

NATIONAL DEVELOPMENT BANK OF JAMAICA  
LIMITED AND AGRICULTURAL CREDIT BANK  
OF JAMAICA LIMITED-ACTIVITIES 1989/90

The National Development Bank (NDB) and the Agricultural Credit Bank (ACB) were established in June 1981 with the NDB given the responsibility for medium and long-term project-based financing for the industrial, manufacturing, agro-industrial, tourism and mining sectors whereas the ACB had as its principal aim the rationalization of agricultural credit.

Both the NDB and ACB were structured as wholesale lending institutions in that all loans are made to the final borrowers through the intermediation of approved financial institutions such as commercial banks, merchant banks, people's cooperative banks and other financial institutions.

NATIONAL DEVELOPMENT BANK

The National Development Bank started its lending operations in 1983 and has experienced a steady rate of growth. Total commitment as at March 1989 was J\$444M while total disbursements amounted to \$339M.

It is estimated that these expenditures are responsible for the direct employment of 6,181 persons with total employment, both direct and indirect being some 10,000 persons.

Reflows on principal for the financial year 1988/89 were approximately \$33M while earnings from operation were \$36.7M. The balance on loan portfolio as at 31st March, 1989 stood at \$272M.

To assist small-scale entrepreneurs, NDB provided resources to the Jamaica Credit Union League and the National Development Foundation for onlending to its members. Loans totalling \$9.8M were made through these institutions to 115 small-scale enterprises.

The NDB proposes to lend approximately \$142M for fiscal year 1989/90. This will be funded by loans from international financial institutions, Government of Jamaica counterpart funds as well as from the Bank's own resources. It is estimated that there will be a resource gap of \$42.5M and discussions are underway to secure additional foreign lines of credit from the Caribbean Development Bank (CDB), European Investment Bank (EIB), and the Inter-American Development Bank (IADB). Approaches have also been made to the Ministry of Finance for access to a portion of Rehabilitation Fund II reflows and to the Bank of Jamaica for access to its Banker's Rediscount Facility Window.

AGRICULTURAL CREDIT BANK

The Agricultural Credit Bank started its lending operations in October 1982 and since then has also experienced a steady rate of growth over the period. Total commitment as at March 1989 was \$612M while total loans disbursed stood at \$537M. Approximately 41% of all loans disbursed went to small farmers through the PC Bank system, while the remaining 59% went to medium and large scale commercial farmers, mainly through the commercial bank system.

For the financial year ended March 1989 the total loans disbursed were \$134M. Of this amount \$51.8M went through the PC Banks to small farmers, while the remaining \$83M went through the commercial banking system to medium and large farmers.

Reflows on principal for the financial year 1988/89 were approximately \$40M, while earnings from operations were \$26M.

The Balance on loans portfolio as at March 31, 1989 stood at \$377M.

The Bank proposes to lend approximately \$146.8M during this financial year, to small, medium and large scale farmers. Approximately \$51.5M will go to small farmers, while the remaining \$95.3 will go to commercial farmers. These will be funded by loans from international financial institutions, Government of Jamaica counterpart funds, as well as from the Bank's own resources.

Major projects to be implemented during the year will include -

1. The Small Hillside Project - funded by the International Fund for Agricultural Development to finance the growing of coffee and cocoa along with other crops.
2. Phase II of the Small Farmers Development Programme which will come on stream in the second half of 1989.
3. The Canadian International Programme grant which will also be used to finance small farmers.
4. The IDB Global Sector and the CDB loans which will both be used to finance larger farmers through the commercial Banks.

As part of its mandate, the AC Bank during 1989/90 will play a more active role in fostering the development of the agricultural sector. In its efforts to improve self-sufficiency in domestic food production, greater emphasis will be placed on small farmer production.

To this end, the AC Bank will restructure and strengthen its operations to improve on the range of services currently being provided to the small farming community. Central to this policy, will be the rationalization of the PC Bank System to make it more efficient in the delivery of credit to small farmers on a timely basis.

At the same time, substantial effort will be directed at commercial agriculture, as achieving improved efficiency and increased output will become necessary in order for Jamaica to improve its foreign earnings possibilities. The aim will be to boost the production of export crops, such as bananas, coffee, cocoa, sugar cane, mangoes and ornamental horticulture, as well as to encourage large scale production of beef, pork and poultry meat in order to reduce imports.

Efforts are being made to expedite the process of rehabilitating farms that were devastated by hurricane Gilbert. These include the rescheduling of loans and the extension of new loans aimed at bringing these farms back to their pre-hurricane level.

To date, a total of \$27.9M has been disbursed under this programme. Of this amount \$15.5M went to small farmers, while the remaining \$12.4M was disbursed to medium and large scale farmers.

P.J. Patterson Q.C.  
Deputy Prime Minister  
and Minister of Development, Planning & Production  
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