

## China

### Weihe Fertilizer Plant Construction Project (I)(II)(III)



External view of Weihe Fertilizer Plant

#### Outline of Loan Agreement

Loan Amount / Disbursed Amount	26,926 million yen / 26,925 million yen
Loan Agreement	November 1990 ~ October 1992
Terms & Conditions	Interest rate 2.5% / 2.6% p.a. Repayment period 30 years (Grace period 10 years)
Final Disbursement Date	December 1995 ~ November 1997

#### Project Outline

The project covered construction of a urea fertilizer plant with an annual output capacity of 520,000 tons in order to meet increased demand for chemical fertilizers in Shanxi Province and respond to the need to improve food productivity.

#### Results and Evaluation

This project was given priority since it covered one of the ten chemical fertilizer plants nationwide that were targeted for development (of which 6 were covered by Japan's ODA loans) under China's eighth five-year development plan (1991-95).

Under the project, due to problems with equipment, output performance for urea was 45% of the production target (520,000 tons/year) in fiscal 1997, however, it reached 58% in fiscal 1998, and 76% in fiscal 1999, and exceeded the target level in fiscal 2000. The gap behind demand for nitrogen fertilizers and output volumes in Shanxi Province has been reduced from the pre-project level of 210,000 tons to 50,000 tons, and the project is evaluated as having contributed to improving the demand-supply balance for chemical fertilizers in the region. The project is also considered to have contributed to increases in food production volumes and productivity throughout China, and to the accomplishment of government policy goals.

No particular problems have been identified in terms of operation and maintenance, however, the financial status of the executing agency will require careful monitoring as China continues to develop into a market economy.