



TOGETHER
for a sustainable future

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Distr.
LIMITED

ID/WO.274/1/Rev.1
28 March 1978

ENGLISH

United Nations Industrial Development Organization

Expert Group Meeting on Fertilizer Plant
Cost Reduction and Ways to Mobilize Sufficient
Financing

Vienna, Austria, 11 - 14 April 1978

PROVISIONAL AGENDA

- I. Increases in the cost of fertilizer plants built in the period since 1970 - Historical perspective and what in future
 1. Contractor's indices of trends in the costs of plant and equipment.
 2. Plant costs in industrialized countries and developing countries (N plants, P_2O_5 plants, NPK plants)
- II. Costs of associated infrastructure for fertilizer plants built in the period since 1970
 1. Major components of infrastructure costs.
 2. Who paid the cost of infrastructure - the fertilizer company or the Government?
- III. What are the major components of the capital cost of a fertilizer plant and which components may possibly be reduced?

An analysis based on case studies prepared by the Chemical Industries Section.
- IV. Ways and means to reduce the cost of fertilizer plants
 1. Choice of optimal site location.
 2. Clear, precise and comprehensive specifications in invitations to bid.
 3. The competitive bidding process, instead of tied financing including evaluation of bids.
 4. Contract procedures aimed at reducing costs.
 5. Ways to avoid delays in construction.
 6. Standardization of capacity, plant lay-out, and equipment for (a) nitrogenous fertilizer plants and (b) phosphate fertilizer plants.

7. Reduction in the number of NPK formulations produced.
8. Greater utilization of equipment produced in developing countries.
9. Ways to reduce the cost of engineering and licence fees and engineering and design services from developing countries.
10. Reducing the impact of duties, levied on imported equipment and other tax burdens imposed by developing countries.
11. Barge-mounted pre-erected N fertilizer plants

V. The volume and type of financing required for fertilizer plants and associated infrastructure

1. Domestic component
2. Foreign component

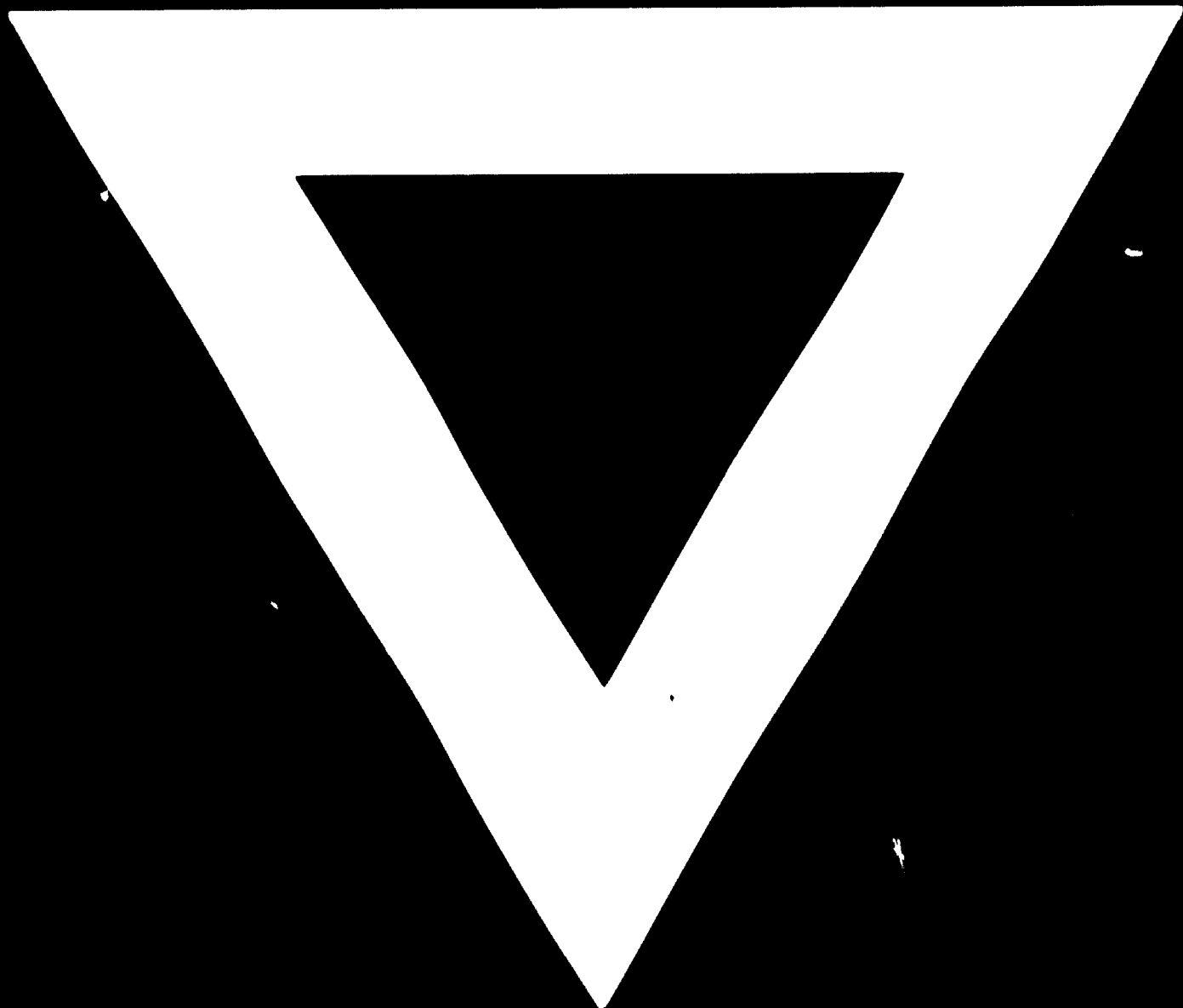
VI. Sources, terms and conditions of financing available and costs

1. Local sources of financing
2. Joint ventures with foreign equity investment
3. Institutional sources of financing
4. Commercial loans on world capital markets
5. Bilateral development financing
6. Suppliers credits
7. Investment funds of capital surplus, oil exporting countries
8. Financing from centrally-planned economy (CMEA) countries
9. Equipment suppliers' credit, deferred payment and its cost

VII. Ways of combining different sources of financing fertilizer plants and associated infrastructure (co-financing)

1. Approach of World Bank Group
2. Approach of other leaders of financing consortiums.

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