

EcoSystem Firm to Invest \$450M in Waste Recycling Business

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Major waste recycling firm EcoSystem plans to invest 16 billion rubles (\$450 million) in creating a large network of processing facilities throughout the country and becoming a monopoly in the business in some major regions, Vedomosti reported Friday.

Waste collection, recycling and dumping is a huge problem in Russia. Some 82 billion tons of waste are estimated by EcoSystem to have been spilled or buried in different parts of the country, and the amount of garbage is growing by 2 percent each year. But no great investments have been made into the recycling business since the collapse of the Soviet Union.

EcoSystem, whose major shareholders include ex-Senator Valentin Zavadnikov and an investment fund of former Troika Dialog head Ruben Vardanian, is currently building

recycling factories worth 3 billion rubles in seven regions.

But after receiving a 10-year loan for 12 billion rubles from Sberbank, the company announced that it would use the money, as well as another 4 billion rubles from its own funds, to expand into 40 cities and become a monopoly in the recycling of solid domestic waste in such regions as Samara and Saratov.

One of the firm's top projects to be implemented in the nearest future is called Clean Volga. It includes cleaning the banks of the Volga river, conducting land recultivation, as well as sorting and recycling waste. "We would like to organize an effective system of waste management all along the Volga river," Andrei Yakimtchuk, CEO of EcoSystem, told Vedomosti. He added the regional authorities had agreed to cooperate on with program.

To date, one of EcoSystem's most successful projects was in the Astrakhan region, where it managed to build up a centralized system of waste management for 1.5 billion rubles in five years. EcoSystem had signed an investment agreement with the Astrakhan regional government under which the government raised the monthly local tariff for garbage disposal by 50 percent to 60 rubles per person for three years.

The firm plans to implement similar projects in Saratov and Samara at the request of the local government. The company plans to build two recycling plants and two waste polygons. Local authorities pledge to provide land plots. In Samara, the company is ready to invest 2.4 billion rubles in the next two years and another 1.6 billion in Saratov.

The next processing complex will be built in Kostroma. And by 2018 EcoSystem expects to reach an ambitious goal of processing 5 million tons of waste per year.

"EcoSystem is already one of the biggest companies in the field," said Alexander Svezhintsev, deputy CEO of recycling company Mayak. "And Clean Volga may prove to be very useful as the Volga region is suffocating from garbage at the moment," he said.

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