

MDV to announce recipients of ICT fund early next month

STAR 24 SEP 2002

Stories by KERRY FONG

MALAYSIA Debt Ventures Sdn Bhd (MDV) gets down to work fairly quickly. In just three weeks after it opened its RM1.6bil information and communications technology (ICT) fund for applications, it has already completed due diligence on some of the companies and expects to announce the successful applicants in the first week of next month.

And since the fund was launched by Prime Minister Datuk Seri Dr Mahathir Mohamad on Aug 30, at least 60 companies - including KLSE listed ones - have shown keen interest in applying for financing under the fund, according to MDV managing director and chief executive officer Jiro Suzuki.

He said among the enquiries and applications received by MDV, formerly known as MAVCAP Debt Ventures Bhd, were from bumiputra companies which had secured contracts and required financing.

"Some public listed companies have also expressed interest for financing to develop solutions for government projects while some have outright turnkey projects, build-and-operate projects and the licence to provide certain services.

"Some are ICT solution providers, while some are looking towards moving in that direction," he told *Star Business* in an interview.

Suzuki said some companies that had approached MDV also had ideas or the technology, and since it was one of the company's roles to be the bridge between supply and demand, it would put those companies on to the right parties, especially since it has built up a good ICT network.

The fund is the first ever such scheme in Asia on project debt financing focused on high value-added ICT and high-growth sectors. It has the government's mandate to provide an alternative source of financing for knowledge-based and technology-intensive industries and help spur the use and development of ICT in Malaysia in a wide spectrum of industry to improve productivity and promote innovation.

Loans disbursed from the ICT Fund range from a minimum RM1mil to a ceiling of RM320mil. To qualify for a loan, applicants must be public or private limited companies incorporated in Malaysia, and have a minimum paid-up share capital of RM100,000 and at least five employees.

Companies that are eligible are those that provide or procure high value-added ICT solutions and other high value-added ICT products and services, as well as provide goods to ICT companies for the production of high value-added ICT products and services. They may be multimedia developers, high-tech product

tions where ICT is used, for instance, productivity could be drastically enhanced, such as in reducing application turnover time from two months to a matter of two hours.

He said some of the local companies keen on tapping on the ICT Fund had good potential, adding that the current applications such as the Smart Schools and e-Government projects were among the best in the world.

On the strengths of Malaysia's ICT companies, Suzuki said they had the expertise in project-based solutions and had been attracting a lot of interest from the Middle East, adding that Malaysia had positioned itself as the most advanced Islamic country in ICT to the Middle East. The fund, a loan facility provided by the Japanese Government via the Japan Bank for International Cooperation, will be fully drawn down in 15 tranches over 4½ years.

manufacturers, service providers, traders and those who use ICT in education, healthcare and entertainment.

The fund charges an interest rate that is lower than the prevailing market rates charged by banks, which are based on a base lending rate plus two to three percentage points.

One of its key attractions over the banks is its flexibility as far as collateral is concerned; it only requires contracts, personal or corporate guarantees, letters of credit or intellectual property rights.

Another is the speed with which it screens applications: while it is due to announce the successful applicants early next month - just a little more than a month after the fund was launched - traditional banks have been known to take six months to a year to approve loans for ICT projects, by which time, the intended technology or project would have been rendered obsolete.

Suzuki said the impact of ICT on the economy was currently limited, accounting for less than 2% of GDP in 2000.

He said compounding this problem is that local companies often made the mistake of expecting an ICT solutions provider to take care of everything for them, not knowing their input in terms of expertise was vital in contributing towards coming up with ICT solutions that could be used to their full potential.

He said in certain overseas financial institu-