

AJDF Category B (Malaysian Industrial Development Finance)



Furniture Factory Using Waste Rubber on the Outskirts of Kuala Lumpur

Outline of Loan Agreement

Loan Amount/ Loan Disbursed Amount	¥10,013 million / ¥10,013 million
Loan Agreement	December 1988
Terms and Conditions	Interest rate: 3.5%, Repayment period: 25 years (grace period: 7 years)
Final Disbursement Date	December 1993

Project Profile

The project channeled ASEAN Japan Development Fund (AJDF) funding through Malaysian Industrial Development Finance, 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. In only a few cases did end users become insolvent, and the sustainability of the end-users is good. The findings of a recent interview survey of visited companies showed that the project expanded the equipment capacity of export-oriented businesses, and that a majority of the companies had managed to increase their sales, even amid the country s economic crisis. Documents submitted by end users show that, on average, each sub-loan created 10~30 additional jobs.

The cash collection ratio of original sub-loans is 97%, a high level. The executing agency is in good condition, both financially and organizationally, and has no notable problems.