



January 29, 2025

Information Request: IR0809

Yves Giroux
 Parliamentary Budget Officer
 900 – 99 Bank Street
 Ottawa, Ontario K1A 0A9
pbo-dpb@parl.gc.ca

Dear Mr. Giroux:

This letter is in response to the information request received by the Canada Infrastructure Bank (“CIB”) on December 19, 2024 for information on the status of projects assessed by the CIB.

As previously discussed with the analyst responsible, Katarina Michalyshyn, on January 16, 2025, we have provided the requested information in the four attached documents in Excel format, as further explained below.

1. Information for projects that have reached financial close and estimated number of jobs likely to be created

As of December 31, 2024, the CIB has now reached financial close on a total of \$13.37 billion in investment to 79 projects representing a total capital cost of \$36.61 billion.

The composition of the investment portfolio by priority sector stands as follows:

Sector	# of Projects	CIB Investment Total	Total Project Capital Cost
Public transit	14	\$3.33 billion	\$13.69 billion
Clean power	18	\$4.43 billion	\$8.99 billion
Green infrastructure	27	\$2.60 billion	\$6.42 billion
Broadband	12	\$2.11 billion	\$5.40 billion
Trade & transportation	8	\$0.90 billion	\$2.11 billion

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We have provided two Excel spreadsheets in response to this question.

The first Excel document titled “**PBO_IR0809_Projects_FC**” provides the following itemized information in respect of each project:

- Project name;
- Priority sector (including subsector, where applicable);
- Project location (Province/Territory);
- Where applicable, whether the project falls under the CIB’s Indigenous Community Infrastructure Initiative (“**ICII**”). The ICII is a collaborative financing solution that offers low-cost and long-term loans to Indigenous infrastructure projects and combines public funding and/or private and institutional investment to get more infrastructure built. Through the ICII, the CIB provides affordable, long-term financing to Indigenous projects that provide a direct benefit to an Indigenous community or communities.
- Total project financing committed (CIB Commitment Amount, Public Investment Amount and Private Investment Amount);
- Project sponsor(s) (private and public);
- Estimated number of jobs and GDP estimated to be created by the project (see section 4 below for additional information about how this information is collected); and
- Total project commitment delineated by fiscal year (including segmented data pertaining to all private and public funding sources). Total CIB project commitment delineated by fiscal year has been included within the spreadsheet. Total private and public commitments have been included but have not been delineated by fiscal year. This is due to variations in how funding schedules are structured across different projects, with private and public funding commitments often tied to flexible milestones or dependent on other factors such as construction progress, contractual arrangements, and individual project financing structures. As such, detailed year-by-year segmentation for all private and public commitments is not readily available for all investments.

The second Excel document titled “**PBO_IR0809_1_Projects_Cash_Flows**” provides the following itemized information in respect of actual or projected annual gross project cash flows.

The documents are marked as “confidential” given that the information regarding private funding sources, forecasted financing commitments and projected cash flows pertain to information received in relation to proponents, private sector investors and institutional investors in infrastructure projects, and is privileged under section 28 of the *Canada Infrastructure Bank Act*.

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2. Information for projects under consideration but have not (yet) reached financial close

The CIB has adopted a disciplined multi-stage investment process, which governs how the CIB advances investments through its decision-making process, as described in the Investment Policy published on the CIB's website: https://cdn.cib-bic.ca/files/documents/Corporate/Investment_Policy.pdf

The process begins with the sourcing and development of projects by highly skilled and experienced investment professionals, and at certain steps requires the approval of the CIB's Chief Investment Officer, the Management Investment Committee, and the Investment Committee of the Board of Directors.

Projects under consideration move through a formal project development and due diligence process detailed below (the "Investment Process") and are tracked in internal systems.



As a project advances, it is evaluated using our investment framework to confirm alignment with mandate and criteria for investment. Additional considerations include coordinating with Housing, Infrastructure and Communities Canada officials and other federal departments to confirm alignment with federal policy priorities.

The third Excel document titled "***PBO_IR0809_2+3_Projects_Considered+Out_of_Mandate***" provides the requested project information for the projects in Stages 1 to 4 of the Investment Process.

As of January 22, 2025, there are 213 projects under consideration between Stage 1 (Intake and Mandate Filter) and Stage 4 (Final Negotiation & Closing) of the Investment Process. For a project to qualify for Stage 1 (Intake and Mandate Filter), the project must meet the following minimum criteria: i) the project satisfies or is likely to satisfy the CIB's base criteria for investment, as described in section 2.5 of the Investment Policy; ii) the CIB has received a

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minimum level of project information from the project proponent to reasonably evaluate; and iii) there has been a sufficient level of engagement with the project proponent.

89 projects that were previously under consideration have been removed from the Investment Process for the following reasons:

- Project cancelled or suspended by the project proponent/sponsor;
- No market gap was identified preventing the project from proceeding with private sector capital alone;
- Mandate constraints (e.g., the project is not able to crowd-in sufficient capital from private sector investors; the project does not meet the CIB's investment guardrails in the Investment Policy; the project does not achieve sufficient public outcomes; the project has insufficient revenues to repay the CIB's investment);
- Lack of sponsor engagement (e.g., the project proponent has stopped actively supporting or moving the project forward, often by becoming unresponsive or disengaged);
- Pursuing without CIB involvement (e.g., the project proponent opted for a different financing partner or has received a grant from government program); or
- External events, such as an unforeseen issue or event outside the control of the project team that hindered the project's progress or prevented it from moving forward. This could include regulatory changes, market shifts, or other external factors that prevented progressing the project further.

Two (2) projects were also determined to be "out of mandate" following additional due diligence and were removed from the Investment Process.

3. Projects deemed out of mandate

In response to this question, a project proposal must meet the Stage 1 (Intake and Mandate Filter) criteria to be recorded in the Investment Process and assessed for alignment with the CIB's mandate and criteria for investment. Project proposals that are clearly outside of CIB's mandate and priority sectors are not recorded in Stage 1.

Since 2018, the CIB received 482 project proposals that did not meet the minimum requirements to be recorded in Stage 1 of the Investment Process. The reasons for deeming project proposals out of mandate were due to the following factors:

- Too early stage;
- Project cancelled;
- Project does not meet the CIB's minimum financing requirements (i.e., insufficient size and lack of scalability);

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- Project lacks the ability to generate revenues and crowd-in private capital;
- Ineligible sector; or
- Project proponent/sector did not provide enough information or opted for a different financing partner prior to meaningful CIB engagement.

We have not provided the aggregate value of project assessed for projects that were deemed out of mandate. Information on project costs for most of the proposals is not available for several reasons:

- Project proponent did not always provide project cost information during their initial engagement with the CIB;
- Many project proposals were in the early stages and there was no comprehensive information on project costs; or
- Some project proposals only had preliminary cost estimates, which were often inaccurate and therefore unreliable.

Due to these limitations, providing an average or breakdown of costs would not produce meaningful or relevant results. Additionally, aggregating the available data would not accurately reflect the true costs for projects deemed out of mandate or no longer under consideration.

4. Estimated number of jobs likely to be created and the amount of economic activity estimated to be created by the project

This information is provided in the Excel document titled "**PBO_IR0809_Projects_FC**".

Information available for projects that have reached financial close includes information related to the number of construction jobs and total economic impact (GDP) for each project. This information has not been broken down by specific years. Reporting by year is impractical due to data constraints, as it requires detailed annual CAPEX forecasts throughout the construction phase, which are often unavailable or subject to significant variability. Information is not available for projects that have not yet reached financial close.

The CIB's estimation of jobs and GDP impacts stemming from the construction of its projects follows Statistics Canada's methodology for the Infrastructure Economic Account. Specifically, the CIB employs infrastructure-specific input-output impact multipliers developed by Statistics Canada to estimate the effects of infrastructure investment on the Canadian economy. The analysis calculates the direct and indirect job and GDP impacts while excluding induced impacts to ensure a conservative approach.

Consistent with the Infrastructure Economic Account, these job and GDP impacts represent only the 'work put in place' (i.e., the construction of that infrastructure asset), it does not include the economic contribution associated with the on-going use and utilization of the infrastructure.

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Furthermore, the job metric reflects the aggregate number of headcount positions created throughout the construction phase. Each hired position is counted as a distinct job, rather than being expressed in 'person-years' or full-time equivalents (FTEs).

In alignment with the CIB's approach to other public outcomes (e.g., GHG reduction, economic impacts), the CIB does not attribute a share of GDP and job impacts based on the percentage of the CIB's investment (e.g., if putting in x% of project costs, claim x% of project GDP and job impact). Instead, recognizing the catalytic role of the CIB, we report 100% of the estimated GDP and jobs associated with the projects, regardless of the relative size of our investment.

There are two very important reasons why we measure the entirety of a project's GDP and jobs when we may only finance a share of the project:

- The CIB invests in projects to address gaps in a project's capital or structure that prevent a project from advancing. As the project would unlikely occur without CIB financing, none of the GDP or jobs would have materialized without the CIB participating in the project.
- Secondly, the CIB is a prudent investor of taxpayer dollars. The size of our loan is limited to the amount required to unlock a project that otherwise would not proceed. Were the CIB to measure its impact in accordance with our level of investment, this could introduce an incentive to increase financial support solely to enhance our outcome.

Our approach reflects these two objectives.

5. Expenses incurred to fulfill the CIB's mandate

The Excel document titled "*PBO_IR0809_5+6_Expenditures*" provides information for the following:

- Expenses as a % of financial closes, for each of operating expenses and non-operating expenses
- Expenses as a % of loans receivable, for each of operating expenses and non-operating expenses

For the purpose of this response, non-operating expenses are defined as expenses that (i) do not have an immediate cash flow impact on the CIB; or (ii) are not incurred to supplement and/or support the CIB's core investing activity. For example, Project Development is separate and unique to the CIB's operating expenses and is managed alongside the CIB's core investing activities. However, due to accounting requirements Project Development costs are commonly expensed on the Statement of Operations.

Operating expenses are expenses incurred to support the CIB's general operations and investment activity. They are incurred to enable the execution of CIB strategy. All activities, including research and advisory activities, are undertaken to advance the CIB's investment activities and catalyze or accelerate projects in our priority sectors. The CIB does not undertake advisory mandate or research in areas that are not related to the CIB's mandate to invest in

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revenue-generating infrastructure and seek to attract investment from private sector and institutional investors.

The CIB advances infrastructure projects across the country primarily by issuing loans (or equity) that are paid back with interest. The loans incur operating expenses to originate and manage. The CIB's modelling shows that over time, the interest revenue from its investment portfolio is expected to exceed its potential credit losses and operating expenses. For fiscal year 2025-26, the CIB is on track to have its interest revenue exceeded its operating expenses, and to finance a greater portion of its capital requirements with the return of principal and interest, as opposed to government appropriations, meaning projects are supported with minimal impact on taxpayers. The ratio will increase overtime as the CIB investment portfolio matures and more principal and interest is collected. This will transform the CIB into an institution that can self-finance 100% of its operations, and a portion of its investments, such that projects are supported with minimal additional burden on the fiscal resources of the government or taxpayers. This is consistent with the way national infrastructure banks around the world operate.

The Excel document titled "**PBO_IR0809_5+6_Expenditures**" also provides information for FTEs and total compensation is provided for each of the three following categories:

Investment Team	Includes FTEs responsible for investment activities, including project origination, advisory, investment structuring and due diligence, financial negotiation and closing.
Functional Groups	Includes FTEs in the following groups: Finance; Asset Management; Credit Risk; Legal; Human Resources; Strategy; Communications & Public Affairs; Information Technology & Office Services; and Enterprise Risk Management.
Executives	Includes persons holding the following offices: Chief Executive Officer; Chief Investment Officer; Chief Financial Officer; Group Head, Strategy, Group Head, Communications & Public Affairs; General Counsel & Corporate Secretary.

6. Expenses incurred for external consultants

The Excel document titled "**PBO_IR0809_5+6_Expenditures**" provides information on the total expenses for external consultants and the expenses specifically related to investment-related activities under the CIB's mandate for each fiscal year from 2018-19 to 2024-25 (year-to-date).

External consultants for investment-related activities generally include the following: legal advisors; engineering and technical advisors (LTAs); financial advisors; lender's insurance advisors; and know-your-client (KYC) due diligence.

A copy of the signed reply form is also attached, as requested.

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Please do not hesitate to contact me or Frédéric Duguay, General Counsel & Corporate Secretary, at fduguay@cib-bic.ca or 416-569-9771.

Sincerely,

Ehren Cory
Chief Executive Officer

Enclosure

c.c. The Honourable Nathaniel Erskine-Smith, M.P., P.C.
Minister of Housing, Infrastructure and Communities

Paul Halucha, Deputy Minister, Housing, Infrastructure and Communities

Jane Bird, Acting Chair of the Board of Directors of the Canada Infrastructure Bank

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