

Concerns regarding Alto Maipo Hydroelectric Project – Chile

Since 2015 CIEL has accompanied Chilean communities from the Maipo region from the Coordinadora Ciudadana No Alto Maipo (CCNAM) and Ecosistemas as they have appeared before the Inter-American Development Bank (IDB), International Finance Corporation (IFC), Overseas Private Investment Corporation (OPIC now DFC) including the United Nations Framework Convention on Climate Change COP25 stressing the Alto Maipo Hydroelectric project's harmful environmental and social impacts.

For 14 years, community members have been engaged in ongoing advocacy, highlighting the project's severe impacts on the watershed, aquifers, glaciers, and the entire ecosystem in a region that was already vulnerable to desertification and climate change. The project risks access to water for millions of people in the Maipo River basin and in the greater Santiago metropolitan region, while also damaging ecosystems and local economies by exacerbating the effects of climate change in a region prone to severe drought and water shortages.

- **Financing:** IDB \$200 Million and IFC \$150 Million in 2013 and OPIC (DFC) \$245 Million in 2014, plus multiple other financiers.
- **Purpose:** Design, construction, operation and maintenance of two large scale run-of-the-river hydropower plants with 531MW output from the Maipo River Basin 30 miles South East of Santiago.
- **U.S. Project developer:** Alto Maipo a U.S. subsidiary of AES Corporation based in Virginia
- **Negative Impacts:** Extreme water scarcity, limited water access in the Maipo river basin impacting the source of potable water for Santiago's population, significant erosion, desertification, impacts on glaciers and protected areas exacerbating climate change impacts. Severe impacts on ecotourism, agriculture and cattle ranching with consequences to livelihood, human rights issues: right to water, women's rights, right to live in a healthy environment, freedom of transit, right to property, right to housing.

CIEL has supported Chilean advocacy efforts led by Marcela Mella Ortiz President and Spokesperson for the Coordinadora Ciudadana No Alto Maipo (CCNAM) and Juan Pablo Orrego President of Ecosistemas

- Alto Maipo including AES Gener power company (Chile based AES Corp) is now a public interest project which allows it to operate under all circumstances: pandemic, social uprising, storms and flooding.
- After years of construction the community was proven right about the impacts from the hydro project; it has contributed to the degradation and increased fragility of the entire Maipo River basin. The environmental and social impacts have been disastrous, exacerbating climate change. Ecosistemas published an in-depth study titled [*Usos y Abusos Humanidad en las Cuencas –Cuenca del Río Maipo*](#) which proves that the entire river basin is in a terrible state of destruction confirming the project should never have been approved. Storms and flooding have been devastating to people in the Maipo, the heavy landslides destroyed dozens of homes leaving hundreds homeless last year, forcing them to take shelter anywhere they could. (See [Fotoreportaje: Aluvión en el Cajón del Maipo](#))

A. November 2021 Alto Maipo a US-based subsidiary of AES Corporation filed for Bankruptcy citing Climate Change claims

On November 17, 2021, just as the project is about to be completed, Alto Maipo Delaware LLC and Alto Maipo SpA¹ filed for Chapter 11 protection in a U.S. Bankruptcy Court. Alto Maipo stated that the project will never be profitable due to the impacts of Climate Change. The filing appears to be an attempt to evade responsibility for the Alto Maipo Hydroelectric Project, which has been riddled with environmental and social impacts –with significant

¹ Alto Maipo, *United States Chapter 11 filing: Alto Maipo begins reorganization process with the agreement of its creditors*, 17 November 2021, available at: <https://cases.primereclerk.com/altomaipo/Home-DownloadPDF?id1=MjA3ODQ5Ng%3D%3D&id2=0>.

climate risks—from its inception. Chilean communities and advocates have highlighted the risks of climate change on the project for more than 14 years; despite this the company continued construction in the Cajon del Maipo.

B. September 2021 Compliance Investigation by the Accountability Mechanism of the International Finance Corporation of the World Bank found in favor of the complainants ([See Compliance Investigation Report](#))

- a. IFC failed to consistently apply its environmental and social policies during the implementation of the project resulting in a lack of proper oversight of its client, Alto Maipo SpA. Construction operations and failures by Alto Maipo have led to severe impacts to the region.
- b. IFC violated its disclosure and transparency policies, which prohibited access to information and proper informed participation in decision-making processes by project affected communities.
- c. IFC failures led to impacts to the environment and population of the Maipo resulting from tunneling impacts and infiltration of groundwater, improper noise abatement and lack of air quality measurements and controls.
- d. IFC failures regarding assessments of Alto Maipo’s impacts on river usage resulted widespread regional impacts on recreational use of water affecting livelihoods and local economy dependent on ecotourism.

C. 2020 Cyber surveillance Contracted by the Alto Maipo Project Targeting Chilean Activists

During the course of several months in 2020, AES Andes — a subsidiary of US-based AES Corp that operates the Alto Maipo Hydroelectric Project — contracted cyber-intelligence services and received information regarding the activities and personal data about a number of persons who have questioned the Alto Maipo project. Among those who have been targeted are members of the Coordinadora Ciudadana No Alto Maipo (CCNAM) and Marcela Mella Ortiz, President and Spokesperson for the Coordinadora. The CCNAM is a network of affected residents who have peacefully organized since 2007 voicing their opposition to the project due to its negative impacts to the Maipo River basin. Aside from targeting activists we should note that personal data about family members and minor children was also included in reports on cyber surveillance delivered to AES Andes. These events were made known to the public in an investigative report² published by the Chilean digital media outlet *Interferencia* on November 8, 2021.

D. July 2020 Compliance Investigation by the Accountability Mechanism of the Inter-American Development Bank found in favor of the Chilean complainants ([See statement by complainants and link to investigation report](#))

- a. IDB failed in numerous instances to carry out proper environmental and social due diligence, violating its own operational policies on worker migration, gender, air quality, traffic impacts, public consultation, among many others.
- b. IDB failed to ensure that the management measures requested by the bank were implemented by its client, AES Gener, which created major problems during project implementation, namely construction of the project.

E. February 2019 Office of the Inspector General USAID Audit of OPIC investment “OPIC Investments Increased Chile’s Energy Capacity, but Weak Processes and Internal Controls Diminish OPIC’s Ability To Gauge Project Effects and Risks” findings ([See audit by OIG USAID](#))

- a. Lack of rigor in OPIC’s processes for project approval, assessing progress and reporting results
- b. OPIC’s failure to systematically consider project alignment with U.S. Foreign Policy Goals
- c. OPIC’s ability to mitigate Environmental Risks and Protect Human and Labor Rights was limited by weak internal controls
- d. OPIC did not follow sound business practice for updating policies and procedures, managing records and evaluating results

² *Interferencia*, *Alto Maipo contrató servicios de “ciberinteligencia” para infiltrar grupos ambientalistas y monitorear a sus propios trabajadores*, 8 November 2021, available in Spanish at: <https://interferencia.cl/articulos/alto-maipo-contrato-servicios-de-ciberinteligencia-para-infiltrar-grupos-ambientalistas-y>. After anonymizing it, *Interferencia* published one of the reports at the following link: https://interferencia.cl/sites/default/files/informe_anonimizado_final.pdf.