

LOAN COMMITTEE

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LC/M/86/23
July 28, 1986

Minutes of the Loan Committee Meeting to Consider
Malawi- Proposed Agricultural Pricing and Marketing Reform Program Credit
Held on July 21, 1986 in Conference Room E-1208

A. Present

Committee:

Chairman: Mr Stern
Finance: Mr. Asanuma
Legal: Mr. Shihata
ERS: Mrs. Krueger
OPS: Mr. Husain
Region: Mr. Kraske

Others

Messrs. Christoffersen
Isenman
Agueh
Tuncer
Choksi
Garg
Taplin (IMF)
Bell (IMF)
Zerabruk
Greene
Southworth
Greene
Mmes Donovan
Fox

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COMMITTEE

Senior Vice President, Operations (Chairman)
Senior Vice President, Finance
Vice President & General Counsel
Vice President, Operations Policy
Regional Vice President concerned*
Vice President, Energy & Industry (for lending
in these sectors and SALs)
Vice President, Economics and Research (for non-
project lending)

OTHERS

Standard (see OMS 9.25 page 7)

*Copy to all other Regional Vice Presidents

B. Issue

1. The meeting was called to discuss the proposals in Mr. Jaycox's memorandum of July 15, 1986 for a quick disbursing sector adjustment credit to support an agricultural pricing and marketing reform program in Malawi.

C. Discussion

2. The Chairman indicated that the Committee was unanimous in the opinion that the proposed program was not well-suited for a fast disbursing adjustment type operation, particularly since the proposed policy reforms did little to go beyond conditionality in past SAL operations. Instead, he noted that the proposed restructuring of ADMARC could be more appropriately addressed with a project credit. Moreover, the proposed pricing and marketing reforms (subsidy removal and increased private sector involvement) could also be handled in the context of such a project or included in the next SAL operation. Another alternative would be to include the proposed reforms and restructuring as part of a broader sector investment credit.

D. Conclusion

3. The region agreed to pursue alternative means of supporting marketing and pricing reforms and the restructuring of ADMARC.