The new Canada Infrastructure Bank – How it plans to leverage $35 billion in capital more than $100 billion in new projects

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OCS CEO Robert Bronk (l) facilitated questions with Charles Todd, the CIB's senior director, investments, and John casola, managing director, investments

How will the new **Canada Infrastructure Bank (CIB)** create and expand opportunities for the construction industry?

The answer, say two bank representatives, is that the organization will fund projects that would not otherwise be viable, in three fundamental areas: Public transit, trade and transportation and green initiatives, which cover a wide scope from renewable nuclear power to waste water.

“We are a crown corporation created by the federal government with an arms-length private sector board,” said **John Casola**, CIB’s managing director, investments. The bank has been capitalized at $35 billion, he said.

Based on the bank’s objective to fund projects only if there is at least two dollars in private money equity and debt for each dollar invested, this suggests the bank will, if it uses all of its capital, fund more than $100 billion in new infrastructure projects.

The story is exceptionally new. Speaking at an **Ontario Construction Secretariat (OSC)** conference on March 7 in Toronto, Casola and colleague **Charles Todd**, senior director, investments, said they have only been working at the bank for seven weeks “and we’re veterans on the team them.”

This means the new bank is at the early stages, but already is reviewing several project opportunities. Todd said that so far about 75 projects have been introduced. "We're looking at 30 of these in a serious way, and for 10 projects, we're having in-depth discussions with the project sponsors."

The challenge is making sure the proposed projects meet the bank's investment criteria.

"We're not a granting agency – we're also not a procurement agency," he said. CIB projects need to be brought forward by public sponsors. These could be federal, provincial, territorial or indigenous governments.

The second part of the funding equation is what he described as "bankability."

"Does the financial logic make sense for us?" Casola said. This means the project must be deemed to be important, be within one of the approved sectors, and "would have a hard time getting done without us."

If the project can be conventionally financed in the private sector, the CIB does not want to participate – the goal is not to replace funding available elsewhere.

The bank's mandate, he said, is to fund "projects that can't get there, where the risk profile and capital cost is too high, for the sponsoring public authority."

"Our mission we believe is to get many more projects on the street that just wouldn't have gotten there," he said. "It's not rearranging the deck chairs. We're funding projects that couldn't get there financially." There's still a need for private capital — "for every dollar invested by the CIB, we would like to see two in private money and debt."

Todd described some of the projects under review, including transit projects — "a lot of projects are on the cusp – some municipalities and provinces are starting to have some financing issues." He said "trade and transport is a broad category" and can include ports.

"The green category – this is anything that is going to further Canada's overall policy of lowering greenhouse gas. If it's public infrastructure, we're interested in looking at it," he said.

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