

China

Inner Mongolia Fertilizer Plant Construction Project (I) - (IV)



External view of the Inner Mongolia Fertilizer Plant

Outline of Loan Agreement

Loan Amount / Disbursed Amount	21,412 million yen / 21,412 million yen
Loan Agreement	November 1990 ~ August 1993
Terms & Conditions	Interest rate 2.5% / 2.6% p.a. Repayment period 30 years (Grace period 10 years)
Final Disbursement Date	December 1995 ~ March 1999

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 Inner Mongolia Autonomous District 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, output performance for urea was 32% of the final production target (520,000 tons/year) in fiscal 1997, however, it increased to 62% in fiscal 1998, and reached 87% in fiscal 1999. Output was 74% in fiscal 2000 as the result of equipment failures, but is forecast to increase in the future.

The gap behind demand for nitrogen fertilizers and output volumes in Inner Mongolia Autonomous District has been reduced from the pre-project level of 150,000 tons to 70,000 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.