

## BANKING ON GREEN PROJECTS

By ZAIDI ISHAM ISMAIL | [xydee@mediaprima.com.my](mailto:xydee@mediaprima.com.my)

1 | 0 Google +0 | 0 comments



**NURTURING GROWTH:** Lenders must be more adventurous as some 2,000 of SMEs are already delving in biomass, says MBIC

AFTER years of promotions on the biomass industry, local banks are now more aware of its potentials now and better equipped with information to exercise better judgement when it comes to funding local companies keen to venture in green projects.

Malaysia Biomass Industries Confederation (MBIC) president Datuk Leong Kin Mun said banks must be willing to take calculated risks and be more open-minded, given more exposure to the different biomass business models as green projects are not like the ordinary brick and mortar business.

"Banks should be exposed to the nature of the green business and different models of green projects, such as the production of fuel pellets from biomass, which is good with a three-year payback period," Leong said in an interview recently.

He said as an example, assuming 10 per cent of the country's 80 million tonnes of biomass is value-added at RM400 a tonne, the export of energy pellets can generate revenue of RM3.2 billion a year.

"In the agriculture sector, assuming a tonne of biocompost costs RM120, which would be an income generation of RM960 million per year. If the same amount of biomass is used to produce biofertiliser, which is fortified with active ingredients at RM900 a tonne, it can generate income of RM7.2 billion.

"This is to illustrate the most conservative but realistic potential value generation from the biomass industry."

Leong said there is huge potential in green projects, which is the in thing in developed countries such as Australia, European countries, the United States and Japan.

"The banks which realise the potentials of green projects and are keen to understand the nature of the business in order to participate in nurturing the growth of the industry."

The biomass industry represents several different industries brought together by the utilisation of renewable organic matters, including timber waste, oil palm waste, rice husk, coconut trunk fibres, municipal waste and sugar cane waste.

Malaysia's palm oil sector alone churns out 80 million tonnes of biomass that can be turned into bioenergy, biofertilisers, eco-products and biochemicals.

Other value-added biomass products include fuel pellets, charcoal, pulp and plastic composites.

Leong said banks must be more adventurous as some 2,000 of Malaysia's small- and medium-scale enterprises are already delving in biomass due to its development potentials.

Within the framework of MBIC, four biomass SMEs are en route to initial public offerings, which have proven the viability of biomass ventures, for example, bioengineered mat, biomass power plant, fibre and biofertiliser.

More opportunities in the biomass industry will be explored at the upcoming Biomass Asia Conference 2014 (BAC2014), which will be held from June 9 to 11 at the Malaysia External Trade Development Corporation Exhibition and Convention Centre in Kuala Lumpur.

More information on BAC2014 can be found on <http://biomass-asia.org>.



**"There is huge potential in green projects..."**

**Datuk Leong Kin Mun**  
MBIC president