

# Canada Infrastructure Bank

## Indigenous Community Infrastructure Initiative Guide

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# Introduction

The purpose of this guide is to provide prospective applicants with an overview of the Indigenous Community Infrastructure Initiative (“**ICII**” or the “**Initiative**”) eligibility requirements and financing process. Indigenous communities and their partners (“**Project Developers**”) are also encouraged to review the information provided on the CIB’s website.

## CIB Overview

The Canada Infrastructure Bank (the “**CIB**”) is an impact investor with a mandate to invest in revenue-generating infrastructure which benefits Canadians and attracts private capital.

## Initiative Overview

Significant infrastructure gaps have been identified across Indigenous communities, including First Nations, Métis and Inuit communities. The CIB has a target to invest at least \$1 billion in revenue-generating Indigenous infrastructure across the CIB’s five priority sectors: clean power, green infrastructure, public transit, broadband and trade & transportation. The CIB invests or lends to these new infrastructure projects that are for the benefit of and in partnership with Indigenous communities to reduce their significant infrastructure gap and promote economic participation. The CIB desires to achieve this \$1 billion target, in part, through ICII, which provides low-cost and long-term debt with investment parameters that enable smaller, community-scale projects.

Through the ICII, the CIB can invest in smaller-scale community-based projects that have a material impact on the daily lives of Indigenous people.

# 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 the CIB invests in through the ICII must provide a direct benefit to one or more Indigenous communities by closing an infrastructure gap in an Indigenous community and/or by promoting Indigenous economic participation.

## **2. Provide tailored CIB commitments.**

The CIB recognizes its mainstream investments process does not directly support smaller scale Indigenous projects. The ICII was created so the CIB can provide a tailored investment which will target these projects. This includes a smaller investment size of \$5-100M, up to 80% of capital costs net of grants, 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. These projects create a multitude of community impacts and advance Indigenous economic participation.

# Eligibility Requirements

Interested Indigenous communities and their partners who wish to access financing through the Initiative must meet the minimum eligibility requirements described in this section. Prospective borrowers and project eligibility is determined at the sole and absolute discretion of the CIB.

## Eligible Borrowers

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 infrastructure and/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 by either:
  - » Closing an infrastructure gap in an Indigenous community, or
  - » Evidencing a minimum Indigenous community ownership of 20% equity in the project, thereby promoting Indigenous economic participation;
- » 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 capital cost net of project grants.



## Eligibility Criteria

### Project Categories

#### Clean Power

- » 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.
- » Power from waste infrastructure.
- » Battery storage projects.

#### Green Infrastructure

- » 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.
- » Energy transition infrastructure including low-carbon fuels, hydrogen, and small modular reactors.
- » Electric charging and hydrogen refuelling infrastructure.

#### Broadband

- » Development of communications infrastructure for remote or rural communities including broadband.

**Trade & Transportation**

- » Development of transportation infrastructure for remote or rural communities including roads, bridges, tunnels, rail, airports, ports, 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.

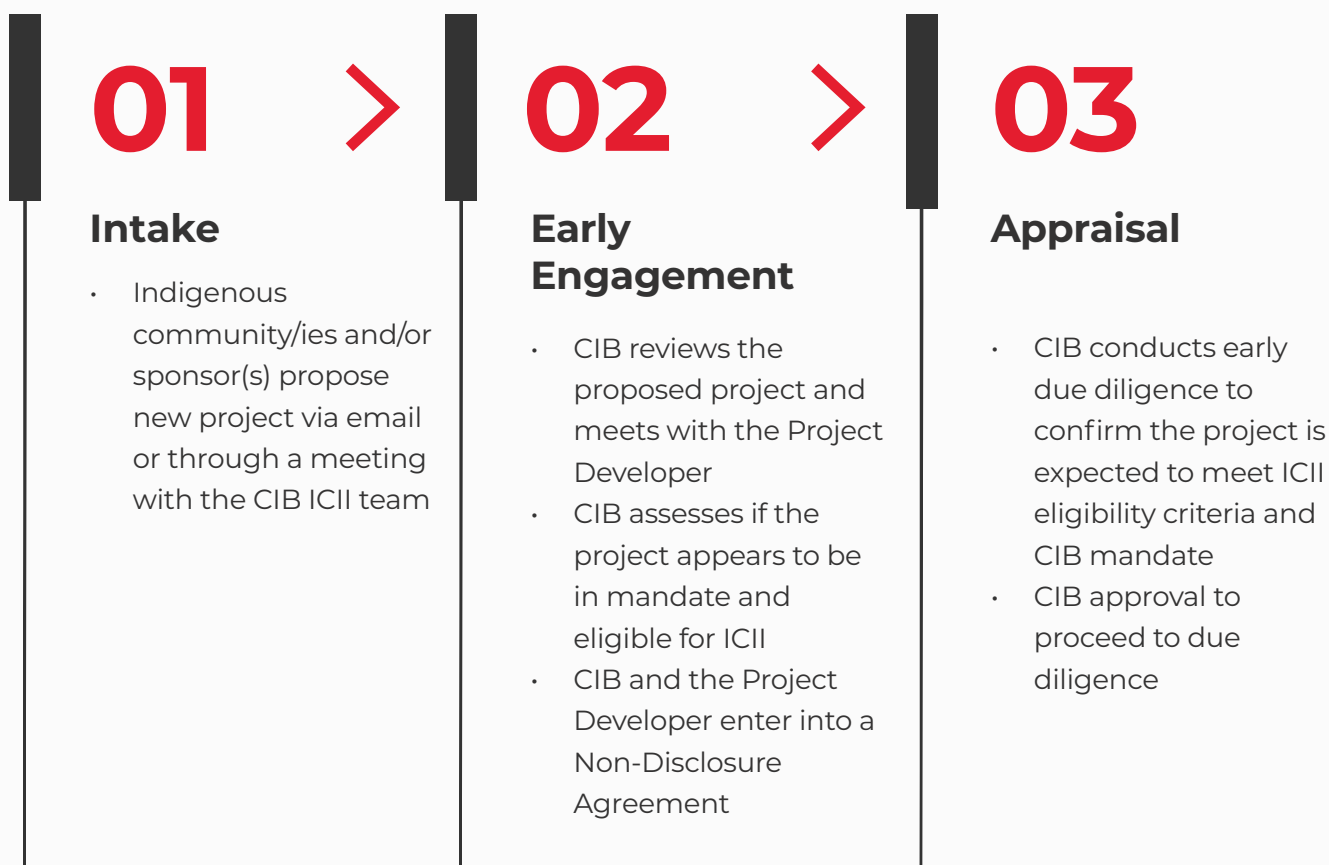
**Public Transit**

- » Regional bus systems, zero emissions buses, etc.

# Investment Process

The CIB will consider new projects under ICII on a rolling basis. The investment process is summarized in flowchart and detailed further below.

## Stage 1: Application



## 1. Intake

Project Developers should review this ICII Guide in detail to ensure the proposed project meets the eligibility criteria and contact the CIB with any questions about the ICII or eligibility. Project Developers can send any relevant general project details through email to the ICII team at [indigenous@cib-bic.ca](mailto:indigenous@cib-bic.ca) with a request for a meeting.



## 2. Early Engagement

The CIB reviews the proposed project description, meets with the Project Developer, and clarifies understanding of the project details, as necessary. Provided that the project appears to be in the CIB's mandate and meets ICII criteria, the CIB and the Project Developer enter a Non-Disclosure Agreement (“**NDA**”) to begin sharing project information.

## 3. Appraisal

Following the execution of the NDA, Project Developers 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.

### Stage 2: Due Diligence and Investment Commitment



## 4. Financial, Legal and Technical Due Diligence

Detailed financial, legal, 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 the CIB will expect at this stage are the feasibility study, business plan, financial model or forecasts with clear assumptions, documentation for community feedback on project impact and material contracts. The documentation requirements are described in the following section. Following this due diligence, the CIB may provide an indicative Term Sheet and Memorandum of Understanding (“**MOU**”) to the Applicant. Please note that approval of a term sheet does not constitute funding approval.

## 5. Investment Structuring and Commitment

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

## 6. Final Negotiation and Closing

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

## Stage 3: Funding and Monitoring

### 7. Disbursements and Reporting

Investment funding occurs typically over the course of the construction period of the project, on a periodic (monthly/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 project operations, the borrower 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 project 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.

#### 07A

##### Monthly/ Quarterly Disbursements

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



#### 07B

##### 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.

## Project Information

To support the investment process in Stage 2: Due Diligence and Investment Commitment, the Project Developer will submit documentation to support the following requirements. These documents must be finalized and executed at Stage 6: Final Negotiation and Closing. For any given project, some of these requirements may differ from this standard list based on the eligible project category.

Requirement	Details
<b>Project Description</b>	» Eligible project category
	» Proposed borrower and detailed ownership breakdown
	» Description of how the project provides a direct 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, with documented commentary by the community through (i.e., surveys, town halls etc.)
	» Total project cost and timelines
	» Current project status

<b>Project Team</b>	<ul style="list-style-type: none"> <li>» Team structure, project partners, consultants, and advisors</li> <li>» Experience of team members</li> </ul>
<b>Financial Structure</b>	<ul style="list-style-type: none"> <li>» Proposed financial structure with breakdown of sources of equity, grants, and requested debt (both CIB and non-CIB sources) and uses of capital</li> <li>» Status of sources of capital (confirmed or unconfirmed)</li> <li>» Requested terms and conditions of the CIB financing</li> </ul>
<b>Technical Description</b>	<ul style="list-style-type: none"> <li>» Engineering reports and/or feasibility studies to demonstrate that the project scope is appropriate</li> <li>» Details of cost estimates</li> <li>» Current status of permits, licences, and regulatory approvals required in respect of the project</li> </ul>
<b>Revenue Sources</b>	<ul style="list-style-type: none"> <li>» Direct or indirect project revenue sources and any associated contracts</li> <li>» Associated use or supply forecasts</li> <li>» Proposed alternative revenue sources to repay debt</li> </ul>
<b>Financial Model</b>	<ul style="list-style-type: none"> <li>» A model (excel document) outlining the project's financial projections including estimated costs (construction, financing costs, operations and maintenance, etc.) and revenues <ul style="list-style-type: none"> <li>» Project cash flows and return on investment ("ROI") should be projected in the model</li> </ul> </li> </ul>
<b>Material Contracts</b>	<ul style="list-style-type: none"> <li>» Any draft or executed material project contracts including, project management and/or design contracts, construction contracts, operations and maintenance contracts, management services agreements</li> </ul>

**Risk Management**

- » 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

**Community Impact**

- » Submission of existing community plans, studies, data and other relevant documents to develop impact stories
- » Examples: community engagement surveys, minutes from town hall meetings showcasing community needs, third party advisor data collection / research

# Frequently Asked Questions

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

There is no deadline and no formal application; the CIB will consider new projects under ICII on a rolling basis. Project Developers can send any relevant general project details through an email to the ICII team at [indigenous@cib-bic.ca](mailto:indigenous@cib-bic.ca) with a request for a meeting for the ICII team to consider the project.

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

No. The CIB has a target to invest at least \$1 billion in Indigenous infrastructure, which is a floor rather than a ceiling for investments in Indigenous projects. The CIB overall has the mandate to invest \$35 billion in revenue-generating infrastructure which benefits Canadians and attracts private capital.

## 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 contribution 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. The CIB is able to offer below-market interest rates to enable eligible community-based 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](mailto: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 readiness, size and complexity of each project. From the date of the signing of our Non-Disclosure Agreement, we expect, at minimum, 9 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 direct benefit to one or more Indigenous communities by closing an infrastructure gap in an Indigenous community and/or by promoting Indigenous economic participation, where Indigenous partners are at least 20% 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](mailto: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](mailto: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](mailto:indigenous@cib-bic.ca).



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