



Project Summary Information

Date of Document Updating: April 1, 2025

Project Name	SWA Desalination Rebuild and Upgrades
Project Number	P000371
AIIB member	Saudi Arabia
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 improve energy efficiency and to reduce greenhouse gas (GHG) emission through rebuilding of 'end of life' desalination plants with new technology for increasing water production capacity.
Project Description	The Project supports the SWA's initiatives to modernize its fleet of desalination facilities in various regions. The Project seeks to partially finance the rebuilding of two existing Multi-stage Flash Distillation (MSF) facilities: Jubail 1 and Khobar 2 on a Non-Sovereign Backed Financing (NSBF) basis. The Project is expected to increase the capacity of each facility, reduce power requirements of the plants, and increase asset lives for at least another 20 years.
Expected Results	The expected results will be monitored via the following indicators: <ul style="list-style-type: none">• Increase in water desalination capacity (m3/day)• Decrease in power consumption (MW)• Reduction in greenhouse gas emissions (tons of CO2/year)• Amount of private capital mobilized by AIIB (USD M)
Environmental and Social Category	A
Environmental and Social Information	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), will apply to this Project. As per the Bank's ESP, the Project has been categorized as Category A, considering the significance of brine discharge to the marine environment from the operation of the desalination plants.

Environmental and Social Instruments. An independent environmental and social (ES) consultant was hired by the Saudi Water Authority (SWA) to review its existing Environmental and Social Management System (ESMS) against the requirements of AIIB's ESP. As part of the ES due diligence (ESDD), the consultant also identified the associated facilities including water tanks and transmission lines, reviewed the domestic Environmental Impacts Assessment (EIA) reports of the desalination plants, and carried out desktop review and field inspection on the preparation and implementation of ES management plans during construction, commissioning or operation phases. Based on the ESDD findings as presented in the "Gap Assessment Report", actions are proposed in the Environmental and Social Action Plan (ESAP) to strengthen the ESMS and ES management at the desalination plants to align with AIIB's ESP.

Environmental Aspects. Given the construction of the two desalination plants and the associated facilities has been completed, the potential adverse environmental impacts are associated with plants commissioning and operation, which mainly include impacts to marine environment from brine discharge, treatment of domestic wastewater, disposal of solid waste, noise from pumps and other heavy machines, accidental oil spills, and energy consumption. The ESDD did not identify any environmental legacy issues from the construction phase. The key gaps are related to improving the procedures on the management of solid waste, wastewater, chemical storage and spill prevention, resource efficiency, and cascaded implementation of the ESMS at the plant and contractor level, for which actions were formulated in the ESAP. Moreover, the ESAP includes an action to develop and implement environmental monitoring plans for the two plants, covering monitoring of operation and maintenance (O&M) phase environmental impacts.

Social Aspects. The Project is expected to generate positive impacts to local communities with better services and continuous clean water supply to meet the demand of the growing population. No impacts have been reported for land acquisition, involuntary (physical or economic) displacement, or heightened economic vulnerability. The ESDD did not identify any social legacy issues from the pre-and construction phases. Since the construction of the two desalination plants and the associated facilities has been completed as stated above, the potential social risks are only associated with the commissioning and operation of the plants. These impacts include labor and working conditions and health and safety risks for the nearby communities.

Gender Aspects. SWA is committed to fostering human resources in the Kingdom, emphasizing the crucial role of women in the nation's resilience, aligned with Vision 2030 goals. SWA has certain gender-specific policies including women's socioeconomic empowerment by increasing the number of female employees and female leadership, and for the prevention of gender-based violence (GBV). As per ESAP, SWA will include and implement gender-related actions through the strengthened ESMS.

Occupational Health and Safety and Labor and Working Conditions. The ESDD reviewed the occupational health and safety (OHS) policy and procedures of SWA and the civil contractors, and the institutional arrangement for implementation, which is overall in compliance with AIIB's ESP. No severe or serious OHS incident was reported during the construction phase. The ESDD identified gap-filling measures to be included in the ESMS and implemented during

the Project implementation. The ESAP addresses these gaps and sets out the material measures and actions required for the Project to meet the ES requirements over a specified timeframe.

Stakeholder Engagement, Consultation and Information Disclosure. SWA conducted meetings in the Project area before initiating the construction activities, to inform the stakeholders about the Project activities and to solicit their comments and concerns. Going forward, SWA’s ESMS will be strengthened through the structured procedure to conduct stakeholder consultations during the commissioning and operation of the plants, therefore the ESAP includes an action to prepare and implement Stakeholder Engagement Plans (SEP) for the two RO plants. The SEP will include the stakeholder identification and analysis of the Project and propose stakeholder engagement methods and program. In addition, SWA and AIIB have disclosed on their website the summary of the Gap Assessment Report and the ESAP.

Project Grievance Redress Mechanism (GRM). SWA has a whistleblowing department governed by the whistleblowing policy. Whistleblowing applies to all SWA staff and contractors. The department offers various uptake channels such as external and internal websites, hotline, email, and walk-ins. Grievances can be submitted anonymously. The GRM has the option of submitting anonymous or non-anonymous complaints. During the construction phase at the two RO plant sites, contractors maintained the site-specific grievance mechanisms. Contractors displayed a contact person and dedicated phone number on a noticeboard to lodge complaints. As per ESAP, the SWA will establish and disclose a corporate GRM in the two RO plants, including disclosing the information of AIIB’s Project-affected People’s Mechanism (PPM). SWA will provide regular reports on the GRM functioning with statistics.

Monitoring Arrangements. The Client will submit ES monitoring reports based on the agreed format semi-annually during the first two years of operation and annually afterward to ensure the Project’s compliance with the ESAP and AIIB’s ESP. The Bank will retain the rights to conduct field monitoring visits during Project implementation.

Cost and Financing Plan

Uses	USD million	%
Jubail RO2	443.2	45.8%
Khobar RO2	525.0	54.2%
Total	968.2	100.0%
Sources		
AIIB	300.0	31.0%
National Infrastructure Fund (NIF or INFRA)	200.0	20.7%
SWA	468.2	48.4%
Total	968.2	100.0%

Borrower

Saudi Water Authority (SWA)

Estimated Date of first disbursement (Fund)	June 2025		
Contact Points:	AIIB		SWA
Name	Ahmed Ali	Danurachman Krishana	Muneef Alhabbas Abdulrahman Al-thonayan Majed Almujaalli
Title	Investment Officer	Investment Officer	Senior expert Shared Services Development Specialist Executive Manager for Operational Shared Services
Email Address	ahmed.ali@aiib.org	Danurachman.krishana@aiib.org	MAIhabbas@swa.gov.sa AAI-thonayan@swcc.gov.sa MAImujaalli@swa.gov.sa
Date of Concept Decision	May 26, 2021		
Date of Final Decision	December 18, 2024		
Date of Financing Approval	March 27, 2025		
Independent Accountability Mechanism	<p>AIIB's Policy on the Project-affected People's Mechanism (PPM) applies to this Project. The 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 ESP 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 Policy on the Project-affected People's Mechanism - Operational Policies & Directives - AIIB.</p>		