

# **An Introduction to the First Nations Infrastructure Institute**

Presented at “Our Gathering”

17 May 2023





## Our Mission

To provide the skills and processes necessary to ensure First Nations and Indigenous organizations efficiently and effectively plan, procure, own, and manage infrastructure assets on their Lands.



# The FNII Approach



1. INDIGENOUS LED

2. INFRASTRUCTURE FOCUSED

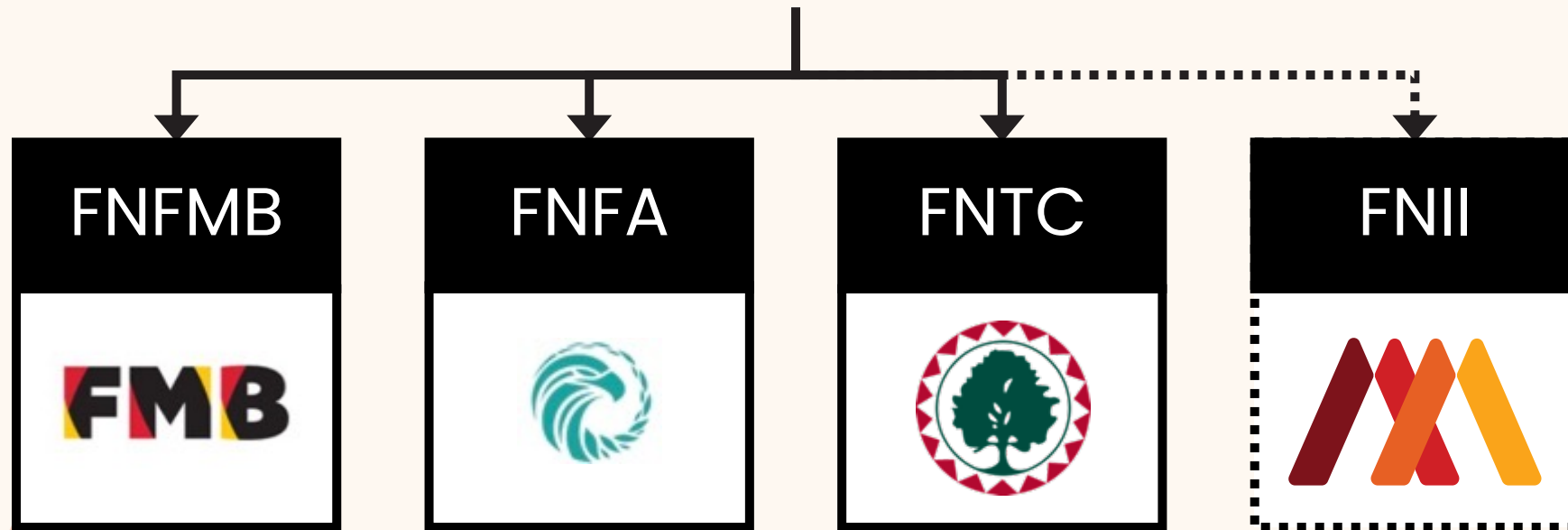
3. LEGISLATION BACKED

4. STANDARDIZED BEST PRACTICES

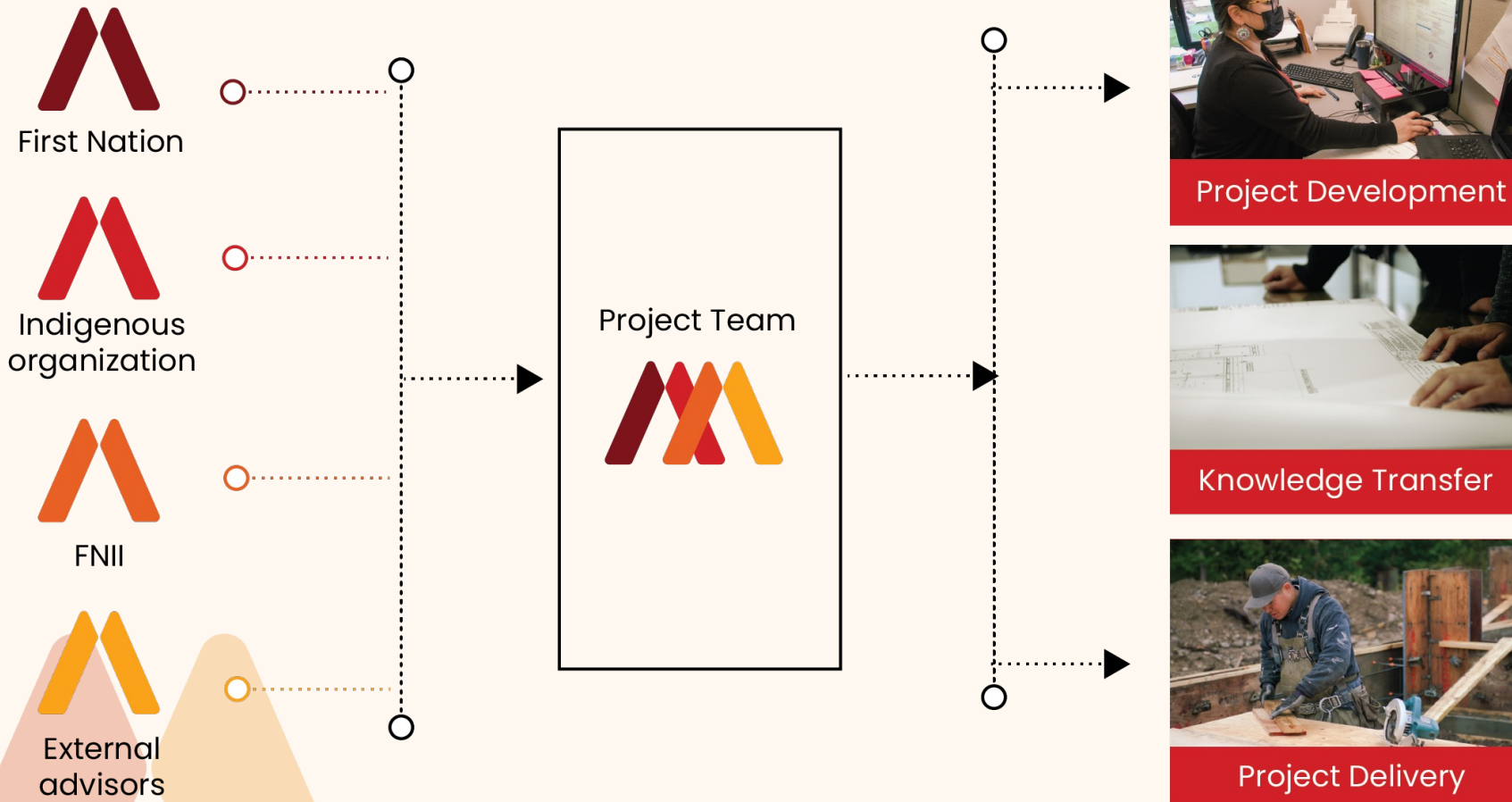
5. CENTRE OF EXCELLENCE

# An optional fourth institution

## FIRST NATIONS FISCAL MANAGEMENT ACT



# Working together




# FNII Development Phase

- Development Board
- Technical Team
- Proof of Concept projects
- Indigenous Organizations
- Proposed amendments to the *First Nations Fiscal Management Act* (FMA)



# Lessons Learned

- Infrastructure Gap for First Nations – \$349.2 billion based on AFN work
  - Basic Water, Sewer, Road and other Infrastructure – often overlooked, but vitally important
  - Nations’ Diverse Needs – member-serving, economic development, combined
  - Nations’ Diverse Funding Stream Options – Canada, *First Nations Fiscal Management Act* (FMA) tools, other own source revenues
  - Monetization – strong interest in this concept; let’s explore a bit further
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# What is monetization?

- Monetization essentially refers to borrowing money
  - Committing a future cashflow to secure upfront capital
  - E.g., a loan, a mortgage, etc.
- In a First Nation and Federal Government context, monetization often refers to the utilization of long-term transfers to fund capital projects
  - This has not yet been achieved



# Why would you use monetization?

- As with any kind of borrowing, it is often done because your current needs exceed your current funds
  - E.g., getting a mortgage to buy a house
- However, you may also borrow for other reasons:
  - You may be able to invest or utilize funds that you have for a return that is higher than the cost of debt
- Debt comes with a cost

# Who is involved in monetization?

- There are three parties to monetization
- Each of these parties has their own conditions, motivations, etc.

## Borrower

The party that is borrowing the money to fund the capital project

## Source of Long-Term Revenue Stream

The party that is providing the long-term revenue stream that is being monetized

## Lender

The party that is lending the money to fund the capital project

# Identifying and managing risks

- What are some potential risks?
  - Accuracy of construction costs
  - Timing of construction completion
  - Proper operation, maintenance and rehabilitation of infrastructure to ensure long lifecycle
- How can risks be managed?
  - Solid business case
  - Appropriate procurement model
  - Prepare and implement O&M and rehabilitation plan

# Thank You!

## Learn More



To learn more  
about FNII, please  
visit our website at  
<http://fnii.ca/>

## Support



Please consider  
supporting the  
development of  
an amendment to  
the FMA to  
establish FNII

## Promote



Please share  
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the benefits of FNII