

 Early Warning System

EIB-20230454

NEOENERGIA ELECTRICITY DISTRIBUTION III



Quick Facts

Countries	Brazil
Specific Location	State of Bahia
Financial Institutions	European Investment Bank (EIB)
Status	Approved
Bank Risk Rating	U
Voting Date	2025-07-03
Borrower	Neoenergia Coelba
Sectors	Energy
Investment Type(s)	Loan
Investment Amount (USD)	\$ 354.00 million
Project Cost (USD)	\$ 1.36 million



Project Description

The loan will support an investment programme to upgrade and expand Neoenergia Coelba's electricity distribution network, Iberdrola's subsidiary, in Bahia, Brazil.

The project comprises the extension, refurbishment and modernisation of lines, substations, control and protection systems, automatisisation and measures to reduce commercial losses.

The aim is to improve the reliability of the electricity distribution network in the affected areas, upgrade and expand its capacity, make it easier for new users—most likely low-income households and renewable energy producers—to connect, and reduce both technical and commercial losses..

The Programme comprises the extension, refurbishment and modernisation of the electricity distribution grid in Brazil, improving the quality and reliability of electricity supply as well as enabling the connection of new system users, including renewable generators and low-income populations. The Brazil strategic plan PDE 2034, published by the Ministry of Mines and Energy (MME), lays out ambitious goals for energy efficiency and renewable energy over the next decade, to which this project will strongly contribute.

From a policy standpoint, the Programme is of strategic importance for EU - framed under the Global Gateway Investment Agenda -, as it strongly contributes to the objectives set forth in the Multi Annual Indicative Programme (MIP) of cooperation between the EU, as well as Latin America and the Caribbean, especially the objectives of renewable energy and green transition. It supports the Bank's lending priority objectives on Energy (Energy Networks) as well as the transversal objective on Climate Action (mitigation and adaptation).

Moreover, it strongly supports Brazil's Non Determined Contributions, in the context of the Paris Agreement.

EIB financing to the Project will contribute to addressing market failures that may result in sub-optimal investments. These include negative environmental externalities and the need to ensure security of electricity supply, which has valuable public-good attributes. The investment programme will enable the connection of new users, improve the reliability of supply and support further decarbonisation of the power mix.

The Programme contributes to the achievement of the UN 2030 Agenda in particular with contribution to several Sustainable Development Goals (5,7,8,9,10,11,13,17).

The Project's overall economic viability is expected to be above the regulated financial rate of return, thus is expected to deliver a positive broader social benefit. The promoter is an experienced utility operator of electricity distribution networks and has the necessary capacity to manage the implementation of the Project and operate the assets over the term of the loan. Overall, the Project quality and results is expected to be Very Good.

The Bank's financial contribution is considered valuable to the client, as the EIB's offering provides more flexible conditions compared to market alternatives (e.g. longer tenor and grace period).

The majority of the envisaged Project schemes for the implementation of electricity distribution networks are exempt (voltage below 69 KV or a length of less than 20 Km) from the Environmental License, in accordance with CEPRAM Resolution No 4119/2010 and Decree No 18218 of 26 January 2018, amending the Regulation of Law No 10.431 of 20 December 2006. The investments are expected to be mainly in urban and sub-urban areas therefore no major environmental or social impacts are expected.

Nonetheless, the EIB will assess the promoter's capacity and procedures to ensure the projects' compliance with applicable national environmental, legislation, as well as with the EIB's Environmental and Social Standards.

The promoter shall ensure that implementation of the project will be done in accordance with the EIB's Guide to Procurement.



Investment Description

- European Investment Bank (EIB)



Contact Information

EIB

ACCESS TO INFORMATION

You can submit an information request for project information at: <https://www.eib.org/en/infocentre/registers/request-form/request-form-default.htm>.

According to the EIB website, you can also request general information through this form: <https://www.eib.org/en/infocentre/contact-form.htm>.

ACCOUNTABILITY MECHANISM OF EIB

The EIB Complaints Mechanism is designed to facilitate and handle complaints against the EIB by individuals, organizations or corporations affected by EIB activities. When exercising the right to lodge a complaint against the EIB, any member of the public has access to a two-tier procedure, one internal - the Complaints Mechanism Office - and one external - the European Ombudsman. A complaint can be lodged via a written communication addressed to the Secretary General of the EIB, via email to the dedicated email address: complaints@eib.org, by completing the online complaint form available at the following address: <http://www.eib.org/complaints/form>, via fax or delivered directly to the EIB Complaints Mechanism Division, any EIB local representation office or any EIB staff. For further details, check: http://www.eib.org/attachments/strategies/complaints_mechanism_policy_en.pdf.

When dissatisfied with a complaint to the EIB Complaints Mechanism, citizens can then turn towards the European Ombudsman. A memorandum of Understanding has been signed between the EIB and the European Ombudsman establishes that citizens (even outside of the EU if the Ombudsman finds their complaint justified) can turn towards the Ombudsman on issues related to 'maladministration' by the EIB. Note that before going to the Ombudsman, an attempt must be made to resolve the case by contacting the EIB. In addition, the complaint must be made within two years of the date when the facts on which your complaint is based became known to you. You can write to the Ombudsman in any of the languages of the European Union. Additional details, including filing requirements and complaint forms, are available at: <http://www.ombudsman.europa.eu/atyourservice/interactiveguide.faces>.



Bank Documents

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