

AJDF Category B (Bank Pembangunan Malaysia Berhad)



Plastic Goods Factory on the Outskirts of Kuala Lumpur

Outline of Loan Agreement

Loan Amount/ Loan Disbursed Amount	¥10,442 million / ¥10,431 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 Pembangunan Malaysia Berhad (the Development Bank), a governmental development finance institution, to borrowers, mainly small and medium businesses. AJDF supplied funding in the form of long-term low-interest investment funds with the aim of fostering borrower s 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 project covered almost all the eligible business types envisaged in the initial plan, and provided relatively small sub-loans to small and medium businesses in line with the project plan. The findings of a recent interview survey of visited companies showed that the AJDF funds were used to expand the equipment capacity of export-oriented businesses, helping to increase the revenues of those end users. It was also clear that the end users had substantially increased their workforces.

The impact of the currency crisis meant that the arrear ratio of end users was high, but the absolute value of arrears was declining. The government is carrying out measures to reinforce policy finance institutions, and the financial position of the executing agency has been improving in recent years.