

AJDF Category B (Bank Pertanian Malaysia)



An Ipoh Plant Nursery Farmer

Outline of Loan Agreement

Loan Amount/ Loan Disbursed Amount	¥10,442 million / ¥10,442 million
Loan Agreement	December 1988
Terms and Conditions	Interest rate: 3.5%, Repayment period: 25 years (grace period: 7 years)
Final Disbursement Date	February 1994

Project Profile

The project channeled ASEAN Japan Development Fund (AJDF) funding through Bank Pertanian Malaysia (the Farmers Bank), a governmental development finance institution, to supply farmers and small and medium businesses in the agricultural sector with long-term investment funds equipment funds to foster their development.

Results and Evaluation

Economic growth in Malaysia was high and there was strong demand for finance, however small and medium business owners had long difficulty obtaining funds. This project provided the low-interest fixed funds for this traditionally over-looked sector.

The range of business types and products eligible for finance under the project were increased relative to the initial plan, in order to meet demand for lending. Approximately 70~80% of lending, in terms of the number of sub-loans and of the total value, was directed to new investment.

As of January 2001 the arrear ratio of sub-loans was rising, both in numerical terms and in value terms relative to total lending; many end users had problems with repayment. The executing agency, the Farmers Bank, is responding with efforts to strengthen its capital base and resolve non-performing loans.