



Indigenous Community Infrastructure Initiative

Advancing Indigenous Reconciliation and
Addressing the Indigenous Infrastructure Deficit

May 2021

What is the Canada Infrastructure Bank?

- The Canada Infrastructure Bank (the “**CIB**”) is investing \$35 billion in new revenue-generating infrastructure projects that increase economic growth, connect communities and take action on climate change.
- The CIB aims to get more infrastructure built that is in the public interest by partnering with private and institutional investors, Indigenous communities and governments across Canada.
- Within its \$35 billion mandate, the CIB is executing on a \$10 billion, three year Growth Plan that will strengthen Canada’s economic growth and accelerate Canada’s transition to the low carbon economy by focusing investment in five priority sectors:
 - Green infrastructure;
 - Clean power;
 - Public transit;
 - Trade and transportation; and
 - Broadband infrastructure

Investing to Deliver Outcomes and Results



Indigenous Community Infrastructure Initiative (ICII) Background

- The CIB recognizes the infrastructure gap in Indigenous communities is substantial:
 - Estimated by the Canadian Council for Public-Private Partnerships to be between \$25-30 billion for First Nations alone
 - The gap for all Indigenous communities, including First Nations, Métis, and Inuit, is estimated to be much higher
- In February 2021, the Statement of Priorities and Accountabilities from the Minister of Infrastructure and Communities to the Chair of the CIB included a recommendation to target at least \$1.0 billion investment for Indigenous infrastructure projects across the CIB's five priority sectors
- The CIB's commitment to invest at least \$1.0 billion in Indigenous infrastructure is consistent with the Government of Canada's commitment to reconciliation and would include projects under the Indigenous Community Infrastructure Initiative as well as larger projects under the broader CIB investments framework
- The CIB is currently involved in several promising large projects that feature Indigenous ownership or community benefit, and the Indigenous Community Infrastructure Initiative is designed to address the unique infrastructure gap at the community-level

Indigenous Community Infrastructure Initiative Overview

- The ICII is a new way to accelerate further closing the community-level infrastructure gap by providing low-cost and long-term loans to Indigenous communities to fund projects across the CIB's priority sectors
- The two primary differences between the ICII and broader CIB investments in bigger projects, showing how the CIB is aiming to be responsive to community priorities and needs are:

Investment amount: Scaled to support community-sized projects

- The ICII targets loan requests of \$5 million to \$50 million while the mainstream CIB investment framework typically looks at requests greater than \$100 million

Sources of repayment: Flexible to adapt to community context

- ICII projects must be revenue generating, but can also have alternative sources of revenue assigned for loan repayment, whereas broader CIB investments require revenues and/or cost-savings generated within the project to service the obligations

Eligibility Criteria for an ICII Investment

- Through the ICII, the CIB is looking to invest in community-based projects that provide a service and a direct benefit to an Indigenous community or communities to help to close the infrastructure gap
- These projects must:
 - Be located in Canada;
 - Generate revenue, but can also be supported by other community revenues;
 - Represent a CIB investment of at least \$5 million and not more than 80% of total project cost;
 - Include 20% of the total project capital cost from non-CIB sources;
 - Be new or represent significant upgrades to existing infrastructure;
 - Have a robust construction and operations risk mitigation strategy; and
 - Fall within at least one of the Eligible Project Categories on the next slide.

Eligible Project Categories

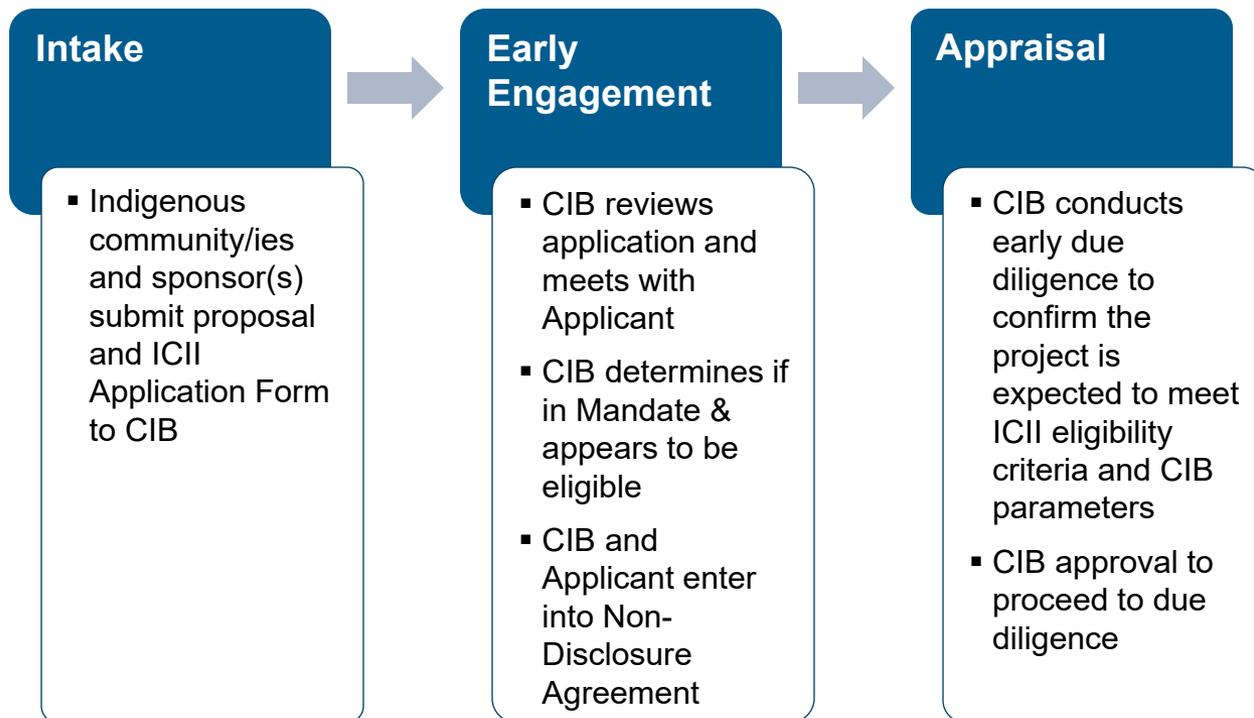
CIB Priority Sector	ICII Project Category
 <p data-bbox="222 414 318 485">Clean Power</p>	<ul data-bbox="376 314 1864 585" style="list-style-type: none"> ▪ Development of renewable energy-powered microgrids ▪ Development of renewable energy, including solar, wind, small-scale hydro, tidal, biomass, and geothermal infrastructure ▪ District energy systems ▪ Transmission installation and upgrades to improve access and reliability of access to electricity
 <p data-bbox="222 692 318 763">Green Infrastructure</p>	<ul data-bbox="376 621 1883 849" style="list-style-type: none"> ▪ Investments that transition communities off diesel generators to renewable energy sources and lower carbon intensive sources of generation ▪ Investment in retrofits of buildings to improve energy efficiency ▪ Investments that provide a long-term, reliable source of clean drinking water ▪ Improvement of environmental performance of water and wastewater management systems
 <p data-bbox="222 899 318 971">Trade & Transport</p>	<ul data-bbox="376 878 1883 1006" style="list-style-type: none"> ▪ Development of transportation infrastructure for remote or rural communities including ports, roads, bridges, rail, airports, etc. ▪ Agriculture-related infrastructure for communities
 <p data-bbox="222 1056 318 1128">Public Transit</p>	<ul data-bbox="376 1078 1217 1120" style="list-style-type: none"> ▪ Regional bus systems, zero emissions buses, etc.
 <p data-bbox="222 1228 318 1270">Broadband</p>	<ul data-bbox="376 1206 1835 1292" style="list-style-type: none"> ▪ Development of communications infrastructure for remote or rural communities, including broadband

First Steps to Engage with CIB on ICII Projects Opportunities

- The CIB has a standard form for projects that meet the criteria of the ICII. This form can be found on the CIB website:
<https://cib-bic.ca/en/partner-with-us/growth-plan/indigenous-infrastructure/>
- To support the CIB's investment due diligence, the type of information required from Sponsors / Proponents includes
 - Detailed project description
 - Details of the project team, including all partners, contractors and advisors
 - Engineering and feasibility studies
 - Documentation for revenue sources
 - Project financial model
- The CIB encourages prospective applicants to reach out to the dedicated ICII team at indigenous@cib-bic.ca

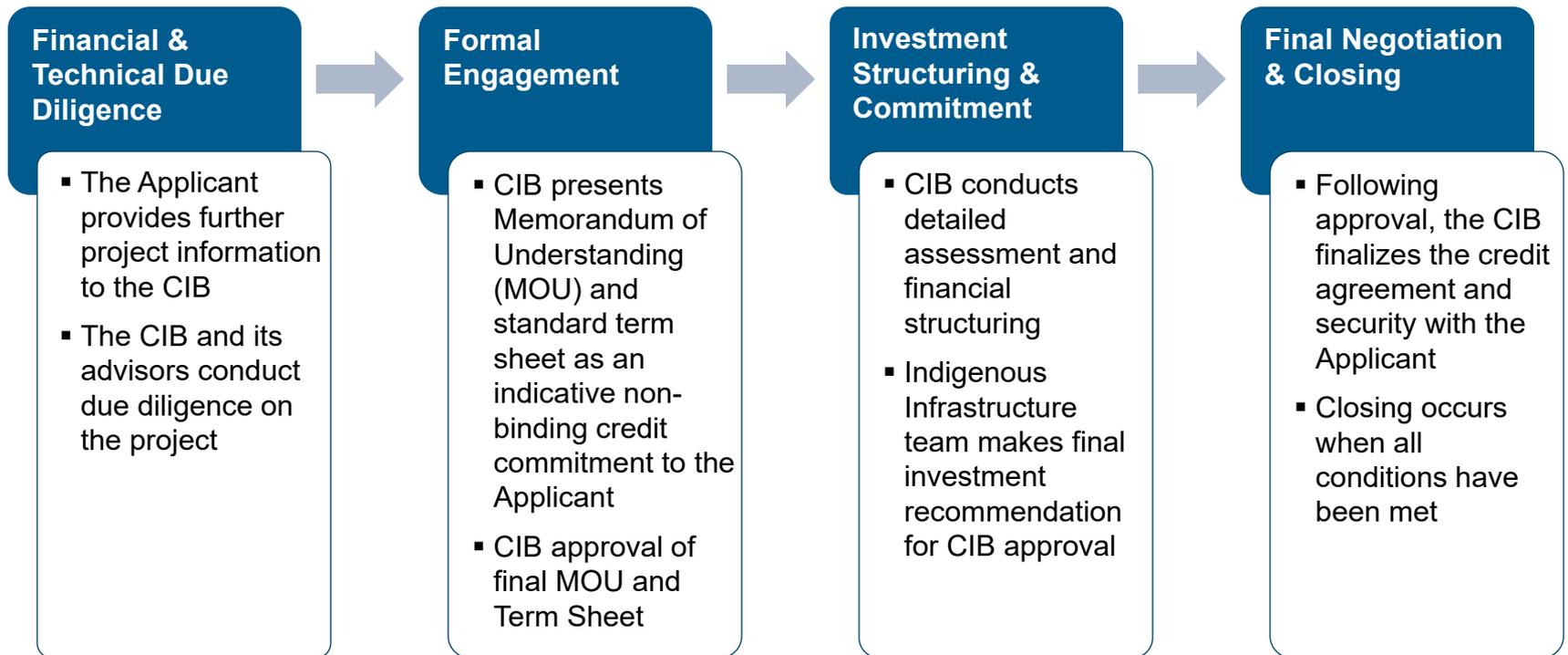
ICII Project Assessment Process – Intake to Appraisal

- The CIB has a dedicated Indigenous Infrastructure team to work with the Indigenous community/ies and sponsor(s) (the “Applicant”) through all stages of the Project
- The CIB Indigenous Infrastructure team also leverages the internal industry-specific expertise within the CIB



ICII Project Assessment Process – Structuring to Financial Close

- The CIB Management Investment Committee and the Investment Committee of the CIB Board of Directors oversee Project assessment decision-making, with ultimate investment approval resting with the CIB Board of Directors
- The CIB takes a systematic and disciplined approach to project origination and evaluation, with appropriate risk management





Appendix: Summary of Standardized ICII Deal Structure

Standardized ICII Deal Structure

Criteria	Details
CIB Investment	<ul style="list-style-type: none"> ▪ Senior Debt (“The Facility”)
Investment Size	<ul style="list-style-type: none"> ▪ From \$5-50M CIB investment (larger projects can flow to regular CIB stream) ▪ Debt is sized based on the lesser of: <ul style="list-style-type: none"> ▪ Up to 80% of the cost of the Project – remaining cost of project could be provided by the community and/or private sector – additional private capital could be invested in the future to reduce the CIB portion ▪ Amortization profile supporting a forward 1.50x DSCR
Pricing	<ul style="list-style-type: none"> ▪ Interest rate: As each business case allows, but generally 1% per annum on the outstanding principal amount of the Facility
Term	<ul style="list-style-type: none"> ▪ Maximum of Construction+35 years. The Maturity Date will typically be 1 year before the earlier of (i) the expiry of the Material Project Contract(s), or (ii) the expiry of the useful economic life of the project.
Repayment	<ul style="list-style-type: none"> ▪ Interest-only during the Construction Period ▪ Quarterly mortgage-style repayments during the Operating Period only
Security	<ul style="list-style-type: none"> ▪ Secured against revenues of the project or other revenue sources available to the community (from other community assets/businesses) ▪ As is typical in project finance transactions, non-recourse to the community

Standardized ICII Deal Structure (Continued)

Criteria	Details
Governance	<ul style="list-style-type: none"> ▪ As with all CIB projects, the preference (wherever practical) is for the project to sit within a special purpose entity and be ring fenced from other community assets ▪ Decision making must reside with a board of directors or management team – investment, rate setting decisions must be independent of elected members
Appropriate Risk Transfers to Contractors & Operators	<ul style="list-style-type: none"> ▪ The Borrower will be required to enter into fixed-price, date certain construction contracts and operating contracts (or have an operations plan and risk mitigation strategy) that are otherwise satisfactory to the Lender
Equity Contribution	<ul style="list-style-type: none"> ▪ At least 20% of total Project Cost. An equity L/C, or the full of amount of the equity must be deposited in a blocked account at Financial Close
Project Accounts	<ul style="list-style-type: none"> ▪ Proceeds Account, Debt Service Reserve Account (“DSRA”), Major Maintenance Service Reserve Account (“MMRA”), Equity Lock-Up Account
Use of Third Party Advisor Reports	<ul style="list-style-type: none"> ▪ The CIB will benefit from the expertise and opinions of independent advisors to assess technical, resource, insurance & environmental risks specific to projects



Thank you

Contact us at indigenous@cib-bic.ca

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