

Loan of the Year: Aguas Horizonte

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Aguas Horizonte, a greenfield desalination plant under construction by Japan’s Marubeni and Chile’s Transelec, will provide water for Codelco, the Chilean state-owned firm that accounts for around 10% of the world’s copper production.

The project is financed with a loan provided by a syndicate of 14 banks with a tenor of up to 22 years. According to Mizuho, which acted as financial advisor to Aguas Horizonte, it is the largest soft mini-perm structure for such a tenor in Latin America.

Codelco announced that investments of more than \$1 billion will be required to build the plant, which should be in operation 34 months after breaking ground. Construction began in March 2023.

Once completed, Aguas Horizonte will provide water for Codelco’s operations under a 20-year supply agreement. The reverse osmosis desalination plant will have a capacity of 840 liters per second, which can be expanded to 1.890 liters per second. It is located in Tocopilla, in the Northern Antofagasta region.

The project will also include a high-pressure water supply pipeline and a pumping station to transport water from the coast for 160km to three copper mines located at more than 3,000m of altitude. It will be also composed by a 250,000 m3 water reservoir, a water distribution pipeline for each mine, and an overhead power transmission line and substation.

“The project contributes to the stable operation and production of copper which is an essential raw material for the decarbonization and electrification of the global economy,” says Alex Miquel, the Executive Managing Officer of Aguas Horizonte.



The transaction's closing represents a deal 10 years in the making. The plant was first planned by Codelco in 2013 but environmental approval wasn't granted for another five years.

The Marubeni-led consortium won the contract in December 2019, although it took until March 2023 to close the deal for a variety of factors, not least the impact of the Covid 19 pandemic. Aguas Horizonte then had to negotiate with 14 banks while a number of crises hit financial markets, including sharply rising inflation and global interest rates, supply chain disruptions and Russia's invasion of Ukraine.

"Negotiations with the banks faced complications at various points in time due to the various reasons," Miquel says. "The close relationship of our sponsors with the lenders' group was key for the successful closing."

He adds that the project will be an essential water provider for three large mines that produce about half of Codelco's copper production.

Sponsors: Marubeni Corporation, Transelec Holdings

Banks and Advisors: The Norinchukin Bank, Mizuho (Lender and Financial Advisor), BBVA, Credit Agricole, CIB, KDB, KfW, Intesa Sanpaolo, MUFG, SMTB, SMBC, Santander, Societe Generale, SBI Shinsei Bank, Bank of America, Scotiabank, Bank of Nova Scotia

Offtaker (BOOT Contract): Codelco

Financial Advisor to Offtaker: BNP Paribas

Law Firms: Garrigues, Hunton Andrews, Larrain y Asociados Abogados, Norton Rose, Shearman & Sterling

Advisors: Aon, Marsh, Fichtner, Arcadis

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Water / Sanitation Financing of the Year: Agua de Puebla Financing