CERTIFICATION AND FINANCING PROPOSAL

WATER DISTRIBUTION INFRASTRUCTURE PROJECT IN THE STATE OF BAJA CALIFORNIA

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EXECUTIVE SUMMARY

WATER DISTRIBUTION INFRASTRUCTURE PROJECT IN THE STATE OF BAJA CALIFORNIA

The coastal region of Baja California—including the municipalities of Tijuana, Playas de Rosarito and Ensenada—depends heavily on water transferred from the Colorado River through the Colorado River-Tijuana Aqueduct (CRTA), which represents approximately 98% of the regional supply. This high dependence on a single source exposes the system to operational and availability risks associated with both adverse hydrological conditions and physical contingencies, such as seismic events or repairs that have interrupted pumping through the aqueduct in the past. Furthermore, the reduction in Colorado River allocations resulting from prolonged drought conditions has increased pressure on the system. In 2024, Baja California's allocation from this supply source decreased 7%, forcing it to acquire additional water rights. This adjustment in supply is not expected to improve; on the contrary, it may decrease over time.

In response to these structural challenges, the federal government, in accordance with the directive on national water security issued by the President of Mexico, and the Government of Baja California prioritized the development of a desalination plant in Playas de Rosarito as part of a comprehensive strategy to diversify water supply sources in the region. The desalination plant, along with the infrastructure works proposed under this project, will reduce dependence on the CRTA and strengthen the system's resilience to droughts, operational disruptions—which in previous cases have required several weeks to restore—and other potential contingencies. The plant will also facilitate water distribution to coastal areas that, due to their distance from the Colorado River, have higher operating costs associated with water conveyance and pumping, resulting in a 36% reduction in energy consumption.

The federal government will finance approximately 70% of the cost of constructing the desalination plant with a capacity of 2,200 liters per second (lps) or 50.2 million gallons per day (mgd). The State of Baja California will be responsible for implementing the infrastructure needed to convey, store and distribute the water, as well as improve existing infrastructure to increase efficiency and reduce water losses in the system (the "Project"). This investment model will help expand system capacity without passing on significant fee increases to end users, thus helping to protect the most vulnerable sectors from potential price hikes resulting from investing in new infrastructure.

Since the water system currently operating in the coastal region provides continuous service without rationing, the water produced by the desalination plant will partially replace the volumes currently obtained from the CRTA within an integrated supply system, without affecting service availability for end users. Consequently, no increase in per capita consumption or wastewater generation is anticipated as a result of incorporating this new water source.

The water utilities in the region currently have an installed wastewater treatment capacity of 4,259 lps (97.2 mgd) and have continuously strengthened their wastewater systems. Over the past four years, approximately $1.18 billion pesos have been invested in the rehabilitation and modernization of treatment plants, including major projects like the San Antonio de los Buenos and La Morita plants. An additional investment of nearly $274 million pesos is planned for 2026 to continue improving the operational capacity and efficiency of collection and treatment systems, ensuring that the existing infrastructure is sufficient to meet current and future needs.

The implementation of this Project will help improve regional water security, optimize the operating costs associated with supplying drinking water—including the energy required for its conveyance—and strengthen the operational flexibility of the system by diversifying its supply sources.

In this context, NADBank is seeking authorization to offer, through Corporación Financiera de América del Norte, S.A. de C.V., SOFOM, E.N.R. (COFIDAN), a corporate loan for up to $2.0 billion Mexican pesos to the State of Baja California, which will be subject to a competitive process in accordance with the Mexican Financial Discipline Law for States and Municipalities, for complementary distribution and storage infrastructure associated with the Project. The Bank's participation will allow the State to access long-term financing under favorable terms, facilitating the timely implementation of these works without compromising the financial capacity necessary to continue addressing concurrent wastewater priorities. Additionally, NADBank involvement strengthens the governance and oversight of the use of funds with the engagement of an Independent External Consultant, who will be responsible for verifying compliance of the investments with applicable standards and regulations, as well as monitoring their implementation. Together, these elements reinforce financial discipline, raise transparency standards and reduce the operational risks associated with the Project.

Table 1
PROJECT PROFILE

Project Eligibility

Type (Sector):	Drinking water
Location:	Various locations in the state of Baja California
Sponsor:	State Government of Baja California

Project Summary

Objective:	The purpose of the Project is to strengthen the reliability and resilience of drinking water services in the coastal region of Baja California by incorporating storage and distribution infrastructure that will introduce water produced by the Playas de Rosarito desalination plant into the system. These works will contribute to diversifying water sources and improving the operational flexibility of the system during periods of drought or other contingencies, without altering current service availability levels for end users.
Expected Outcomes:	The Project components will complement the operation of the Playas de Rosarito desalination plant, which will contribute to diversifying sources, to improving the resilience and reliability of the drinking water supply system in the Coastal Region of Baja California. Since the system currently provides continuous service without water rationing, the Project benefits will primarily translate into greater water security and supply flexibility, rather than expanded coverage. With the availability of water from the desalination plant, the consumption and transportation of drinking water from the Colorado River will be reduced, reducing pressure on this resource and potentially achieving energy savings. Benefits will be reflected in the following indicators: ▪ Number of improved water connections. ▪ Improved access to drinking water service.
Population to Benefit:	Approximately 1,085,000 residents.
NADBank Additionality:	NADBank participation in the Project provides financial and technical benefits to the State of Baja California by offering financing for up to 30 years under competitive conditions that will improve the conditions under which the State currently holds its long-term debt. Additionally, NADBank's involvement strengthens governance and oversight of the use of funds through the engagement of an Independent External Consultant, who will be responsible for verifying compliance of the investments with applicable standards and regulations, as well as monitoring their implementation. Together, these elements reinforce financial discipline, raise transparency standards and reduce operational risks associated with the Project.
Project Cost:	$4.89 billion pesos

Financing Summary

Loan Amount:	$2.96 billion pesos
NADBank Loan Amount:	$2.0 billion pesos
Loan Type:	Public sector loan
Borrower(s):	State of Baja California
Total Exposure to the State of Baja California in the Portfolio:	NADBank exposure would increase to US$243.3 million, representing 19.6% of the portfolio, and would remain within the single obligor limit established under NADBank Financial Operating Policy.

CERTIFICATION AND FINANCING PROPOSAL

WATER DISTRIBUTION INFRASTRUCTURE PROJECT IN THE STATE OF BAJA CALIFORNIA

1. CERTIFICATION CRITERIA

1.1. Technical Criteria

1.1.1. Project Description

Location

The Project will be implemented in three municipalities in the state of Baja California: Ensenada, Playas de Rosarito, and Tijuana, all located within the U.S.-Mexico border region. Figure 1 illustrates the geographic location of the Project and the communities that will benefit.

Figure 1
LOCATION MAP

According to Mexico´s National Institute of Statistics and Geography (INEGI), Baja California had 3,769,020 residents in 2020 and grew at an average annual rate of 1.8%.

The state of Baja California contributed 3.26% of the national gross domestic product (GDP) in 2020. According to INEGI data on GDP by state (SGDP), the main economic activities that contribute to the state's total gross production include manufacturing (26%), real estate services (11.5%), retail trade (9.9%), and wholesale trade (9.7%).[1]

According to INEGI, in 2020, the municipality of Tijuana reported a population of 1,922,523 residents, with 126,890 in Playas de Rosarito and 443,807 in Ensenada. The municipalities of Playas de Rosarito and Tijuana registered the highest growth rates at 3.5% and 2.2%, respectively. That same year, the total population of these municipalities was 2,493,220. The National Population Council (CONAPO) projects that by 2030, the state's population will reach a total of 4,138,349, and that by 2050 the population will be approximately 4.8 million.

In terms of water management, the Baja California Water Management, Treatment and Protection Agency (SEPROA) is the state entity responsible for the administration, planning, and coordination of public services. The State Water Commission (CEA) serves as an advisory body to SEPROA for managing the water delivery infrastructure to the local utilities. For this Project, the *Comisión Estatal de Servicios Públicos de Ensenada* (CESPE) and the *Comisión Estatal de Servicios Públicos de Tijuana* (CESPT) are the local utilities that provide municipal water and wastewater services. The following table presents a summary of the current status of water and wastewater infrastructure in Tijuana, Playas de Rosarito, and Ensenada.

Table 2
WATER AND WASTEWATER INFRASTRUCTURE IN TIJUANA AND PLAYAS DE ROSARITO MANAGED BY CESPT

Water System			
Coverage	99.1%		
Supply source	Colorado River water treated at the El Florido WTP and water wells		
Number of connections	696,783		
Wastewater Collection			
Coverage	88.7 %		
Number of connections	624,136		
Wastewater Treatment			
Coverage	64% of wastewater collected		
Treatment facilities	**Plant**	**Type**	**Capacity**
	San Antonio de los Buenos (SAB)	Activated sludge	800 lps (18.3 mgd)
	SBIWTP	Activated sludge	1,530 lps (34.9 mgd)
	Arturo Herrera	Activated sludge	460 lps (10.5 mgd)
	La Morita	Activated sludge	254 lps (5.8 mgd)
	Rosarito 1	Activated sludge	120 lps (2.7 mgd)
	Rosarito Norte	Activated sludge	210 lps (4.8 mgd)

Source: SEPROA, September 2025.
SBIWTP = South Bay International Wastewater Treatment Plant

[1] Source: INEGI, Producto Interno Bruto por Entidad Federativa [GDP by State]. Baseline Year 2013. 2003-2020, Series, revised in 2020, https://www.inegi.org.mx/programas/pibent/2013/#Tabulados - Sistema de Cuentas Nacionales de México.

Table 3
WATER AND WASTEWATER INFRASTRUCTURE IN ENSENADA
MANAGED BY CESPE

Water System			
Coverage	98.1%		
Supply source	Colorado River, Lopez Zamora Dam, sweater desalination plant, and groundwater wells		
Number of connections	127,224		
Wastewater Collection			
Coverage	87.6%		
Number of connections	111,450		
Wastewater Treatment			
Coverage	100% of wastewater collected		
Treatment facilities	**Plant**	**Type**	**Capacity**
	El Naranjo	Activated sludge	500 lps (11.4 mgd)
	El Gallo	Activated sludge	225 lps (5.1 mgd)
	El Sauzal	Activated sludge	130 lps (3.0 mgd)
	Noroeste	Activated sludge	30 lps (0.7 mgd)

Source: SEPROA, September 2025.

The Project is estimated to benefit approximately 1,085,000 residents of the municipalities of Tijuana, Playas de Rosarito, and Ensenada.

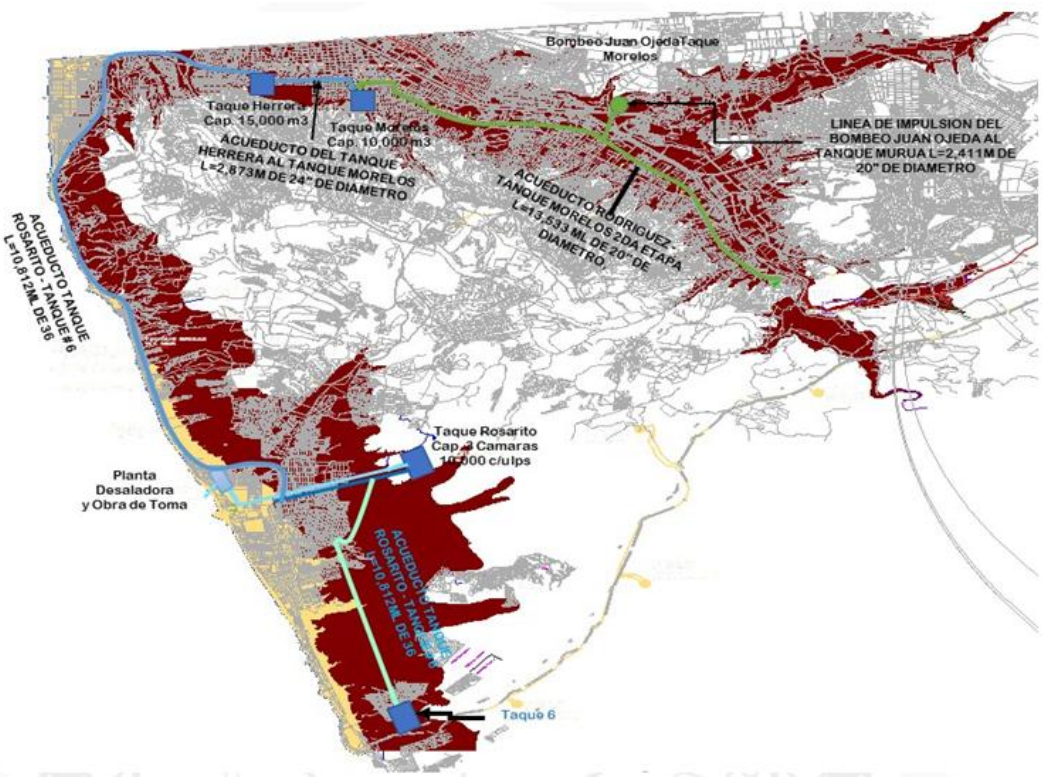
Project Scope

The Project consists of developing the necessary infrastructure to convey, store, and supply water from the Playas de Rosarito Desalination Plant (to be built by the federal government with a capacity of 2,200 lps or 50.2 mgd) to the aforementioned communities. The total cost of the infrastructure to be implemented by the State is approximately $4.887 billion pesos. NADBank is seeking to participate in a competitive process to provide financing to the State for up to $2 billion Mexican pesos for some of the following infrastructure projects:

- Construction of 10, 812 meters (35,472 ft) of a 36-inch transmission line from the Rosarito Tank to Tank 6
- Construction of 4,048 meters (13,281 ft) of 36-inch interconnections and branches in the transmission line from the Rosarito Tank and Tank 6
- Construction of 30,346 meters (99,560 ft) of a 54-inch transmission line from the Rosarito Tank to the Herrera Tank
- Expansion of the Herrera Tank to 15,000 cubic meters (4 million gallons)
- Construction of 2,873 meters (9,426 ft) of a 24-inch transmission line from the Herrera Tank to the Morelos Tank
- Expansion of the Morelos Tank to 10,000 cubic meters (2.7 million gallons)
- Complementary transmission line works from Tank 6 to Pump Station 87 to convey water to Ensenada
- Complementary transmission line works from Pump Station 87 to the Morelos Tank to convey water to Ensenada

Figure 2 shows the location of the proposed works:

Figure 2
LOCATION OF PROJECT COMPONENTS



Additionally, the State requires flexibility to potentially allocate funds to other water distribution or storage projects similar to those mentioned above, related to strengthening the distribution network to accommodate the desalination plant. These projects could be considered eligible, subject to the review and selection process of the Technical Committee described in the following section.

Project Milestones

Financial closing is expected to take place during the second quarter of 2026. The NADBank loan will be used to finance the Project components, and according to the State Water Commission (CEA), construction tasks are estimated to begin during the second quarter of 2026 and be completed within a maximum of 24 months.

1.1.2. Technical Feasibility

For several years, the state has faced challenges in diversifying water sources in the Coastal Region of Baja California to reduce its dependence on the Colorado River, which currently accounts for 98% of the water supplied. According to the state government, the supply has been consistent until now, and there has been no need to implement water rationing to meet

the demand. However, prolonged droughts and operational problems pose a risk of interrupting this continuous flow.

The state government has undertaken various infrastructure planning efforts to address this issue, as well as to meet the needs for access to water services and ensure water security for its residents. The Sponsor developed the 2022–2027 State Water Plan (SWP), which promotes water management strategies and infrastructure for water supply, distribution, collection, treatment, and reuse. The SWP establishes specific projects, including the construction of a desalination plant as a measure to diversify the water supply of the state's coastal region.[2]

To address the priority water infrastructure projects identified by the State, the Sponsor will carry out a process that will begin with the publication of a decree in the Official Gazette of the State of Baja California, as well as the related bidding documents and terms, to request financing proposals for investments in the proposed projects.

The review of individual Project components and the determination of their compliance with applicable legal provisions and permits will be conducted by a technical committee (the Committee) established specifically for this purpose. NADBank will be a member of this Committee, provided that it wins the bid, and its approval will be required to determine the compliance of the infrastructure to be financed. The Sponsor must provide supporting documentation to verify the feasibility of the projects and ensure that loan proceeds are used only for eligible projects pursuant to the criteria of this proposal. The list of specific investments benefitting from the state financing package will be confirmed during loan administration and reported at the end of the implementation period.

The State will engage an Independent External Consultant to assist in verifying the eligibility of investments, as well as to monitor and report on their implementation. Before accepting any investment, NADBank will determine its eligibility based on the criteria in this proposal or other applicable agreements, using the consultant's reports.[3]

All identified projects will be implemented through the CEA and CESPT in accordance with applicable regulations, manuals, and technical standards. Efficient equipment will be selected to help maintain reliable water service. The Sponsor must confirm compliance with all applicable permits and design standards for each infrastructure investment. Any project financed by NADBank must have a fully approved final design validated by the relevant authorities and consistent with applicable regulations.

The construction of the desalination plant, along with the necessary infrastructure for storing and distributing the produced water, will help replace the volume currently supplied from the Colorado River to the Coastal Region. It is estimated that approximately 6% of the volume produced by the desalination plant will be used to supply the city of Ensenada and approximately 18% to supply Playas de Rosarito, while the remaining 76% of the water produced by the plant will directly supply the city of Tijuana. Since Tijuana does not operate under a water rationing system, no increase in per capita consumption or additional

[2] The Coastal Region refers to the municipalities that receive water through the Colorado River-Tijuana Aqueduct, and in order of delivery: Tecate, Tijuana, Playas de Rosarito, and Ensenada.
[3] The scope of services to be provided by the Independent External Consultant is under development and will be reviewed by NADBank.

wastewater generation is anticipated. Users will not experience changes in the availability or operation of the service. Any increase in consumption will be primarily associated with population growth and the economic dynamism of the region, factors that are inherent to the area's characteristics and development trends. The region's water utilities currently have an installed wastewater treatment capacity of 4,259 lps (97.2 mgd), which is sufficient to address current needs, and maintain investment programs to strengthen their wastewater collection and treatment systems to meet present and future needs.

In addition, CESPT and the Government of Baja California are implementing actions to strengthen and expand the wastewater collection and treatment systems, in order to ensure the necessary capacity to handle both current and future wastewater discharges.

1.1.3. Land Acquisition and Right-of-Way Requirements

The Project components will be implemented within existing easements. For components requiring the acquisition of rights-of-way, the Sponsor will be responsible for obtaining them. The Sponsor must confirm ownership of the land and/or rights-of-way required for each infrastructure investment.

1.1.4. Project Operation

The Sponsor has a solid institutional capacity through the state and local water utilities (for this Project, specifically the CEA, CESPT and CESPE) for the planning, construction, operation and maintenance of the water infrastructure:

- **CEA.** The CEA operates the Colorado River-Tijuana Aqueduct, which conveys water from the Mexicali area through a 125-km (78-mile) water supply line with a capacity of up to 5.9 cubic meters per second (120 mgd). The aqueduct serves the communities of Tijuana, Tecate, Playas de Rosarito, and Ensenada.

- **CESPE.** CESPE operates the water and wastewater systems for the municipalities of Ensenada and San Quintin. CESPE manages a water distribution network of approximately 1,201 km (746 miles), as well as 28 pump stations.

- **CESPT.** CESPT operates the water and wastewater systems for the municipalities of Tijuana and Playas de Rosarito. CESPT operates five wastewater treatment plants and manages a network of approximately 4,499 km (2,796 miles) of water lines and 152 pump stations. In addition, CESPT manages a wastewater system consisting of approximately 3,950 km (2,454 miles) of collection lines and 64 pump stations.

The implementation, supervision, management, and operation of the proposed works will be the responsibility of the State through the state and local water utilities, which have demonstrated a robust institutional capacity to identify, prioritize, and manage construction projects. For the implementation of the proposed water conveyance and storage subprojects, the utility staff has extensive experience in the field and follows all manuals and standards established for this purpose.

These utilities have also demonstrated that their organizational structures, financial controls, and ongoing reporting methods are sound, and each possesses the necessary capabilities to operate and maintain their infrastructure. NADBank has collaborated with the government and these institutions on several similar projects with successful outcomes.

Additionally, the final designs must be reviewed by the NADBank and the National Water Commission (CONAGUA), as appropriate.

1.2. Environmental Criteria

1.2.1. Environmental and Health Effects/Impacts

A. Existing Conditions

Historically, the Coastal Region of Baja California has relied primarily on water from the Colorado River. The flow obtained from the river is approximately 5,050 liters per second, and roughly 98% of it is supplied to the municipalities of Tijuana, Playas de Rosarito, and Ensenada. This requires significant energy to pump water over a height of more than 1,000 meters, store it in the El Carrizo Dam, treat it at the El Florido Water Treatment Plant, and distribute it to these municipalities. The International Boundary and Water Commission has announced a 7% decrease in the water supply to the state of Baja California in accordance with the provisions of the 1944 Water Treaty. In response, the federal government will construct a desalination plant in Playas de Rosarito to diversify water sources in the region.

In line with these regional actions and to reduce dependence on the Colorado River, the State of Baja California instructed the local water utilities to identify the necessary infrastructure for conveying and storing water from the Playas de Rosarito Desalination Plant. This Project represents infrastructure that complements this facility and diversifies water sources, so end users will receive water from either source without significant changes. Therefore, no increase in per capita consumption or additional wastewater generation is anticipated. With the implementation of this Project, dependence on Colorado River water is estimated to be reduced by 43%, and greater flexibility in water supply operations is expected.

It should be noted that the utilities have a wastewater treatment capacity of 4,259 lps (97.2 mgd) and maintain investment programs to strengthen their wastewater systems to meet current and future needs. Given the population growth rate and the increasing demand for services, projects were identified in Minute 333 to expand the capacity of existing wastewater treatment facilities in the region, such as the San Antonio de los Buenos WWTP, which will reach a treatment capacity of 1,900 lps (43.3 mgd),[4] and the Tecolote-La Gloria WWTP, which will have a capacity of 131 lps (3 mgd). Additionally, the South Bay International Wastewater Treatment Plant will be expanded to reach a capacity of 2,200 lps (50.2 mgd), thereby preventing untreated wastewater discharges into the Tijuana River.

[4] The feasibility of expanding capacity will be reviewed in accordance with Minute 333.

B. Expected Environmental/Human Health Outcomes

The Project will enhance the operation of the Playas de Rosarito Desalination Plant, which supplies drinking water to Tijuana, Playas de Rosarito, and Ensenada. Expanding the supply portfolio will provide greater flexibility for meeting the water needs in the region. Additionally, with the availability of water from the desalination plant, the consumption and transportation of drinking water from the Colorado River will be reduced, reducing pressure on this resource and potentially achieving energy savings.

The Project is expected to generate environmental and human health benefits related to the following outcomes.

- Number of improved water connections
- Improved access to drinking water service

C. Other Project Benefits

Diversified water sources will provide greater flexibility for water supply. For example, the higher areas of Tijuana will be supplied by gravity with water from the Colorado River, while the lower elevations will be supplied by gravity with water from the desalination plant, thus avoiding the need for pumping and the associated energy costs. In the case of Ensenada, water from the desalination plant will be used.

D. Transboundary Impacts

No transboundary impacts are anticipated as a result of the implementation of the Project. As stated before, although an increase in wastewater generation is not expected, the state government is making efforts to expand the wastewater collection network and wastewater treatment capacity to prevent untreated discharges into the Tijuana River.

1.2.2. Compliance with Applicable Environmental Laws and Regulations

To implement the Project, the Sponsor must comply with all applicable federal, state, and municipal provisions, laws, and regulations, including the Baja California State Law on Ecological Balance and Environmental Protection, and the Baja California Public Works Law. All sub-projects to be implemented must comply with the sector´s applicable technical standards and specifications. As part of the Committee's verification process, proposed subprojects must comply with the corresponding legal provisions for their eligibility and financing.

In addition, the water conveyed by the Project infrastructure must comply with the following Mexican Official Standards:

- *NOM-127-SSA1-2021*, which establishes the permissible levels of water quality for human use and consumption.
- *NOM-001-CONAGUA-2011*, which establishes the specifications for hermeticity in water distribution systems, residential water connections, and wastewater collection systems, as well as methods for testing hermeticity.

A. Environmental Studies or Consultations

The implementation of water projects will take place on sites with existing infrastructure or on public roads; therefore, no additional environmental studies or consultations are anticipated. If required, the Sponsor will conduct the necessary studies as part of the documentation process to obtain the necessary environmental clearances.

B. Environmental Clearance and Permitting

The proposed subprojects, by their nature, do not require a federal Environmental Impact Statement, but permits and authorizations must be obtained at the local level from the State Government.

The planned investments for the Project will be located on sites already owned by the utilities or within existing easements. Environmental permitting requirements, if any, will be addressed at the local levels. Water utilities are familiar with these requirements and frequently obtain the necessary permits. Components related to water supply, storage, or distribution may require additional environmental documents and clearances. The Sponsor must ensure that appropriate consultations and studies are conducted to obtain the necessary permits for any component financed with NADBank funds.

In the case of the desalination plant, which is not part of this project, the Sponsor prepared a Mexican Environmental Impact Statement (MIA) in August 2024 for evaluation and authorization by SEMARNAT. The MIA specifies that the scope of the evaluation includes only the desalination plant and does not consider the infrastructure for water distribution to end users. The corresponding environmental resolution was issued in December 2025.

C. Mitigation Measures

Although the implementation of the Project is not expected to generate significant negative environmental impacts, mitigation measures will be established to address minor and temporary adverse impacts that may occur during the construction and operation phases each Project component.

D. Pending Environmental Tasks and Authorizations

The Sponsor must confirm that the corresponding environmental authorizations and permits have been obtained for the proposed infrastructure and that the necessary mitigation measures have been implemented, as applicable. Prior to designating an investment as eligible, NADBank will verify the appropriateness of the documentation submitted by the Sponsor.

1.2.3. Environmental and Social (E&S) Due Diligence Review)

A. Project E&S Risk Category

In accordance with NADBank's Environmental, Social, and Governance (ESG) Policy, which establishes guidelines for assessing and categorizing potential ESG risks in its financial

operations, NADBank determined that the proposed Project falls within Category B, corresponding to transactions with potentially limited environmental or social risks and/or impacts, which are typically few in number, generally site-specific, largely reversible, and can easily be addressed with mitigation measures following international best practices. The potential negative environmental impacts of the Project on settlements or areas of environmental significance are considered medium risk, and mitigation measures will be implemented as needed to prevent or minimize them.[5]

B. E&S Due Diligence Conclusions

Based on the Project analysis to determine associated environmental and social risks, NADBank concluded that there do not appear to be any significant risks arising from the implementation of the Project. The Bank also concluded that the Sponsor has the necessary tools and resources to comply with the Project's environmental and social obligations, including applicable regulations and annual compliance reports.

C. Summary of Proposed Mitigation Measures

No additional mitigation measures are needed, since the Sponsor submitted documentation to prove compliance with its environmental and social obligations.

1.3. Financial Criteria

NADBank, through COFIDAN, intends to offer the State of Baja California a loan for up to $2.0 billion pesos, which will be subject to a competitive bidding process in accordance with the Mexican Financial Discipline Law for States and Municipalities. The total cost of the Project is estimated at $4.89 billion pesos, including construction and implementation costs, contingencies, and taxes. Table 4 shows a summary of the proposed uses and sources of financing.

[5] Source: NADBank Environmental, Social, and Governance (ESG) Policy, (https://48573272.fs1.hubspotusercontent-na1.net/hubfs/48573272/publicaciones-y-estudios/poltica_asg_del_nadbank.pdf).

Table 4
PROJECT FINANCING PLAN
(Millions of pesos)

Uses		Amount	%
Construction of the transmission line & interconnection from the Rosarito Tank to Tank 6		$ 464.7	9.5
Construction of the transmission line from the Rosarito Tank to the Herrera Tank		2,393.7	49.0
Expansion of the Herrera Tank		52.2	1.1
Construction of the transmission line from the Herrera Tank to the Morelos Tank		100.0	2.0
Expansion of the Morelos Tank		34.8	0.7
Complementary aqueduct works – reverse flow from Tank 6 to Pump Station 87		261.7	5.4
Complementary aqueduct works - reverse flow from Pump Station 87 to Morelos Tank		1,579.7	32.3
TOTAL		**$ 4,886.8**	**100.0**
Source	**Instrument**	**Amount**	**%**
NADBank/COFIDAN	Loan	$ 2,000.0	41.0
Other financial institutions	Loan	960.0	19.6
State of Baja California	Capital	1,926.8	39.4
TOTAL		**$ 4,886.8**	**100.0**

The total amount of proposed debt is permissible under the current metrics established by the Mexican Ministry of Finance and Public Credit (SHCP) in the Regulations of the Public Debt Alert System for the contracting of credit obligations by the State of Baja California for the current fiscal year.

2. PUBLIC ACCESS TO INFORMATION

2.1. Public Consultation

NADBank published the draft certification and financing proposal for a 30-day public comment period beginning on March 4, 2026. The following Project documentation is available for review upon request:

- 2022-2027 Baja California State Development Plan.

The 30-day public comment period ended on April 3, 2025. One comment was received seeking clarification on the desalination plant implementation timeline, potential impacts on the drinking water supply and the identification of surface runoff from the Alamar River in Tecate that flows into the Tijuana River. No changes to the proposed Project were suggested or requested in the comment. Although no positive or negative opinion was expressed about the proposed Project, the respondent thanked NADBank for its development support in the region.

2.2. Outreach Activities

NADBank conducted a media search to identify public opinion on the Project. The following references to the Project were found:

- *Ayuntamiento de Playas de Rosarito.* (March 26, 2025) *"Alcaldesa Rocio Adame Celebra Compromiso Federal con Planta Desaladora en Playas de Rosarito"* [Mayor Rocio Adame celebrates federal commitment to Desalination Plant in Playas de Rosarito] https://www.rosarito.gob.mx/10mo/nota/COMROS-2025-142

- *El Imparcial.* (January 8, 2026) *"Mantienen Avances en Obras Complementarias de la Planta Desaladora de Rosarito, a Espera de Convocatoria Federal dice la CESPT"* [CESPT says progress continues on complementary works at the Rosarito Desalination Plant, awaiting federal call for bids] https://www.elimparcial.com/tij/tijuana/2026/01/09/mantienen-avances-en-obras-complementarias-de-la-planta-desaladora-de-rosarito-a-espera-de-convocatoria-federal-dice-la-cespt/

- *La voz de la frontera.* (February 14, 2026) *"La desalinizadora no será una carga para los bajacalifornianos: Gobernadora"* [BC Governor: The desalination plant will not be a burden for the people of Baja California] https://oem.com.mx/lavozdelafrontera/local/la-planta-desalinizadora-no-sera-una-carga-para-los-bajacalifornianos-gobernadora-28434467

- *El Mexicano.* (February 15, 2026) *"Desaladora en Rosarito es una obra estratégica: Marina del Pilar"* [The Rosarito Desalination Plan is a Strategic Project: Marina del Pilar] https://el-mexicano.com.mx/Noticia/Mexicali/89826/Desaladora-en-Rosarito-es-una-obra-estrat%C3%A9gica:-Marina-del-Pilar

During the review conducted by NADBank on publicly available information about the Project, no opposition to the Project was identified.