



**Regulatory Experimentation Expense Fund Guide** *November 2021- Version 2.0*

Contents

[1. Purpose 3](#_Toc86673919)

[2. Scope 3](#_Toc86673920)

[3. REEF Objective 3](#_Toc86673921)

[4. Eligible expenditures 3](#_Toc86673922)

[5. Application process 3](#_Toc86673923)

[5.1 Eligibility Criteria 4](#_Toc86673924)

[5.1.1 Regulatory Experiment 4](#_Toc86673925)

[5.1.2 Types of problems or opportunities 4](#_Toc86673926)

 [Defined business need 4](#_Toc86673927)

 [Technological challenge 5](#_Toc86673928)

 [Market opportunity 5](#_Toc86673929)

[5.1.3 Innovation 5](#_Toc86673930)

[5.2 Assessment Criteria 5](#_Toc86673931)

[5.2.1 Public Benefit: 5](#_Toc86673932)

[5.2.2 Viability: 6](#_Toc86673933)

[5.3 Expression of Interest 7](#_Toc86673934)

[5.4 Proposal 7](#_Toc86673935)

[5.5 Funding decisions 7](#_Toc86673937)

[5.6 Memorandum of Understanding 8](#_Toc86673938)

[6. Reporting 8](#_Toc86673939)

[7. Lessons learned 8](#_Toc86673940)

[8. Contact 8](#_Toc86673941)

# Purpose

The purpose of this guide is to describe:

* the Regulatory Experimentation Expense Fund (REEF)
* how to apply to the REEF
* the assessment and selection process

# Scope

Applications to the REEF can be submitted by federal regulators such as departments, agencies and organizations. Projects can include participation by businesses, other jurisdictions, or other stakeholders.

# REEF Objective

The Centre for Regulatory Innovation (CRI) administers the REEF as part of its mandate of supporting a whole of government approach to regulatory experimentation and helping regulators and the regulatory system keep pace with technological advances. This includes creating opportunities for regulatory experimentation and helping federal regulators embed experimental learnings into the design and administration of their regulations. The CRI is positioned to support regulators through guidance and supplementary funding available through the REEF, which serves to offset expenses incurred while undertaking CRI-approved regulatory experiments.

# Eligible expenditures

Applicants can request funding for any eligible expenditures that are considered necessary to support the purpose of the project and are incurred after the signature of a memorandum of understanding. There are two types of eligible expenditures:

* direct delivery expenditures: expenses related to the implementation of the project and easily traced to specific activities. For example, contracting professional services.
* administrative expenditures: expenses related to an organization’s ability to administer and support project activities, in other words, these expenditures are a necessary part of an organization's operations as part of the delivery of a project. For example, salary dollars for a project manager.

The Treasury Board of Canada Secretariat reserves the right to make the final determination to exclude expenditures that are ineligible, unnecessary or outside the scope of the project.

# Application process

The CRI will issue callouts to advertise for applications to the REEF at least once a year; however, applicants may also apply to the fund throughout the year as they have developed their experiments.

The CRI uses a 2-step process to make funding decisions. Applicants must first submit an expression of interest (EOI) which will be evaluated by the CRI. The main purpose of the EOI is to assess the application against the [eligibility criteria](#_Eligibility_Criteria_1). The detail of information required at this stage is high level.

Applicants successful at the EOI stage will be invited to submit a full project proposal that will be used to provide the balance of the information required to make final funding decisions. Proposals must include more in-depth information related to the [assessment criteria](#_Assessment) to allow the CRI Steering Committee (CRI-SC) to rank applications based on their merit and provide final funding decisions.

# Eligibility Criteria

To be eligible for the REEF, the proposed projects must describe how they meet the following three criteria:

1. The project must be a regulatory experiment;
2. The experiment must address at least one of the following types of problems or opportunities:
* a [defined business need](#_Defined_business_need_1),
* a [technological challenge](#_Technological_challenge_1), or
* a [market opportunity](#_Market_opportunity_1); and,
1. The project must support [innovation](#_Innovation_1).

# Regulatory Experiment

The CRI defines a regulatory experiment as a trial or test of a new product, service, approach, or process, designed to generate evidence or information that can inform the design or administration of a regulatory regime**.**

To demonstrate that their project is a regulatory experiment the applicant will have to demonstrate the following:

1. The project includes a trial or test conducted under time limited conditions with a clear beginning and end.
2. The product, service, approach, or process that is tried must have an angle that is new. This could include something new, or something that already exists being used in a new way or in an untested environment.
3. The primary goal of an experiment is to generate data/information that can be used as evidence. The purpose should be to learn something.
4. The purpose for seeking information or evidence must be to inform the design oradministration of a regulatory regime. This means informing either:
* the administration of Acts or Regulations (e.g. guidance documents, enforcement, processes);
* the design of new Acts or Regulations; and/or,
* the revision of Acts or Regulations.

# Types of problems or opportunities

# Defined business need

A business need is a requirement identified by a business to run efficiently and sustainably. To meet this criterion the applicant needs to identify the business need they are trying to address, which can include removing competition barriers, reducing administrative and/or compliance burden or removing regulatory trade barriers. The applicant also needs to outline whether the need was identified by industry or if the applicant is proactively anticipating the needs of its regulated entities or other stakeholders.

# Technological challenge

A technological challenge exists when the development or administration of Acts or regulations is challenged by a new or evolving technology or when the application of Acts or regulations to a new technology is not optimal. Some examples include:

* where there is a lack of clarity or certainty about whether a new technology can adhere to existing regulations or whether existing regulations are appropriate to regulate a new product.
* new technologies allow for regulated entities to circumvent the regulations creating regulatory gaps.
* technologies that support more effective ways to do business but are prohibited by an existing regulatory framework.
* technologies that could provide potential or real public benefits but where potential harm is uncertain or is known and needs to be mitigated.

# Market opportunity

A market opportunity exists when a company has developed a new product or service with market potential. To meet this criterion the applicant needs to describe the product or service and explain how the experiment would support or accelerate the introduction of the product or service into the Canadian market.

# Innovation

To meet this criterion, applicants must describe how their proposed experiment supports innovation such as:

* The acceleration of the introduction of innovative products, services, business models and processes into the Canadian marketplace
* Innovative approaches to any or all stages of the regulatory lifecycle (issue definition and instrument choice, regulatory development, compliance/enforcement, and review/evaluation), such as iterative co-development, multi-sectoral partnerships, outcome-based regulations or sandboxes
* Innovative solutions to longstanding issues

# Assessment Criteria

Eligible applications will be assessed and ranked by the CRI-SC (composed of Director General-level representatives from several regulatory departments) using the following assessment criteria:

* Public Benefit
* Viability

# Public Benefit:

Public benefit is a measure of the extent to which Canadians will or could benefit from changes related to the learnings or evidence that the experiment seeks to generate. To demonstrate how well they meet this criterion, applicants are encouraged to describe how the experiment could support the elements below when applicable. Other elements may also be acceptable.

* The Canadian economy
* Canada’s regulatory competitiveness
* Canadian’s health and/or safety
* The environment
* Government of Canada priorities and/or investments

When describing how the proposed experiment supports the elements above, applicants should include information to clearly demonstrate the extent of the potential benefit of their experiment and provide quantitative or qualitative description of the anticipated benefit where available. (e.g. size of market, economical value, number of benefitting individuals, companies and/or departments that will benefit, etc.)

#  Viability:

Viability is a measure of the likelihood the experiment will deliver the evidence or learning that are sought. This includes a measure of value for money, a measure of the appropriateness of the connection between the evidence sought and the problem the experiment aims to address, and an evaluation of the applicant’s ability to deliver the evidence or information they seek. To demonstrate how well they meet this criterion, applicants must provide the following information:

* the reasons why they are proposing to conduct an experiment for obtaining the information or evidence they seek as opposed to using another method
* a plan to use the experimental findings to resolve their regulatory problem
* level of support obtained (Director General level at minimum) to conduct the proposed experiment
* description of the internal expertise available to run the experiment and/or what external expertise will be hired or contracted
* risk assessment and risk mitigation information
* an experimentation plan including a description of the experimental method and metrics
* total forecasted experiment costs and amount of funding requested from the CRI

Note: applicants are encouraged to consider investing departmental funds to the project for which they are seeking CRI funding as this will be considered when evaluating value for money.

Below is a list of other information that could enhance viability ratings:

* The applicant performed a foresight analysis
* The applicant performed behavioral research
* The applicant performed a system analysis or design analysis
* Other applicable information

# Expression of Interest

The purpose of the EOI is to provide an opportunity to departments and agencies to express their interest in the REEF without having to describe a detailed experiment. Applicants must fill out the EOI template, which is intended to include enough information to allow the CRI to:

* identify applications that meet the [eligibility criteria](#Eligibility);
* get a general understanding of the proposed experiment;
* ensure that the experiment meets a minimum viability threshold;
* get a general sense of the public benefits associated with the experiment; and,
* select promising projects to move forward and submit a full proposal.

# Proposal

Once an EOI is reviewed and deemed by the CRI to meet the eligibility criteria, the applicant will be invited to submit a more detailed proposal. The purpose of the proposal is to provide enough detail about the experiment for the CRI-SC to assess and rank the proposed experiment using the [assessment criteria](#_Assessment).

Applicants will have to describe their experiment in greater detail than in the EOI so that the CRI-SC can better understand how the experiment will be conducted and have enough information to assess the experiment’s viability. Details such as a project plan with key deliverables, costs, and risk analysis will be required at this stage. If answers to the questions in the proposal are unknown, please indicate that this is the case and how you intend to discover the answers, including if outside expertise is required by procuring a contractor or accessing the CRI’s guidance services. To assist departments in developing their regulatory experiment, the CRI has developed the [Regulators’ Experimentation Toolkit](https://www.gcpedia.gc.ca/gcwiki/images/6/6b/CRI_Regulators%27_Experimentation_Toolkit.pdf).

Applicants will have several weeks to develop full proposals from the day they are invited to do so by the CRI. During this period, the CRI will be available to support the applicants in developing their experiment, assess risks and identify mitigation measures. The applicant remains responsible for the completion and submission of the final proposal.

# Funding decisions

Funding decisions by the CRI-SC will be based on available funds and the results of a competitive proposal assessment that reviews proposals against the eligibility and assessment criteria. Other criteria may also be considered at the discretion of the CRI-SC, such as ensuring a range of organizations are supported or supporting a specific area of focus.

Funding decisions will be made during a CRI-SC meeting where applicants will have the opportunity present their proposal and directly respond to any questions. The CRI-SC will then collectively discuss the proposals, and members will have an opportunity to develop a shared ranking. Applicants will be notified of the final decision.

Not all eligible applications will be funded. Applications that do not receive funding through the REEF may be offered alternative support, such as leveraging the CRI’s advisory services in order to carry out their experiment using existing Departmental funds.

# Memorandum of Understanding

Upon approval of a project, the CRI will work with the successful applicant to develop and finalize a Memorandum of Understanding to outline conditions of funding and reporting requirements.

The MOU will set out, amongst other things, the department commitment to use the REEF to deliver the regulatory experiment, CRI commitment to provide advisory support, the amount of money the CRI commits to make available to the applicant and a general description of the activities and deliverables the applicant can use the funds toward.

The signed MOU will allow the CRI to transfer funds to the Project Department as Goods and Services (G&S) funding on a cost-recovery basis. The funds can be used to cover any direct costs for the experiment as described in the MOU, including salaries (any costs or penalties specifically associated with the conversion of G&S funds into salary funds must be covered by the Project Department).

# Reporting

Project departments will be required to report to the CRI on a schedule outlined in the MOU. Reporting will include interim progress report(s) and a final report to share outcomes, findings and lessons learned.

# Lessons learned

Regulatory experimentation is a new activity within the federal government. The dissemination of lessons learned is an important part of supporting a whole-of-government approach to regulatory experimentation. The lead of any funded project will be expected to share what they have learned with the CRI. The CRI will support the broader sharing of lessons learned. For example, the CRI may identify departments that could benefit from REEF project learnings. The CRI will also organize opportunities to share and discuss learnings with an interested audience and prepare and make public a report summarizing key lessons learned from regulatory experiments.

# Contact

If you have questions regarding the REEF or the application process or if you would like to discuss opportunities for regulatory experimentation within your department you can contact the CRI at: CRI-CIR@tbs-sct.gc.ca