



IFC-48848
Equatorial Alagoas



Quick Facts

Countries	Brazil
Specific Location	State of Alagoas
Financial Institutions	International Finance Corporation (IFC)
Status	Active
Bank Risk Rating	B
Voting Date	2024-10-10
Borrower	Equatorial Alagoas Distribuidora de Energia S.A
Sectors	Energy
Investment Type(s)	Loan
Investment Amount (USD)	\$ 250.00 million
Project Cost (USD)	\$ 250.00 million



Project Description

According to the IFC, the proposed investment consists of two loans of up to, in aggregate, US\$250 million (i) the first of which to Equatorial Alagoas Distribuidora de Energia S.A. ("Alagoas", "EAL" or the "Company"), a subsidiary of Equatorial Energia S.A. ("Equatorial Energia" or the "Group"), of an amount of up to BRL 500 million (approximately US\$100 million) for IFC's own account, and (ii) the second of which to another subsidiary of Equatorial Energia with a tranche of up to US\$75 million for IFC's own account and a tranche of up to US\$75 million for the account of participants (the "Project"). The first loan consists of an 8-year senior green A Loan to Alagoas for financing a portion of the Company's capex program for 2023 to 2024, including its programs for loss reduction, service quality improvement, and capacity expansion (the "Alagoas Loan"). The proposed second loan is a potential up to 8-year corporate facility of up to US\$150 million to another subsidiary of Equatorial Energia, with use of proceeds to be aligned with those of the first loan. This ESRS and associated Environmental and Social Action Plan (ESAP) have been developed for the subsidiary EAL and a defined Use of Proceeds up to BRL500 million. IFC is planning to do similar investments with other subsidiary of Equatorial Energia for additional up to US\$150 million, which will follow the same limited risk criteria for funding only Category B projects. Once the use of proceeds is defined, any investment in this subsidiary will be object of specific due diligence and appraisal, including development of their respective ESRS and ESAP. Alagoas Loan The Company holds power distribution concession until 2049 to serve over one hundred municipalities in the State of Alagoas, in the northeast of Brazil. IFC proceeds will include the acquisition of new transformers, measuring equipment, replacement of obsolescent equipment at substations and existing distribution lines. The Alagoas Loan does not include any new transmission line, distribution lines or works covering connection of new users. New footprint is associated to the construction of four new substations located within modified rural habitat or in urban areas, far from Indigenous lands or biodiversity sensitive areas. EAL is a steady operation with BRL2 billion of annual revenues. The Company is controlled by Equatorial Energia S.A., a former IFC client and the holding of one of Brazil's largest utility groups.



Investment Description

- International Finance Corporation (IFC)



Private Actors Description

As stated on the company's website (translated with DeepL.com), Equatorial Energia is Brazil's 3rd largest distribution group in terms of number of clients. Founded in 1999, the company has advanced in the consolidation of the energy distribution sector in Brazil and currently operates 7 concessionaires in the states of Maranhão, Pará, Piauí, Alagoas, Rio Grande do Sul, Amapá and Goiás, serving around 13 million customers in these regions. The company also operates in the Transmission sector and recently entered the Sanitation sector, becoming the first multi-utilities company in the country, as well as acquiring 100% of the shares in Echoenergia S.A., starting a chapter in the Renewables sector and effectively becoming an integrated player in the energy segment.



Early Warning System

Equatorial Alagoas

IFC-48848

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	Equatorial Energia SA	Client	Energy



Contact Information

IFC

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/>