



FREQUENTLY ASKED QUESTIONS

DANA PROGRAM PEMBIAYAAN AGROTEKNOLOGI MADANI

NO.	QUESTION	ANSWER
1.	What is Dana Program Pembiayaan Agroteknologi Madani (DPPAM)?	<p>DPPAM is a non-collateralized financing facility for new or existing agropreneurs to increase the use of agrotechnology in the agrofood sector in line with the modernization and smart agriculture agenda outlined in the National Agrofood Policy 2021 – 2023 (DAN 2.0). This financing facility program is also an encouragement by the Government to increase the use agrotechnology such as Controlled Environment Agriculture, urban farming, 4IR based technology, Internet of Things (IoT), Artificial Intelligence technology, mechanization, and automation as well as the use green technology in increasing productivity towards food security and to increase the Self Sufficiency Level (SSL) of key foods and ensure Self Sufficiency Ratio (SSR) is at good level.</p>
2.	What is the scope of financing under DPPAM?	<ol style="list-style-type: none"> 1. Acquisition of equipment or technology that increase higher quality production compared to conventional methods; 2. Procurement of technology and systems that have been used by any existing projects and the results have been certified; and 3. Expansion of business scope and implementation of technology must contribute to the current improvement of agricultural practices. <p>Technology cost must be at least 50% of the total amount of financing.</p>
3.	Who is eligible to apply for a financing under DPPAM?	<ol style="list-style-type: none"> 1. Individuals and non-individuals; 2. Age between 18 years old (during application) to 70 years old (upon maturity of financing); 3. For non-individuals, organization with 51% owned by Malaysians citizens registered under Malaysian law such as Suruhanjaya Syarikat Malaysia (SSM), Suruhanjaya Koperasi Malaysia (SKM) or an organization registered with any agencies approved by <i>Kementerian Pertanian dan Keterjaminan Makanan (KPKM)</i>, operating in Malaysia; 4. Business activities must Shariah compliant; 5. Not subject to legal action i.e. under judicial proceedings or declared bankrupt/winding up or which may lead to bankruptcy action and winding up proceeding; 6. Scale of operation is as deemed fit for commercial purposes (the fitness of scale of operation is subject to type farming projects, if applicable); 7. The proceeds/production are intended for domestic sales or exports; 8. Business activities that are registered under commercialize space/lot are in accordance with AKTA 172 (Bahagian IV Kawalan Perancangan, Seksyen 18) and/or relevant actions that are related to the use of land for agriculture.

NO.	QUESTION	ANSWER
		<p>9. The technologies to be used are agrotechnology such as Controlled Environment Agriculture, urban farming, technology mechanization and automation, 4IR-based technology (Internet of Things (IoT), Artificial Intelligence, blockchain, mechanization and automation, advanced materials and cloud computing and data analysis) and green technology (including biotechnology, renewable energy and waste-to-wealth) in increasing productivity towards food security. Technology solutions can be referred in DirekTANI website together with <i>Terminologi - Teknologi Agromakanan</i>; and</p> <p>10. Applicable for contract farming and non-contract farming.</p>
4.	How is the financing application process can be done?	<p>First Step : Signing up as DPPAM Applicant at Ministry Level</p> <p>Signing up as DPPAM's applicant by registering through KPKM eForm System on the official website of KPKM (https://kpkmborang.my/). Copy of form or email is required as proof of registration and as supporting document when applying for financing which can be submitted at any Agrobank branch.</p> <p>Step Two: Submitting Financing Application at Agrobank Branch</p> <p>After registering on the KPKM website, the applicant must:</p> <ol style="list-style-type: none"> i. fill in the "<i>Borang Permohonan Kemudahan Pembiayaan</i>". ii. prepare documents based on the "<i>Senarai Semak Permohonan Kemudahan Pembiayaan</i>". iii. to include copy of forms/emails as supporting document to be submitted at any Agrobank branch. <p>Step Three: Notification of Application Decision</p> <p>Notification will be made through the Letter of Offer/Letter of Rejection which will be prepared by Agrobank and will be sent to all applicants.</p>
5.	What types of financing products are offered under DPPAM?	<p>Term Financing – i: To provide capital expenditure but not limited to the purchase of technological equipment and material acquisition for the industry involved.</p> <p>Working Capital Financing – i: To provide operating expenses but not limited to costs for the purchase of seeds, fertilizers, maintenance and utility systems, employee salaries, overhead costs and others related to farm operations.</p>
6.	What is the duration of financing facility under DPPAM?	<p>Term Financing – i : Up to 10 years (120 months) including 8 months grace period.</p> <p>Modal Kerja – i: Subject to product financing tenure.</p>
7.	What is the financing limit that can be applied for?	<p>Minimum: RM10,000* Maximum: RM5,000,000* (for each application)</p> <p>* Subject to the terms and conditions</p>



FREQUENTLY ASKED QUESTIONS

DANA PROGRAM PEMBIAYAAN AGROTEKNOLOGI MADANI

NO.	QUESTION	ANSWER
8.	<p>What is the profit rate (effective profit rate) charged to customers?</p> <p>* Subject to the terms and conditions</p>	<p>Term Financing – i</p> <ul style="list-style-type: none"> 0%* for the first 8 months (grace period). Profit rate during grace period will be billed after the expiry of the grace period. 2.0%* per annum, calculated monthly thereafter until expiration. <p>Modal Kerja – i</p> <ul style="list-style-type: none"> 2.0%* per annum, calculated daily on the balance of financing.
9.	<p>What is the Ceiling Profit Rate charged to customers?</p> <p>* Subject to the terms and conditions</p>	<p>Ceiling Profit Rate: Base Financing Rate (BFR) + 4.00%* per annum or 10%*, whichever is higher for the calculation of the sale price.</p>
10.	<p>How the financing will be disbursed?</p>	<p>Operation Expenses (OPEX)</p> <ul style="list-style-type: none"> Arrears are regularized/paid-off at the point of disbursement of the financing. Arrears that are regularized/paid-off must be supported with evidence/receipts of payment. Disbursement will be made directly to suppliers upon presentation of the documentary evidence acceptable to the Bank. <p>Capital Expenditure (CAPEX)</p> <ul style="list-style-type: none"> Disbursement will be made directly to the supplier upon presentation of documentary evidence acceptable to the Bank. Progressive disbursements are based on percentage completion and will be supported with site visit report. Reimbursement of the facility is allowed subject to documentary evidence and/or proof of payment such as invoices, receipts, and bank statements that are acceptable to the Bank. Arrears are regularized / paid-off at point of disbursement of the financing. Arrears that are regularised / paid-off at point of disbursement of the financing. Arrears that are regularised / paid-off must be supported with evidence / receipt of payment.
11.	<p>What is the margin of financing?</p>	<ul style="list-style-type: none"> Up to 100% including the cost of takaful contribution, stamp duty, or any cost related to the completion of the financing.
12.	<p>What is the security needed?</p>	<p>a) <i>Skim Jaminan Pembiayaan Perniagaan (SJPP)</i> / Credit Guarantee Corporation (“CGC”) is not required. However, the Bank may require a specific debenture as security, involving a fixed charge on certain assets as deemed necessary based on the Bank’s assessment.</p> <p>b) For financing less than RM1 million, security is clean, and Letter of Offer cum Agreement (LOCA) is to be adopted.</p> <p>c) Applicant that applies through Anchor Company is dependable on the strength and the experience of Anchor company.</p>



FREQUENTLY ASKED QUESTIONS

DANA PROGRAM PEMBIAYAAN AGROTEKNOLOGI MADANI

NO.	QUESTION	ANSWER
		<p>d) For Sendirian Berhad:</p> <ol style="list-style-type: none"> i. Joint and Several Guarantees of all Directors and Individual shareholders. ii. Corporate Guarantor holding more than 50% share. iii. Guarantee by key man/person regardless of the shareholdings. <p>e) For Limited Liability Partnership – Guarantee of each partner for the entire facility</p> <p>f) For Capital Expenditure (“CAPEX”) – Specific debenture over equipment / machinery.</p>
13.	What are the technological criteria under this financing?	<ul style="list-style-type: none"> • The types of technologies to be used are agrotechnology such as Controlled Environment Agriculture, urban agriculture (urban farming), 4IR technology (Internet of Things, Artificial Intelligence (AI), blockchain, advanced materials or technologies, cloud computing as well as data analysis), mechanization and automation technologies, as well as green technologies (including biotechnology, renewable energy and waste to wealth) in increasing productivity towards food security. • The technology used should drive the increase in production of produce with higher quality and quantity compared to conventional methods; • Technology that has a pilot project that proves the feasibility and effectiveness of technology in Malaysia is a priority. • The technology to be used must have a guarantee and warranty, satisfactory after-sales service by technology providers and compliance with standards such as SIRIM/ ISO/ MyGAP/ MyHijau/ is encouraged.
14.	What is the Shariah concept applicable?	<p><u>Tawarruq</u></p> <p>A tawarruq consists of two sale and purchase contracts. The first involves the sale of an asset by a seller to a purchaser on a deferred basis. Subsequently, the purchaser of the first sale will sell the same asset to a third party on a cash and spot basis. Via this financing, the Bank will buy the commodity (crude palm oil (CPO) plastic resin, or any other commodity as advised by the Commodity Supplier) from the Commodity Supplier with the cost price (based on the financing amount). Subsequently the Bank sells the commodity to the Customer at cost plus profit (Murabahah) on a deferred payment. Next, the Customer appoints the Bank as an agent (wakalah) to sell the commodity to a third party at cost price, on a cash basis. Proceeds of sale will be credited to Customer’s account as financing amount required by the Customer. Commodity applies for Tawarruq transaction is subject to the Commodity Broker.</p>



FREQUENTLY ASKED QUESTIONS

DANA PROGRAM PEMBIAYAAN AGROTEKNOLOGI MADANI

NO.	QUESTION	ANSWER
		<p><u>Wakalah</u></p> <p>Under this facility, the Bank will apply the dual-agency mechanism under the Wakalah concept. The customer appoints the Bank as the customer's agent to purchase the Commodity from the Bank and subsequently sells the Commodity to another Commodity Supplier on behalf of the customer in order to complete the Tawarruq transaction.</p> <p>"Commodity" in the context of Tawarruq transaction refers to any type of Shariah-compliant commodities acceptable by the Bank such as crude palm oil, plastic resin, airtime, or any other commodity as advised by the Commodity Supplier through any Commodity Trading Platform approved by the Bank.</p>
15.	What if I make early settlement?	<ul style="list-style-type: none"> • Rebate (<i>Ibra'</i>) shall be granted to Customer, in the event of any of the following scenarios but not limited to: - <ol style="list-style-type: none"> i. Early settlement or early redemption or prepayments. ii. Settlement of the Facility due to restructuring exercise. iii. Settlement by the Customer in the case of default whereby even though the Customer is in default, the Customer makes full settlement of the indebtedness under the Facility before the maturity date. iv. Settlement by the Customer in the event of termination or cancellation of Facility before the maturity date.