



INVESTMENT OPPORTUNITY

Al-Sadda Cement Plant

(Babylon Governorate)

– Invitation

The Ministry of Industry and Minerals (MIM) / Investment Department invites Investors and international competent companies to invest in rehabilitation of Al-Sadda cement plant at Babylon Governorate, about 56 Km to the south of the city of Baghdad (5 km. away from the city of Saddat Al-Hindyia); that is to finance and implement the activities to rehabilitate the plant and making the necessary modification in accordance with modern technology of cement industry (i.e. Upgrading the plant by using new technology and adding new equipments to achieve the target of the rehabilitation) to operate and management control the factory at the investor expenses against a share of production.

– History of the Plant

Al-Sadda Cement plant is one of many cement plants run by the Southern State Company for Cement (owned by the government/ Ministry of Industry and Minerals). The original construction contract of the plant was signed in 1954 with "Krupp Polysius" of Germany (the machines were delivered from Lurgy, Demalsin and Krupp polysius), the production started in 1957.

The plant consists of two lines to produce Portland cement by wet process technology; the total production capacity of the two lines is 744 tons clinker/day.



In 1986, the factory was stopped producing cement; in 1994, it has been converted to produce Refractory Materials. By the year 1999, some maintenance has been implemented to the factory as it began to produce cement once again, the efficiency of the production capacity was very low due to old technology and manual operating control had been used.

Due to shortage of funds and the embargo imposed on Iraq in the nineties, shortage of electricity, poor maintenance was performed with absence of standard spare parts, shortage in mining equipment ;this situation prevailed until now, the result was low productivity of the plant, therefore, it needs a comprehensive rehabilitation and modification works to change the production process and adopt "DRY PROCESS" technology in order to bring the plant to a higher capacity according to modern development technology in cement industry.

– 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**

The original design capacity is 216000 ton /year

- **Target Capacity**

Minimum target capacity is 241000 ton clinker / year by using wet process technology ;i.e. around 248400 ton cement/year

– Economic Data:

- **Strong Points of the Opportunity:**

- ❖ **Local Market Demand**

There are (17) established cement factories in Iraq. All of them are the property of the State. Their total design capacity 19000000 ton/year, however, the actual production capacity currently is around 3000000 ton/year only.

The gap between demand and production is wide. Local demand is growing in large scale and quickly while production is not improving.

The prediction for cement consumption shows that the consumption may reach 27 million ton/year in the coming years, based on the wide program



for reconstruction, infrastructure requirements and large scale housing scheme accordingly there is a strong investment opportunities in rehabilitation of existing cement plants and for new plants as well.

❖ **Availability of Labor Force**

Iraq possess an accumulated technical experience in cement industry, both in dry and wet process, especial in Al-Saddah area where the plant was founded in 1954, where experience is represented in a number of engineers, technician, skilled and semi-skilled labors working in operation and maintenance activities, in addition to other management and accounting experienced personnel. However, the investor may hire experts and specialists from outside Iraq for supervising rehabilitation works and training Iraqi staff on new technologies if required.

❖ **Availability of Raw Material**

Raw materials are available locally in Iraq not so far from the plant, such as limestone, clay and gypsum; even Raw Iron is available in the west part of the country.

▪ **Estimated Cost of Rehabilitation**

25 million US. \$



– 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:-



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

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