



1. Project Data :	
OEDID:	L3066
Project ID:	P003575
Project Name:	Hubei Phosphate Project
Country:	China
Sector:	Fertilizer & Other Chemicals
L/C Number:	L3066
Partners involved :	none
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Reviewed by :	Roger Robinson
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2. Project Objectives, Financing, Costs and Components :

The Hubei Phosphate project, approved in 1989, was the Bank's fourth operation in China's fertilizer sector . It provided US\$ 137 million to support integrated development of two phosphate mines, a large plant at Dayukou and a medium plant at Huangmailing, to produce high-quality phosphate concentrates for several downstream fertilizer plants. It also provided consultant services to the Ministry of Chemical Industries to strengthen project management capabilities. Total project cost was estimated at US\$ 510 million. Underlying the project was support for correcting the imbalance in fertilizer nutrient use .

3. Achievement of Relevant Objectives :

Construction of the plants was completed .

4. Significant Achievements :

There have been no significant accomplishments to date .

5. Significant Shortcomings :

Project implementation was initially delayed for Government approval of project design, selection of technology and counterpart funding. The implementation delays exacerbated local currency cost overruns due to inflation . Project monitoring and control systems of the companies were inadequate . Trial production at Huangmailing started in June 1996, 26 months late, and Dayukou in June 1997, 38 months late. Neither plant has attained projected capacity and both have experienced serious mechanical problems . As a result ERRs and FRRs are well below appraisal estimates. The FRRs were 3.0% at Dayukou and 2.5% at Huangmailing, compared to appraisal estimates of 14.2% and 13.1% respectively. ERRs were 11.4% at Dayukou and 4.2% at Huangmailing compared to appraisal estimates of 17.9% and 14.0%. Project organization and management were not adequate and technical assistance, although helpful was not sufficient to the task .

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Unsatisfactory	Unsatisfactory	
Institutional Dev .:	Substantial	Modest	While progress was made in strengthening the capacity for getting sector policy, strengthening of project entities to implement large investments was limited.
Sustainability :	Likely	Uncertain	Until technical problems in the two plants are resolved, it is unclear that these plants will be financially viable .
Bank Performance :	Satisfactory	Satisfactory	
Borrower Perf .:	Satisfactory	Unsatisfactory	Project implementation was negatively

			affected by counterpart funding problems, and other serious implementation problems. Initial production performance has been poor due to a wide range of mechanical and technical problems.
Quality of ICR :		Satisfactory	

7. Lessons of Broad Applicability :

Project preparation should take into account the fact that implementation of investments requires different skills than management of production. Arrangements should be in place at the outset to ensure that all necessary technical assistance is in place during the construction phase of large complex investment projects .

8. Audit Recommended? ☐ Yes ☒ No

9. Comments on Quality of ICR :

The ICR is satisfactory.