



## **INVESTMENT OPPORTUNITY** **Abu-AL-Khaseeb Fertelizer plant** **Basrah – Iraq**

### **– Invitation**

The Ministry of Industry and Minerals (MIM) / Investment Department invites international Competent Companies and Investors to invest in Nitrogen Fertilizer plant (Urea) located at Abu Al-khasib (25KM) south of Basrah – (South of Iraq) through implementing and Financing the rehabilitation and reconstruction activities , manage and operate , the plant at the investor account against share of product accomplished.



## Brief history of the project

Abu-Alkhaseeb fertilizer plant consists of two plants, **Plant No.1** is the old one which produces Urea prills at a capacity of 200 tons/day and Sulphuric acid Ammonium Soleplate, it was completely destroyed during the Iranian –Iraqi war in the eightieths. The construction of Abu-ALkaseeb fertilizer **Plant No.2** started on 1973 and was completed on 1976 at a design capacity of (420000) metric ton /year of Prilled urea. The main contractor was Mitsubishi Heavy Industries (MHI).

The plant is located on Shat – Alarab River bank adjacent to Abu-floos River near Abu-Alkhaseeb town, (25 Km) south of Basrah city (South of Iraq).

The plant was operated on 1977; it was running until 22/9/1980, when stopped due to the Iranian – Iraqi war outbreak. The plant suffered severe damages during that war.

Rehabilitation work commenced in 1993 by Iraqi companies under the supervision of the State Company for Industrial Design and Consultancy (SIDCCO) / Ministry of Industry & Minerals. The first step was to clear the destructed structure.

A comprehensive inspection of the status was prepared by a team of Engineers from (SIDCCO).

On the basis of that inspection, rehabilitation was organized and started. According to the evaluation of (SIDCCO) 60% of work was completed till now. However the Rehabilitation work stopped due to lack of foreign financial resources and the economical embargo imposed on Iraq during that period.

## – Investment Concept

The concept is that the investor shall implement the activities to rehabilitate the plant in accordance with modern technology, manage and operate the plant against share of accomplished production, for a certain period.

## – Plant Data:

- **Design Capacity**

A design capacity of 420,000 ton Prilled Urea /year.

- **Target Capacity**

The scope of work needed to reach the design capacity



## – Economic Data:

### ▪ Strong Points of the Opportunity:

- 1- The plant is located at an area where low cost labor is available,
- 2- Secured and safe area.
- 3- Availability of Natural gas up to plant site. Availability of infra-structure such as roads, power transmission and distribution network
- 4- Availability of river dock yard for the purpose of exporting Urea Fertilizer directly from the plant.

### ❖ Local Market Demand

Local production and demand as follows:-

*Local demand*

Prevailing demand	1,071,000 m. ton / year
Expected year 2008	1,360,000 m. ton/ year
Expected 2012	1,812,000 m. ton /year

### ❖ Availability of Labor Force

Iraq possesses trained skilled and semi-skilled man power, plus technicians graduated from colleges, technical schools and Industrial Institutes. Fertilizer Industry started (38) years ago, and so, groups of Engineers and technicians gained wide accumulative experience through out these years.

Additionally the Investor may hire specialists and experts from outside Iraq for certain period.

### ❖ Availability of Raw Material

The main raw material (Natural Gas) is available locally which is abundant in south of Iraq.

### ▪ Estimated Cost of Rehabilitation

About \$ 150 Million.



## – Special care

The investor is requested to pay special attention to the following points when preparing and submitting his proposal:-

1. The aim is to rehabilitate and upgrade the plant by modern technology, to reach targeted production capacity, all at the "investor" expenses, against share of the product for certain period of time to be agreed upon with Ministry of Industry & Minerals.
2. The rehabilitation works shall be comprehensive for all production lines of the plant and facilities to ensure that the plant shall work at the targeted capacity.
3. The "investor" in cooperation with his supporters, specialized in concerned industry, shall depute technical experts to visit the plant site to evaluate the technical requirements of rehabilitation & conclude detail investigation at the same time. The plant management shall provide all needed assistance to help the expert's team to perform the technical investigation of the plant including providing technical data and drawings.
4. The investor shall present his investment proposal containing the details of the rehabilitation work that he shall perform, procedure for implementing the work, the final and stages production capacity targeted, the period of the investment agreement, the share of the Ministry of the production that he offers and the procedure to operate and manage the plant after completing the rehabilitation work (see General Condition for detailed terms of the eventual agreement).
5. The proposal shall contain the undertaking to supply, install, and operate power generation unit (s) sufficient to meet the plant needs.
6. It is preferable for the interested investors to arrange seminar for the project team and the related staff, to show his qualification and experience and points of view for the rehabilitation approach.
7. The proposal shall contain the undertaking to keep the plant personnel, pay their salaries and allowances throughout the agreement period.



## – Evaluation criteria

A specialized team from the Iraqi side shall study all the proposals submitted by the investors and select the best proposal, negotiate the investor of the best proposal to finalize the agreement to be signed with the Ministry.

The evaluation criteria for selecting the winner investor shall be:-

1. The share of MIM as a percentage of the production.
2. The scope and level of rehabilitation works and technological modification offered by the investor.
3. Readiness of the investor to install power generation unit/(s) of a certain capacity to cover the need of all activities in the plant as the national grid is no more sufficient.
4. Readiness of the investor to keep the existing workforce of the plant paying their salaries & incentive according to the production increments.
5. The period planned to implement the rehabilitation activities to achieve the targeted production capacity of the plant.
6. Minimum period of the investment contract agreement.
7. Maximum production capacity undertaken to be fulfilled by the investor.
8. The investor financial capability to fulfill his undertaking to rehabilitate the plant supported by :-
  - Financial statements for the last three years.
  - Supporting letter from banks and financial houses showing the investor financial capabilities.
  - Documents on the financial capabilities of the investor partners or the supporting parties.
  - Documents on financial facilities that banks may grant to the investor.
9. The technical and managerial capacity of the investor and his supporting partners (Engineering Companies, Vendors, Site Work Contractors), to achieve the rehabilitation works, operate and manage the plant after completion the rehabilitation and organizational structure of the investor/group of investors (to be provided).
10. The similar experience of the investor and his supporting companies in similar works with documental references.
11. The readiness of the investor to accept and fulfill the conditions and obligations mentioned in the rehabilitation file.
12. The Applicable standards (Weights) for the evaluation of each accepted offers will be according to the following marks:-



<b>The Standards of the Criteria</b>		<b>Marks Assigned %</b>
	Financial Capability:	20
	- Providing a certificate from the banks or financial body/institution with other documents that support the financial capabilities of the investor and his partners.....	<b>10</b>
<b>1</b>	-The documented financial facilities presented by the banks to the investor.....	<b>5</b>
	-Evaluating the financial position of the investing company and the partners, through studying financial data's of the last three years.....	<b>5</b>
	Technical capability:	20
	-Similar project works of the investing company and his partners (Implementation and operation).....	<b>10</b>
<b>2</b>	-Presenting documented information on the engineering companies cooperating with the investing company.....	<b>5</b>
	-Authentic documents related to the original suppliers of materials, equipments foreseen dependable by the investing company.....	<b>5</b>
	...	<b>5</b>
<b>3</b>	The production share given by the investing company to the Ministry of Industry and Minerals .....	25
<b>4</b>	The targeted production capacity offered by the investing company.....	10
<b>5</b>	The period required by the investing company for the rehabilitation works.....	10
<b>6</b>	The scope of works specified by the investing company in the investment plan.....	10
<b>7</b>	The specific period of the investment agreement offered by the investing company.....	5

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