



Applicant Guide

Indigenous Community
Infrastructure Initiative

March 2022



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Introduction

The Indigenous Community Infrastructure Initiative (“**ICII**” or the “**Initiative**”) aims to reduce the Indigenous infrastructure gap by investing at least \$1.0 billion in Indigenous community infrastructure. The Initiative provides low-cost and long-term debt to Indigenous projects across the CIB’s five priority areas: Clean Power, Green Infrastructure, Public Transit, Broadband, and Trade & Transportation.

The purpose of this Applicant Guide is to provide prospective applicants with an overview of the Initiative eligibility requirements and application process. Applicants are encouraged to review the information provided on the CIB’s website.

Initiative Objectives

The ICII has three primary objectives.

1. Contribute to reducing the infrastructure gap in First Nation, Inuit, and Métis communities across Canada.

Any project that the CIB invests in through the ICII must provide a direct benefit to one or more Indigenous communities. Indigenous communities include First Nations, Métis and Inuit communities

2. Provide tailored CIB commitments.

The CIB recognizes that its mainstream investments process does not directly support smaller scale Indigenous projects. The ICII was created so that the CIB can provide a tailored investment that will target these projects. This includes a smaller investment size of \$5-100M, up to 80% of capital costs, and flexibility on sources of revenue for repayment.

3. Support Indigenous community infrastructure ownership and self-determination.

The ICII aims to empower Indigenous communities to own and manage their own infrastructure projects by providing capital to projects that may not typically attract private investment.

Initiative Overview

The Canadian Council for Public-Private Partnerships has identified an infrastructure gap of \$25-30 billion in First Nation communities alone. The gap for all Indigenous communities, including First Nation, Métis, and Inuit, is estimated to be significantly higher. As a result, the Statement of Priorities and Accountabilities to the Chair of the CIB on February 3, 2021 included a direction to target at least \$1.0 billion investment in Indigenous infrastructure projects across the CIB’s five priority areas.

The CIB has already been actively financing larger projects that feature Indigenous participation or benefit Indigenous communities, however, before the introduction of the ICII, the CIB was not able to invest in smaller projects. The ICII will fill the gap for smaller-scale projects that, despite their size, have a material impact on the lives of the Indigenous people. The ICII aims to be a

part of addressing the Indigenous infrastructure gap and part of the CIB's commitment to investing at least \$1.0 billion in Indigenous projects.

Eligibility Requirements

Applicants to the Initiative must meet the minimum eligibility requirements described in this section to be considered for CIB investment under the ICII. Applicant and project eligibility is determined at the sole and absolute discretion of the CIB.

Eligible Applicants

The ICII is open to Indigenous communities, Indigenous economic development corporations, Indigenous organizations and/or industry sponsors, such as developers, contractors and/or operators of the project, with support of the Indigenous community or communities of interest, including First Nations, Métis and Inuit communities.

Eligibility Criteria

For a project to be eligible for the ICII, a project must:

- Fall within at least one of the CIB priority sectors (see *Eligible Project Categories* below) and be located in Canada;
- Generate revenue, but can also be supported by a legal assignment of community indirect or alternate revenue sources;
- Be new or represent significant upgrades to existing infrastructure;
- Evidence that no other lender will provide financing at terms and conditions that make the Project viable ;
- Provide a direct benefit to an Indigenous community or communities;
- Include Indigenous community capital and/or other industry sponsor investment of at least 20% of project capital cost net of grants; and
- Represent a CIB commitment of between \$5-100 million and not more than 80% of the total project capital cost net of project grants.

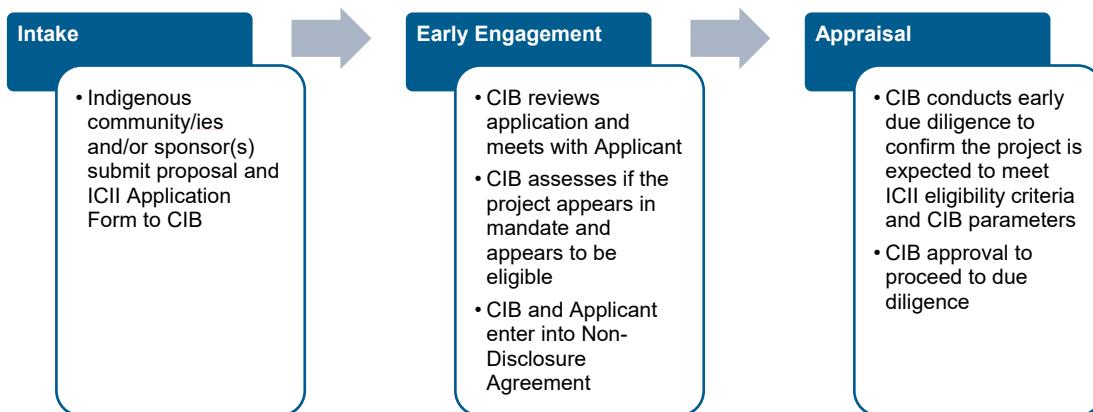
Eligible Project Categories

Project Categories	
Clean Power	<ul style="list-style-type: none"> ▪ Development of renewable energy, including solar, wind, small-scale hydro, tidal, biomass, and geothermal infrastructure. ▪ Development of renewable energy-powered microgrids. ▪ District energy systems. ▪ Transmission installation and upgrades to improve access and reliability of access to electricity.
Green Infrastructure	<ul style="list-style-type: none"> ▪ Investments that transition communities off diesel generators to renewable energy sources and less carbon-intensive sources of energy. ▪ Investment in retrofits of buildings to make them more energy efficient. ▪ Investments that provide a long-term, reliable source of clean drinking water. ▪ Improvement of environmental performance of water and wastewater management systems.
Broadband	<ul style="list-style-type: none"> ▪ Development of communications infrastructure for remote or rural communities including broadband.
Trade & Transportation	<ul style="list-style-type: none"> ▪ Development of transportation infrastructure for remote or rural communities including roads, bridges, rail, airports, etc. ▪ Agriculture-related infrastructure for communities ▪ Infrastructure to enable community-based development, such as roadworks and connectivity to utilities within new or existing Indigenous communities
Public Transit	<ul style="list-style-type: none"> ▪ Regional bus systems, zero emissions buses, etc.

Investment Process

The CIB will accept applications to the ICII on a rolling basis. The investment process is summarized in flowchart and detailed further below.

Stage 1: Application



1. Intake

Prospective applicants should review this Applicant Guide in detail to ensure the proposed project meets the eligibility criteria and contact the CIB with any questions about the ICII or eligibility. The Applicant completes the CIB Application Form and submits the completed¹ form to indigenous@cib-bic.ca.

2. Early Engagement

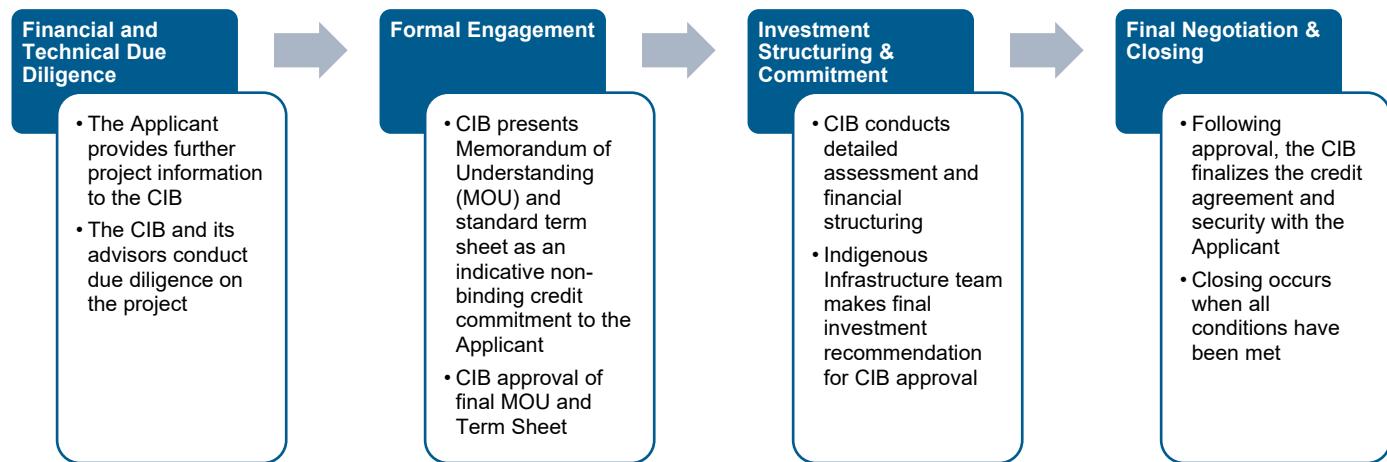
The CIB reviews the application form, meeting with the Applicant, and making any clarifications, as necessary. Provided that the project appears to be in the CIB's mandate and meets ICII criteria, the CIB and the Applicant enter a Non-Disclosure Agreement ("NDA") to begin sharing project information.

3. Appraisal

Following execution of the NDA, Applicants are expected to share detailed project information to support the due diligence process. In the Appraisal stage, early financial and technical due diligence is conducted to confirm that the project is expected to meet eligibility criteria. CIB confirms that the project can proceed to the detailed due diligence stage.

¹ Receipt of an application does not constitute an investment commitment by the CIB.

Stage 2: Due Diligence and Investment Commitment



1. Financial and Technical Due Diligence

Detailed financial and technical due diligence is conducted on the project. The CIB may ask for additional materials to be provided by the applicant and the CIB may engage external advisors to assist with due diligence, at the expense of the CIB. Typical materials that the CIB will expect at this stage are feasibility study, business plan, financial or accounting models, and material contracts. The documentation requirements are described in the following section.

2. Formal Engagement

The CIB presents an ICII Standard Term Sheet and Memorandum of Understanding (“**MOU**”) to the Applicant. Once these terms are agreed, the finalized Term Sheet requires CIB approval and sign off. Approval of a Term Sheet does not constitute a final approval or funding commitment.

3. Investment Structuring and Commitment

The CIB conducts a detailed assessment and financial structuring for the project. An investment recommendation is made for CIB final approval of a funding commitment.

4. Final Negotiation and Closing

Following approval, the CIB finalizes the investment with the Applicant. Closing occurs when all conditions have been met and investment documents have been executed.

Stage 3: Funding and Monitoring

Disbursements and Reporting

Investment funding occurs typically over the course of the construction period of the project, on a quarterly basis. To receive these disbursements, a disbursement request (including a report that outlines the construction progress and costs to date) will be submitted to the CIB based on a fixed schedule. Throughout operations, the Applicant will provide the CIB with robust project impact and outcomes data through annual reports. The CIB will track the investment, including review and verification of Applicant documentation, monitoring risks, and reporting regularly. The CIB will hire an external advisor to provide oversight, monitor, report and advise during the construction (including tracking the costs and timeline) and operations period.

Quarterly Disbursements

- Applicant submits a disbursement request
- Funds available via quarterly draws, provided the project is tracking to expectations and reporting is delivered on time

Annual Review and Reporting

- Annual review covering the overall management and use of the project entity (SPV) funds and project progress
- Reporting on project performance and outcomes, including where relevant, GHG emissions reductions and community impact

Project Documentation Requirements

To engage in detailed investment discussions with the CIB on your project under the ICII, the following documentation will be required.

Intent to Apply Form

The CIB has a standard form for projects that meet the criteria of the ICII. This form can be found on the [CIB website](#).

Project Information

To support the investment process in **Stage 2: Due Diligence and Investment Commitment**, the Applicant will submit documentation to support the following requirements. For any given project, some of these requirements may differ from this standard list based on the eligible project category.

Requirement	Details
Project Description	<ul style="list-style-type: none"> ▪ Eligible project category ▪ Proposed borrower and detailed ownership breakdown ▪ Description of how the project provides a direct infrastructure service and benefit to the Indigenous community or communities ▪ Key technical features, such as technology type, size, etc. ▪ Project location ▪ Expected benefits and impact of the project on the Indigenous community or communities ▪ Total project cost and timelines
Project Team	<ul style="list-style-type: none"> ▪ Team structure, project partners, consultants, and advisors ▪ Experience of team members
Financial Structure	<ul style="list-style-type: none"> ▪ Proposed financial structure with sources of equity, grants, and requested debt (both CIB and non-CIB sources) and uses of capital broken out ▪ Status of sources of capital (confirmed or unconfirmed) ▪ Requested terms and conditions of the CIB financing
Technical Description	<ul style="list-style-type: none"> ▪ Engineering reports and/or feasibility studies to demonstrate that the project scope is appropriate ▪ Details of cost estimates ▪ Current status of permits, licences, and regulatory approvals required in respect of the Project
Revenue Sources	<ul style="list-style-type: none"> ▪ Revenue sources and any associated contracts ▪ Associated use or supply forecasts
Financial Model	<ul style="list-style-type: none"> ▪ A model outlining the project's financial projections including estimated costs (construction, financing costs, operations and maintenance, etc.) and revenues ▪ Project cash flows and return on investment ("ROI") should be projected in the model
Material Contracts	<ul style="list-style-type: none"> ▪ Any executed Material Project Contracts including, construction contracts, operations and maintenance contracts, management services agreements
Risk Management	<ul style="list-style-type: none"> ▪ Identification of any current regulatory, technical, or other risks and associated mitigation strategy ▪ Indigenous community/ies approval resolution/s and detail of any additional Indigenous consultation required

Frequently Asked Questions

What is the deadline to submit an application to the ICII?

There is no deadline to submit an application; applications are accepted on a rolling basis. Once project development reaches the stage where there is enough information that questions in the [application form](#) can be answered, the CIB encourages the proponent to submit the application to indigenous@cib-bic.ca.

Does the ICII have a total cap of \$1 billion?

No, the ICII does not have a cap of \$1 billion. The CIB has a target to invest at least \$1 billion in Indigenous infrastructure, which is a floor rather than a ceiling for the CIB's investments in Indigenous projects. The CIB overall has the mandate to invest \$35 billion over 10 years.

Does the ICII provide grants for Indigenous community projects?

No. The CIB investments made through the ICII will be low-interest, repayable loans.

Can the ICII support Indigenous-owned economic development opportunities within the Eligible Project Categories?

Yes, the ICII can support Indigenous-owned economic development opportunities within the eligible project categories.

What is the minimum Indigenous equity requirement of the ICII?

The ICII requires that at least 20% of the net of grant capital cost be contributed as equity in the project. This equity can come from Indigenous communities and/or their partners. The maximum CIB debt that a project can receive is 80% of the net of grant capital cost.

What are the terms of a CIB loan in the ICII?

Interest rates and loan tenor will be established on a project-by-project basis. CIB is able to offer below-market interest rates to enable eligible projects that may not be viable with a traditional loan. Loan tenor will align with the life of the asset or any material agreements for the project up to a maximum of 35 years.

The CIB offers advisory services and acceleration funding, can I access these for an ICII project?

In certain circumstances. Please reach out to the Indigenous Infrastructure team at indigenous@cib-bic.ca to discuss your project.

Is revenue generation from the project a requirement under ICII?

Yes. The ICII is offering a loan, which requires repayment. The CIB recognizes that revenues from community-based projects may be insufficient to fully service the project costs. The ICII provides flexibility for communities to pledge indirect and/or alternative sources of revenue to the project to fully cover the costs.

My project is receiving grant funding, is it still eligible for a loan under ICII?

Yes. A loan from the CIB under the ICII can be stacked with grant funding, provided that the request from the CIB meets the eligibility requirements of the program.

How long will it take for my project to get a loan funded under ICII?

The time requirement for due diligence and loan approval can vary depending on the size and complexity of each project. From the date of the receipt of the completed CIB Application Form, we expect, at minimum, 6 months would be required to reach financial close.

What is the security that the CIB will take on the loan?

The security is typical for project finance. The CIB will secure against future direct revenue streams for the project and any indirect or alternate revenue sources that have been legally assigned to the project to service the debt. The loan will be non-recourse to the community.

The ICII requires that a project provide a direct benefit to an Indigenous community or communities. How do I confirm that my project meets this requirement?

The intent of the ICII is for infrastructure to provide a benefit to an Indigenous population. This may include community-based infrastructure projects and urban settlements or developments that are specifically designed to directly benefit the Indigenous population, or economic development opportunities, where Indigenous partners are at least 25% project owners. The CIB will confirm at its sole and absolute discretion that a project meets this requirement. The CIB encourages prospective applicants to reach out to the CIB at indigenous@cib-bic.ca to confirm that your project meets this requirement.

The CIB investment request for my project is larger than \$100 million, can my project be considered under the ICII?

Depending on the size of the project, the CIB may review the project under the mainstream investment stream rather than the ICII. The CIB encourages prospective applicants to reach out to the CIB at indigenous@cib-bic.ca to determine the best approach for your project.

My project fits your ICII criteria, but I already have financing in place; could I refinance under ICII?

The CIB seeks to invest capital into new infrastructure projects alongside private and institutional investors. The CIB avoids crowding out capital from private sector entities and does not refinance projects in which the CIB is not already invested.

Who do I contact if I have questions about ICII?

The Indigenous infrastructure team is happy to answer any questions you may have. You can reach the team at indigenous@cib-bic.ca.