



# ARCTIC 360

**CANADA'S NORTH**  
**REPLY TO CANADA INFRASTRUCTURE BANK LEGISLATIVE REVIEW**  
**30 April 2023**

*Jessica Shadian, Ph.D.*



**Mission:** Canada's premier Arctic think tank. We are non-partisan and a registered not-for-profit. By working with Indigenous corporations and Northern governments, the federal government, private sector, expert Arctic leaders, partners, and our like-minded neighbours, think tanks, organizations, and institutions around the circumpolar region and beyond, our mission is to elevate the national conversation about Canada's North and the Arctic region at home and to provide an inclusive and coordinated platform for Canada to engage in Arctic discussions around the world.

**National Office**  
66 Hambly Ave.,  
Toronto, Ontario  
M4E 2R6

**Northern Branch**  
736 Igluik Drive  
PO Box 2323,  
Iqaluit, Nunavut X0A 0H0

[www.arctic360.org](http://www.arctic360.org)

**Executive Summary** The policy premises and context that led to the establishment of the Canada Infrastructure Bank (CIB) remain highly relevant and necessary, in the evolving policy and infrastructure landscape. However, certain changes are required, particularly with regards to addressing the specific needs of Canada’s territorial North including Nunatsiavut and Nunavik (hereafter called the ‘North’). Without fundamental changes, the CIB will not be able to effectively serve the North, its Indigenous communities, and the broader public infrastructure interests of all Canadians.<sup>1</sup>

**Content** This review provides answers to the questions outlined in the CIB review document while taking into account the supplemental information provided.

**Is the CIB mandate well understood and founded?** The mandate of the CIB is clear - to attract private capital that Canada needs to build the infrastructure required for being a prosperous, sustainable, and competitive nation:

*The Canada Infrastructure Bank (CIB) Act set the purpose of the Bank to invest, and seek to attract investment from private sector investors and institutional investors, in infrastructure projects in Canada or partly in Canada, that will generate revenue and that will be in the public interest by, for example, supporting conditions that foster economic growth or by contributing to the sustainability of infrastructure in Canada.*

The CIB Act acknowledges that public funding alone will not be able to retrofit, upgrade, and build anew the public infrastructure needs of Canada and that increasing the participation of private and institutional capital can enable governments to invest in an increased number of projects to help close Canada's infrastructure gap while also bringing discipline and due diligence to certain projects.

---

<sup>1</sup> This Review is based on a combination of researched materials, direct experiences with the CIB since its inception, consistent and regular conversations with a wide range of parties working with and/or engaged in ongoing conversations with the CIB, Indigenous corporations with an interest in the work of the CIB and/or working with/in conversations with the CIB, and those working in the Institutional investor space with a focus on infrastructure. Please contact the author if anything in this review is found to be factually inaccurate or documentation can be provided to fill gaps outlined. All clarifications will be received with gratitude and amendments will be made accordingly.

The CIB's mandate is based on the well-founded assumption that there is an 'abundance of private and institutional capital seeking stable, long-term and predictable returns'. Going into the pandemic investment funds had raised 2 trillion USD ([dry powder](#)), and as of March 2023, venture capital alone had \$300 billion of venture-capital dry powder waiting to be invested. This has relevance for the North. Doug Turnbull, Vice Chairman and Country Head, Canada at DBRS Morningstar Credit Ratings, reminded the audience at Arctic360's February 2023 Annual Conference that there is enough dry powder available to build all the infrastructure required for the whole of [Canada's North](#). *The question the CIB remains unable to answer is, how to unlock this capital?*

While the private sector and many applicants understand the CIB mandate as a means to leverage public funds and attract private investment for infrastructure projects, there is less consensus regarding the institution's structure. Ongoing discussions and disagreements exist<sup>2</sup> which seem to revolve around two ideas. The first, is that the CIB is meant to operate as a foundation or a conventional bank where its operating costs, economic sustainability, and yearly investments rely on existing finances and return on investments. The second, is that the CIB was established to utilise the allocated money in a way that attracts private capital for infrastructure projects yet, its own ROI is not of consequence. When the money is spent the Bank will require a new allocation of federal funds or end its operations.

Additionally, CUPE's perspective on the Bank's mandate, as indicated in an April 17th [Hill Times article](#), appears to directly undermine the entire CIB mandate, although it is unclear if this viewpoint is widely shared.

Two important items that would greatly strengthen the founding mandate are Indigenous reconciliation and a long-term infrastructure investment strategy. Public investments can be converted into indigenous equity fulfilling Indigenous Economic Reconciliation, especially in rural, remote, and northern Canada. For instance, its mandate could be amended a part to state:

*'that will generate revenue and that will be in the public interest by, for example, supporting conditions that foster economic growth, contribute to the sustainability of infrastructure in Canada, and advance Indigenous Economic Reconciliation...'*

Moreover, while the Bank has a mandate to invest in specific priority areas, it lacks a mandate to create an investment strategy that determines specific priority projects and their long-term value, ensuring that all investments are strategic and future proofed. The absence of a strategy

---

<sup>2</sup> This information is based the authors wide range of ongoing discussions with people who consider themselves knowledgeable and interested professionals working in areas where the CIB is of direct and indirect interest.

also hampers the ability of the CIB to be transparent and accountable to its investment decisions.<sup>3</sup>

**What has been your experience and impression of the CIB's performance against its mandate?** There are several specific areas where the CIB's performance has failed against its mandate and objectives. Four specific areas are discussed here:

a) The North; b) the Centre of Expertise; c) Improving the state of Infrastructure Data in Canada; and d) internal understanding of CIB's own mandate.

*The North:* The CIB has not been successful in serving the North and by extension, Indigenous peoples of the region, and the whole of Canada. The CIB review document states its 'initial focus for investments includes (though is not limited to) large, transformative projects such as regional transit plans, transportation networks (such as roads and bridges) and electricity grid interconnections in the public interest'. This includes 'trade and transport, including trade corridors'.

There has not been a single investment in a large, transformative project in the North.<sup>4</sup> Even more pertinent (and a necessary first order of business), the CIB has not completed a comprehensive assessment of the overall needs in the North (see below for improving data on infrastructure) or a comprehensive study of potential projects with long-term relevance. Both, as discussed below, are requisite for the CIB to provide successful advice to its partner institutions, to determine how to assess unsolicited project proposals, to determine whether the CIB will become a project investor, and - as discussed below - to find innovative solutions that would allow the CIB to become a project investor (see below).

---

<sup>3</sup> It is acknowledged that the CIB has an Investment Policy. Yet, this is very different from a strategy. The Investment Policy makes reference to a corporate plan. However, the author was unable to locate, a single yearly corporate plan (which should be easily accessible to the public).

<sup>4</sup> It is acknowledged that the CIB has supports the Kivalliq Hydro-Fibre Link and is helping to advise the GNWT on the Taltson Expansion project. What is missing is clear reasoning as to how the CIB identifies support for specific projects. Are partnerships only created on the basis of external solicitation (e.g., governments, Indigenous corporations, Institutional investors)? Do those entities pay services to the CIB? More specific to each project, what criteria does the Bank use to determine a project's business case, or what tools are used to help build a business case? Given the size of minimum investments many institutional investors require, without a broader infrastructure investment strategy that details short, medium, and long-term infrastructure goals (providing pipelines of projects, for instance), what markers are used to determine whether advice provided by the CIB could be or is helpful? Given that a comprehensive data bank of current or potential projects or an infrastructure investment strategy for the North does not exist, how does the Bank determine a project's strategic potential (in relation to other options) and ensure that that particular project among all others serves the greatest number of communities/people at the lowest cost for the greatest benefit and long-term viability? How does the Bank analyse investment success and failure?

The CIB has failed in its objectives to be ‘an addition to Canada’s well developed public private partnership market an optional tool in the toolkit to consider alternatives to traditional procurement and funding’. To achieve this objective would require (see below on Centre of Expertise) the CIB to leverage Canada’s best and brightest persons and institutions with robust Northern infrastructure knowledge and experience, including from its well-developed public private partnership market to develop financing mechanisms (public-private-Indigenous partnerships tailored specific to the North) that will attract the private capital that would not invest without non-conventional means.

The infrastructure needs of the Canadian North include a wholesale lack of critical infrastructure from energy and telecommunications grids to roads, ports, airport runways, and more. That includes social, economic, and defence infrastructure. In the Canadian North social, economic, and defence infrastructure are all in the public interest of all Canadians and private capital has a valuable role in helping to fill this gap.

The lack of Canadian led investment in social infrastructure for Northern communities equates to food, energy, health, housing, and economic insecurity. This reality is on display at the global level inviting all types of predatory lenders which comes at the expense of the whole of Canada’s national security, defence, and, sovereignty. Further, the CIB prioritises building green infrastructure. Canada has an [abundance of critical minerals](#) that the world wants and needs, including in Canada’s North. Critical minerals are interdependent of green infrastructure (e.g., EV stations assume people are driving EVs). The [cost of mining projects in the North are 30%](#) higher on average in large part because the supporting infrastructure (including energy grids and fibre) to develop new supply chains are nonexistent. The CIB has an important role to address this financing challenge. Either Canada’s abundance of critical minerals is a strategic opportunity for Canada or – without necessary infrastructure investments – is a visible weakness that invites predatory lending or even allied investment in the form of ‘aid’ and ultimately undermining Canada’s strategic power and/or national security as the expense of all [Canadians](#).

Combined, the North has unique needs that will require specific mechanisms and incentives distinct from other regions of Canada to attract patient capital. This includes finding ways to strategically leverage expected public investments that will be paid out over the next decade just to maintain the current state of affairs so that the state of the North does not deteriorate further. The CIB should be mandated with finding mechanisms for investing that money in a more strategic manner that both contributes to closing the infrastructure deficit of today as well as futureproofing for tomorrow.

*Centre of Expertise:* The CIB has not succeeded in working with project proponents in the North to structure, negotiate, and deliver federal support for infrastructure projects with revenue generating potential because the CIB has not invested in leveraging those with the

expertise that are able and willing to find creative mechanisms of revenue generation that fall outside of conventional means of return (e.g. user fees, levies, etc.).

The Centre of Expertise must be enabled to carry out earnest research dedicated to developing creative and relevant financing mechanisms that can unlock patient and venture capital to build the smart, strategic, and sustainable infrastructure needed to satisfy immediate and long-term needs. Continuing to pass over opportunities to work with Arctic experts focused on solving these challenges, there is little to no evidence to suggest that the CIB will have success in the North or attract investment in transformative projects large or small.

Arctic360, for instance, has offered to deliver the CIB an interactive map that will help the CIB realise this goal. Arctic360 is Canada's premier Arctic think tank. It is a non-partisan, registered not-for-profit organization with a majority Indigenous-led leadership team that works with Indigenous corporations and Northern governments, the federal government, the private sector, Arctic leaders, like-minded neighbours, think tanks, and institutions around the circumpolar region and beyond. One of its core theme and activity focus areas includes bringing necessary parties together to help find solutions for building multi-purpose and multi-user infrastructure that will fulfill the social, economic, and defence needs of Canada's North. Central to that goal, is finding Public-Private-Indigenous-Partnerships solutions that can attract private capital and include Indigenous equity ownership.

Support of the interactive map would contribute to the CIB's commitment to completing an infrastructure inventory (see below regarding infrastructure data) as it would include a comprehensive list of transportation, energy, and internet infrastructure as well as the information demanded by investors for new projects such as business cases, project bundling, pipelines of projects, multiuser/multipurpose projects, etc.

*Infrastructure Data:* Improving infrastructure data in Canada is another area where the CIB's performance falls short. Inaccurate or insufficient data hampers the identification and evaluation of infrastructure projects, inhibiting the CIB's ability to make informed investment decisions. Strengthening data collection, analysis, and reporting mechanisms is crucial for the CIB to effectively evaluate potential projects and allocate resources. Through to today, the CIB has not completed an inventory of existing Northern infrastructure including state of repair nor a comprehensive strategic assessment of what is required.

*Internal Competencies:* It appears that there a lack of consistent understanding about the CIB's mandate among its employees, or at least an inconsistent ability to communicate in full the Bank's mandate. This inconsistency is highly problematic generally speaking. However, its potential to impede the CIB's ability to effectively engage in the North is exponential. For example, CIB employee's have told panel members and conference attendees that the CIB 'does not do guarantees' because it is not seen as a good use of its money and further that guarantees

are not in the CIB's mandate. This is despite that the CIB Investment Policy explicitly states that 'the instruments utilized by the CIB may include (without limitation) the following...loan guarantees in accordance with section 19 of the [CIB Act](#).' While the decision for a project to use loan guarantees is ultimately up to the Minister of Finance, it is the CIB that is mandated with making the recommendation to the Minister.<sup>5</sup> Further, it was explained to an audience that the Bank does not do backstops despite that the Investment Policy states the contrary: 'd) [Backstop Commitments](#) to Public Sponsors to support procurement processes and allow potential Proponents to use the financing instrument offered by the CIB under specific terms and conditions and up to a capped dollar amount'.

Consistent discussion and application of the CIB's mandate is necessary for an effective, transparent, and robust organisation.

**Are there more opportunities that could be contemplated under the existing legislative and policy framework, including changes or clarifications needed to position the CIB going forward?**

The CIB should leverage existing opportunities under the existing legislative and policy framework in order to be relevant and able to serve the infrastructure needs of the North. The lack of dedicated Arctic expertise within the CIB or collaborating with the CIB undermines its ability to address the infrastructure challenges and opportunities in the Canadian North. This could be addressed through the Centre of Expertise, whether by funding research projects and/or creating partnerships with those already working in this space.

Research and partnerships dedicated to the North would provide opportunities for CIB employees and executives to increase their knowledge on the North in an ongoing fashion. It would provide opportunities for convening, in an ongoing fashion, necessary parties for knowledge sharing, building relationships, as well as collaborative research (dedicated to developing novel, appropriate, innovative, and strategic financing mechanisms that can attract private capital for the transformative infrastructure projects that the North needs). For example, it would provide needed expertise and enable research that can address the CIB's existing gaps including an infrastructure inventory and long-term investment strategy for the North (both required for the CIB to carry out its mandate in the North).

The CIB must also expand its transparency and accessibility to documentation regarding project decision-making processes (again, an infrastructure strategy would go a long way in helping to demonstrate success and failure). This includes providing greater clarity and openness in how

---

<sup>5</sup> 'Recommendation (2) The Bank may recommend to the designated Minister that the Minister of Finance approve a loan guarantee with respect to an infrastructure project. If the designated Minister concurs with the recommendation, he or she is to recommend to the Minister of Finance that the Minister of Finance approve the loan guarantee.'

projects and calls for proposals are selected, evaluated, and approved.<sup>6</sup> To not improve its transparency for the Canadian public, the CIB is putting its future at risk.

To enhance its effectiveness and address the identified shortcomings, the review provides several recommendations:

1. Work with experienced partners to develop a [comprehensive Arctic infrastructure investment strategy](#). Short, medium, and long-term goals for building multi-purpose and multi-user infrastructure must be identified and set up to serve as a road map anchored [to serve strategy's overall aims](#). This would necessitate coordination across the federal government with all departments and agencies which contribute to building Northern infrastructure (e.g., DND, NRCan, Transportation, CanNor).
2. Strengthen the Centre of Expertise: The CIB should maximize the utilization of its Centre of Expertise to improve project assessment, determine project priorities and as a mechanism to be relevant for the North. To do so, the CIB must support research and foster increased collaboration with institutions and individuals that have the necessary Northern expertise.
3. Enhance infrastructure data collection and analysis: The CIB should collaborate with relevant partners to collect and improve the quality, accuracy, and accessibility of infrastructure data in Canada, enabling informed decision-making and project evaluation.
4. Enhance governance and representation: The composition of the CIB's Board should include Arctic-specific expertise to ensure a comprehensive understanding of the region's infrastructure requirements and perspectives. Those working on behalf of the CIB must demonstrate consistency in message and that message must be consistent with its mandate.

---

<sup>6</sup> For instance, there have been cases when unsuccessful proposal applicants have asked for a debrief to understand where the proposal fell short of expectations and what criteria was used and were not afforded that opportunity. According to the government of Canada, “[t]he purpose of a debriefing is to explain to unsuccessful bidders/offerors/suppliers why their bid/offer/arrangement was not accepted, allowing them to improve their future documents. A debriefing demonstrates the fairness, openness, and transparency of the federal government contracting process. Also, contracting officers can improve future solicitations by using the comments and suggestions provided by bidders/offerors/suppliers.” In one case, the CIB failed to respond to a request for a debrief and when a second inquiry was made the applicant was told to go to the website in several months to see the awarded projects. It should be further noted that to this day, there is no indication on the website as to who was awarded funding for the specific call.

This is also the case for CIB governance documents. For instance, the CIB Investment Strategy states that following each financial year ‘4.1.1 the CIB reports [as part of its Annual Report] on its financial performance, the results achieved against the targeted long-term Public Impact Outcomes set out in the Corporate Plan, and other...’ In doing research for this review, it was not possible to locate the CIB’s yearly Corporate Plans on the CIB website, the Canada website or, elsewhere.

5. Improve transparency: The CIB should adopt more transparent and accessible decision-making processes, including clear criteria for project selection, evaluation, and approval, as well as accessibility to all public documents.

6. Clearly demonstrate the governing structure of the CIB and how the CIB is balancing financial sustainability (if that is its aim) and public benefit: The CIB should provide more clarity and transparency about its long-term operability, efforts to balance generating returns on investment and maximizing public benefit.

**Conclusion** While the CIB's mandate and purpose remain relevant (if not invaluable), there are significant areas for improvement to effectively serve the needs of the North, including its Indigenous communities, and by default the broader public interests of all Canadians. Implementing the recommendations outlined in the review can enhance the CIB's performance, strengthen its governance and decision-making processes, and ensure the delivery of Northern infrastructure projects that contribute to Canada's overall prosperity, security, and well-being.



**National Office**

66 Hambly Ave.,  
Toronto, Ontario  
M4E 2R6

**Northern Branch**

736 Igluik Drive  
PO Box 2323,  
Iqaluit, Nunavut X0A 0H0

[www.arctic360.org](http://www.arctic360.org)