



# DFIs and Entrepreneurship Development

Presenter:

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# Agrobank at a Glance: Corporate Profile



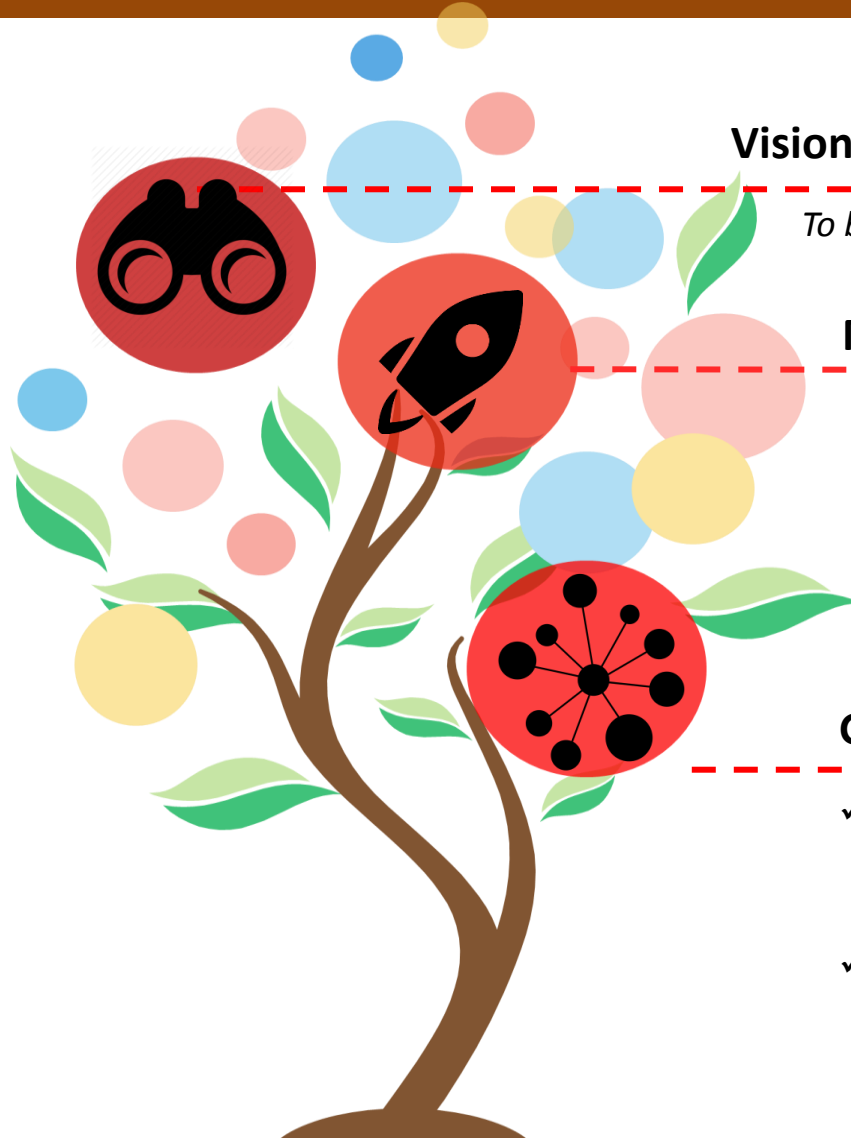
Established as **Bank  
Pertanian Malaysia Berhad  
(BPM)**



- Corporatised as **Agrobank**
- Wholly owned by Ministry of Finance (MoF)

**2015**

**Full-fledged Islamic Bank**



## Vision

To be a **leading bank** with focus on **agriculture**



## Mission

To provide market and client-driven financial services in a **financially sustainable way** with specific target groups:

- **Agropreneurs;**
- **Micro, Small and Medium Enterprises;** and
- **Private individuals**

## Geographical Reach

- ✓ **Nationwide** branches **distribution** to ensure **widespread access** to financial services
- ✓ **71%** of Agrobank's branches are **located** in rural areas for **convenient accessibility**.

**184**  
branches  
and kiosks



**990**  
Agent  
Banking



# Agrobank at a Glance: Overarching Principles in Entrepreneurship Development



## Enrich Social Well-being

Uplifting the lives of the marginalised in **rural** and **semi-rural areas** enables them to:

- ✓ Have the opportunity to **increase their income**
- ✓ Successfully **overcome financial difficulties**
- ✓ **Achieve** what they **aim** for their business
- ✓ Have a **better social life**



## Greater Client Outreach

**Strategic collaboration** and **agent banking** enable proximity to **larger base of rural communities** without setting up physical branches.

*Therefore, **Malaysian economy** has become **more inclusive** as **financial accessibility** is **expanded** to those facing **greatest barriers** to advancing their well-being.*



## Drive Economic Growth

**Proper allocation of financial resources** and **services** for un-served and underserved community to support the rise of **new business opportunities** and developing **entrepreneurial activities**.

*Expanding business activities evidently contributes to the growth of **national aggregate output**.*

# Key Challenges among SMEs in Agricultural Sector

## Access to Financing

- Poor creditworthiness
- Lack of *know how* and resources

## Market Access

- Information barrier to export
- Limited marketing
- Low bargaining power

## Legal & Regulatory Environment

- Licensing / permits
- Complying to new regulations such as MyGAP

## Infrastructure

- Trade clearance and facilitation system
- Low and infrequent trade volume

## Human Capital Development

- Workforce lacks job readiness
- Low utilization of trainings
- Non competitive rewards and benefits

## Innovation & Technology

- Low commercialization
- Minimal R&D
- Poor technology uptake

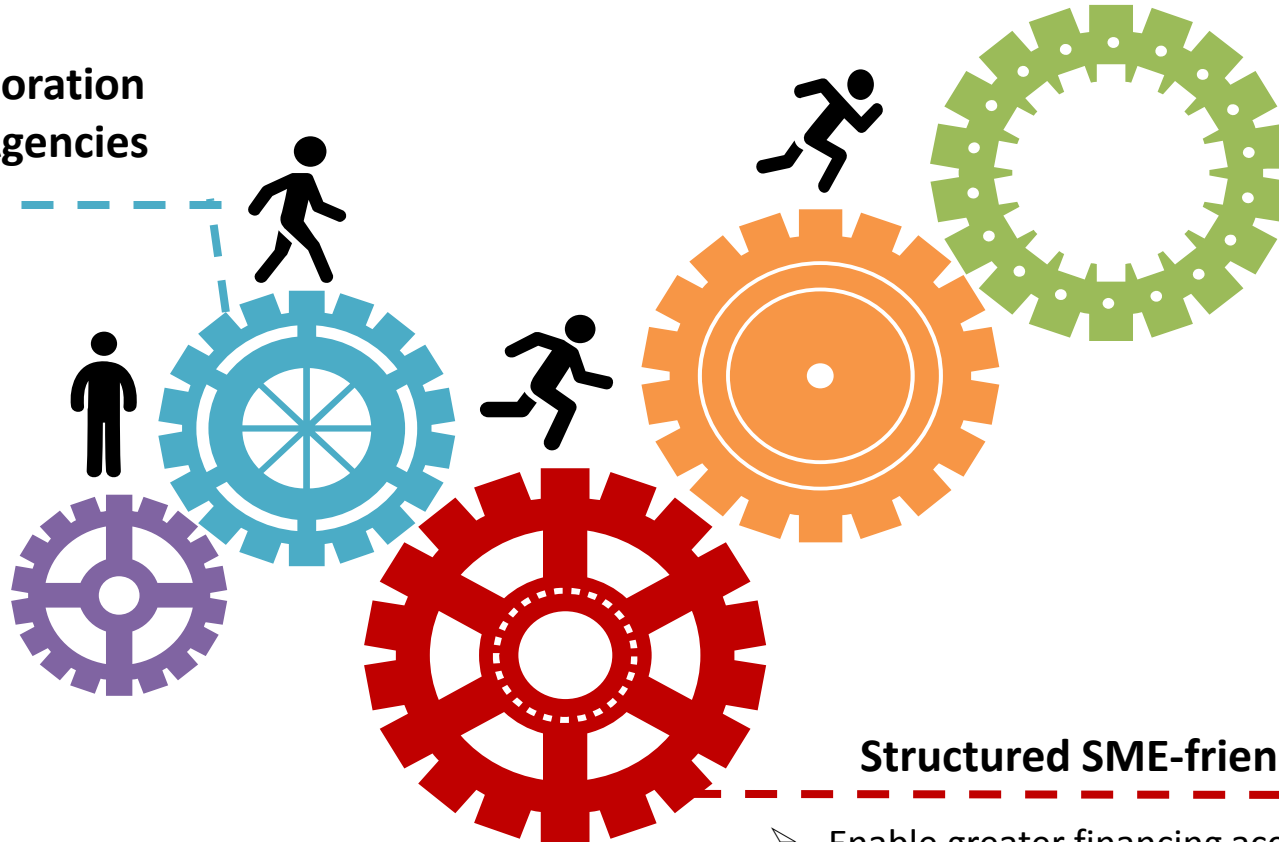


# How Agrobank Addresses the Challenges



## Strengthened Collaboration with Development Agencies

- Connect the SMEs with conducive ecosystem for their business sustainability.
- Linking SMEs with the market players (buyers), strategic agencies for knowledge sharing and keeping abreast with latest policies and technology.



## Comprehensive Entrepreneur Development and Financial Literacy Program

- Provide the channel for potential and existing SMEs to scale up their entrepreneurial knowledge in the area of financial and business management - to be more competitive and sustainable in the marketplace.
- Provide advisory and business consultation the structured programs.

## Structured SME-friendly Financing Program

- Enable greater financing access to SMEs operating in different parts of agriculture value chain (end-to-end financing).
- Provide financing flexibility that suits the limitations and SME business circumstances.



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# How Agrobank Addresses the Challenges:

*Strengthened Collaboration with Development Agencies and Learning Institution*




## Strategic Industries

To intensify portfolio growth of targeted market segments and strategic industries **in-line** with **national agenda** to support food security and encourage participation of young agropreneurs.

### Example:

**Pineapples** via collaboration with *Malaysian Pineapples Industry Board (MPIB)* and local universities 

**Poultry** via collaboration with *Johor Corporation* 

**Dairy Cattle** via *ECERDC* and anchor companies 



## Strategic Agencies

Strategic collaboration with relevant agencies to **expand market reach** in all agricultural segments and underserved community

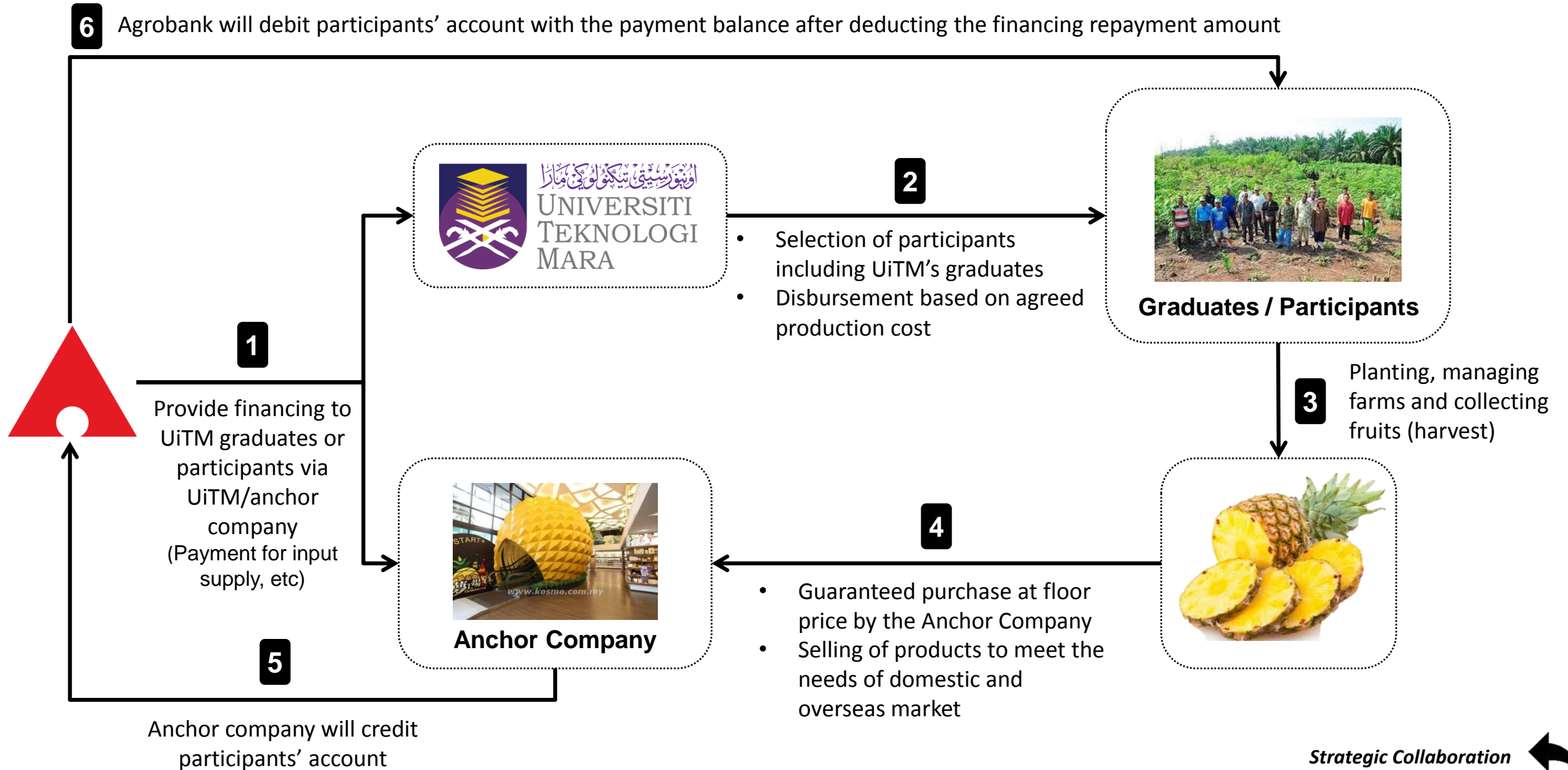
### Example:

**Farmers' Association (PPK)** and local universities for *Cili Fertigasi-i Financing Program* in Selangor and Malacca. 

**Malaysian Pepper Board (MPB)** for *integrated financing program on pepper cultivation* 

# Strategic Collaboration: UiTM - Agrobank - Identified Anchor Company

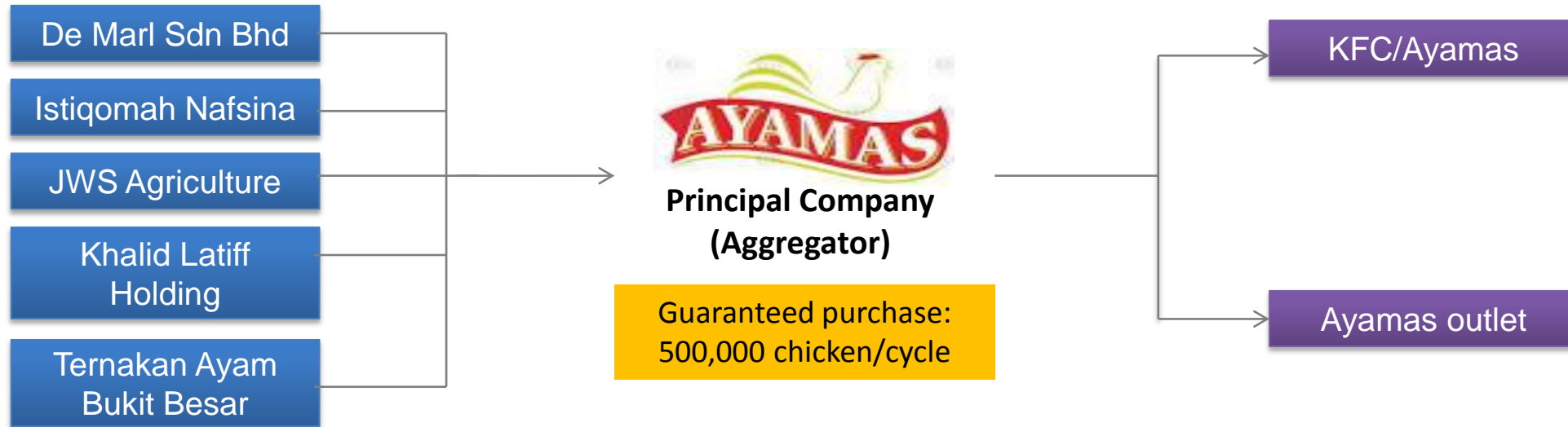
Young Agropreneur Program for Pineapple Cultivation



# Strategic Collaboration: Agrobank – JCorp – Ayamas Corporation

Development of Halal Supply Chain of Poultry Industry

## Phase I: Financing to 5 Chicken Broiler



1. The integrated project is based on contract farming model,
2. Farmers are appointed by JCorp
3. Production cycle: 35 days (5.5x yearly)
4. The chicken will be distributed to their outlets nationwide

### Financing



Financing for Satellite farmers:

Expected cost: RM2,000,000 each

- Principal : RM300,000 (no interest)  
: RM100,000 (chicks)
- **Agrobank: RM1,600,000 (equipment)**
- Farmer's Contribution : land

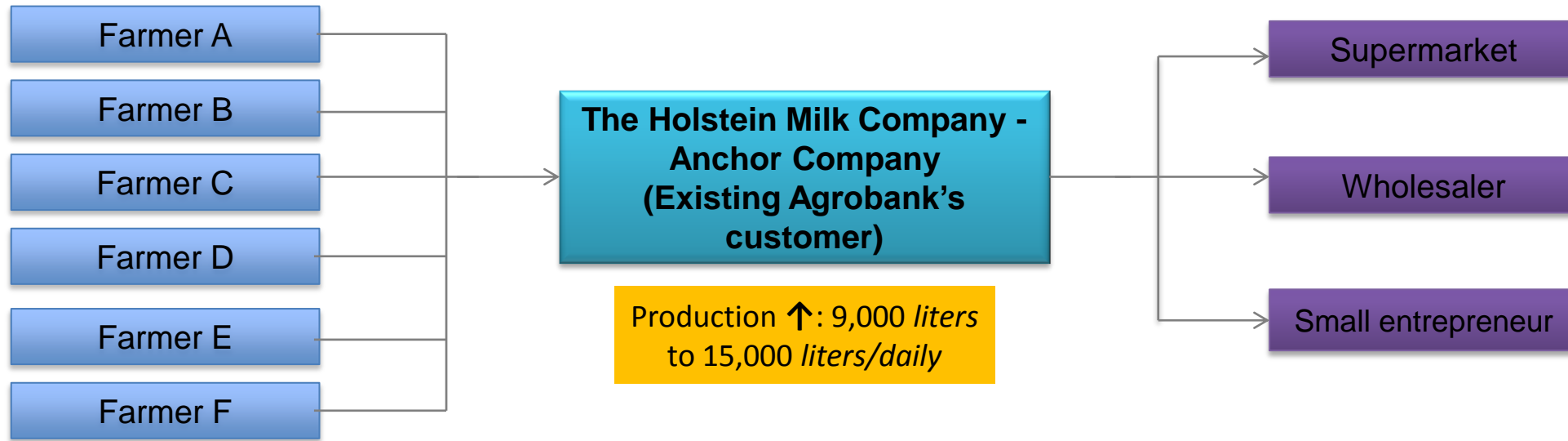
Strategic Collaboration





# Strategic Collaboration: Agrobank – ECERDC – Holstein (Anchor Company)

Cattle Innovation Centre, Pahang: Reducing dependency on Imported Fresh Milk



1. The integrated project is based on satellite farming model,
2. Farmers are appointed by ECERDC/Holstein
3. The processing plant will be used to process fresh milk purchased from the farmers and other suppliers.
4. The processed milk will be distributed to the local buyers

## Financing



Financing for Satellite farmers:

Expected cost: RM447,000 each

- Teraju (ECERDC) : RM100,000
- Holstein : RM100,000
- **Agrobank: RM200,000**
- Farmer's Contribution : RM50,000

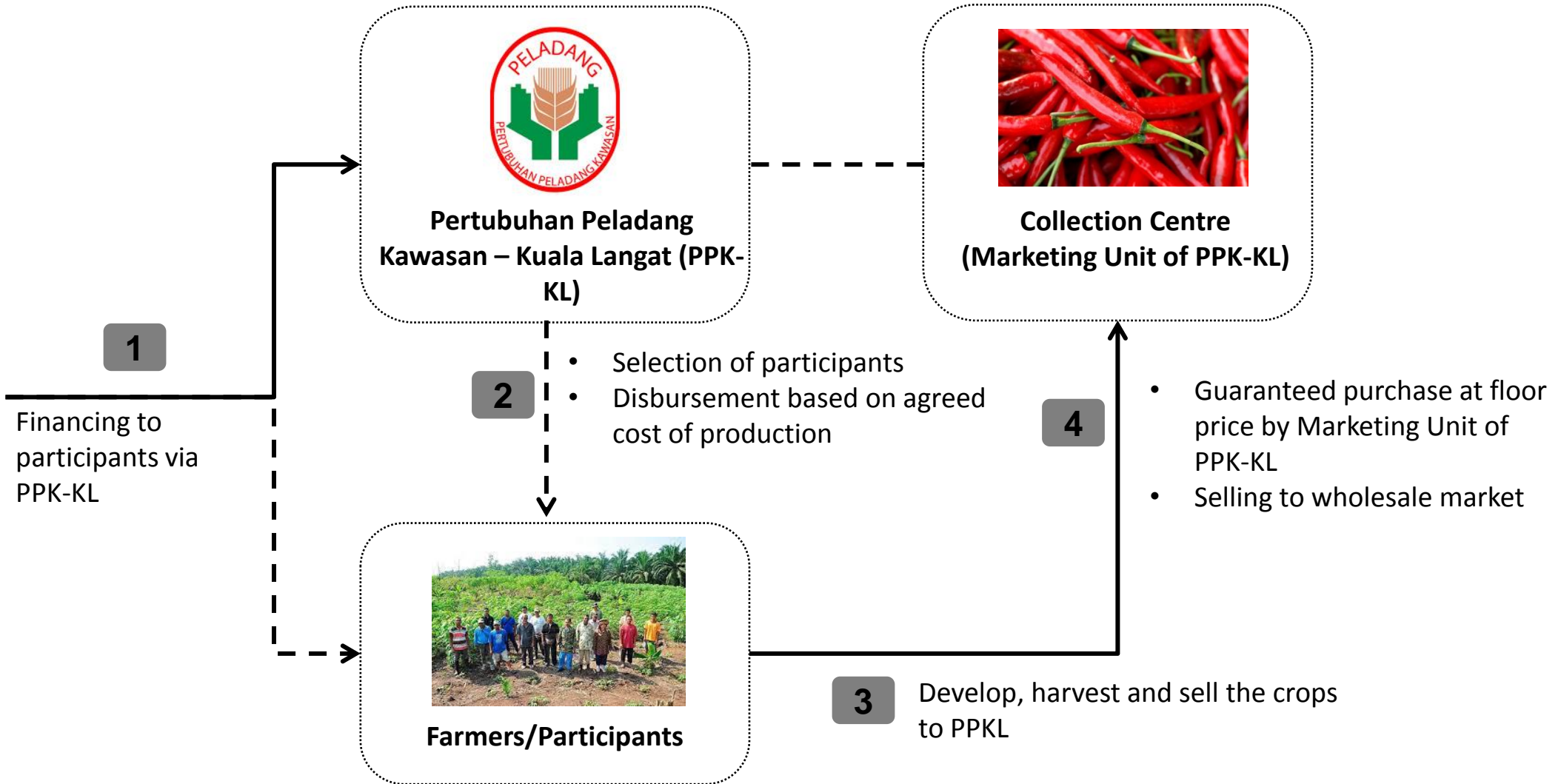


Strategic Collaboration



# Strategic Collaboration: Agrobank - PPK Kuala Langat

*Integrated Financing for Program Fertigasi Cili Berkelompok*

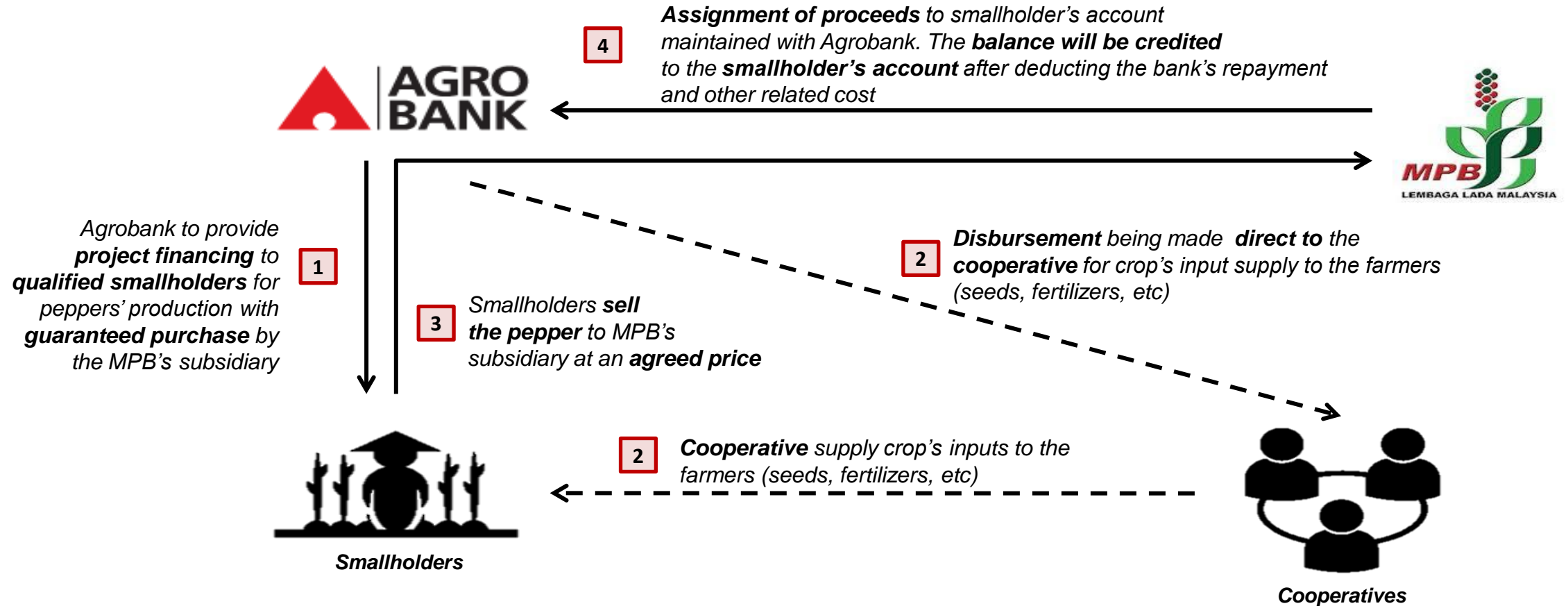


*Strategic Collaboration*



# Strategic Collaboration : Agrobank – Smallholders – Cooperatives – MPB’s Subsidiary

*Integrated Financing programme to smallholders for pepper cultivation*



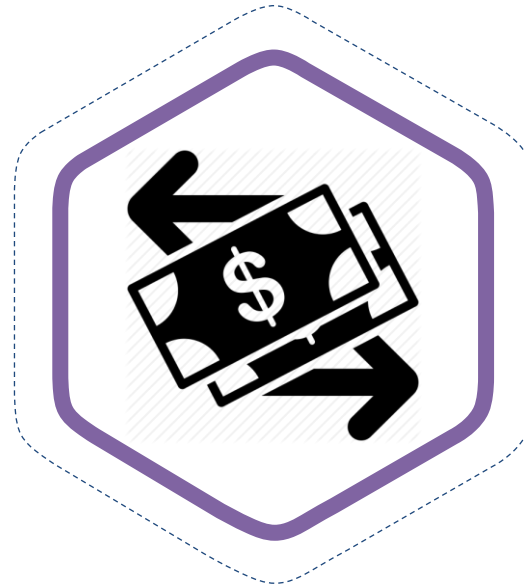
## How Agrobank Addresses the Challenges: Structured SME-friendly Financing Program

### Wide Range of Specialized Financing Program that suits SMEs Risk Profile



#### New and Inexperience SMEs

- ✓ Young Agropreneur Program (*PAM*)
- ✓ MY AGROSIS
- ✓ Graduate Agropreneur Scheme (*SUTKS*)
- ✓ *Agro Teras/Nisa'*



#### Cash Flow Difficulties

- ✓ Agro Cash Line-i (*CashLine-i*)
- ✓ Short term revolving credit facility (*MK-i*)
- ✓ Trade Working Capital Financing-i (*TWCF-i*)



#### Project Financing

- ✓ Fund For Food (3F)
- ✓ Term financing-i
- ✓ 1 Malaysia Entrepreneur Capital (*MUS1M - i*)



#### Asset Acquisition

- ✓ Hartani -i
- ✓ Fishery Boat Financing Scheme-i
- ✓ Machinery and Equipment Financing-i (*MAEF-i*)

## How Agrobank Addresses the Challenges: Comprehensive Entrepreneur Development and Financial Literacy Program



A **platform** to facilitate **capacity building** of customers, **instil accountability** on facilities offered, **motivate** new & existing client on **repayment obligation**

### Agropreneur Development Program (ADP) I

**Target Audience:** New and potential customers

#### Program Modules

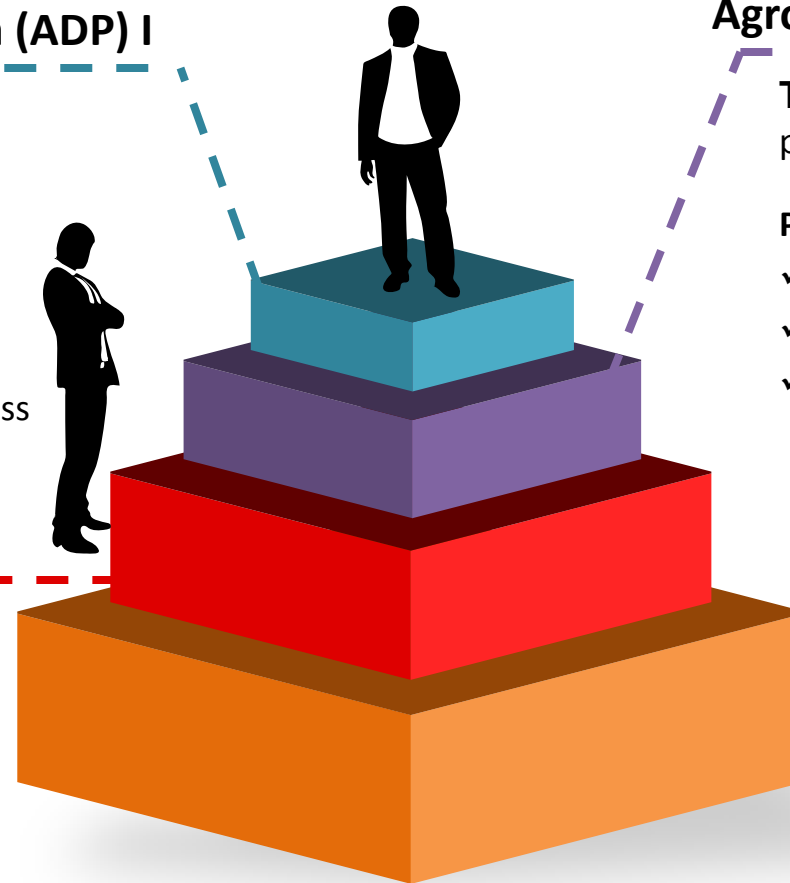
- ✓ Basic concept on Entrepreneurship
- ✓ Business Plan Development
- ✓ Products and services offered by the Bank
- ✓ Supporting agencies available to assist business development

### Business Advisory Program

**Target Audience:** Existing customers

#### Program Objectives

To understand the status of the business performance, practices and challenges faced by the clients and recommend relevant solutions .



### Agropreneur Development Program (ADP) II

**Target Audience:** Existing and potential customers, participants of agencies/departments under MOA

#### Program Modules

- ✓ Strategic Planning
- ✓ Financial Planning
- ✓ Marketing Management

### Intervention and Best Practices

**Target Audience:** Potential and existing customers

#### Program Objectives

Exposure and knowledge sharing of best practices via interactive forum/dialogue (Agrobank's Business Dialogue (DNA), *Bicara* Agro, Young Agropreneur Seminar)

One-to-one session

Business clinics

Site visits



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