



Project Summary Information

Date of Document Preparation: 18 April 2025	
Project Name	Patria Infrastructure Fund V Co-Investment: Project Aqua
Project Number	P000636 Co-Investment: E0636C-CI01
AIIB member	Chile
Sector/Subsector	Water / Water Supply
Alignment with AIIB's thematic priorities	Green infrastructure Technology-Enabled Infrastructure Private Capital Mobilization
Status of Financing	Approved
Objective	To provide a sustainable infrastructure solution for Chile's central region experiencing high drought risk and water stress by financing desalination plant, thereby addressing the growing water scarcity crisis in the region.
Project Description	Alongside Patria Infrastructure Fund V (the Fund), AIIB is making an equity co-investment in Aguas Pacifico. The Aguas Pacifico project (the Project) is a water desalination initiative located in Chile's central region, designed to address water stress and climate change impacts by providing a sustainable freshwater source. The Project is being developed in two phases: Phase I includes the construction of a 1,000 liters per second (l/s) desalination plant, a 104 km aqueduct, and an electricity substation. Phase II will expand the plant's capacity to 2,000 l/s.
Expected Results	The expected results would be measured by the following indicators: <ol style="list-style-type: none"> 1. Greenhouse gas emissions avoided (tons of CO2 equivalent per year) 2. Volumes of water provided to water utility / rural community in drought-affected areas (cubic meter per day) 3. Number of beneficiaries receiving water supply in drought-affected areas (people per year) 4. Private capital mobilized (USD million) 5. Seawater desalination capacity installed (liters per second) 6. The capacity of water supply allocated for beneficiaries in drought-affected areas (eq. liters per second)
Environmental and Social Category	B

Environmental and Social Information	<p>Applicable Policy and Categorization. AIIB's Environmental and Social Policy (ESP), including the Environmental and Social Standards (ESSs) and the Environmental and Social Exclusion List (ESEL), applies to this Project. As per the Bank's ESP, the Project has been categorized as Category B with high-risk rating, considering the significant environmental and social (ES) impacts on marine and terrestrial biodiversity due to brine discharge to the marine environment and aqueduct passing through biosphere reserve, and potential occupational health and safety issues due to civil construction activities including a 6 km tunnel development.</p> <p>Environmental and Social Instruments. The Fund Manager (Patria) has established an Environmental and Social Management System (ESMS) aligned with AIIB ESP for ES risk management and has also adopted the AIIB's ESEL for screening of potential investment. For this co-investment in seawater desalination project, an independent E&S consultant was hired by the Fund Manager to conduct ES Due diligence (ESDD) and identify the gaps with respect to the IFC Performance Standards (PSs) and also assessed the project according to Equator Principles (EP), national legislation and international best practices. ESDD identified the gaps, assessed risks and prepared an ES Action Plan (ESAP) which is being implemented by Aguas Pacifico (Client). As part of Patria's managed Infra V Fund, the Project is closely monitored by Patria's Management and Transformation ESG team.</p> <p>Environment and Social Aspects. The environmental impacts identified by ESDD include noise, air quality, waste management, and safety risks which are associated with construction activities. During the operational phase, the primary anticipated impact of the desalination plant is on the marine environment due to brine discharge. To mitigate this impact, the client plans to store and treat the salty seawater after the desalination process before discharging it into the sea. Additionally, the brine discharge points will be between 650 and 720 meters offshore, which is expected to minimize negative effects on marine water quality. The management plan also includes environmental monitoring of program to study marine water quality together with local fishermen and local stakeholders, during both the construction and operational phases. The pipeline passes through forest areas and the buffer zone of a biosphere reserve. The necessary environmental licenses and forest permits have been obtained for the pipeline installation. Additionally, the ESDD identified potential environmental and community impacts of the tunnel construction and recommended necessary measures, including a Water Supply Contingency Plan (WSCP) and an Infiltration and Seepage Management Plan (ISMP). These plans aim to mitigate ES risks such as disruptions to community water supply caused by tunnel construction and the potential contamination of nearby water resources from untreated water discharge originating from the tunnel. The ES team of the Fund Manager are closely monitoring Aguas Pacifico's compliance with approval and permit conditions.</p>
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	<p>Social and Gender Aspects. ESDD concludes that the pipeline installation in this Project is not causing any physical displacement but, in some areas, it temporarily causes economic displacement on some stakeholders, that are treated and compensated in alignment with the relevant mechanism. Project-affected people (PAPs) have been economically compensated by Aguas Pacifico for these temporary losses. In addition, Aguas Pacifico engages with local men and women and it is evolving to more structured gender-inclusive strategies. AIIB encourages and will monitor efforts to promote gender diversity and equity through community-based initiatives.</p> <p>Occupational Health & Safety (OHS) and Labor Working Conditions: The ESDD identified the gaps with respect to OHS policy and procedures and recommends development of the Health and Safety Management Plan (“HSMP”). Aguas Pacifico has identified critical risks and implemented procedures to control the safety risks. Aguas Pacifico has a health and safety team to address the safety requirements of the Project. OHS indicators have been developed to continuously monitor the OHS performance of the Project. Safety trainings are also provided to the workers at the project site. Additionally, Aguas Pacifico’s Human Resources, Human Rights and Contractor Management Plans include specific measures to ensure compliance with IFC PS 2 requirements on Labor and Working Conditions, equally covered in AIIB’s ESS1. The plan requires all worker accommodations comply with the requirements in the IFC’s good practice guidance. Aguas Pacifico will ensure future accessibility and transparency of the Worker Grievance Mechanism (WGM) through induction trainings, posters, and designated team members to manage and resolve complaints, allowing for anonymous submissions.</p> <p>Stakeholder Engagement, Information Disclosure and Grievance Redress Mechanisms (GRM). Fund Manager has ensured stakeholder engagement by Aguas Pacifico and Stakeholder Engagement Plan (SEP) includes a stakeholder map that identifies all stakeholders in the project area of influence, and with whom Aguas Pacifico have engaged prior to the start of construction works. Aguas Pacifico conducted stakeholder meetings in the project area and informed stakeholders about project activities and impacts before soliciting their comments and concerns. The Fund’s Responsible Investment Policy (RIP) has been publicly disclosed on its website (link). ES information^{1, 2, 3} about the project is already available in public domain. To ensure addressal of grievances from project stakeholder, Aguas</p>
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¹ https://seia.sea.gob.cl/expediente/expedientesEvaluacion.php?modo=ficha&id_expediente=2132346285

² <https://www.aguaspacifico.cl/medio-ambiente>

³ <https://www.aguaspacifico.cl/financiamiento>

	<p>Pacifico has also developed stakeholder-based GRM⁴. The information of established GRM and Bank's Project-affected People's Mechanism (PPM) will be timely disclosed in an appropriate manner.</p> <p>Monitoring & Reporting: As part of Patria's managed Infra V Fund, the Project is closely monitored by Patria's Management and Transformation ESG team. Fund Manager will provide a periodic update to AIIB on ESAP implementation based on agreed format. AIIB's ES specialists will visit the investee's activities and to receive relevant information on the investee and its activities. More details on the monitoring and reporting, including frequency of the reporting and the field visit, will be further discussed and determined with the Fund Manager.</p>
AIIB Commitment	AIIB Co-Investment: USD10 million
Investee Company	Aguas Pacifico

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Date of Co-Investment Decision	March 10, 2025			
Date of Financing Approval	March 19, 2025			

Independent Accountability Mechanism	<p>The Project-affected People's Mechanism (PPM) has been established by the AIIB to provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement its Environmental and Social Policy in situations when their concerns cannot be addressed satisfactorily through Project-level GRM or AIIB Management's processes. For information on how to make submissions to the PPM, please visit How We Assist You - Project-Affected People's Mechanism.</p>
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⁴ <https://www.aguaspacifico.cl/contacto>