

Briefing Note: First Nations Infrastructure Institute

December 2021

Indigenous infrastructure outcomes are very poor under the current approach. The literature, studies and media reports demonstrate that Indigenous infrastructure assets take longer to develop, cost more, and have shorter operational lifecycles than comparable infrastructure developed by other governments. First Nations are facing an infrastructure gap in the tens of billions of dollars and the current approach will take far too long to close this gap, if ever. Unfortunately, the pandemic has further highlighted the negative impacts Nations are suffering as a result of missing and substandard infrastructure within their communities. The current approach is unsustainable and First Nations and Indigenous organizations expect and deserve better results.

In 2017, First Nations leaders from across the country stepped forward to form a Development Board to provide advice and guide the creation of an optional, First Nations-led institution focused on designing a more innovative infrastructure system and achieving better infrastructure outcomes. The First Nations Infrastructure Institute (FNII) will support those Nations and Indigenous organizations that choose to work with it to develop their infrastructure projects in a faster, more cost-effective, and sustainable manner. FNII will offer a menu of capacity support services, based on national and international best practices, to meet Nations and Indigenous organizations where they're at. Depending on their existing capacities and expertise, interested Nations and Indigenous organizations may utilize any or all of the FNII tools, skills, and processes to efficiently and effectively plan, develop, procure, implement, operate, maintain, and manage their infrastructure projects.

By any measure, the First Nations Fiscal Management Act (FMA) has been highly successful, but FNII will fill an institutional gap within the existing framework. The Development Board is working to establish FNII as a fourth institution under the FMA, joining the First Nations Financial Management Board, the First Nations Tax Commission, and the First Nations Finance Authority. FNII tools and services are being designed to function seamlessly with these existing institutions and complement their existing services.

First Nations participating in the FMA are getting better access to capital, more fiscal powers, and better financial management systems. As a result, participating Nations are growing their economies and improving socio-economic outcomes within their communities. The FMA institutions have made these improvements by helping to implement best practices, standards, templates, and training related to financial management, fiscal powers and financing. FNII will take a similar approach with infrastructure. Interested Nations and Indigenous organizations may choose to use FNII services to implement best practices and standards for infrastructure planning and project identification, business case development, procurement, design and construction, operation and maintenance, and lifecycle asset management. This will reduce the time to build infrastructure and extend the expected useful life of that infrastructure. Over time, this approach will raise Indigenous infrastructure to national standards. In addition to a number of areas of interoperability with the FMA institutions, the Development Board anticipates partnerships and working relationships with regional indigenous organizations currently supporting infrastructure development and operations in different parts of the country.

The Development Board has defined a comprehensive risk management framework and service delivery model through which FNII will implement a number of infrastructure innovations, including at least:

- Project identification and planning processes that respond to the Nation's objectives, priorities and vision or the Indigenous organization's strategies and goals;
- Project definition and optimization processes that support the development of infrastructure projects that serve both community and economic purposes, where appropriate;
- Project development processes that utilize procurement options currently only available to other governments that more appropriately distributes risks;
- First Nations law-making processes that will enable First Nations to exercise their jurisdiction to regulate infrastructure for the provision of local services;
- Project financial planning processes that utilize whole-of-life costing from identification and planning to decommissioning or replacement for all expected capital, operations and maintenance, and lifecycle renewal costs; and
- Project fiscal planning and modeling processes that identify sufficient funding sources and revenues streams to ensure long-term asset sustainability, and utilizes financing options where appropriate to ensure optimal timing of revenues and project expenditures.

The Development Board is proposing a funding model for FNII similar to that of the FMB and FNTC, which will allow it to offer its services at no cost to participating Nations and Indigenous organizations. Beyond providing capacity support services on specific individual projects, the Development Board is also proposing that FNII perform a number of other functions, including at least:

- Collect, analyze, and distribute statistical data and information related to infrastructure to facilitate research, improve capacity support services, and support better decision-making;
- Function as a centre of excellence and repository of information on sustainable Indigenous infrastructure development;
- Provide advice to the federal government on the development and implementation of systems to support sustainable infrastructure development;
- Conduct policy research and evaluative services on the development of fiscal frameworks to support sustainable infrastructure development;
- Provide support to develop and assist in the implementation of new approaches to stable, effective, and efficient long-term infrastructure funding and financing;
- Establish and maintain a roster of trusted contractors by area of professional expertise, asset type experience, operating region, and familiarity with FNII processes and standards; and
- Provide public education and training respecting different aspects of infrastructure and sustainable infrastructure development.

The Development Board is anticipating stimulus spending in the form of significant investments in infrastructure projects in the coming months and years as a component of Canada's economic recovery strategy. Some First Nations already have shovel-ready projects. But, the Development Board believes that many other Nations and Indigenous organizations may be able to use FNII capacity support services to ensure their projects are well-planned, supported by sound businesses cases, and backed by effective risk management strategies; thereby ensuring these Indigenous projects are positioned as well as or better than any other infrastructure project planned by any other government.