

Awards for a Project Structured by AIL Structured Finance Ltd

We are delighted to announce that the Energy from Waste project from our customer Hitachi Zosen Inova (“HZI”) in Istanbul has been recognized from the export and trade finance community with two awards, being “Best Deal of the Year” and “Environmental Enhancement ECA-backed Deal of the Year” in 2019.

HZI, together with its partner Makyol, had been selected by the Municipality of Istanbul “IMM” to build an energy from waste plant and operate it for one year before finally handing it over to the client. The financed project consists of the turnkey construction of a plant with a capacity of 1 million tons of waste per year and an energy recovery capacity of approx. 70 MW net electricity.



Initially no long-term financing was required by IMM and AIL Structured Finance advised HZI in the structuring of a payment security concept covered by SERV (see our newsletter of February 2018). However, during the project execution and driven by the economic turmoil in Turkey, IMM mandated BNP-Paribas to arrange a EUR 198 million SERV covered export credit facility. Additionally, BNP-Paribas, Société Générale and Black Sea Trade and Development Bank were invited to provide commercial loans for a total amount of EUR 120 million to finance the non-ECA eligible part of the total project costs.

AIL Structured Finance supported HZI, the financing banks as well as SERV during the structuring phase until the first disbursement under the export credit. In this project a main task to tackle was to mitigate the currency risks and the alignment of the interests of all the parties involved. This against the background that most of the procurement of the supplier HZI was denominated in EUR while the underlying delivery contract was denominated in Turkish Lira and equipped with a price escalator clause to mitigate the inflation risk. At the same time IMM requested a financing facility denominated in Euro. This task received a high attention since the Turkish Lira came under strong pressure and the currency crisis in Turkey exacerbated by a skyrocketing annual inflation rate. So, one of the main tasks was to develop a tailor-made disbursement scheme that took above mentioned conditions into account and paved the way for reaching a financial closing.

At the end this ECA covered financing transaction overall has won two awards. The first award has been given by the Global Trade Review, a publishing and events company specialized in export and trade finance, as “Best Deal of the Year”. The review stressed that this was the first transaction of SERV with the Municipality of Istanbul;

furthermore, the Global Trade Review also noticed the remarkably innovative disbursement structure.

The second award has been given by TXF news, a provider of news, data and events in the field of export trade and commodity finance. The “Environmental Enhancement ECA-backed Deal of the Year” recognizes a “landmark project which will drastically transform the waste management of the city of Istanbul while also providing a state-of-the-art energy generation plant”.

Peter Gisler, CEO of SERV, states: “This project underlines SERV’s clear ambition to continuously support Swiss exporters in challenging economical environments by backing innovative financing solutions. We are glad to facilitate an undertaking that leads to an ecological and sustainable waste management system and thus contributes significantly to the reduction of landfill greenhouse gas emissions and the optimization of land use. We couldn’t be happier that this was also acknowledged by third parties and resulted in two awards.”

Heiko Wiesner, CFO of Hitachi Zosen Inova, states: “We are proud that HZI as a traditional Swiss cleantech company is able to support the City of Istanbul to take steps towards building up a sustainable and modern waste management infrastructure. The professional expertise of AIL to setup a sophisticated financing concept made this project possible in the first place.”

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