



Contracting Policy Notice 2026-4: Small Business Procurement Program and Improving Opportunities for Small Businesses

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Contracting Policy Notice 2026-4: Small Business Procurement Program and Improving Opportunities for Small Businesses

Date: July 31, 2026

Overview

The Government of Canada is committed to the participation of small businesses in federal procurement.

On July 6, 2026, Public Services and Procurement Canada (PSPC), as the exclusive authority for procurement for the Government of Canada, launched the Small Business Procurement Program to:

- increase the participation of small businesses in federal procurement
- make it easier for small businesses to do business with the Government of Canada

This notice reinforces existing requirements under the Directive on the Management of Procurement that support improved access to federal procurement for small businesses.

Small Business Procurement Program

The Small Business Procurement Program includes a phased set of measures to improve the supplier experience and reduce barriers to participation, notably requiring that procurements be designed with small businesses in mind and expanding the use of standardized solicitation and contract templates across departments.

When procuring under a delegated authority from the minister responsible for PSPC, departments are responsible for incorporating PSPC's prescribed direction, systems, policies, tools, templates, procedures and guidance.

Organizations that are not contracting pursuant to PSPC delegated authorities are encouraged to apply the same measures.

Directive on the Management of Procurement and small business considerations

In support of the measures outlined by PSPC in the Small Business Procurement Program, departments are reminded of the existing requirements under the Directive on the Management of Procurement that support improved procurement opportunities for small businesses. Contracting authorities should work with business owners to reflect these considerations throughout the procurement process.

1. Clear, proportionate and simplified requirements

Business owners must clearly define the operational requirements and end-user needs of a procurement (see section 4.2.1 of the directive). Requirements, specifications, mandatory criteria, bid instructions and

administrative conditions should not be more complex, restrictive or burdensome than is necessary to meet the operational need or manage risk.

Requirements should also be framed in a way that supports the government's strategic direction, including considering opportunities to support Canadian economic interests (sections 4.2.7.5 and 4.3.4.15). This includes defining requirements in a way that does not unnecessarily exclude capable Canadian small businesses.

Whenever possible, solicitation documents should be simplified to support streamlined processes (section 4.5.3). Contracting authorities should challenge unnecessary complexity in solicitation drafting, bid instructions, certifications, documentation burdens and compliance steps when it is not required to manage risk or achieve operational outcomes.

These considerations should be informed by market analysis conducted to understand industry capacity and availability (sections 4.2.3.1 and 4.4.4).

2. Legitimate unbundling of requirements

Departments must consider whether a requirement can be legitimately divided into smaller requirements when doing so would better align the procurement strategy to the operational need and allow more suppliers to participate (section 4.3.4.6). For example, this could include allowing bids on lots or regional components where bundling would unnecessarily restrict competition or put smaller firms at a disadvantage.

Contracting authorities must document their decisions and ensure that any division of requirements is not used to bypass financial approval thresholds or other obligations.

3. Pricing strategies should not create avoidable barriers for small businesses

Contracting authorities must use pricing strategies, including the basis of payment, incentives and performance adjustments (section 4.3.4.8), that meet operational requirements and intended results.

Departments should assess whether pricing and payment structures create avoidable barriers for small businesses (for example, access to capital, cost of borrowing and cash flow). Where operationally and risk appropriate, departments should adjust these structures so that smaller firms are not unnecessarily disadvantaged by payment terms or risk allocation such as by using milestone payments or progress-based payments.

4. Supplier collaboration

Departments must make sure that there are opportunities for suppliers to collaborate and develop solutions, including pilots and prototypes, where appropriate (section 4.4.6). This is particularly important when it can improve outcomes, support innovation, or allow small businesses to demonstrate capacity at a manageable scale before full implementation.

5. Credible and fair procurement processes

Departments must uphold the Values and Ethics Code for the Public Sector, the Directive on Conflict of Interest (sections 4.2.2 and 4.3.2.2), and requirements for timely debriefings (section 4.16.3) and fair, prompt dispute resolution (section 4.16.4) throughout the procurement process. Together, these requirements help maintain credible and fair procurement processes, strengthen supplier confidence, and support small businesses' continued participation in federal procurement.

Enquiries

Individuals from government institutions may:

- Refer to Procurement community resources on the **Investment Management Communities GCXchange site** (accessible only on the Government of Canada network); and
- Contact your departmental procurement policy group for information about the *Directive on the Management of Procurement*.

Individuals from departmental procurement policy groups may:

- Contact PSPC at SPAC.PApage-APsbpp.PSPC@tpsgc-pwgsc.gc.ca for more information on the Small Business Procurement Program; consult the Buy Canadian Policy webpage, including the Buy Canadian: Buyer's Toolkit, for up-to-date guidance, tools and resources supporting policy implementation; and
- Contact TBS at Procurement Management Enquiries for interpretations of the *Directive on the Management of Procurement*.

Individuals from the public may contact the Treasury Board of Canada Secretariat Public Enquiries team at questions@tbs-sct.gc.ca.