

External Aid and the 1967/68 Budget

This paper deals with soft loan assistance from external aid agencies and loans from the World Bank. It does not deal with technical assistance or food aid programmes.

2. Total spending envisaged in the Capital Budget for 1967/68 amounts to £21,243 million. This expenditure will be financed from three basic sources as follows:-

- (a) revenue surpluses on current account;
- (b) market loans (external and internal); and
- (c) soft loan assistance under aid programmes and World Bank loans.

A financing statement (Statement VIII) of the Financial Statements laid with the Revenue Estimates provides a summary of the above. However, an analysis of the "aid" contribution to the Capital Budget, i.e. item (c), is given below for the information of the House.

3. It is estimated that soft and World Bank loan receipts in 1967/68 will amount to approximately £3.0 million, if planned expenditures are fully realised. This means that the "aid" contribution to the Capital Budget is approximately 14%. Although the contribution is a modest one the impact on the economy is significant, since the projects assisted are in sectors which provide momentum for economic growth. The following table gives the distribution of "aid" financing by sectors:-

<u>Sector and Projects</u>	<u>Estimated "aid" receipts during 1967/68</u>
<u>Agriculture</u>	
Dairy Development and Agricultural Education (JSA)	£553,000
<u>Public Utilities</u>	
Water Supplies and Sewerage	£506,000
<u>Housing</u>	
	£353,000
<u>Social Welfare</u>	
Youth Development	£ 33,000
<u>Education</u>	
Teacher Training Colleges)	
Primary Schools)	£426,550
Junior Secondary Schools and CAST)	
<u>General</u>	
Feasibility Studies	£170,000
<u>Roads and Communications</u>	
Road maintenance and construction)	
equipment)	
Bridges and road construction, VHF)	£880,500
radio-telephone system)	

4. The key to increasing the flow of aid to Jamaica is the adequate preparation of projects for submission to aid agencies.

Both/

Both the United States and Canadian Governments have made assistance available for undertaking a number of feasibility studies of projects which may be suitable for external financing. An amount of £200,000 has been included in the Capital Budget for feasibility studies, of which £170,000 represents contributions from the U.S.A. and Canada.

EDWARD SEAGA
Minister of Finance
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