

E. Agricultural finance

Sources of agricultural finance prior to occupation had gradually differentiated into several institutions with defined frames of reference. Medium and long term credit needs were handled by the Agricultural Credit Corporation (ACC) through its regional branch offices. The ACC was receptive of all applications for developmental purposes at the subsidized interest of 6 percent, but only against a security of real estate mortgage. Production loans for seasonal purposes were not available at the ACC since that assignment was delegated instead to the Jordan Central Cooperative Union (JCCU) through its member cooperatives which, in turn, advanced loans to their members only (around 10 percent of total farmers) at an interest of 9 percent.

Seasonal lending was undertaken on a more effective scale, though mostly in kind, by dealers of farm supplies and middlemen (see Table IV-6). The role of users, on the other hand, was more significant in the East Bank of Jordan than in the West Bank, where users occupied a minor role as a source of credit for farming purposes.

Table (IV - 6)

Sources of agricultural finance in Jordan

	<u>JD mill</u>	<u>% of total</u>
Agriculture Credit Corporation	6.0	57.1
Commercial banks	0.7	6.7
Cooperative Societies	0.5	4.8
Middlemen and dealers of farm supplies	1.0	9.5
Users	2.0	19.0
Others	0.3	2.9
Total	10.5	100.0

Source: F Panek, The Agricultural Sector of Jordan (Amman: Jordan's Central Bank, 1970) p 48.

The West Bank had in May 1967 four branches of the ACC and three others of the JCCU. The volume of outstanding loans advanced by both institutions in the West Bank was estimated at JD 2.1 mill,¹ 66 percent of which was advanced by the ACC and 34 percent by the JCC. Although there is no quantitative evidence on the magnitude of credit facilities advanced by private firms and commission agents, their role has certainly been critical in meeting short-term credit needs. It is reasonable to conclude that West Bank farmers were availed with a fairly integrated and reasonably adequate package of credit services, which helped them achieve a fairly rapid expansion in many farming sectors, mainly in poultry, citrus, and irrigated agriculture.

The situation regarding agricultural finance changed sharply in the wake of Israeli occupation in June 1967. The Government of Jordan closed down all West Bank ACC branches and refused to permit lending operations to West Bank farmers by East Bank branches. Although JCCU branches were permitted by Amman to reopen, they were nevertheless instructed to freeze all credit activities. Commercial banks followed suit and they also temporarily closed down all their West Bank branches. Furthermore, the Jordanian Government instructed all banks to freeze current deposits of West Bankers, for fear of massive withdrawals. This measure was relaxed later but at a very slow pace and over a number of years.

During the early years of occupation Jordan initiated a program of financial support to selected West Bank institutions and individuals, presumably in an effort to bolster their "steadfastness". Although large sums were reportedly channelled for that purpose, this project appears to have proved a failure, probably due to corrupt management and political favouritism.

1. Sources for JCCU and ACC volume of outstanding loans in the West Bank were cited earlier (page 141-2).