



Innovative Financing: The Canada Infrastructure Bank

November 2017

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Outline

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Context

- Canadian infrastructure gap exists, similar to other countries. Bridging the gap through public finances alone is an unsustainable burden on taxpayers
- Institutional investors, domestic and global, seeking stable and predictable returns of the infrastructure asset class, and willing to absorb risk
- Increasing the participation of institutional capital will allow governments to invest more in projects
- Building more efficient infrastructure to support economic growth and prosperity, and meeting social and environmental needs

Policy

*The Canada Infrastructure Bank will work with provincial, territorial, municipal, Indigenous, and private sector and institutional investment partners **to transform the way infrastructure is planned, funded and delivered** across the country.*

*With its focus on large, transformative projects such as regional transit plans, transportation networks and electricity grid interconnections, the **Bank will make public dollars go farther.***



Mandate

- Bank's mandate is to:
 - make **investments in revenue-generating infrastructure projects** that are in the public interest
 - seek to **attract investment from private sector and institutional investors** into these types of projects

Roles

- The Bank has two key types of roles and functions:

Investment	Non-investment
Structuring and delivering federal support for revenue-generating infrastructure	Acting as a centre of expertise on infrastructure projects involving private sector investment
Investing in projects, including through innovative financial tools (debt or equity, loan guarantees)	Advising governments on revenue-generating projects
Receiving unsolicited proposals from private sector investors	Working with all orders of government to collect and share data to inform future investments

Governance

- **Arm's length Crown corporation:**
 - Led by a Chief Executive Officer and governed by an independent Board of Directors
 - Operate like a merchant or investment bank
- **Independent** commercial decisions on how to structure project financing, if project deemed "bankable"
- Government responsible for setting the overall policy direction and high-level investment priorities of the Bank
- Governments determine public interest of projects eligible for consideration of support from the Bank or other contribution programs

Tools

- The Bank would **invest \$35 billion** towards transformative infrastructure projects (with \$15 billion in expendable capital over 11 years)
- Wide breadth of financial instruments:
 - debt and equity investments;
 - loan guarantees; and,
 - other innovative tools
- Instrument choice and mix will depend on what makes most sense for any given project

Investments

- Bank would work cooperatively with all orders of government as well as investors to identify a **pipeline of projects** and potential investment opportunities
- **Due diligence** on investments and **approval process** of projects consistent with private/institutional investors
- Investments would be made strategically, in the public interest, and aims to **crowd-in private sector capital** that would not have otherwise been invested and efficiently **transfer risk**

Expertise

- Serve as a **centre of expertise** on infrastructure projects in which private sector or institutional investors are making a significant investment;
- Foster **evidence-based decision making** and advise all orders of government on the design of revenue-generating projects; and
- **Collect and share data** to help governments make better decisions about infrastructure investments

Progress

- Bank incorporated in June 2017, including legislated funding
 - Chairperson appointed in July 2017
 - Selection of the Board of Directors and the Chief Executive Officer underway
 - Design and organizational development in train
 - Extensive outreach with partners and investors
- Operational target late 2017 in Toronto.

CANADA INFRASTRUCTURE BANK

A new and innovative financing tool to help public dollars go farther and help build more infrastructure projects in Canadian communities.

Canada 

Annexes

INVESTING IN CANADA

\$180 + BILLION INFRASTRUCTURE PLAN OVER 12 YEARS



Create
long-term economic growth

Build
inclusive communities

Support
a low carbon, green economy

PUBLIC TRANSIT

\$28.7 BILLION

Build new urban transit networks and service extensions that will transform the way Canadians live, move and work.

Budget 2016: \$3.4 billion

Budget 2017: \$20.3 billion

Canada Infrastructure Bank: \$5 billion



GREEN

\$26.9 BILLION

Ensure access to safe water, clean air, and greener communities where Canadians can watch their children play and grow.

Budget 2016: \$5 billion

Budget 2017: \$16.9 billion

Canada Infrastructure Bank: \$5 billion



SOCIAL

\$25.3 BILLION

Provide adequate and affordable housing and child care as well as cultural and recreational centers that will ensure Canada's communities continue to be great places to call home.

Budget 2016: \$3.4 billion

Budget 2017: \$21.9 billion



TRADE AND TRANSPORTATION

\$10.1 BILLION

Provide safe, sustainable and efficient transportation systems that will bring global markets closer to Canada to help Canadian businesses compete, grow and create more middle-class jobs.

Budget 2017: \$5.1 billion

Canada Infrastructure Bank: \$5 billion



RURAL AND NORTHERN COMMUNITIES

\$2 BILLION

Grow local economies, improve social inclusiveness and better safeguard the health and environment of rural and northern communities.

Budget 2017: \$2 billion

In addition, the \$400 million Arctic Energy Fund will be delivered under this stream to support energy security in the territories.



✓ DELIVERING THE PLAN

CANADA INFRASTRUCTURE BANK

Help public dollars go farther and build more infrastructure projects

BILATERAL AGREEMENTS

Achieve national objectives while providing provinces, territories and municipalities with the flexibility to meet their infrastructure priorities

SMART CITIES CHALLENGE

Encourage cities and their most creative minds to adopt new approaches to city-building

DISASTER MITIGATION AND ADAPTATION FUND

Help communities adapt to a changing climate while mitigating the impacts of future disasters

INVESTING IN INDIGENOUS COMMUNITIES

Improve community infrastructure and create new opportunities

The Investing in Canada plan also includes \$91 billion for existing and renewed infrastructure programs such as the federal Gas Tax Fund that provides over \$2 billion every year to municipalities.

www.infrastructure.gc.ca

Canada

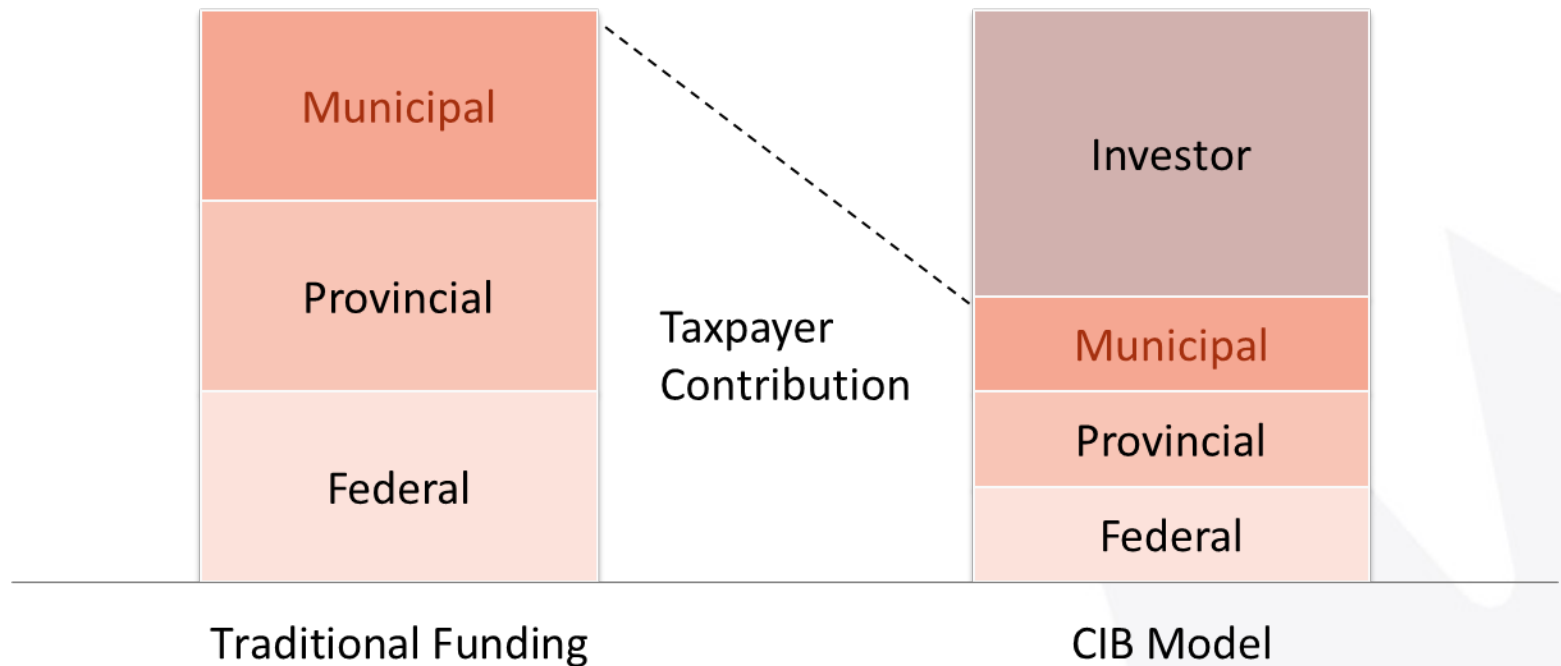
PPP versus CIB Finance

■ Typical project attributes

	PPP	CIB
Source of funding	Government availability payment	Revenue from infrastructure usage
Source of capital <ul style="list-style-type: none"> Private debt proportion Private equity proportion 	Private and public <ul style="list-style-type: none"> very high very low 	Private and public <ul style="list-style-type: none"> medium to high low to medium
Role of federal support	Contribution	Investment (can be concessionary)
Ownership	Public	Private, Shared
Regulations / specifications	Provinces/Territories/ Municipalities, Federal Government	Provinces/Territories/ Municipalities, Federal Government

Illustrative Example

Infrastructure Funding Sources



Risk Transfer

