabhre.novalaw.unl.pt/german-supply-chain-due-diligence-act-what-to-expect/>> [accessed 6 September 2021].

⁵³ Alvaredo and others.

⁵⁴ Burmester, Michailova, and Stringer; Martin-Ortega and O'Brien.

⁵⁵ Grabosch.

⁵⁶ 'Why Is Public Procurement so Critical in the Fight to End Modern Slavery, Forced Labour and Human Trafficking? | Ethical Trading Initiative' <<https://www.ethicaltrade.org/blog/why-public-procurement-so-critical-fight-to-end-modern-slavery-forced-labour-and-human>> [accessed 3 November 2021].

Table 2.2: Examples of Global Supply Chain Transparency and Due Diligence Leadership⁵⁷

LEADER	EXAMPLE
Germany	The corporate due diligence legislation under development (2021) is exploring fines of between 2 to 10% of gross annual turnover for knowingly advancing misconduct globally.
Norway	Takes a risk management approach to public procurement operating a high-risk category list that alerts public procurers to the need to take extra steps.
Austria	Demands full supply chain transparency in public procurement.
Finland	Finnish public procurement awards additional points to suppliers disclosing the location of factories and final assembly locations. ⁵⁸
France	The original French Duty of Vigilance Act (2017) has been emulated in Germany, the Netherlands (Dutch Child Labour Due Diligence Act - 2019) and Norway (forthcoming 2021).
EU	Under Federal Acquisition Regulations (FAR), companies are required to report the due diligence steps taken to eliminate human rights abuses in the sourcing of conflict minerals.
U.S. (California only)	As an early adopter, the California Transparency in Supply Chains Act 2010 (SB 657) has long required retailers and manufacturers doing business in California to disclose their efforts to eradicate slavery and human trafficking from their direct supply chains.

⁵⁷ 'Hamilton, S., (2021) Public Procurement Price-Taker or Market-Shaper? Critical Perspectives on International Business, Special SDG Issue (Forthcoming)'.

⁵⁸ *Integrating Responsible Business Conduct in Public Procurement* (OECD, 2020) <<https://doi.org/10.1787/02682b01-en>>.

2.3 Whole of Government Integration: Beyond GDP to Advancing Social Wellbeing⁵⁹

Global Leadership Examples from: New Zealand, Iceland, Scotland, and Wales

GDP has long been recognized as an inadequate measure of societal progress, yet many governments continue to prioritise economic growth, framing policy making within traditional economic models. The short-term thinking associated with this approach has led to the detriment of people and planet. Over the past 40 years, Earth's natural resources have depleted faster than they can replenish, and this environmental degradation has caused profound vulnerabilities in global population health and economic security.

A wellbeing economy recognizes this problem, and advances a whole-of-government approach, mitigating short-term thinking by preventing governments from leaving today's problem to the next generation. Thus, a wellbeing economy acknowledges that people need to restore a harmonious relationship between society and nature, to enjoy a fair distribution of resources, and to live in healthy and resilient communities.⁶⁰

Developments in wellbeing economics are raising the bar far beyond the non-discriminatory, non-corrupt, base line standards set out in the World Trade Organization's Government Procurement Agreement (WTO-GPA 2012). Wellbeing economics signal the emergence of a more humanistic approach to global standards in government procurement specifically, and in policy making broadly.

⁵⁹ 'Hamilton, S., (2021) Public Procurement Price-Taker or Market-Shaper? Critical Perspectives on International Business, Special SDG Issue (Forthcoming)'.

⁶⁰ Anna Chrysopoulou, 'The Vision of a Well-Being Economy', *Stanford Social Innovation Review*, December 2020.

Table 2.3: Global Wellbeing Economy Leadership⁶¹

LEADER	EXAMPLE
Wales, UK	<p>The Welsh Future Generations Act (2015)</p> <ul style="list-style-type: none"> • This policy is designed to prompt deep, cultural change in policy making across government. • To address short-termism and intergenerational inequality, the act mandates public bodies to collaborate with each other, with people, and communities to address current and future challenges such as poverty and climate change. A future generations commissioner role has been created to provide support to public authorities seeking to work toward achieving long-term sustainable impacts. • This partnership provides policy makers with access to shared expertise and transferable policy practices to advance the common ambition of building a wellbeing economy.
Scotland Iceland, New Zealand, and Wales	<ul style="list-style-type: none"> • In 2018 the national and regional governments of Scotland, Iceland, New Zealand, and later Wales (2020), came together at the OECD Wellbeing Forum to create the Wellbeing Economy Governments (WEGo) partnership. • This partnership provides policy makers with access to shared expertise and transferable policy practices to advance the common ambition of building a wellbeing economy.
Scotland	<ul style="list-style-type: none"> • Scotland has appointed a Future Generations Commissioner to ensure that today's leaders consider the impact of their policies on future generations.
United Nations	<ul style="list-style-type: none"> • Progress is in line with the forthcoming UN Declaration on Future Generations (2023), and an upcoming world summit set to explore global, future-just policymaking.

⁶¹ 'Hamilton, S., (2021) Public Procurement Price-Taker or Market-Shaper? Critical Perspectives on International Business, Special SDG Issue (Forthcoming)'.

2.4 Knowledge Hubs, Capacity Building, and Multi-Level Implementation⁶²

Global Leadership Examples from: Germany and the Netherlands

Nations leading in the advancement of sustainable public procurement across multiple levels of governments, have established knowledge hubs. Knowledge hubs support the implementation of sustainable public procurement by providing capacity building peer to peer learning opportunities, by developing and sharing new processes model clauses and evaluation criteria, and by providing centralised data collection and stewardship. Knowledge hubs are essential to capacity building - for supporting the development and sharing of knowledge, and for building multi-level and cross-border government collaborations.

Knowledge hubs can also improve data collection and analysis. An increasing number of OECD countries now collect data on the degree to which strategic public procurement goals are met, and some provide reports to various levels of government. This is particularly the case regarding green public procurement (73%) and support to SMEs (67%).⁶³ Some countries, such as Chile, Korea, and Japan, have policies aimed at increasing the participation of women-owned businesses in public procurement and thus measure the results of procurement processes in this regard.

⁶² 'Hamilton, S., (2021) Public Procurement Price-Taker or Market-Shaper? Critical Perspectives on International Business, Special SDG Issue (Forthcoming)'.

⁶³ *Integrating Responsible Business Conduct in Public Procurement*.

Table 2.4: Global Knowledge Hub and SPP Collaboration Leadership

LEADER	EXAMPLE
The Netherlands	<ul style="list-style-type: none"> The Dutch Expertise Public Procurement Centre (PIANOO), a national centre of procurement excellence provides practical support across all levels of government ⁶⁴
Germany	<ul style="list-style-type: none"> The German Competence Centre for Sustainable Procurement (KNB), serves all levels of government⁶⁵
UK	<ul style="list-style-type: none"> Commissioning Academy serves all levels of government⁶⁶
Norway	<ul style="list-style-type: none"> A Methodology to Advance Procurement Systems (MAPS) is a resource available to governments to assess, identify gaps, benchmark, and improve public procurement systems.⁶⁷ A supplemental MAPS assessment is now available to conduct an audit of Sustainable Public Procurement systems. Norway recently completed the assessment, the findings of which can be used by policy makers to inform future strategic directions and to provide a benchmark from which to launch and measure new initiatives
Netherlands and Belgium	<ul style="list-style-type: none"> Leading The Circular & Fair ICT Pact (CFIT), which is an 8-country procurement-led partnership to accelerate circularity, fairness, and sustainability in the ICT sector.⁶⁸
U.S. and Canada	<ul style="list-style-type: none"> Leading the 100+ country collaborative Greening Government Initiative A first of its kind initiative for like-minded governments to enable formal and informal international cooperative opportunities, including information and technical exchange, working groups, data stewardship, strategic partnerships, workshops, and communications, to address climate change by including using cleaner energy sources, moving to zero-emission vehicles, greening their procurement, and pursuing green and resilient infrastructure. ⁶⁹

⁶⁴ PIANOO, 'About PIANOO', *PIANOO - Dutch Public Procurement Expertise Centre*, 2005 <<https://www.pianoo.nl/en/about-pianoo-0>> [accessed 13 August 2020].

⁶⁵ OECD-KNB, *KNB: German Competence Centre for Sustainable Procurement (Kompetenzstelle Für Nachhaltige Beschaffung, KNB)*, (KNB: Germ (Kompetenzstelle für nachhaltige Beschaffung: German Federal Government, 2013) <http://www.nachhaltige-beschaffung.info/SharedDocs/DokumenteNB/150615_Broschuere_KNB_engl.pdf?__blob=publicationFile&v=2> [accessed 8 April 2021].

⁶⁶ UK GOV, 'UK Commissioning Academy', *PSTA*, 2013 <<https://www.publicservicetransformation.org/commissioning-academy/>> [accessed 15 September 2021].

⁶⁷ MAPS 'METHODODOGY FOR ASSESSING PROCUREMENT SYSTEMS (MAPS)', 2018.

⁶⁸ 'Home', *Circularandfairictpact* <<https://circularandfairictpact.com/>> [accessed 4 November 2021].

⁶⁹ Treasury Board of Canada Secretariat, 'The Governments of Canada and the United States Announce Greening Government Initiative', 2021 <<https://www.canada.ca/en/treasury-board-secretariat/news/2021/04/the-governments-of-canada-and-the-united-statesannounce-greeninggovernmentinitiative.html>> [accessed 3 November 2021].

SECTION 3: UNDERSTANDING CANADIAN SUSTAINABLE PROCUREMENT LANDSCAPES

A review of the Canadian regulatory framework for public procurement reveals a heavily fragmented ecosystem. This section provides an overview of the federal, provincial, and municipal landscapes, and highlights the current lack of national coordination and policy cohesion.

3.1 Federal Sustainable Public Procurement Landscape

Canada lacks both the legislations, and the mandatory sustainable public procurement policies needed to activate a national, multi-level strategy to harness the power of public procurement to achieve the country's social and environmental policy objectives. Though Canada, has expresses the ambition to advance socio-economic goals through public procurement,⁷⁰ the federal government has yet to enact legislation to govern sustainable public procurement, Modern Slavery, or pass legislation to guide *Due Diligence* requirements in the global MNE supply chains.⁷¹ Additionally, Canada remains the only G7 country without a Human Rights National Action Plan (NAP). Lagging global trends in policy reform leaves Canada's public procurement system fragmented and under-utilized as a strategic policy lever.

Public procurement could potentially play a pivotal role in supporting the federal government in reaching its net-zero and zero plastic waste commitments. The Government of Canada has instigated some reporting requirements and measures to achieve these targets, yet without stronger regulatory action and a mandatory sustainable public procurement policy the Government of Canada will struggle to reach its targets.

From a historical perspective, the federal government first started making commitments to advancing green procurement over 25 years ago. In 1992 it committed "to ensuring that environmental considerations would be integrated into government purchasing and policies"⁷². This was followed by several subsequent pledges including international commitments on green procurement at the World Summit on Sustainable Development in 2002 and the promise to implement a green procurement policy in 2005. Most recently, as part of the Greening Government Strategy, the Government of Canada has made commitments to utilize green public procurement to

⁷⁰ Public Services and Procurement Canada Government of Canada, 'Advancing Socio-Economic Goals, Increasing Competition and Fostering Innovation - Better Buying - Buying and Selling - PSPC', 2019 <<https://www.tpsgc-pwgsc.gc.ca/app-acq/ma-bb/posacfi-asgicfi-eng.html>> [accessed 8 December 2021].

⁷¹ Hamilton, S., 2021. People, Prosperity and Planet: The role of G7 Countries in Buying the Future We Want. Leveraging Public Procurement to #BuildBackBetter [WWW Document]. Centre for Sustainable Health Systems, University of Toronto. URL <https://www.sustainablehealthsystems.ca/blog/people-prosperity-and-planet-the-role-of-g7-countries-in-buying-the-future-we-want-leveraging-public-procurement-to-buildbackbetter> (accessed 7.15.21).

⁷² Office of the Auditor General of Canada. 2005 September Report of the Commissioner of the Environment and Sustainable Development. 2005. Available online:

https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&ved=2ahUKEwjBjL_70cD0AhVHZM0KHeqWAskQFnoECAYQ&url=https%3A%2F%2Fwww.oag-bvg.gc.ca%2Finternet%2Fdocs%2Fc20050906ce.pdf&usg=AOvVaw3-xJifvYpx4QcrfmUtX9QZ

facilitate the transition to a net-zero, circular economy.⁷³ The measures include encouraging the utilization of life-cycle assessment principles and science-based targets as well as the adoption of clean technologies and green products. While this strategy aims to strengthen support for green procurement within the federal government, it continues to fall short of the mandatory approach to Green Public Procurement (GPP) adopted by Japan in 2001. Without mandatory sustainable public procurement obligations, governments across Canada will continue to miss the opportunity to provide the exemplary role model leadership needed for Canada to fully leverage all taxpayer funded systems to drive sustainability and transform markets to achieve social, environmental, and economic policy objectives.

Through the implementation of a *Green Plastics* strategy in federal purchasing requirements and operations, the Public Services and Procurement Canada (PSPC) is supporting the federal government's zero plastic waste goal. These efforts include bid criteria to promote the procurement of sustainable plastic products and reduction of associated plastic packaging waste.⁷⁴

It is important to note that while policy is a critical first step, governments need to ensure to invest in mechanisms that enable the implementation of policies to achieve desired outcomes. The Office of the Auditor General's 2005 Report of the Commissioner of the Environment and Sustainable Development provides excellent perspective on several the implementation challenges associated with previous green procurement commitments. These, which range from a lack of dedicated staff and limited cross-departmental collaboration; to exclusion from key guidance documents and limited use of performance indicators to measure and report on progress; to providing e critical insights into the investments required to deliver desired outcomes.

Analysis of the federal SPP policy landscape (Table 3.1) reveals that many federal policies have remained at the reporting stage and are not mandatory. Having been in place for decades, the current policy mix is insufficient to drive the practice level change needed to transform public procurement from Price-Taker to Market-Shaper.⁷⁵ While these policies originally provided an early step in the right direction, they have failed to evolve.

While SPP policies in other high-income countries have elevated their ambition far beyond the minimal international requirements established by the WTO-GPA, Canada has not kept pace with front-runner governments. A significant opportunity exists for governments across Canada to strengthen policy language and accelerate impact by leveraging SPP to achieve positive social,

⁷³ Government of Canada, 'Greening Government Strategy: A Government of Canada Directive', 2021 <<https://www.canada.ca/en/treasury-board-secretariat/services/innovation/greening-government/strategy.html>> [accessed 6 September 2021].

⁷⁴ Public Services and Procurement Canada, 'Public Services and Procurement Canada Commitments towards Zero Plastic Waste', 2020 <<https://www.tpsgc-pwgsc.gc.ca/trans/pq-qp/qp8-eng.html>> [accessed 6 September 2021].

⁷⁵ 'Hamilton, S., (2021) Public Procurement Price-Taker or Market-Shaper? Critical Perspectives on International Business, Special SDG Issue (Forthcoming)'.

economic, and environmental outcomes. Without mandatory legislation, and a comprehensive sustainable public procurement policy, Canada will continue to lag the G7 in leveraging public procurement to align and support social and environmental objectives. See figure 3.1 for a G7 country comparison.

Federal leadership is required to send a strong signal to the markets, to provide policy incentives, and to support other levels of government, to adopt a unified approach to sustainable public procurement across Canada.

	<h2>G7 Sustainable Public Procurement Leadership</h2>	
Japan HR NAP	<p>Leading: 70% of Procurement in Japan is Green. Japan has achieved the highest country-level adoption of Green Public Procurement of any nation. In the 1980's Japan was an early adopter of Green Public Procurement, and in 2001 Japan adopted Mandatory Green Public Procurement (GPP). Japan has a Human Rights National Action Plan (HR NAP)</p>	Adoption of a Mandatory Approach to Sustainable Public Procurement
UK HR NAP	<p>Leading: Mandatory Minimum 10% Social Value Weighting Effective January 2021 All UK Central Government Procurement must evaluate Social Value with a minimum 10% weighting (PPN06/20). UK Social Value Act (2012) All Public Contracting Authorities must consider how what is proposed to be procured might improve the economic, social, and environmental well-being of the relevant area.</p> <p>Net-Zero: To be eligible to bid on In-Scope, UK government contracts valued at over £5 million, proponents are required to submit a Carbon Reduction Plan detailing plans to reach net-zero for UK operations by 2050 (PPN 06/21).</p> <p>The UK has a Human Rights National Action Plan (HR NAP)</p>	Adoption of a Mandatory Approach to Social Value Procurement
France HR NAP	<p>Leading: Supply Chain Transparency Duty of Vigilance Legislation Moving MNE supply chain risk from Reputational to Legal Liability for Directors. France has a Human Rights National Action Plan (HR NAP)</p>	Supply Chain Transparency & Waste Legislation
Germany HR NAP	<p>Leading: Knowledge Hub – Multi-Level Government Capacity Building Leading: Supply Chain Transparency Due Diligence Legislation Germany has a Human Rights National Action Plan (HR NAP)</p>	Sustainable Procurement Multi-level Knowledge Hub & Supply Chain Legislation
Italy HR NAP	<p>Mandatory Minimum Green Criteria adopted for all public entities (2016) Low price awards are only permitted for standardised goods Italy has a Human Rights National Action Plan (HR NAP)</p>	Mandatory Green Public Procurement
USA HR NAP	<p>Transitioning: Sustainable Public Procurement has been declared a policy priority by President Biden. Canada and the US are leading a global Greening Government Initiative. The USA has a Human Rights National Action Plan (HR NAP)</p>	Greening Government Initiative. A Global Collaboration
Canada	<p>Lagging: Canada lacks comprehensive Sustainable Procurement Policy; supply chain transparency and Modern Slavery legislation. Canada lacks a multi-level knowledge hub. Canada does not have a Human Rights National Action Plan.</p>	Greening Government Initiative. A Global Collaboration

Hamilton, S. (2021) Critical Perspectives on International Business (CPOIB) Special SDG Issue (Forthcoming)

Figure 3.1: A Comparison of G7 SPP Policies and Practices

Table 3.1: Overview of Federal Sustainable Public Procurement Policies in Canada

Within the table, text in red highlights verbiage that is weak, flexible, or vague, which limits the impact of the policy.

MEASURE	DATE ENACTED	PROCUREMENT TYPE	POLICY OBJECTIVE	MANDATORY?	COMMENTS FOR CONSIDERATION
Policy on green procurement⁷⁶	April 1, 2006	Green procurement	<p><i>Considers</i> environmental performance throughout the whole lifecycle of goods and services, to evaluate value for money. i.e., appropriate balance of many factors, such as cost, performance, availability, quality, and environmental performance).</p> <p><i>The policy sets and measures targets</i> tailored to reflect mandates and departmental buying patterns</p>	No	
Modern treaties procurement obligations⁷⁷	N/A	Indigenous procurement	22 of Canada's modern treaties include procurement obligations such as notifying of procurements to treaty groups, using treaty business directories, establishing bid criteria to favor treaty groups	Yes	

⁷⁶ Public Services and Procurement Canada, '1.60.1. Green Procurement Policy' <<https://buyandsell.gc.ca/policy-and-guidelines/supply-manual/section/1/60/1>> [accessed 6 September 2021].

⁷⁷ Public Services and Procurement Canada, '9.35. Modern Treaties' <<https://buyandsell.gc.ca/policy-and-guidelines/supply-manual/section/9/35>> [accessed 6 September 2021].

MEASURE	DATE ENACTED	PROCUREMENT TYPE	POLICY OBJECTIVE	MANDATORY?	COMMENTS FOR CONSIDERATION
Procurement strategy for aboriginal business ⁷⁸	April 1, 1996	Indigenous procurement	<p>Contains four main elements:</p> <ol style="list-style-type: none"> 1. Mandatory set asides: for federal contracts that are valued \$5000 or above and take place in an Indigenous majority area (as defined by 80% of the population) 2. Voluntary set asides: federal contracts <i>may</i> voluntarily favor Indigenous businesses, where indigenous capacity exists, and can meet standard contractual requirements 3. Joint ventures and partnerships: Allow indigenous and non-Indigenous partnerships to bid on opportunities exclusive for Indigenous businesses. <p>Indigenous participation components: In awarding contracts, departments are <i>encouraged</i> to request Indigenous sub-contracting plans,</p>	Yes – only for the mandatory set asides; otherwise, voluntary	<p>The policy employs the use of weak language - “may” and “encouraged”</p> <p>Additionally, the mandatory set aside only have Very small and niche impact</p>

⁷⁸ Public Services and Procurement Canada, ‘9.40. Procurement Strategy for Aboriginal Business’ <<https://buyandsell.gc.ca/policy-and-guidelines/supply-manual/section/9/40>> [accessed 6 September 2021].

MEASURE	DATE ENACTED	PROCUREMENT TYPE	POLICY OBJECTIVE	MANDATORY?	COMMENTS FOR CONSIDERATION
			employment, and skills-development either as a mandatory requirement or rated evaluation criteria		
Federal contractor Program for Employment Equity⁷⁹	October 1, 1986	EDI - Equity, Diversity, and Inclusion	<p>This program applies to provincially regulated organisations that:</p> <ul style="list-style-type: none"> • have a combined workforce in Canada of 100 or more permanent full-time and permanent part-time employees • have been awarded a federal contract worth \$1 million or more <p>The program mandates including diversity goals and diversity workforce reporting, to encourage more hires from employment equity groups women, Aboriginal persons, persons with disabilities and members of visible minorities</p> <p>Organisation must make reasonable efforts towards having</p>	Yes– for organisations meeting the criteria	Weak policy language as it does not explain the scope of “reasonable efforts”

⁷⁹ Public Services and Procurement Canada, ‘5.1. Annex: Federal Contractors Program for Employment Equity’ <<https://buyandsell.gc.ca/policy-and-guidelines/supply-manual/annex/5/1>> [accessed 6 September 2021].

MEASURE	DATE ENACTED	PROCUREMENT TYPE	POLICY OBJECTIVE	MANDATORY?	COMMENTS FOR CONSIDERATION
			a workforce that is representative of the 4 designated groups		
Policy on ethical procurement of apparels⁸⁰	September 2018	Ethical procurement	<ul style="list-style-type: none"> Suppliers selling certain types of apparels to the government must self-certify compliance to local and international standard on labour and human rights. These include freedom from child labour, forced labour, discrimination and abuse, and access to fair wages and safe working conditions Bidders are required to provide information about the manufacturers, suppliers and subcontractors of the apparel including their location and country of origin 	Yes	<p>The focus of the policy is weak and narrow as it uses the word “self-certify”</p> <p>The policy does not ask high-risk categories for supply chain transparency nor to identify the location of their factories</p>

⁸⁰Public Services and Procurement Canada, ‘Requirements for the Ethical Procurement of Apparel’ <<https://buyandsell.gc.ca/policy-and-guidelines/policy-notifications/PN-132>> [accessed 6 September 2021].

MEASURE	DATE ENACTED	PROCUREMENT TYPE	POLICY OBJECTIVE	MANDATORY?	COMMENTS FOR CONSIDERATION
National strategy to combat human trafficking 2019-2024 ⁸¹	September 2018	Ethical procurement	Includes compliance codes for vendors and their suppliers, to ensure minimum human and labour rights , based on the eight fundamental conventions of the International Labour Organization and the United Nations Guiding Principles on Business and Human Rights	Yes	<p>The focus of the policy is weak and narrow as it advocates the mitigation of Race to the bottom rather than stimulating and rewarding the rise to the top policy approach</p> <p>Also, it has no requirement to identify the location and address of the factory or agree to random inspections or third-party verification</p>

⁸¹ Public Services and Procurement Canada, 'Updates to the Code of Conduct for Procurement' <<https://buyandsell.gc.ca/updates-to-the-code-of-conduct-for-procurement>> [accessed 6 September 2021].

3.2 The Missing Middle - Provincial Sustainable Procurement Policy Landscape

Federal procurement only accounts for 13% of all public procurement in Canada.⁸² This is the lowest percentage of central government procurement of any OECD country, resulting in provincial governments wielding considerable spending power, especially in health and education. By aligning provincial procurement strategies, Canada can better harness this influential purchasing power to positively direct market outcomes and achieve our collective sustainability goals.

A scan of the provincial sustainable procurement landscape (Table 3.2) revealed a very fragmented policy approach, which could lead to an increasingly fragmented national marketplace, constraining opportunities to drive clean and ethical production in Canada. Only Manitoba and Nova Scotia take a comprehensive approach to sustainable public procurement by considering the environmental, social, and economic aspects of sustainability in their policies and practices. Where there is a provision for sustainable considerations in provincial public procurement, there has been a disproportionate focus on the environmental aspect, leaving the advancement of socially responsible public procurement largely undeveloped.

Considerable opportunities exist to strengthen the policy language and scope across all levels of government. While supplier self-certification of compliance, and weak encouragement of SPP practice exist, there is a tremendous opportunity to increase policy ambition and provincial alignment to drive positive social, economic, and environmental outcomes through public procurement. Our research suggests that a comprehensive, mandatory, and integrated regulatory framework, supported with specific and measurable procurement goals, commensurate resourcing, and mechanisms of accountability is necessary to unify the divergent provincial policies, and to alleviate Canadian public procurement from its current state as an underutilized sustainable policy mechanism.

⁸² 'Public Procurement and Responsible Business Conduct - OECD'.

Table 3.2: Overview of Provincial Sustainable Public Procurement Policies in Canada

Within the table, text in red highlights verbiage that is weak, flexible, or vague, which limits the impact of the policy.

PROVINCE	MEASURE	DATE ENACTED	PROCUREMENT TYPE	POLICY OBJECTIVE	MANDATORY	COMMENTS FOR CONSIDERATION
BC	BC Procurement Strategy ⁸³	2018	N/A	Social and Environmental language explicitly added to the procurement policy – “...ensuring value for money while also delivering high-quality goods and services. This includes realizing added social and environmental benefits for all British Columbians wherever opportunities exist”	No	Not mandatory but explicitly permitted as strategic objectives
	Environmentally Responsible Procurement ⁸⁴	N/A	Green procurement	<ul style="list-style-type: none"> Purchase of environmentally sensitive products and services to be given priority, where feasible and cost effective Lifecycle assessment of the products and services is included in evaluation criteria to compare against the alternative. The metrics included are economic and environmental impact, 	No	Considerations are limited to feasibility and cost effectiveness which narrows the scope of the policy

⁸³ Province of British Columbia, ‘British Columbia Procurement Strategy 2018’ <https://www2.gov.bc.ca/assets/gov/government/services-for-government-and-broader-public-sector/buy-goods-services-and-construction/support-services/bc_procurement_strategy_2018.pdf> [accessed 6 September 2021].

⁸⁴Province of British Columbia, ‘Guidelines for Environmentally Responsible Procurement’ <<https://www2.gov.bc.ca/gov/content/governments/services-for-government/bc-bid-resources/reference-resources/green-procurement/guidelines-for-environmentally-responsible-procurement>> [accessed 6 September 2021].

PROVINCE	MEASURE	DATE ENACTED	PROCUREMENT TYPE	POLICY OBJECTIVE	MANDATORY	COMMENTS FOR CONSIDERATION
				<p>production processes used, energy use, maintenance, and disposal requirements.</p> <ul style="list-style-type: none"> Product specification in an RFP may include products certified under relevant environmental labelling and specific environmental technical requirements 		Sustainability remains optional.
	Short-Form Request for Proposals (SRFP) ⁸⁵	2014	SME Socio/Economic procurement	<p>This two-page, short form procurement template was introduced to increase SME access to government procurement. The SRFP is used for smaller procurement (valued at \$250,000 or less per year) and when factors other than price (e.g.- qualification, experience, and approach) are also included in the selection criteria</p>	No	Good model for improving the visibility and ease of SME access to publicly funded contracts

⁸⁵Province of British Columbia, 'Frequently Asked Questions on the Short-Form Request For Proposals (SRFP)' <<https://www2.gov.bc.ca/gov/content/governments/services-for-government/bc-bid-resources/templates-and-tools/solicitation-templates/short-form-request-for-proposal/information-seekers-for-the-srfp>> [accessed 6 September 2021].

PROVINCE	MEASURE	DATE ENACTED	PROCUREMENT TYPE	POLICY OBJECTIVE	MANDATORY	COMMENTS FOR CONSIDERATION
MB	Clothing from Responsible Manufacturers ⁸⁶	2010	Ethical procurement	<ul style="list-style-type: none"> Suppliers and contractors are obliged to comply with local laws in the jurisdictions, where apparels are manufactured. Their labour practices must adhere to the Minimum labour Rights, as set by this policy which includes: <ul style="list-style-type: none"> No forced labour No child labour Freedom of association Occupational health and safety No employment discrimination Suppliers are required to provide the name and location of factories as well as subcontractors used in the production of the clothing for government contracts <p>By meeting this Responsible Manufacturer Information requirement, suppliers will certify that they follow local labour laws and minimum labour rights</p>	Yes	Compliance with local laws in third world countries limits the potential to improve the human rights conditions.
MB						

⁸⁶ Province of Manitoba, 'Procurement Administration Manual: Responsible Manufacturers - Clothing', 2013, pp. 2–4 <https://www.gov.mb.ca/central/psc/pubs/rm_policy.pdf> [accessed 6 September 2021].

PROVINCE	MEASURE	DATE ENACTED	PROCUREMENT TYPE	POLICY OBJECTIVE	MANDATORY	COMMENTS FOR CONSIDERATION
	Green & Sustainable Procurement ⁸⁷	2011	Green procurement	<ul style="list-style-type: none"> Purchase of environmentally preferable goods and services to be given preference <i>whenever they perform satisfactorily and are available at a reasonable price</i> Considerations such market factors and full cost accounting will be taken into account Cost benefit analysis should be conducted to compare against the alternative Manitoba's Sustainable Development Procurement Guidelines are to be <i>considered in any</i> procurement. These include: <ul style="list-style-type: none"> Promoting Environmentally Sustainable Economic Development Conserving Resources Conserving Energy Promoting Pollution Prevention, Waste Reduction and Diversion 	No	<p>Considerations are limited to cost effectiveness and satisfactory performance of the acquisition which narrows the scope of the policy</p> <p>The language around environmental focus is weak and ambiguous</p>

⁸⁷ Province of Manitoba, 'Manitoba's Sustainable Development Procurement Guidelines', 2017 <https://www.gov.mb.ca/central/psc/pubs/sustainable_development_procurement_guidelines.pdf> [accessed 6 September 2021].

PROVINCE	MEASURE	DATE ENACTED	PROCUREMENT TYPE	POLICY OBJECTIVE	MANDATORY	COMMENTS FOR CONSIDERATION
				Evaluating Value, Performance, and Need		
	Indigenous Procurement Initiative ⁸⁸	2020	Indigenous procurement	<p>Under this initiative all departments will seek to increase indigenous participation in procurements through the following initiatives:</p> <ul style="list-style-type: none"> - Indigenous Business Set-Aside Procurement - Mandatory Indigenous Business Participation Procurement - Desired Indigenous Business Participation Procurement - Indigenous Business Standard Procurement - Indigenous Business Directory <p>Indigenous Procurement Criteria includes goods and services that are either: (a) culturally specific to Indigenous people; or</p>	Yes – for certain subcategories of procurements	

⁸⁸ Province of Manitoba, 'Manitoba's Indigenous Procurement Initiative (IPI)' <[https://www.gov.mb.ca/central/psc/pubs/api/Indigenous Procurement Initiative.pdf](https://www.gov.mb.ca/central/psc/pubs/api/Indigenous%20Procurement%20Initiative.pdf)> [accessed 6 September 2021].

PROVINCE	MEASURE	DATE ENACTED	PROCUREMENT TYPE	POLICY OBJECTIVE	MANDATORY	COMMENTS FOR CONSIDERATION
				(b) primarily designated for Indigenous people		
QC	Environmentally Responsible Procurement Policy ⁸⁹	2008 (Updated 2020) ⁹⁰	Green, social, economic procurement	<p>The policy lays out guiding principles to strengthen the procurement of environmentally responsible goods and services by taking into account environmental, social and economic considerations in tender requirements.</p> <p>These guiding principles include:</p> <ol style="list-style-type: none"> 1. Optimizing resource use through circular economy practices 2. Promoting the concepts of Rethink, Reduce, Reuse, Recycle, Upcycle and Eliminate 3. Prioritizing goods and service that are eco-responsible and lead to positive environmental impact (e.g., recycled or energy efficient product) 4. Selecting suppliers who adopts ethical and innovative practices, 	Yes	Great benchmark against which policies from other jurisdictions can be measured

⁸⁹ Gouvernement du Québec, 'Politique D'Acquisitions Écoresponsables', 2020

<https://www.racj.gouv.qc.ca/fileadmin/documents/Accueil/Formulaires_et_publications/Publications/La_Regie_des_alcools/Politique_acquisition_ecoresponsable-2017-10-13.pdf> [accessed 6 September 2021].

⁹⁰ Gouvernement du Québec, 'Politique D'Acquisitions Écoresponsables'.

PROVINCE	MEASURE	DATE ENACTED	PROCUREMENT TYPE	POLICY OBJECTIVE	MANDATORY	COMMENTS FOR CONSIDERATION
				<p>in environmental, social, and economic domains</p> <p>5. Promoting the life-cycle approach to evaluate the environmental, social, and economic impacts of a product or service</p> <p>6. Encouraging availability of universally accessible products and services – i.e., those which yield the same results, independent of the type of user</p> <p>The policy is shaped by Quebec's Sustainable Development Act and 16 principles on sustainable development</p>		
	Quebec's Sustainable Development Act and 16 principles of sustainable development ⁹¹	2006		<p>The principles of Québec's Sustainable Development Act:</p> <p>1. Health and quality of life</p> <p>2. Social equity and solidarity</p> <p>3. Environmental protection</p> <p>4. Economic efficiency</p> <p>5. Participation and commitment</p> <p>6. Access to knowledge</p>	N/A	

⁹¹ Gouvernement du Québec, 'The Principles of Sustainable Development: A Guide for Action' <https://www.environnement.gouv.qc.ca/developpement/principes_en.htm> [accessed 6 September 2021].

PROVINCE	MEASURE	DATE ENACTED	PROCUREMENT TYPE	POLICY OBJECTIVE	MANDATORY	COMMENTS FOR CONSIDERATION
				7. Subsidiarity 8. Inter-governmental partnership and cooperation 9. Prevention 10. Precaution 11. Protection of cultural heritage 12. Biodiversity preservation 13. Respect for ecosystem support capacity 14. Responsible production and consumption 15. Polluter pays 16. Internalization of costs		
NS	Sustainable Procurement Policy ⁹²	2010	Green procurement	<ul style="list-style-type: none"> Procurements to include sustainable goods and services to the greatest extent possible Sustainable options of products and services to be identified and promoted to all public sector entities 	No	Sustainability remains optional. The policy language is weak – “greatest extent possible”

⁹² Government of Nova Scotia, ‘Sustainable Procurement Policy’, 2016 <<https://novascotia.ca/treasuryboard/manuals/PDF/300/30301-02.pdf>> [accessed 6 September 2021].

PROVINCE	MEASURE	DATE ENACTED	PROCUREMENT TYPE	POLICY OBJECTIVE	MANDATORY	COMMENTS FOR CONSIDERATION
NL	Local Preference Provision in Public Procurement Regulations ⁹³	2020	Social/Economic Procurement	10% allowance added to bid prices of local suppliers for all procurements on under WTO threshold contracts Procurement thresholds increased to the maximum permitted under the Canadian Free Trade Agreement, in an effort to increase opportunities of direct businesses to provincial suppliers	N/A	
YT	Yukon First Nations Procurement Policy ⁹⁴	2021	Indigenous Procurement	Under this policy at least 15 per cent all territorial government procurement must go to Yukon First Nations' businesses. It also contains: <ul style="list-style-type: none"> • Bid reduction value based on the ownership, business location, and hiring of Yukon first nation people • For certain tenders, 20% of the total available points will be allocated to hiring Yukon first nation people. 	Yes	

⁹³ Government of Newfoundland and Labrador, 'Increased Procurement Thresholds Will Help Support Local Businesses', 2020 <<https://www.gov.nl.ca/releases/2020/servicenl/0601n02/>> [accessed 6 September 2021].

⁹⁴ Government of Yukon, 'Procurement Policy', 2021 <<https://yukon.ca/sites/yukon.ca/files/hpw/hpw-2020-gam-2.6-yukon-first-nations-procurement-policy-2020-12-11.pdf>> [accessed 6 September 2021].

PROVINCE	MEASURE	DATE ENACTED	PROCUREMENT TYPE	POLICY OBJECTIVE	MANDATORY	COMMENTS FOR CONSIDERATION
				<ul style="list-style-type: none"> Community development agreement for projects within First Nations Creation of registry of Yukon First Nations' businesses <p>Additional measures include set asides, workforce development initiatives, and project unbundling for Yukon First Nations Businesses</p>		
NWT	Sustainable Procurement ⁹⁵		Green Procurement	<ul style="list-style-type: none"> <i>Where feasible and cost effective</i>, purchase of environmentally sensitive products and services should be given preference Trial basis use of environmental sensitive products and services to be considered, before making longer term purchasing commitments. This is to ensure that the product meets performance and technical requirement. Evaluation criteria should include the following 	No	<p>Considerations are limited to feasibility and cost effectiveness which narrows the scope of the policy</p> <p>Policy language is weak – “may”</p>

⁹⁵ Government of Northwest Territories, 'Procurement Guidelines', pp. 25–29 <https://www.fin.gov.nt.ca/sites/fin/files/resources/gnwt_procurement_guidelines_-_april_2021_update.pdf> [accessed 6 September 2021].

PROVINCE	MEASURE	DATE ENACTED	PROCUREMENT TYPE	POLICY OBJECTIVE	MANDATORY	COMMENTS FOR CONSIDERATION
				<ul style="list-style-type: none"> - life cycle analysis of the product, against alternatives - supplier's corporate environmental sustainability policy <p>Solicitation document <i>may</i> include requirements such as environmental labeling certified products and specific environmental technical requirements</p>		
	Sustainable Procurement ⁹⁶	N/A	Ethical Procurement	<p><i>Endeavors to be taken</i> to ensure that suppliers, consultants and contractors comply with the ethical practices laid by the 8 fundamental conventions of the International Labour Organization</p>	No	The language of the policy is weak and ambiguous, as there is no guideline of how the ethical practices will be monitored and evaluated

⁹⁶ Government of Northwest Territories.

PROVINCE	MEASURE	DATE ENACTED	PROCUREMENT TYPE	POLICY OBJECTIVE	MANDATORY	COMMENTS FOR CONSIDERATION
NB	Low carbon procurement ⁹⁷	In Progress	Green procurement	This policy in development will procure products with the lowest carbon footprint, with an aim of minimizing environmental impact and climate-related rise, while meeting quality and cost requirements	N/A	
ON	Social Enterprise Procurement Action Plan under Ontario's Social Enterprise Strategy 2016-2021 ⁹⁸	Ended in 2021	Social Procurement	The initiative sought to increase the Ontario government's procurement from social enterprises	No	Sustainability remains optional

⁹⁷ Government of New Brunswick, 'Transitioning to a Low-Carbon Economy Climate Change Action Plan Progress Report 2020: Detailed Summary', 2020 <<https://www2.gnb.ca/content/dam/gnb/Departments/env/pdf/Climate-Climatiques/nb-climate-change-action-plan-progress-report-2020-detailed-summary.pdf>> [accessed 6 September 2021].

⁹⁸ Government of Ontario, 'Ontario's Social Enterprise Strategy 2016-2021' <<https://www.ontario.ca/page/ontarios-social-enterprise-strategy-2016-2021>> [accessed 6 September 2021].

3.3 Municipal Sustainable Procurement Policy Landscape

Municipal leadership plays a catalytic role in the advancement of a more socially responsible and sustainable approach to public procurement globally, and in Canada. While big cities are known to play an important role in the transition of public procurement from *Price-Taker to Market-Shaper*, smaller municipalities have worked with Sandra Hamilton to pioneer new approaches to strengthening the alignment between procurement and their respective strategic policy priorities.

- In 2015, the Village of Cumberland on Vancouver Island, BC was the first municipality in Canada to adopt a Social Procurement Framework.⁹⁹ In 2016, Cumberland was joined by Toronto demonstrating that from the smallest to the largest municipalities, all public sector actors can make a difference.
- In 2016, the Regional Municipality of Wood Buffalo (Fort McMurray), was the first municipality in Alberta to adopt a Social Procurement Framework and the first in Canada to place a 33% weighting on Social Value Outcomes in a public sector request for proposals.¹⁰⁰
- In 2019, the City of Hamilton, in Ontario, conducted design labs with people with lived experience of poverty to design and pilot socially responsible procurement processes to stimulate and reward business practice changes that would improve lives for residents living in poverty and facing barriers to employment.¹⁰¹

Table 3.3 provides a snapshot of the sustainable public procurement landscape at the municipal level. Our study focused on the leading jurisdictions in this space, as informed by past Canadian Collaboration for Sustainable Procurement (CCSP) reports.¹⁰² Municipalities, including but not limited to Mississauga, Peterborough, Halifax, and Saskatoon, have demonstrated leadership in progressing sustainable public procurement practices. Saskatoon stood out for its integration of the triple bottom line tool to determine bidder selection criteria to adjust the criteria according to the nature of the contract. Additionally, Vancouver has introduced other animal welfare considerations, demonstrating the power of SPP to support the advancement of myriad strategic policy priorities.

⁹⁹ Sandra Hamilton, 'The Olympic, Commonwealth & Pan Am Games, and the Growing Case for Social Procurement Policy in Canada', 20.

^{100,101} 'Hamilton (2019) Ontario Public Buyers Association (OPBA) Caveat Emptor, Issue 4. Sandra Hamilton -Social Procurement Article - OPBA_CaveatEmptor_2019_Issue4_06.Pdf'.

¹⁰² We examined the Canadian Collaboration for Sustainable Procurement (CCSP) annual reports on the state of municipal sustainable procurement in Canada over 2015-2020, to select the leading jurisdictions.

While some municipalities have implemented mandatory policies to implement sustainable procurement practices, the predominant voluntary and optional approach to sustainable public procurement continues to impede practical implementation. Significant opportunities exist to move beyond a tokenistic 'tick the box' exercise; to harness the leadership potential of municipalities to advance innovative ways to implement sustainable public procurement.

Table 3.3: Overview of Municipal Sustainable Public Procurement Policies in Canada

Within the table, text in red highlights verbiage that is weak, flexible, or vague, which limits the impact of the policy.

CITY	MEASURE	DATE ENACTED	PROCUREMENT TYPE	POLICY OBJECTIVE	MANDATORY	COMMENTS FOR CONSIDERATION
Vancouver, BC	Sustainable purchasing ¹⁰³	2012	Green and Ethical Procurement	<p>The policy takes a three-pronged approach to implement sustainability and ethical considerations:</p> <p><i>1.Declaration of Supplier Code of Conduct Compliance</i> – suppliers must meet minimum ethical, social, and environmental requirements, including child labor, forced labor, living wage, freedom of association and animal welfare</p> <p><i>2.Assessment of Leadership Questionnaire</i> – used to identify suppliers who are demonstrating sustainability leadership and meeting more that the minimum standards of the supplier code</p> <p><i>3.Sustainability-related product/services specifications</i> –</p>	Yes	<p>The city of Vancouver is one of the first cities in Canada to include compliance codes on animal welfare in its procurement</p> <p>It is also one of the few municipalities to make a Living Wage Commitment</p>

¹⁰³ City of Vancouver, 'Sustainable Purchasing' <<https://vancouver.ca/green-vancouver/sustainable-purchasing.aspx>> [accessed 6 September 2021].

CITY	MEASURE	DATE ENACTED	PROCUREMENT TYPE	POLICY OBJECTIVE	MANDATORY	COMMENTS FOR CONSIDERATION
				Certain bids may include this specification. Supplier may be required to provide goods with ecolabels and to demonstrate how the good fulfils a specific sustainability outcome		
Edmonton, AB	Sustainable Procurement policy ¹⁰⁴	2019	Green, Ethical and Social Procurement	<p>The policy consists of the three pillars:</p> <p>1. <i>Ethical Standards</i> – Suppliers and their subcontractors must meet the minimum requirements related to labour standards, employee treatment, wages, and benefits, working conditions, and ethics standards</p> <p>2. <i>Environmental Sustainability</i> – Suppliers and their subcontractors must comply with the environmental laws of the jurisdiction of operation. They must also</p>	Yes	

¹⁰⁴ City Edmonton, 'Sustainable Procurement', 2019 <<https://www.edmonton.ca/sites/default/files/public-files/assets/PoliciesDirectives/C556A.pdf?cb=1630991586>> [accessed 6 September 2021].

CITY	MEASURE	DATE ENACTED	PROCUREMENT TYPE	POLICY OBJECTIVE	MANDATORY	COMMENTS FOR CONSIDERATION
				<p>identify and reduce/eliminate negative environmental impact in their supply chain, such as emissions, toxic substance, solid waste etc.</p> <p>3. <i>Social Value Considerations</i> – The city will achieve social and economic goals by integrating social impact outcomes of employment, training and skills development, social value supply chain, or community development in the procurement</p> <p>In addition, the <i>Management Standards</i> in the Supplier Code of Conduct explicitly stipulates, suppliers are responsible for identifying non-conformances and address them via verifiable corrective action plan</p>		
Winnipeg, MB	City of Winnipeg	2018	N/A	The language of the policy was updated for supporting	N/A	

CITY	MEASURE	DATE ENACTED	PROCUREMENT TYPE	POLICY OBJECTIVE	MANDATORY	COMMENTS FOR CONSIDERATION
	Procurement Policy ¹⁰⁵			procurement of sustainable goods and services		
Saskatoon, SK	Triple Bottom Line Action Plan ¹⁰⁶	2020	Green/Social/Economic Procurement	<p>Saskatoon included sustainable procurement in their Triple Bottom Action Plan. All public purchases exceeding \$10,000 will be evaluated using the Triple Bottom-Line Decision-Making Tool.</p> <p>The toolkit uses a series of guided questions with an equity and inclusion lens to help the user determine contractor selection criteria.¹⁰⁷</p>	Yes	
Mississauga, ON	Sustainable Procurement ¹⁰⁸	2018	Green/Social/Ethical procurement	Lifecycle impacts of goods and services and sustainability practices of suppliers will be considered in the procurement evaluation process. These	No	

¹⁰⁵ Reeve Consulting, '2018 Annual Report on the State of Sustainable Public Procurement in Canada', 2018.

¹⁰⁶ City of Saskatoon, 'Triple Bottom Line' <<https://www.saskatoon.ca/city-hall/our-strategic-plan-performance/triple-bottom-line>> [accessed 6 September 2021].

¹⁰⁷ https://www.saskatoon.ca/sites/default/files/documents/equity_toolkit_-_feb_2021.pdf

¹⁰⁸ City of Mississauga, 'Sustainable Procurement', 2018 <<https://www.mississauga.ca/wp-content/uploads/2018/11/20160535/03-06-09-Sustainable-Procurement-Policy.pdf>> [accessed 6 September 2021].

CITY	MEASURE	DATE ENACTED	PROCUREMENT TYPE	POLICY OBJECTIVE	MANDATORY	COMMENTS FOR CONSIDERATION
				<p>sustainability practices can be categorised under three pillars:</p> <p><i>1.Environmental</i> – increasing positive environmental impact and climate resilience in areas such as energy efficiency reducing, biodiversity, material use, GHG emission</p> <p><i>2.Social:</i></p> <ul style="list-style-type: none"> - increasing employment and training opportunity for equity seeking groups, - producing or selling Fairtrade certified products - demonstrating best-practices in workplace diversity, inclusion, and accessibility - exhibiting good health and safety workplace practices <p><i>3. Ethical</i> – upholding fair labour practices and human rights as</p>		

CITY	MEASURE	DATE ENACTED	PROCUREMENT TYPE	POLICY OBJECTIVE	MANDATORY	COMMENTS FOR CONSIDERATION
				stipulated in the Supplier Code of Conduct. Based on the ILO core labour convention, the code outlines the minimum standards related to employee treatment, wages, and benefits, working conditions, and ethics standards		
Toronto, ON	Social Procurement Program ¹⁰⁹	2016	Social Procurement	<p>Driven by two components:</p> <p>Supply Chain Diversity – Applies to purchases from \$3000 to \$100,000</p> <p>Guidelines include:</p> <ul style="list-style-type: none"> - Working with diversity supplier certification organisations to develop a list - Where feasible, including one submission from a diverse supplier - Incorporating language in the RFP and tenders which promotes 	No	Policy language is weak – “where feasible”

¹⁰⁹ City of Toronto, ‘Social Procurement Program’ <<https://www.toronto.ca/business-economy/doing-business-with-the-city/social-procurement-program/>> [accessed 6 September 2021].

CITY	MEASURE	DATE ENACTED	PROCUREMENT TYPE	POLICY OBJECTIVE	MANDATORY	COMMENTS FOR CONSIDERATION
				<p>improving supplier diversity in the supply chain</p> <p>Workforce Development – Applies to Request for Proposals and tenders that are more than over \$5 million</p> <ul style="list-style-type: none"> - Initiatives include customised recruitment, registered apprenticeship, training, and work-based learning, and collaboration with social enterprise - For procurements with a workforce development objective, bidders will be required to propose a workforce development plan and relevant evaluation criteria based on suitability, reach, volume, and feasibility <p>In addition, the policy complies with the highest standards of</p>		

CITY	MEASURE	DATE ENACTED	PROCUREMENT TYPE	POLICY OBJECTIVE	MANDATORY	COMMENTS FOR CONSIDERATION
				ethical conduct of the city and the Ontario Human Rights Code		
Halifax, NS	Social value procurement ¹¹⁰	2020	Social procurement	<p>The policy requires departments to invite at least one diverse or social enterprise supplier to submit a bid, <i>where feasible</i> and only on contracts valued under \$10,000 or where all bidders are invited</p> <p>The policy calls to <i>consider</i> requirements including:</p> <ul style="list-style-type: none"> a) Supplier diversity (including African Nova Scotians, Indigenous people, people with disabilities and other underrepresented groups) b) Workforce development c) Living wage d) Community benefits 	No	Policy language is weak – “where feasible” and “consider”

¹¹⁰ City of Halifax, ‘Appendix C- Supplier Code of Conduct’ <https://www.halifax.ca/sites/default/files/documents/business/doing-business-halifax/Supplier_Code_of_Conduct_Appendix_C.pdf> [accessed 6 September 2021].

CITY	MEASURE	DATE ENACTED	PROCUREMENT TYPE	POLICY OBJECTIVE	MANDATORY	COMMENTS FOR CONSIDERATION
				e) Environmental benefits f) Socially responsible production Advanced health and safety practices		

Sustainable Public Procurement Collaborative Networks

Several collaborative networks and organizations exist in Canada with the goal of increasing the uptake of SPP across Canada. Offering frameworks, research, tools, and experience, such organizations offer immense value to the Government of Canada as it seeks to enhance its SPP framework.

Canadian Collaboration for Sustainable Procurement

Formerly known as the Municipal Collaboration for Sustainable Procurement (MCSP), the **Canadian Collaboration for Sustainable Procurement (CCSP)** has been critical in establishing and driving sustainable procurement initiatives in Canada.¹¹¹ It is a member-based network of public-sector institutions, with 36 members spanning across universities, health authorities and municipalities.

Members are self-assessed on the maturity level of the 10 program criteria in the Best Practice Program Framework. These criteria include:

1. Strategy and Action Plan
2. Staffing and Resources
3. Policies
4. High Impact Opportunity List
5. Procedures
6. Tools
7. Training and Engagement
8. Measurement and Reporting
9. Supplier Engagement
10. Leadership and Collaboration

In 2020, a working group under this network developed three tools to standardize sustainable purchasing across all types of purchases for its members. These include:

- *Sustainability risk and opportunity assessments* – to identify the relevant risks and opportunities associated with purchase and determine the priority sustainability impact criterion
- *Ecolabel guide* – to evaluate and compare several types of ecolabels, to select appropriate one for solicitation document
- *Supplier leadership questionnaire* – to accumulate and assess vendor's enterprise-level sustainability leadership based on criteria. Also, to use as a supplier engagement tool beyond the RFPs.

¹¹¹ Reeve Consulting, 'CCSP'S New Sustainable Procurement Tools', 2020 <<https://www.reeveconsulting.com/category/municipal-collaboration-for-sustainable-purchasing/>> [accessed 6 September 2021].

Espace québécois de concertation sur les pratiques d'approvisionnement responsable (ECPAR)

The *Espace québécois de concertation sur les pratiques d'approvisionnement responsable* (ECPAR) is a multi-sectoral network of diverse organisations that seeks to promote sustainable procurement practices throughout supply-chains.¹¹² ECPAR brings together institutional buyers and other stakeholders to co-develop tools for sustainable procurement and to share best-practices, in a neutral centre for exchange. The network is taking multiple initiatives to advance the state of sustainable procurement in Quebec and in Canada. These include:

- Capacity building trainings for organisations on the tools and potential for responsible sourcing
- Networking events between sustainable buyers and sellers to foster greater collaboration among them
- Annual self-assessment and reporting of the state and performance of sustainable procurement among organizations in Québec and Canada, through the Sustainable Procurement Barometer.

BC Social Procurement Initiative

The initiative began in 2018 with 27 municipalities on Vancouver Island and the Sunshine Coast participating in a regional Coastal Communities Social Procurement Initiative, and in June 2021 grew in scope to become the **BC Social Procurement Initiative**. In the first two years of the pilot period more than \$200 million in public spending has been directed in 50+ projects through a social procurement lens.¹¹³

Green Economy Canada

The Green Economy Canada supports businesses across different sectors to achieve their sustainability targets, with the broader goal of accelerating Canada's transition to a net-zero economy. As part of its pilot project (supported by HP Canada), Green Economy Canada brought together public sector organisations to identify the opportunities and barriers to advancing Sustainable IT Procurement and outline best practices.¹¹⁴

Circular Innovation Council

The Circular Innovation Council is leading the advancement of a circular economy in Canada by supporting effective policy and designing programs, pilots, and resources. The council launched Canada's first centre of excellence for circular procurement – a central resource hub for toolkits

¹¹² 'ECPAR | Espace Québécois de Concertation Sur Les Pratiques d'approvisionnement Responsable' <<https://www.ecpar.org/>> [accessed 5 November 2021].

¹¹³ BCSPi, *Coastal Communities Social Procurement Initiative (CCSPI) 2019—2021 Procurement for Community Wellbeing*, 2019.

¹¹⁴ 'Sustainable IT Procurement', *Green Economy Canada* <<https://greeneconomy.ca/systems-change/sustainable-it-procurement/>> [accessed 26 November 2021].

and frameworks to help government and private sector organizations integrate circular principles in their purchasing.¹¹⁵

3.4 Suppliers to Government Contracts

Canadian municipalities can leverage supplier lists from certifying bodies to meet their specific sustainable procurement goals. Some of these organisations are listed in table 3.4. Smaller cities may have little or no certified suppliers under the lists mentioned. In such cases, the municipalities may need to create their own directory to sustainable and responsible suppliers. Such an example is the City of Victoria which issued a Request for Information (RFI) for suppliers to highlight their social value practices and used this information to develop a directory of socially responsible supplier¹¹⁶ that can be utilized in lower-value procurements, under WTO thresholds.

¹¹⁵ 'Buying the Future You Want | Putting Circular Economy Concepts Into Action' <<https://circularprocurement.ca/>> [accessed 26 November 2021].

¹¹⁶ Reeve Consulting, *2020 Annual Report on the State of Sustainable Public Procurement in Canada*, 2021.

Table 3.4: Examples of Supplier Certification Organizations

LEADER	EXAMPLE
<i>B Corps</i> ¹¹⁷	Includes organisations that voluntarily meet the highest standards of transparency, accountability, and performance in social and environmental criteria. It is a globally recognized and practiced certification
<i>Buy Social Canada</i> ¹¹⁸	Verifies Canadian businesses as social enterprises with a clear social, cultural, and environmental purpose.
<i>Living Wage Canada</i> ¹¹⁹	Certifies Canadian employers that commit to paying their full time and contracted employees a living wage, based on locally calculated rates.
<i>Canadian Aboriginal and Minority Supplier Council (CAMSC)</i> ¹²⁰	Comprises of for-profit Canadian enterprises that are at least 51% owned, managed, and controlled by visible minorities or Indigenous people.
<i>Canadian Council for Aboriginal Business (CCAB)</i> ¹²¹	Certifies businesses that are at least 51% Indigenous owned and controlled.
<i>WBE Canada, Certified Women Business Enterprises</i> ¹²²	Verifies Canadian B2B businesses which are minimum 51% women owned, managed, and controlled.
<i>Canadian Gay and Lesbian Chamber of Commerce</i> ¹²³	Provides supplier diversity certification to for-profit Canadian or permanent resident owned businesses that are substantially owned, operated, and controlled by self-identified LGBT+ individuals.
<i>Inclusive Workplace Supply Council of Canada</i> ¹²⁴	Verifies organizations with 51% or more ownership, management, control, and independence by veterans or disabled persons.

¹¹⁷ Certified B Corps, 'Certification' <<https://bcorporation.net/>> [accessed 6 September 2021].

¹¹⁸ Buy Social Canada, 'Social Enterprise Certification' <<https://www.buysocialcanada.com/services/social-enterprise-certification/>> [accessed 6 September 2021].

¹¹⁹ Living Wage Canada, 'What Is a Living Wage?' <<http://www.livingwagecanada.ca/>> [accessed 6 September 2021].

¹²⁰ CAMSC, 'Supplier Certification' <<https://camsc.ca/supplier-certification/>>.

¹²¹ CCAB, 'Certified Aboriginal Business' <<https://www.ccab.com/membership/certified-aboriginal-business-cab/>> [accessed 6 September 2021].

¹²² WBE, 'WBE Certification' <<https://wbcanada.ca/certification/>> [accessed 6 September 2021].

¹²³ CGLCC, 'Supplier Diversity' <<https://www.cglcc.ca/programs/supplier-diversity/>> [accessed 6 September 2021].

¹²⁴ IWSCC, 'Certify as a Diverse Supplier' <<https://iwscc.ca/how-to-certify/>> [accessed 6 September 2021].

SECTION 4: RECOMMENDATIONS: ADVANCING GLOBAL POLICY BEST PRACTICES IN CANADA

Public procurement across all levels of government is a powerful strategic lever to address societal, environmental, and economic challenges; to shape public and private sector markets. The COVID-19 pandemic has amplified the need to create a green, resilient, and just economy, yet SPP remains underutilized as a policy mechanism to support this transition. The shift towards SPP, as evidenced by frontrunner G7 countries, demonstrates the urgency for Canada to follow suit.

As Canada looks to meet its net-zero and zero plastic waste commitments, SPP is a powerful and strategic tool to reach those goals. Additionally, Canada's social justice objectives of diversity, inclusion, and reconciliation can also be accelerated through a comprehensive SPP approach. Based on the Global Policy Best Practices covered in Section 2,¹²⁵ as well as the gaps identified in the Canadian SPP landscape, this report proposes the following recommendations:

1. Move to Mandatory Sustainable Public Procurement

Public procurement at all levels of government in Canada remains largely a voluntary practice. As a result, there has been very little progress on practical implementation. The voluntary, optional nature of SPP has resulted in two general perspectives:

- **The risk-averse business-as-usual camp:** "If I don't have to do it, I'm not going to change how I have always operated. Come back to me and tell me when I must do it differently."
- **The risk-averse sustainability camp:** "I would like to do more, but I don't know what I am allowed to do, and I don't know how best to proceed; I am not supported and empowered, and I am afraid of doing it wrong."

In both cases, the lack of clear SPP policy and supporting implementation structures maintain the status quo, failing to promote a shift to broader sustainability considerations in public purchasing practices. Thus, public procurement will not improve over time without a shift to mandatory SPP policy.

A more comprehensive and integrated regulatory framework is necessary to shift public procurement in Canada from its current state as an underutilized policy mechanism to a strategic policy lever. Our research suggests that advancing a mandatory, harmonized policy approach to SPP at the federal level and incenting paralleling of that policy via intergovernmental funding and transfer payment agreements would drive essential organizational and behavioral changes

¹²⁵ 'Hamilton, S., (2021) Public Procurement Price-Taker or Market-Shaper? Critical Perspectives on International Business, Special SDG Issue (Forthcoming)'.

across all levels of government, helping to unify the divergent provincial policies currently present across Canada.

An integral first step in moving to mandatory SPP in Canada is strengthening policy language to remove ambiguity. As our research showed, the current sustainable procurement policies use unclear and optional terms such as “shall”, “may”, and “where feasible.” Such verbiage provides weak incentives for procurers to engage in sustainable practices. Instead, policies must use unequivocal definitions on what each provision entails, with clear examples to help users with implementation.

Additionally, governments should set mandatory targets that directly connect purchasing to existing sustainability objectives. This can include establishing a target for a proportion of purchases that incorporate sustainability requirements.¹²⁶ For instance, the Swedish government set a target of 70% of its bids to include environmental considerations by 2013, which the country achieved. Canada can look to global leaders such as the UK, Japan, and the Netherlands, to formulate a regulatory and policy pathway to mandatory Social Value, Green, Circular, and Sustainable Public Procurement.¹²⁷

2. Adopt a Comprehensive Sustainable Public Procurement Policy integrating both the Environmental and Social Dimensions of Sustainability

The present movement towards sustainable procurement in Canada is driven primarily by environment agencies and considerations. However, a more holistic approach that integrates the social, environmental, and economic dimensions is necessary to harness the full potential of sustainable public procurement as a strategic tool.

The true value offered by SPP is that it can change mindsets and shift institutional cultures to stimulate the Canadian economy to conduct business in a manner that rewards social justice and collective wellbeing. To that end, Canada’s SPP policy must not neglect the social aspect of sustainability when designing policies. A comprehensive SPP framework harnesses the inherent interconnectedness of sustainable procurement; regardless of industry, goods, services and works, rely on raw materials and human labour, both of which require consideration to reduce inequalities and shift towards a more equitable economy.

Canada can look to the leadership of the UK, New Zealand, Iceland, and Finland, who have recently created “whole-of-government” approaches that prioritize wellbeing and social progress in the provision of public services. Such approaches are designed to address the deeply embedded short-term and narrow policy making patterns prevalent in most governments. A whole-of-government approach will prompt a more comprehensive view of public procurement,

¹²⁶ Lela Mélon, ‘More Than a Nudge? Arguments and Tools for Mandating Green Public Procurement in the EU’, *Sustainability*, 12 (2020), 1–24.

¹²⁷ ‘Hamilton, S., (2021) Public Procurement Price-Taker or Market-Shaper? Critical Perspectives on International Business, Special SDG Issue (Forthcoming)’.

and how SPP policies can forward not only environmental targets, but also broader social justice agendas in Canada¹²⁸. This will contribute to a fundamental shift away from a simple, economic view of public procurement, towards a more humanistic wellbeing economy.

3. Enhance Multi-level Sustainable Public Procurement Coordination

Regulatory fragmentation between procurement practices and policies in Canada has led to a significant disconnect between the federal, provincial, and municipal levels of government. This lack of inter-governmental coordination is hindering progress towards a collective agenda. To mitigate these challenges ¹²⁹ we recommend a coordinated, multi-level regulatory governance approach to public procurement, combined with inclusion of sustainable procurement related requirements within inter-governmental funding and transfer payments.

Enhancing multi-level SPP must be driven by the federal government. Progress begins with collaboration among Canadian jurisdictions and global leaders that have demonstrated leading practice. Toronto, Fort McMurray (RMWB), and the provinces of Manitoba and Nova Scotia have already integrated sustainability into their procurement policies; collaborating with these groups is a natural starting point. Further, Canada should adopt the practices of global leaders to enhance its multi-level SPP coordination.

4. Create a Centralized Knowledge Hub and an Open Access Data Repository

Contracting authorities and public procurers often lack the data, knowledge, confidence, and experience to implement SPP practices. Given the diverse, risk-averse nature of Canada's procurement landscape, the federal government must play the principal role of facilitator and convenor to foster cohesion between government procurement agencies at provincial and municipal levels. While collaborative networks such as CCSP and ECPAR are providing space for knowledge exchange at the municipal level, a centralized knowledge hub is crucial to advancing a nationwide, harmonized SPP movement that aligns industry objectives with policy goals.

Centralized knowledge hubs offer model procurement criteria, technical knowledge, and professional development. An open access data repository will enable the standardization of key performance indicators. Both a centralized knowledge hub and open access data repository are critical to building capacity and fostering knowledge exchange between levels of government. Following the lead of the Netherlands and Germany, the Canadian federal government should establish a centralized knowledge hub and open access data repository to ease the implementation of the mandatory SPP policies across all levels of government.

¹²⁸ Anna Chrysopoulou.

¹²⁹ 'Hamilton, S., (2021) Public Procurement Price-Taker or Market-Shaper? Critical Perspectives on International Business, Special SDG Issue (Forthcoming)'.

Additionally, consistent, timely, and accurate information is integral to the successful coordination and implementation of SPP practices across all levels of government. A centralized data collection and stewardship system would facilitate the dissemination of these vital data to generate procurement statistics for analysis and publication. Multi-level data and knowledge sharing across governments will build system confidence and ambition, enable innovation and continuous peer-to-peer learning, document best-practices, and allow for an evidenced based approach to future policy improvements.

Germany is a leader in fostering multi-level collaboration and rewarding provincial engagement and strategic alignment. The German Competence Centre for Sustainable Procurement (KNB) provides practical support across all levels of government. The German federal government led the development of this center because it recognized that it is best positioned to coordinate and advance SPP policies across all levels of government. Similarly, Canada's federal government is best situated to drive the development of inter-governmental coordination. Fostering collaboration across all levels of government will be critical to developing a comprehensive regulatory framework that strengthens procurement practices and policies.

5. Integrate mechanisms of accountability including MAPS Analytical Framework into Public Procurement Practices

To ensure the continued quality and effectiveness of its procurement system, Canada should establish mechanisms that enable progress assessment and establish accountability towards desired objectives and outcomes. One approach is to conduct a MAPS assessment. The supplemental MAPS Sustainable Public Procurement Module evaluates legal and institutional framework, operations, market practices, and the transparency of SPP policies. Leveraging this tool, Canada can establish a benchmark position, a developmental roadmap toward a more integrated and sustainable public procurement system and foster an accountability mechanism to drive progress.

The MAPS Assessment allows for self-reflection of the existing Canadian system. It establishes a standardized comparison to leading jurisdictions, identifying opportunities and gaps and facilitating a continuous approach to improvement. Canada can look to Norway, a frontrunner demonstrating a strong commitment to continuous improvement and an early adopter of the MAPS Sustainable Public Procurement Assessment.

v. Promote Responsible Business Conduct to Enhance Supply Chain Transparency

In addition to mandatory procurement policy, capacity development, and continuous improvement, transparency is necessary to drive a green and socially equitable transition to a

more sustainable economy in Canada.¹³⁰ Scope 3 emissions often represent the highest proportion of total GHG emissions. They are the most difficult to calculate, given the lack of transparency in supply chains.¹³¹ Moreover, opaque global supply chains present a significant risk of modern slavery and human rights abuses.

In Canada, compliance due diligence and supply chain reviews fall on businesses. There are no whistleblowing programs or public lists of foreign vendors associated with forced labour incidents. On the other hand, the U.S. has implemented such measures to detect modern slavery in supply chains.¹³²

Canada's current human rights and ethical sourcing policies lack strong legislative teeth, as they mandate adherence to a minimum standard (that is often self-certified or voluntary in nature) rather than championing a higher standard of supply chain transparency. In addition, some policies ask solely for compliance with the local laws of the manufacturing country. Considering many of Canada's imports come from the global south, which, in many cases, their local laws do not mitigate the risk of sourcing from suppliers implicated in forced labour or other human rights violations. Canada's current human rights and ethical sourcing policies demonstrate significant gaps when considering the SDG goals Canada has ratified.

Public procurers can increase transparency by implementing human rights and environmental due diligence legislation for the procurement process. Such an initiative will foster greater accountability across the whole supply chain.

Some of the measures that Canada can take to ensure due diligence include:

- Developing guides on responsible public procurement that will provide a standardized guideline to public procurers to integrate human rights and ethical considerations into their purchasing practices. Canada can look to Norway for its Socially Responsible Public Procurement (SRPP) Guide,¹³³ and Spain for its Guide for the Protection and Promotions of Human Rights in Public Procurement.¹³⁴
- Establishing a sustainable sourcing code that sets due diligence to the highest human rights standards and detects non-compliance through a grievance mechanism. Canada can look to Japan to implement these measures.¹³⁵

¹³⁰ 'Hamilton, S., (2021) Public Procurement Price-Taker or Market-Shaper? Critical Perspectives on International Business, Special SDG Issue (Forthcoming)'.

¹³¹ US EPA.

¹³² 'Human Rights Due Diligence in the Supply Chain: Canada's Advisory on Doing Business With China | McCarthy Tétrault' <<https://www.mccarthy.ca/en/insights/blogs/terms-trade/human-rights-due-diligence-supply-chain-canadas-advisory-doing-business-china>> [accessed 26 November 2021].

¹³³ 'Public Procurement and Human Rights | Anskaffelser.no' <<https://anskaffelser.no/public-procurement/socially-responsible-public-procurement>> [accessed 26 November 2021].

¹³⁴ Joaquín Tornos and others, 'Guide for the Protection and Promotion of Human Rights in Public Procurement', 60.

¹³⁵ 'Sustainable Public Procurement in Local Governments Across Japan' <<https://www.hrprocurementlab.org/blog/sustainable-public-procurement-in-local-governments-across-japan/>>.

- Creating tools to evaluate the sustainability and environmental costs of a tender, based on life-cycle analysis, that can be used as an evaluation criterion. Canada can look to Netherland's "DuboCalc" for guidance.¹³⁶
- Instituting knowledge centres that promote capacity building of public procurement agencies by providing best practices and toolkits to integrate human rights into purchasing practices. Canada can look to National Human Rights Institutions (NHRIs) in Northern Ireland for guidance.¹³⁷

SECTION 5: CONCLUSION

Despite Canada's current fragmented SPP landscape, the Government of Canada is well-positioned to implement procurement systems to address the twenty-first century's grand challenges of climate change, poverty, and inequality. UN SDG Target #12.7 – Sustainable Public Procurement – calls upon governments to promote sustainable public procurement practices in accordance with national policies and priorities.¹³⁸ Canada has much to achieve to align its procurement practices with this UNSDG.

While Canada's existing SPP policy mix provided an early step in the right direction, it has failed to evolve. Without mandatory legislation and a comprehensive Sustainable Public Procurement policy, Canada will continue to lag the rest of the G7 in aligning public procurement with social and environmental objectives.¹³⁹ As a leader on the global stage, Canada must combine SPP policies with specific and measurable purchasing targets connected to desired sustainability outcomes, commensurate resources and develop mechanisms of accountability. Canada's leadership for SPP will demonstrate its commitment to making progress towards its social, environmental, and economic strategic priorities.

The COVID-19 crisis has highlighted the many pre-existing challenges and inequalities facing our current system. Over the last two years, supply chains have been pushed to extremes, forcing workers into unsafe working conditions. The lack of clear, consistent, and socially responsible procurement policies converging with the pandemic highlights the need for more policy coherence moving into an uncertain future with looming environmental concerns.

Following the lead of other G7 countries and global best practices, Canada can leverage SPP as a policy mechanism to achieve positive social, economic, and environmental outcomes. Creating a robust legislative framework, policy coherence, and knowledge hubs, the federal government can advance the implementation of SPP across a decentralized, multi-level government system while also advancing its net-zero ambitions. The fundamental prerequisite to this transformation

¹³⁶ 'What Is DuboCalc | Dubo Calc Portal' <<https://www.dubocalc.nl/en/what-is-dubocalc/>> [accessed 26 November 2021].

¹³⁷ 'Public Procurement and Human Rights in Northern Ireland'.

¹³⁸ 'Sustainable Public Procurement Initiative | UNEP - UN Environment Programme'.

¹³⁹ Innovation Government of Canada.

is a paradigm shift away from the low-bid mindset of traditional public procurement towards a comprehensive perspective that commensurately values people and the planet.

By addressing these areas of improvement, the Government of Canada has the power to transform public procurement from Price-Taker to Market-Shaper¹⁴⁰. Through a strong SPP framework and accompanying knowledge hubs, the federal government will elevate the entire procurement ecosystem, including all levels of government and private businesses, to adopt the practices needed to achieve a sustainable, prosperous, and socially just future for all Canadians.

¹⁴⁰ 'Hamilton, S., (2021) Public Procurement Price-Taker or Market-Shaper? Critical Perspectives on International Business, Special SDG Issue (Forthcoming)'.