

LOAN COMMITTEE

DECLASSIFIED

MAR 04 2022

WBG ARCHIVES

December 3, 1986
LC/M/86-40

Minutes of the Loan Committee Meeting to consider
GHANA - Proposed Agriculture Sector Rehabilitation Project
held on November 24, 1986, in Conference Room E-1208

A. PresentCommittee:

Chairman: Mr. Stern
Finance: Mr. Wood
Legal: Mr. Scott
ERS: Mr. Michalopoulos
OPS: Mr. Husain
RVP: Mr. Thalwitz

Others

Messrs/Mmes Alisbah
Koch-Weser
Eccles
Imam
El Maaroufi
Donovan
O'Brien
T. Husain
Squire
Walton
Hindle
Reese
Berk
Lateef
Brathwaite
Singh

DISTRIBUTION

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. Issues

1. The meeting was called to discuss the proposals in Mr. Thalwitz's memorandum of November 12, 1986, for an agriculture sector rehabilitation project for Ghana. The discussion focussed on the issues raised in the Country Policy Department's memorandum of November 20, 1986.

C. Discussion

2. The discussion concentrated on whether or not the conditions in the proposed operation warranted the provision of an additional US\$24 million in quick-disbursing funds through the foreign exchange auction in Ghana, besides the \$20 million for financing institutional development, particularly in view of the Structural Adjustment Credit to be negotiated shortly. Further issues concerned the project's relationship to a separate public enterprise project and whether or not the proposed actions on agricultural state-owned enterprises (SOEs), research, extension and food security were sufficiently developed.

3. The meeting questioned the need for providing quick-disbursing funds in an agriculture sector operation in FY88 additional to the SAL. The latter operation, already appraised and scheduled for Board consideration in FY87, covered cocoa, the most important agricultural issue. A state enterprises project was also scheduled for FY88. The Committee agreed that the conditions left for the proposed project were too modest to justify the quick-disbursing funding proposed. Providing quick-disbursing funds through the auction as a means for facilitating dialogue with the Ministry of Agriculture was also questioned, since presumably the Ministry would only be specially interested in resources specifically earmarked for agriculture.

4. Regarding agriculture SOEs, the Committee felt that a more specific action plan should be formulated, and interventions in research, extension and food security should be more fully developed.

5. There was discussion about how the proposed cofinancing by KfW and AfDB fitted into the operation and the impact on the cofinancing of eliminating Bank funds for the auction from the operation. The Region said that it would continue to urge the cofinanciers to put their funds into the auction, but it was unlikely that KfW at least would do so.

D. Conclusion

6. The Region was asked to redesign the operation as a sector-wide investment project linked to actions on institutional improvement. The quick-disbursing funds could be added to the SAL.