

Indonesia

AJDF for Indonesia Category B / PNEC Program



A financed farm

Outline of Loan Agreement

Loan Amount / Disbursed Amount	16,955 million yen / 16,408 million yen
Loan Agreement	November 1989
Terms & Conditions	Interest rate 2.5%p.a. Repayment period 30 years (Grace period 10 years)
Final Disbursement Date	December 1996

Project Outline

Two-step loans were provided via the Bank of Indonesia (BI) with the aim of stimulating the private farms that contribute the development of agro-industry.

Results and Evaluation

This loan was implemented as a part of Asean-Japan Development Fund (AJDF: established in December 1987 at the Japan/ASEAN Summit Meeting) program.

Between 1991-96, low-interest and long-term credit was extended through participating banks to finance 42 sub-projects, which were being operated by private farms. A breakdown of the 32 sub-projects, for which data on account status was available, revealed that around 70% (23 sub-projects) of the loans were allocated to the construction (land clearance / preparation, infrastructure / construction, processing facilities, etc.) of oil palm plantations, cacao, rubber, and etc). Moreover, in terms of geographical distribution, the majority of end-users (approx. 60% or 20 sub-loans) were located in Sumatra island, where the land is suitable for oil palm plantations. These sub-loans facilitated the establishment of approx. 130,000 or more hectares of new plantations, and the production of 400,000 tons of crude palm oil (CPO), which is equivalent to the 7 percent of domestic CPO production.

This project was evaluated as having contributed to the development of agricultural industries via employment creation as well as to increasing foreign currency earnings as a result of the increased exports of palm oil.