Early Warning System

IFC-47778

Elektro SLL

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Quick Facts

Countries	Brazil
Specific Location	Uninformed
Financial Institutions	International Finance Corporation (IFC)
Status	Approved
Bank Risk Rating	B
Voting Date	2023-05-09
Borrower	ELEKTRO REDES S.A.
Sectors	Energy
Investment Type(s)	Loan
Investment Amount (USD)	$ 158.00 million
Project Cost (USD)	$ 158.00 million

Project Description

IFC is considering financing of an 8-year BRL800mn “Green + Sustainability-linked” Loan (to be processed under IFC’s UCL framework) to Elektro Redes S.A. (“Neoenergia Elektro” or the “Company”) capex plan including network upgrade, expansion and loss reduction projects for the 2023 - 2025 period (the “Project”). Neoenergia Elektro, a power distribution company (“DisCo”) is majority-owned by Neoenergia S.A. (“Neoenergia” or the “Sponsor”), which will guarantee the IFC Loan. Neoenergia is one of the largest integrated power utilities in Brazil and is 53,5% owned by Iberdrola as of February 2023.

This is a follow-up investment to the loan to Coelba (DisCo in the state of Bahia) successfully committed in June 2022.Neoenergia Elektro is the thirteenth-largest energy distributor in Brazil in terms of number of clients and has a 3.5% share of the national energy market in Brazil. It operates the concession for distribution of power in 223 municipalities of the state of Sao Paulo (excluding the cities of Sao Paulo, Guarulhos and Campinas, which are the most populated cities in the state), and 5 additional municipalities in the state of Mato Grosso do Sul, covering a concession area of 120.000km² and reaching more than 2.8 million customers in 2022 (c.6 million inhabitants). The use of proceeds of the Corporate Loan is aimed at funding the Company's regulatory capital expenditure (“capex”) items only, including network upgrade, expansion, improvements and loss reduction projects that are eligible under Neoenergia’ s Green Financing Framework, reinforcement, and improvement of the reliability of the electrical system to meet the expected market growth, including substations, renovations and upgrades, as well as automation and telecommunications. The Loan excludes new distribution and high voltage transmission lines.

Investment Description

- International Finance Corporation (IFC)

Private Actors Description

As stated by the IFC, Neoenergia Elektro is majority-owned by Neoenergia S.A.. Neoenergia is one of the largest integrated power utilities in Brazil, with more than 4.98GW of power generation assets and 2.5 thousand km of transmission lines in operation, as well as five DISCOs serving approximately 16% of the Brazilian population. Neoenergia is 53.5% owned by Iberdrola Group as of February 2023, and it is also listed in the Brazilian Stock Exchange.

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	Parent Company	Energy

Contact Information

Client - Elektro Redes S.A.:

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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 and Social Review Summary