

 Early Warning System

IFC-46207

Coelba Disco



Quick Facts

Countries	Brazil
Specific Location	State of Bahia, Brazil
Financial Institutions	International Finance Corporation (IFC)
Status	Approved
Bank Risk Rating	B
Voting Date	2022-06-15
Borrower	COMPANHIA DE ELETRICIDADE DO ESTADO DA BAHIA COELBA
Sectors	Energy
Investment Type(s)	Loan
Investment Amount (USD)	\$ 100.00 million
Project Cost (USD)	\$ 100.00 million



Project Description

According to the bank-provided information, the proposed investment consists of an 8-year green + sustainability-linked loan of up to BRL 550 million to Companhia de Electricidade do Estado da Bahia (“Neoenergia Coelba”) to finance part of its 2023 capex program, namely network expansion and renewal (excluding transmission lines), substation upgrades and digitalization programs. Neoenergia Coelba is a power distribution company operating in the state of Bahia, Brazil, with over 6.2 million customers and more than 21.2 TWh of energy sold in 2021. It is a subsidiary of Neoenergia, a publicly traded integrated energy company in Brazil, which is majority-owned by Spanish group Iberdrola (53,5%). The IFC loan will benefit from a parent company guarantee by Neoenergia.

As Sustainability Coordinator for this project, IFC has helped Neoenergia (i) identify material KPIs in line with the Sustainability-Linked Loan Principles by the Loan Market Association; (ii) define ambitious targets in line with the 1.5-degree scenario; (iii) draft its Sustainability-Linked Finance Framework and (iv) coordinate a Second Party Opinion (SPO).



Early Warning System Project Analysis

While all Performance Standards are applicable to this investment, IFC's environmental and social due diligence indicates that the investment will have impacts which must be managed in a manner consistent with the following Performance Standards

PS 1 - Assessment and Management of Environmental and Social Risks and Impacts

PS 2 - Labor and Working Conditions

PS 3 - Resource Efficiency and Pollution Prevention

PS 4 - Community Health, Safety and Security

PS 5 - Land Acquisition and Involuntary Resettlement

PS 7 - Indigenous Peoples

PS6 and PS8 are not applicable and specific biodiversity and cultural heritage requirements are covered under PS1 and within the E&S management system.



Investment Description

- International Finance Corporation (IFC)

The proposed investment consists of an 8-year green + sustainability-linked loan of up to BRL 550 million from IFC's own account. It will finance part of Neoenergia Coelba's 2023 capex program, namely network expansion and renewal (excluding transmission lines), substation upgrades and digitalization programs.



Private Actors Description

As stated by Reuters, Companhia de Eletricidade do Estado da Bahia Coelba (COELBA) is a Brazil-based company engaged in the electrical energy sector. The Company operates as a public service concessionary of electrical power, aimed to project, construct and explore systems of sub-transmission, processing, distribution and commercialization of electrical energy and related services. It is also involved in other activities associated to electrical power services, such as technical services in the energy sector and export and import operations. The Company is part of Neoenergia Group.

As stated by the IFC, funded in 1997, Neoenergia is an integrated energy company that operates in 19 Brazilian states through the generation, transmission and distribution segments. It owns five distribution companies that bring energy to over 15.8 million consumers – i.e. 16% of the Brazilian population. It has five transmission lines (2,333 km) and 10 substations in operation, and over 4,301 of lines under construction. It has an installed capacity of 4.5GW, split among hydroelectric plants (67%), wind farms (22%) and thermal (11%). Lastly, it also operates in the liberalized business. Neoenergia has been a publicly-traded company since June 2019, with shares traded in the Brazil Stock Exchange. It is majority owned by Spanish group Iberdrola (53.5%). The PREVI pension fund holds a 30.3% interest, and the remaining shares are free floating.

Neoenergia Coelba was first incorporated as a State Owned Entity in 1960. It was privatized in 1997 and awarded as a concession to Neoenergia, which has been operating it ever since. Neoenergia Coelba operates in the state of Bahia, the 4th largest Brazilian state by population. In 2021, it supplied over 21.2 TWh of energy to more than 6.2 million customers. Its installed infrastructure comprises over 277,000 km of networks, 3.6 million poles, 7 million transformers and 337 substations.



Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
Iberdrola SA	Parent Company	Energy	owns	Neoenergia SA	Subsidiary	Energy
Neoenergia SA	Parent Company	Energy	owns	Companhia de Eletricidade do Estado da Bahia Coelba (COELBA)	Client	Energy



Contact Information

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ACCESS TO INFORMATION

You can submit a request for information disclosure at: <https://disclosures.ifc.org/#/inquiries>

If you believe that your request for information from IFC has been unreasonably denied, or that this Policy has been interpreted incorrectly, you can submit a complaint at the link above to IFC's Access to Information Policy Advisor, who reports directly to IFC's Executive Vice President.

ACCOUNTABILITY MECHANISM OF IFC/MIGA

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org You can learn more about the CAO and how to file a complaint at <http://www.cao-ombudsman.org>



Bank Documents

- [Environmental & Social Review Summary](#)