



**Regulators’ Capacity Fund Proposal Guide - 2022-2025 (Version 1.0 – August 2022)**

Contents

[1. Purpose 2](#_Toc111464719)

[2. Regulators’ Capacity Fund Objective 2](#_Toc111464720)

[3. Scope 2](#_Toc111464721)

[4. Funding 2](#_Toc111464722)

[5. Eligible expenditures 3](#_Toc111464723)

[6. Application process 3](#_Toc111464724)

[6.2. Assessment Criteria 4](#_Toc111464725)

[6.2.1 Criteria 1: Competitiveness 4](#_Toc111464726)

[6.2.2. Criteria 2: Impact 5](#_Toc111464727)

[7. Project Ideas 6](#_Toc111464728)

[8. Assessment Process and Funding Decisions 6](#_Toc111464729)

[9. Memorandum of Understanding 7](#_Toc111464730)

[10. Reporting and Lessons Learned 7](#_Toc111464731)

[11. Contact Us 7](#_Toc111464732)

[Annex A: Regulators’ Capacity Fund - Proposal Template 9](#_Toc111464733)

# 1. Purpose

The purpose of this guide is to describe:

* the Regulators’ Capacity Fund
* how to apply to the Regulators’ Capacity Fund
* the assessment and selection process

# 2. Regulators’ Capacity Fund Objective

Located within the Treasury Board of Canada Secretariat’s (TBS) Regulatory Affairs Sector, the Centre for Regulatory Innovation (CRI) administers the Regulators’ Capacity Fund (RCF) to support the enhancement of regulators’ capacity to incorporate economic, competitiveness, and resilience considerations in the development and administration of regulations. To this end, the Fund aims to:

* enhance the capacity of regulators to accurately assess economic impacts of regulatory proposals, including impacts on competitiveness at sector and aggregate levels;
* enhance the capacity of regulators to design and administer regulations in a manner that accounts for economic and competitiveness impacts, within the context of their overall objectives; and,
* enhance the capacity of regulators to incorporate learnings from the ongoing pandemic response and adapt to rapidly-evolving regulatory landscapes to facilitate a system that is better equipped to mitigate future risks and respond to unanticipated developments, especially those related to climate change and public health.

# 3. Scope

Applications to the RCF can be submitted by federal regulators such as departments, agencies and organizations to receive funding in FY22-23, FY23-24 and/or FY24-25. Projects can include participation by businesses, government partners from other jurisdictions, academia, or other stakeholders. Multiple departments may choose to collaborate on a proposal and a project. In such cases, applicants should identify how much of the requested funding would be going to each department/agency involved, or if one will receive all of the funding and act as the lead for project implementation. A proposal can also be a subcomponent of a larger strategy or project that aligns with the criteria. In such a case, applicants should be able to demonstrate results within the timeframe of the RCF proposal, broken down by fiscal year.

The is no minimum duration for a project under the RCF; however final completion of the project can be no later than March 31, 2025.

# 4. Funding

The Regulators’ Capacity Fund will support up to $7 million in funding overall. Total funding available per fiscal year for the Regulators’ Capacity Fund is outlined below.

|  |  |
| --- | --- |
| Fiscal Year  | Total RCF funding available |
| 2022-2023 | $1.2 M |
| 2023-2024 | $3 M |
| 2024-2025 | $2 M |

There is no minimum or maximum amount for a funding request under the Regulators’ Capacity Fund; however, the amount requested must be justified with the scope of the project.

Funding will be available from winter 2023, upon competition of a signed MOU between the successful applicant and TBS.

# 5. Eligible expenditures

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

* direct delivery expenditures: expenses related to the implementation of the project and easily linked to specific activities. For example, contracting of professional services.
* administrative expenditures: expenses related to an organization’s ability to administer and support project activities, in other words, expenditures that 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 including those that are unnecessary or outside the scope of the project.

# 6. Application process

The CRI will issue annual callouts to advertise for applications to the RCF. Applicants may also submit a proposal to the RCF at anytime throughout the year and if funds are still available, the proposals will be considered.

In order to apply to the RCF, applicants must complete the proposal template (see Annex A) clearly demonstrating how the project meets the assessment criteria and submit it to the CRI by email at cri-cir@tbs-sct.gc.ca. Applicants are encouraged to reach out to the CRI in advance of submission to discuss ideas or receive feedback prior to final submission.

Prior to being submitted, proposals should have the appropriate level of departmental approval/authorization in accordance with the financial and risk implications of the project. At minimum, this should be the Director General level or equivalent. Any projects with an information technology component must get sign off from the departmental Chief Information Officer.

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# 6.2. Assessment Criteria

To be eligible for the Regulators’ Capacity Fund, the proposal must describe how the project meets the following two criteria.

1. Regulatory Competitiveness
2. Impact

There are multiple components to each criterion and applicants should identify linkages to all relevant components within the proposal. A proposal must meet at least one component for each criterion. A proposal can also be a subcomponent of a larger strategy that aligns with these criteria but should be able to demonstrate results within the FY timeframe.

# 6.2.1 Criteria 1: Competitiveness

The proposal must support regulatory competitiveness. The proposal should demonstrate that it will contribute to a federal regulatory framework that:

* works efficiently for regulated entities;
* does not unnecessarily impede the competitiveness of a sector or type of business;
* supports systemic resilience or pandemic recovery; and/or
* supports economic growth.

This includes – but is not limited to – the following components of competitiveness:

* ***Cost competitiveness:*** Regulatory frameworks often impact the costs incurred by industries in the course of doing business, which includes the cost of intermediate inputs (i.e., energy, raw materials, etc.) and of factors of production (i.e., labour, capital, etc.). By supporting the accurate assessment of these costs as part of the development or administration of a regulatory regime, regulators can achieve a greater understanding of the economic impacts of a regulatory proposal and inform their work in a manner that supports competitiveness.
* ***International competitiveness:*** Canada’s federal regulatory framework contributes to the comparative advantages and disadvantages faced by Canadian industries in the global market. Regulators and regulatory frameworks can support international competitiveness by including the promotion of regulatory cooperation or harmonization across jurisdictions.
* ***Innovation:*** Regulatory frameworks can support competitiveness by supporting the development or introduction of novel products, services, processes, technologies, or solutions to longstanding issues. This includes strategies to help regulators anticipate and/or keep pace with and support industry innovation.
* ***Minimizing regulatory burden:*** Regulatory competitiveness involves understanding and minimizing the burden that regulatory frameworks impose on regulated entities. This includes considering the type, extent, and effect of burden experienced by regulated entities, as well as how to reduce irritants and inefficiencies that add unnecessary cost, duplication and/or delay for business and citizens. Streamlining compliance processes, for example, is one way of meeting this component. By reducing regulatory burden, resources can be put to better use such as enhancing innovation and competitiveness.
* ***Resilience/Recovery***: Regulatory frameworks can support competitiveness by incorporating learnings from the ongoing pandemic response and adapt to rapidly-evolving regulatory landscapes. This will facilitate a system that is better equipped to mitigate future risks and/or respond to unanticipated developments. This element of competitiveness includes a particular emphasis on supporting clean technology innovation and equipping regulators to identify and respond to climate impacts on their regimes.

The External Advisory Committee on Regulatory Competitiveness provides advice to the Government of Canada on how to improve regulatory competitiveness. You can read its recommendations on the [TBS website](https://www.canada.ca/en/treasury-board-secretariat/services/federal-regulatory-management/external-advisory-committee-regulatory-competitiveness.html).

# 6.2.2. Criteria 2: Impact

Proposal assessment also takes the impact of a project into consideration, which is the extent to which the described project could result in lasting and meaningful benefits for regulators and/or a regulatory regime, including stakeholders.

In assessing the likely impact of a proposed project, consideration will be given to applicable components including, but not limited to:

* ***Scalability:*** Proposals that demonstrate a potential to scale up or build on its results/learnings are considered to carry lasting benefits following the project’s completion, beyond its immediate purview. This can include, for example, projects laying the groundwork for future efforts to support regulatory capacity and/or regulatory competitiveness.
* ***Horizontality:*** Proposals for projects that involve or positively affect multiple departments, agencies, sectors, or jurisdictions are considered to have a broader impact with the potential to benefit a wider range of regulated entities or regulators than projects that are narrower in scope.
* ***Alignment:*** By aligning with existing Government initiatives, priorities, and/or industry strategies, such as the targeted regulatory reviews\*, global innovation clusters, proposals are considered to carry broader, more meaningful impacts.

Impact feeds into an assessment of value for money. The impact of a project will be assessed in a manner proportionate to its size. That is, the impact of a smaller proposed initiative with a lower funding request is not understood to be inherently less than the impact of a larger initiative. Applicants should therefore not be deterred from submitting proposals for smaller or more targeted initiatives.

***\****[**Targeted Regulatory Reviews**](https://www.canada.ca/en/government/system/laws/developing-improving-federal-regulations/modernizing-regulations/targeted-regulatory-reviews.html)

An objective of the RCF is to support departments and agencies in the development and implementation of the priorities identified in the targeted regulatory review roadmaps which are aligned with the economic competitiveness objectives of the RCF. Bolstering the capacity to incorporate analysis centred around economic and competitiveness considerations, including but not limited to cost-benefit analysis, in the implementation of the roadmaps is critical to supporting the long-term efficacy of the improvements being undertaken through the regulatory review process.

While the Regulators’ Capacity Fund encompasses projects beyond those directly linked to the implementation of regulatory roadmaps, priority will be given to such projects in the assessment process.

# 7. Project Ideas

While all projects under the Regulators’ Capacity Fund should contribute to enhancing regulatory capacity, the broad mandate of the Fund allows for projects that range widely in terms of design, scope, and objectives.

Projects can deal with a particular regulatory regime – whether existing or proposed – or a broader regulatory practice (e.g., cost-benefit analysis). For descriptions of previously supported projects under the Regulators’ Capacity Fund, please visit the CRI’s [GCwiki page](https://wiki.gccollab.ca/Regulators%27_Capacity_Fund).

Projects can include but are not limited to:

* training initiatives to help regulators undertake economic/competitiveness analysis;
* data collection or data analysis to inform future regulatory work;
* the identification of regulatory barriers to competitiveness;
* research to support regulators’ understanding of barriers to regulatory competitiveness, including issues related to cumulative regulatory burden;
* contracting expert advisory services to conduct economic, competitiveness, or resiliency (with a particular emphasis on climate change) analyses to inform the development of a regulatory proposal;
* research to assess and react to risks and opportunities identified through regulatory responses or challenges due to COVID-19;
* carrying out exercises to anticipate changes in the regulatory landscape through practices such as foresight analysis; or
* developing tools or materials to support the effective administration of a regulatory regime.

Prospective applicants can reach out to the Centre for Regulatory Innovation if they wish to discuss potential project ideas or opportunities.

# 8. Assessment Process and Funding Decisions

Assessments and funding decisions will be made by a committee comprised of director and director general-level representatives from the Regulatory Affairs Sector within TBS. Decisions will be based on:

* the RCF criteria;
* budgetary considerations;
* an assessment of project viability based on the scope and project plan; and,
* a ranking against other submitted applications.

The CRI will provide analysis and recommendations to help inform committee decision‑making.

The committee may approve, not approve, or identify items for follow-up. If a project is identified for follow-up, the CRI will reach out to the project contact to seek clarification or to suggest specific revisions. Final decisions will be made after items identified for follow-up are resolved.

If a project is approved, a Memorandum of Understanding (MOU) will be signed between the Secretary of the Treasury Board and the participating department/agency. The MOU must be signed by an individual with the appropriate delegated financial authority, corresponding to the transfer amount, as outlined in the MOU.

# 9. 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 project department’s commitment to use the funds to deliver the project, the amount of funding that will be transferred to the applicant, and a general description of the activities and deliverables the applicant can use the funds toward.

The signed MOU will allow TBS to adjust the project departments’ allotments by transferring eligible amounts from the Treasury Board Secretariat Vote 10 – Government-wide Initiatives for the “Regulators’ Capacity Fund'' to the project department’s Vote 1 – Operating Expenditures. The funds can be used to cover any direct costs for the project 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). Any unused portion of the funding received shall remain with the project department and will not be returned to Treasury Board of Canada Secretariat.

# 10. Reporting and Lessons Learned

Projects receiving funding will be required to report to the CRI, in accordance with the schedule outlined in the project MOU. At minimum, this will include one progress report and a final report on outcomes, findings, and lessons learned.

A key objective of the RCF is to facilitate broader regulatory capacity-building, beyond the immediate scope of an individual project. Reporting is an important tool to facilitate this objective, enabling CRI to collect and disseminate lessons learned. The CRI will also organize opportunities to share and discuss learnings with project leads as well as produce and publicly disseminate a key lessons learned report.

This will allow for the identification of best practices and inform future work, leveraging learnings and preventing duplicative efforts. To read the Lessons Learned Report for projects supported under the Regulators’ Capacity Fund from 2020-2022, click here.

# 11. Contact Us

More information on the Centre for Regulatory Innovation and the Regulators’ Capacity Fund is also available on the CRI’s [GCwiki page.](https://wiki.gccollab.ca/Regulators%27_Capacity_Fund)

If you have any questions or if you would like further information or guidance, contact the Centre for Regulatory Innovation at cri-cir@tbs-sct.gc.ca.

# Annex A: Regulators’ Capacity Fund - Proposal Template



**THE REGULATORS’ CAPACITY FUND**

**PROPOSAL TEMPLATE**

|  |
| --- |
| **Applicant Information** |
| Lead Department or Agency |  |
| Secondary Department(s) or Agency(ies)  |  |
| Proposal Title (English and French) | E: |
| F:  |
| Project Contact (Name and Title) |  |
| Email Address  |  |
| Phone Number |  |
| Proposal Approved By(Name and Title)  |   |
| Date Submitted |  |
| **Proposal Information** |
| **Brief project summary***(max. 2 sentences or 50 words)* |
|  |
| **Item 1: Background**Describe the context for your proposal, including:* background on the current regulatory environment;
* the problem or issue that you are seeking to address; and,
* any issues with regulator capacity.

*(max. 150 words)* |
|  |
|  **Item 2: Project Overview**Provide an overview of proposed project activities and implementation approach.*(max. 200 words)* |
|  |
| **Item 3: Objectives**Describe short-term and long-term project objectives. *(max. 100 words)* |
|  |
| **Item 4: Partners**Identify any potential project partners (within government or external stakeholders).*(max. 50 words)* |
|  |
| **Item 5: Risk/Mitigation**Identify anticipated risks and mitigation strategies using the table below. |
| **Risk** | **Probability (high/medium/low)** | **Impact (high/medium/low)** | **Planned Mitigation** |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
| **Item 6: Competitiveness**Describe how the proposal would support consideration or incorporation of one or more of the following in a regulatory regime:* cost competitiveness
* international competitiveness
* innovation;
* minimizing regulatory burden; and,
* resilience/recovery.

*(max. 100 words)* |
|  |
| **Item 7: Impact**Describe how this proposal could have lasting benefits for your department’s regulatory capacity, or to the design/administration of your regulatory regime. This includes, for example:* scalability;
* horizontality; and,
* alignment with broader existing priorities or industry strategy.

*(max. 100 words)* |
|  |
| **Item 8: Funding**  |
| **Project Duration**  | ☐1 Year ☐ 2 Years ☐ Other: \_\_\_\_\_\_\_\_\_\_\_\_\_ |
| **Breakdown of funding request by fiscal year**  | **2022-2023** | **2023-2024** | **2024-2025** |
| $ | $ | $ |
| **Total RCF Funding Request:** |  |
| **Approximate funding breakdown by resource, activity or deliverable:** | *Example text** *$100K: advisory services contract*
* *$40K: 0.5 FTE for data analysis*
 |
| **Departmental Contribution (if any):** | *Example text** *$40K:0.5 FTE for project management*

 |
| **Any other sources of funding for this project (confirmed or planned):** | *Example text** *In discussions with stakeholder group to match CRI funding*
* *Budget ask planned to request $500K funding for future phases*
 |
| **Total Project Cost:** |  |
| **Item 9:** Describe the proposed project plan, in accordance with the template below. The template can be adjusted to best fit your proposed project.  |
| **Project Task** | **Deliverable** | **Accountability** | **Start Date** | **End Date** |
| **Phase 1:** *[insert brief description of this phase. Example: Contract with university to develop training materials for regulators]* | **(m/y)** | **(m/y)** |
| **Associated Phase 1 Milestones** |
| *[Insert description of milestone. For example: host a workshop with regulators to get input on draft materials]* | *[Example: Summary of Input]* | *[Example: project department, in cooperation with contractor]* | [Ex: 9/22] | [Ex: 12/22] |
|  |  |  | (m/y) | (m/y) |
| **Phase 2:** *[insert brief description of this phase]*  | **(m/y)** | **(m/y)** |
| **Associated Phase 2 Milestones** |
|  |  |  | (m/y) | (m/y) |
|  |  |  | (m/y) | (m/y) |
| **Phase 3:** *[insert brief description of this phase]* | **(m/y)** | **(m/y)** |
| **Associated Phase 3 Milestones** |
|  |  |  | (m/y) | (m/y) |
|  |  |  | (m/y) | (m/y) |

**Instructions**

* Use the template to describe your proposed project.
* Contact CRI if you have questions or if you would like further guidance on items.
* Please submit the completed application by email to cri-cir@tbs-sct.gc.ca.