

AJDF Category B/Small Scale Industry and Pollution Abatement



Overall View of Water Treatment Facilities

Outline of Loan Agreement

Loan Amount/ Loan Disbursed Amount	¥16,244 million / ¥15,891 million
Loan Agreement	November 1992
Terms and Conditions	Interest rate: 2.5%, Repayment period: 30 years (grace period: 10 years)
Final Disbursement Date	March 1998

Project Profile

ASEAN Japan Development Fund (AJDF) funding was used for the following applications.

Supply of long-term capital investment funds to small businesses to assist their development.

Supply of long-term capital investment funds to private companies for the installation of equipment to prevent river pollution, and for other environmental measures to improve the country's environment.

Results and Evaluation

With regard to finance for small business, according to the Bank Negara Indonesia (BNI, a handling bank, which disbursed 37% of the number of loans and 28% of finance value to small businesses, the largest share in each case), a total of approximately 1.9 billion Rupiah had been sub-loaned to 356 small businesses. That lending induced \$2.77 million in extra capital investment, \$800,000 in extra added value, 1,800 new jobs and \$1.2 million in extra exports.

Finance for environmental improvement is monitored by the Environmental Impact Management Agency since installation of the equipment. According to its report, waste water treatment facilities were installed at 64 locations, the status of 53 of those was checked in February 1999, and 46 of those were in mainly good condition. Their main effect was in improving river environments. The other seven of those checked were not in full use due to reduced operation of the processing plants caused by diminished production and sales after the currency crisis.

The banks handling the project reported that none of the borrowers are in arrears, but financial institutions in Indonesia are facing grave problems over non-performing loans, and their progress in improving their financial positions will have to be watched closely.