

Mafrag Cement Factory Construction Project



Cement Factory Constructed by the Project

Outline of Loan Agreement

Loan Amount/ Loan Disbursed Amount	¥22,070 million / ¥22,068 million
Loan Agreement	November 1988
Terms and Conditions	Interest rate: 1.5%, Repayment period: 30 years (grace period: 10 years)
Final Disbursement Date	December 1997

Project Profile

The project was to build an integrated cement factory, using the country's abundant limestone, to meet increasing demand. The factory is located in Mafrag, to the west of Ta'izz, the country's second largest city.

Results and Evaluation

When this factory first started operations, its production fell below the planned level temporarily, due to equipment breakdowns and other problems. After that, production grew steadily, reaching 546,000 tons/year in 1999, which exceeded the planned production volume. The factory's plant load factor has exceeded 80% for the last three years.

The cement produced at this factory equals approximately one quarter of the country's cement consumption. In addition to filling the cement demand gap, the factory saved approximately \$24.7 million in foreign currency in 1998, contributing to Yemen's balance of payments.

While the factory's production is increasing every year, its costs, including electrical power, are high and its profitability is low compared to other factories owned by the Yemen Corporation for Cement Manufacturing and Industry, an executing agency of the project. Special Assistance for Project Sustainability (SAPS) is being conducted to support future efforts to solve this problem.