

 Early Warning System

EIB-20250341

NEOENERGIA POWER DISTRIBUTION IV



Quick Facts

Countries	Brazil
Specific Location	States of Sao Paulo and Mato Grosso do Sul
Financial Institutions	European Investment Bank (EIB)
Status	Approved
Bank Risk Rating	U
Voting Date	2026-07-29
Borrower	ELEKTRO REDES SA
Sectors	Energy
Investment Type(s)	Loan
Investment Amount (USD)	\$ 172.50 million
Project Cost (USD)	\$ 393.30 million

Project Description

The project consists of an investment programme to upgrade and modernise the electricity distribution network of Neoenergia Elektro, Iberdrola's subsidiary, in the states of Sao Paulo and Mato Grosso do Sul, in Brazil.

in particular, it 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 operation of the electricity distribution network in the concerned regions, to increase and modernise the capacity of the network, to enable the connection of new system users (some of which likely low-income households and some RE generators) and reduce technical and commercial losses.

The project supports the refurbishment and modernisation of electricity distribution networks in Brazil, notably in Sao Paulo and Mato Grosso do Sul, to improve service quality, reliability and climate resilience, while enabling new connections, including renewable energy sources and low-income users.

It addresses key market failures in the Brazilian power distribution sector, notably underinvestment in network modernisation due to regulatory constraints on returns and long asset-payback periods, as well as limited incentives to expand access in lower-income or less dense areas. By financing grid upgrades, the operation reduces technical losses, enhances system flexibility for renewable integration, and supports more inclusive access to electricity.

The project is aligned with Brazil's Plano Decenal de Expansao de Energia (PDE) 2034, promoting efficiency, grid resilience and decarbonisation. It is also consistent with EU strategic priorities under the Global Gateway and the Multiannual Indicative Programme for Latin America and the Caribbean, notably by advancing sustainable infrastructure, climate action and an enabling environment for renewable energy deployment. In this context, it contributes to several Sustainable Development Goals.

The promoter has strong technical and financial capacity, and the project is expected to generate economic returns and broader social benefits.

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>.

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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>.