

AJDF Category B (Bank Industri Malaysia Berhad)



Metal Machining Factory on the Outskirts of Kuala Lumpur

Outline of Loan Agreement

Loan Amount/ Loan Disbursed Amount	¥5,890 million / ¥5,716 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 Industri Malaysia Berhad (the Industry Promotion 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. Judging by the relatively low rate of non-performing loans, it is reasonable to assume that the sustainability of the end-users is relatively good. The findings of a recent interview survey of visited companies showed that, on average, they had experienced three years of continuing revenue growth, that a majority of those companies were exporting products, and that the total number of employees had increased substantially at the finance was provided.

The cash collection ratio on primary sub-loans fell to around 80% initially, but has recovered to more than 90% in recent years. The performance of the executing agency has been improving, and there are no notable problems with its sustainability.