

Thailand

Export Industry Modernization Program (IFCT Loan) (II)(III)



A financed enterprise

Outline of Loan Agreement

Loan Amount / Disbursed Amount	7,500 million yen / 7,454 million yen
Loan Agreement	September 1987 / February 1990
Terms & Conditions	Interest rate 2.7% / 3.0% Repayment period 25 years / 30 years (Grace period 7 years / 10 years)
Final Disbursement Date	September 1992 / June 1995

Project Outline

Low-interest, long-term loans were extended to small and medium-sized export-oriented enterprises via the Industrial Finance Corporation of Thailand (IFCT), aiming the growth and strengthening international competitiveness of this sector.

Results and Evaluation

This project was the successor to the Phase I Japan's ODA loan (4 billion yen) implemented in 1985. A total of 132 sub-loans (Phase II: 1988-92; Phase III: 1990-94) were disbursed through IFCT to provide financing for small and medium-sized enterprises.

In consecutive order, the breakdown of borrowers by industry type was as follows: food processing (30%), woodworking/furniture (14%); plastic goods manufacturing (12%); and rubber processing (9%). In terms of geographical distribution, roughly 70% of sub-loans were extended to the areas with concentrations of export-oriented enterprises: Bangkok (44%), eastern region (16%), central region (14%); with more than 90% of loan funds was allocated to new investment in facilities.

According to a sample survey, which targeted approximately 10% of borrowers, the loans resulted in average production/sales increases by approximately 3.5-fold, and a 1.6-fold increase in employment, from which it is inferred that the two-step loans disbursed by IFCT, in the first half of 1990s, have contributed to the development of small and medium-sized enterprises in Thailand.

The majority of sub-loan borrowers have completed their repayment to IFCT, and in June 2001, IFCT was also able to make advanced prepayment of the outstanding balance of the ODA loan.