

LIVE WEBINAR

CHEMICAL LEASING:

■ CONTRACT REQUIREMENTS



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The 3 Essential Elements of a Successful Chemical Leasing

- 1) Potential to use chemicals in more efficient way.
- 2) Trustful collaboration between the partners.
- 3) Fair contract to balance interests.

Please keep in mind: Even the best contract can just accompany the trustful collaboration between the partners.

In the following slides you learn about the elements and requirements for a fair contract.



Core Elements of a Contract

- **Definition and description of services:**

What is the contract about?

Recommendation: Describe common targets and nature of the contract - performance based business model

Who will carry out which tasks?

Recommendation: Define phases for the contract, e.g. identification of potential, process optimization and testing, implementation.

Distribution of Responsibilities.

- **Unit of payment, Terms of payment:**

Recommendation: The unit of payment needs to be clearly defined and as simple as possible; both partners should have the option to monitor the unit of payment.

Core Elements of a Contract

- Place of jurisdiction
- Duration of the agreement:

Recommendation: Don't make it too short, at least 1 year.

- Right of withdrawal and contract termination
- Terms of delivery of chemicals
- Sharing of potential investments and contributions:

Recommendation: Include planned values but also the option for modification to the “real” situation.

Core Elements of a Contract

- **Allocation of benefits generated:**

Recommendation: Include planned values but also the option for modification to the “real” situation.

- **Rules of co-operation:**

Recommendation: Define rules for unplanned overconsumption of chemicals by the user, this might include penalties for the user. A provision for expected consumption might be useful.

- **Liability and warranty:**

Recommendation: Define liability and warranty separately for each partner.

- **Confidentiality:**

Recommendation: Be as precise as possible!

- **Conflict resolution**

Additional and Critical Aspects of the Contract

- **Calculating the price:**

Recommendation: Include price fluctuation of raw materials (index based).

- **Liability risks**

Damages to the site

Quality problems regarding the manufactured products

Health / Environmental impacts

- **Know-How Leakage**

How to protect know-how of the user?

How to protect know how of the supplier?

What about common know how?

- **Flexibility**

Recommendation: Include flexible mechanisms for modifying and amending technical and economic parameters

Thank you!

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