

European waste

Belgrade Energy from waste project

In October last year (2019), Suez, Itochu and Marguerite brought a landmark waste-to-energy (WtE) PPP project to financial close in Serbia's capital city.

Beo Cista Energija (BCE), the project SPV, is responsible for shutting down one of Europe's largest open dumpsites still active and replacing it with EU-compliant sanitary landfill and waste disposal facilities which will process about 700,000 tons of municipal solid waste, construction and demolition waste annually.

As one of the first large-scale WtE projects financed privately in the Balkans, the Belgrade WtE project serves as a pathfinder for other cities in the region that are faced with similar waste challenges.

The project featured innovative risk allocation to deal with the challenges of implementing a complex project in an emerging market and involved non-recourse



debt financing alongside guarantees from the Multilateral Investment Guarantee Agency (MIGA) to make the project bankable.

The sponsors used an equity bridge loan of about €90 million provided by Raiffeisen Bank International and UniCredit.

MIGA provided guarantees of €97.3 million for up to 20 years against non-commercial risks. The guarantees cover up to 90% of investor equity in the project company.

A non-recourse financing of €290 million included an A-loan of €72.25 million with an 18-year tenor from EBRD and IFC each, a B-loan amounting to €70 million with a 15-year tenor from UniCredit and Erste Bank, and a €35 million loan from Oesterreichische Entwicklungsbank (OeEB).

The debt also comprised concessional funding of €21 million from Taiwan International Cooperation Development Fund (ICDF) and €20 million from Canada-IFC Blended Climate Finance Program.

The IFC was the lead adviser to the City of Belgrade, and was in turn advised by Hogan Lovells, Karanovic & Partners and Fichtner on the project. Advisers to sponsors included UniCredit, Baker McKenzie, Wolf Theiss, KPMG, and Herbert Smith Freehills. Meanwhile, the lenders were advised by Clifford Chance, BDK Advokati, Arup, PwC and White & Case.












CLOSING BELGRADE'S WASTE DUMP, PROTECTING THE DANUBE, TURNING WASTE INTO RESOURCE



Beo Čista Energija Ltd. a special purpose vehicle formed by SUEZ, ITOCHU Corporation, and MARGUERITE entered into a 25-year Public-Private Partnership with the capital of Serbia, to deliver modern waste management infrastructure for its 1.7 million population. The €370 million investment project addresses one of the most urgent environmental challenges in Europe, closing and remediating the unsanitary landfill in operation since 1977, treating polluted water and methane, and turning waste into energy for the municipal district heating system and the grid. Over the 25 years of operation, the project will allow to avoid 250,000 tCO2eq per annum, substitute 5 million tons of coal and create over 120 jobs.

Beo Čista Energija achieved financial close under a €290 million non-recourse loan agreement with the International Finance Corporation (IFC), the European Bank for Reconstruction and Development (EBRD) and the Development Bank of Austria (OeEB) on 6th May 2020.




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