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THE WORLD BANK

Washington, D.C.

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The World Bank

1818 H Street NW

Washington DC 20433

Telephone: 202-473-1000

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McNamara Papers

Travel brief
May 7-14

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Travel briefs, Copenhagen

Folder 1 of 2

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ABC 5/6

Wed., May 14

in case you miss this plane, you also
London at 1945 and arrives N.Y. 22:25

BILDERBERG CONFERENCE

5/9/11/69

See attached list

BILDERBERG MEETINGS

MARIENLYST CONFERENCE

9, 10 and 11 May 1969

FINAL LIST OF PARTICIPANTS

H.R.H. The Prince of the Netherlands
Chairman

Ernst H. van der Beugel
Professor, International Relations, Leiden University
Honorary Secretary General for Europe

Joseph E. Johnson
President, Carnegie Endowment for International
Peace
Honorary Secretary General for the United States

John Meynen
Deputy Chairman, AKU
Honorary Treasurer

Observer: H.R.H. Princess Beatrix of the Netherlands

AUSTRIA

CZERNETZ, Karl
Member of Parliament and Chairman of the Foreign Affairs
Committee

LENDVAI, Paul
Columnist

BELGIUM

HARMEL, Pierre
Minister of Foreign Affairs

JANSSEN, Daniel
Member of the Board and Assistant General Manager,
UCB (Union Chimique-Chemische Bedrijven); Lecturer,
Brussels University

~~SNOY et d'OPPUERS, Jean-Charles Baron~~
~~Minister of Finance~~

STAERCCKE, André de
Ambassador, Permanent Representative to NATO

WOITRIN, Michel
Professor and General Administrator of the University of
Louvain

CANADA

BISSELL, Claude
President, University of Toronto

CADIEUX, L. Marcel
~~Minister of Defence~~ Department of External Affairs

GRIFFIN, Anthony G.S.
President, Triarch Corporation Ltd.

McLUHAN, Marshall
Professor of Philosophy, University of Toronto

DENMARK

DENMARK, H.R.H. Prince Henrik of

HARTLING, Poul
Minister of Foreign Affairs

KAMPMANN, Jens
M.P.; Lecturer, University of Copenhagen

KOCH, Hans Henrik
Chairman, Atomic Energy Commission

KRAG, Jens Otto
Former Prime Minister

Mc.KINNEY-MØLLER, Maersk
Shipowner

SCHLEIMANN, Jørgen
Programme Editor, Foreign Political Section, Radio
Denmark

SØRENSEN, Svend O.
Managing Director, Den Danske Landmandsbank

TERKELSEN, Terkel M.
Chief Editor, "Berlingske Tidende"

GREEN, Johannes
General Manager, Privatbanken i København

FINLAND

NYKOPP, Johan
Managing Director, Tampella Ltd.

FRANCE

BAUMGARTNER, Wilfrid S.
Former Minister of Finance; Honorary Governor
Banque de France

FONTAINE, Francois
Director of the office of the European Communities
in Paris

ROTHSCHILD, Edmond Baron de
Director of Companies

ULLMANN, Marc
Deputy Chief Editor, "L'Express"

URI, Pierre
Economic Consultant, Atlantic Institute

GERMANY

ALTMANN, Ruediger
Head of the Political Academy, Eichholz, Deputy General
Secretary, "Deutscher Industrie- und Handelstag"

BIRRENBACH, Kurt
M.P.; Member of the Board, August Thyssen-Hütte A.G.

DAHRENDORF, Ralf
Professor of Sociology, University of Constance, Author,
working paper

LITTEN, Jens
Student; Member of the Education Policy Committee of
the National Executive Committee of the Social Demo-
cratic Party

RITTERBACH, Manfred E.
Research Assistant, Scientific Institute of the Konrad
Adenauer Foundation

SCHMIDT, Helmut
Member of Parliament

WOLFF von AMERONGEN, Otto
Chairman of the Board, Otto Wolff A.G.

ICELAND

BENEDIKTSSON, Bjarni
Prime Minister

(NETHERLANDS)

WAGNER, Gerrit A.
Managing Director, Royal Dutch/Shell Group of
Companies

NORWAY

HØEGH, Leif
Shipowner

LANGE, Halvard M.
Former Minister of Foreign Affairs; Member of
Parliament

LANGSLET, Lars Roar
Assistant Professor, Oslo University

SANDEGREN, Kaare
Consultant, Norwegian Institute of International
Affairs

TIDEMAND, Otto Grieg
Minister of Defence

SWEDEN

FELDT, K. O.
Under Secretary of State, Ministry of Finance

WALLENBERG, Marcus
Vice-Chairman, Stockholms Enskilda Bank

SWITZERLAND

BERCHTOLD, Walter
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LUCHSINGER, Fred
Editor-in-Chief, "Neue Zürcher Zeitung"

REVERDIN, Olivier
M.P.; Chairman, Swiss Federal Research Council

UMBRICHT, Victor H.
Managing Director, CIBA Ltd.

TURKEY

BIRGI, Nuri M.
Ambassador, Permanent Representative to NATO

INTERNATIONAL

ALBERT, Michel
Director at the General Directorate "Economics and
Finance" European Community

DUCHENE, Francois
Director, Institute for Strategic Studies
Author, working paper

not
KOHNSTAMM, Max
Vice-President of the Action Committee for the United
States of Europe

McNAMARA, Robert S.
President, International Bank for Reconstruction and
Development

MORSE, David A.
Director General, International Labour Organisation

ITALY

AGNELLI, Giovanni
President FIAT S.p.a.

CARIGLIA, Antonio
M.P., President of the Committee for Foreign Affairs

CAVAZZA, Fabio Luca
Counsellor for International Relations at the
G. Agnelli Foundation

OTTONE, Piero
Editor-in-Chief, "Il Secolo XIX "

VALLARINO GANCIA, Lorenzo
Managing Director, GANCIA S.p.A.

NETHERLANDS

BENTHEM van den BERGH, Godfried van
Lecturer, Institute of Social Studies, The Hague

HELDING, Jerome
Chief Editor, "de Nieuwe Rotterdamse Courant"

LUNS, Joseph M.A.H.
Minister of Foreign Affairs

NETHERLANDS, H.R.H. Prince Claus of the

SCHMELZER, W.K. Norbert
Member of Parliament

UNITED KINGDOM

BENNETT, Sir Frederic
Member of Parliament

HAMILTON, Denis
Editor-in-Chief, Times Newspapers Ltd.

HEATH, Edward
M.P., Leader of the Opposition

~~MARQUAND, David~~
~~Member of Parliament~~

ROLL, Sir Eric
Director, S.G. Warburg & Co. Ltd.

ROBERTS, Sir Frank Kenyon
Advisor on international affairs to Unilever and
Lloyd's of London

UNITED STATES OF AMERICA

BALL, George W.
Chairman, Lehman Brothers International Ltd.

BELL, Daniel
Professor of Sociology, Columbia University;
Author, working paper

BROOKE, Edward W.
United States Senator from Massachusetts

COLLADO, Emilio G.
Executive Vice President, Standard Oil Company (N.J.)

DEAN, Arthur H.
Senior Partner, Sullivan and Cromwell

HAMILTON, Edward K.
Executive Secretary and Staff Director, Commission
on International Development of the I.B.R.D.

HAUGE, Gabriel
President, Manufacturers Hanover Trust Co.

HEINZ, H.J., II
Chairman of the Board, Heinz Co.

JORDAN, Vernon, Jr.
Fellow, Institute of Politics, Harvard University;
Director, Voter Education Project, Southern Regional
Council, Atlanta, Georgia

(UNITED STATES OF AMERICA)

KENISTON, Kenneth
Professor of Psychiatry, Yale University School of
Medicine

KROGH, Peter F.
Associate Dean, Fletcher School of Law and Diplomacy,
Tufts University

MOYERS, Bill D.
Publisher, "Newsday"

PERKINS, James A.
~~President, Cornell University~~

RICHARDSON, Elliot L.
Under Secretary of State

ROCKEFELLER, David
President, Chase Manhattan Bank

RUSK, Dean
Former Secretary of State

STONE, Shepard
President, International Association for Cultural
Freedom

YLVISAKER, Paul
Commissioner of the New Jersey Department of
Community Affairs

COPENHAGEN

DENMARK

5/8/69
(Copenhagen)

Otto Mueller, Permanent Secretary, Ministry of Commerce

(
Paul Hartling, Minister of Foreign Affairs

Erik Hoffmeyer, Chairman of the Board of Governors, National
Bank of Denmark

K. Helveg Petersen, Minister for Technical Cooperation with
the Developing Countries. (Hosted luncheon at which the
following were present.)

Erik Ib Schmidt, Permanent Under Secretary of State, Ministry
of Finance

K. Bredahl, Ministry of Finance

Kjeld Philip, Professor of Economics, Chairman of the Board
for Technical Cooperation with the Developing Countries

P. Groot, Head of Department, Ministry of Foreign Affairs

G. Schack Larsen, Head of Department, Ministry of Foreign Affairs

W. Ulrichsen, Head of Division, Ministry of Foreign Affairs

P. Kruger, Head of Division, Ministry of Foreign Affairs

B. Blønd, Head of Section, Ministry of Foreign Affairs

J. Stenbjerre, Private Secretary to K. Helveg Petersen

OFFICE MEMORANDUM

TO: Mr. Rainer B. Steinhilber

DATE: May 6, 1969

FROM: Erik Hauge

SUBJECT: President McNamara's visit to Copenhagen

The Danish authorities have prepared the following program for President McNamara's visit to Copenhagen, May 8, 1969:

1. Mr. McNamara will be met at the airport by Mr. Otto Müller, Governor of the Bank, Permanent Under-Secretary of State, Ministry of Commerce.
2. Immediately prior to 12:30 p.m. Mr. McNamara will be taken by car to Christiansborg Castle (Seat of the Parliament and the Ministry of Foreign Affairs) for a luncheon hosted by Mr. K. Helveg Petersen, Minister for Technical Co-operation with the Developing Countries. Participants in the luncheon are:
 - ✓ Mr. Otto Müller
 - Mr. Erik Ib Schmidt, Alternate Governor of the Fund, Permanent Under-Secretary of State, Ministry of Finance
 - ✓ Mr. Erik Hoffmeyer, Governor of the Fund, Governor of the National Bank of Denmark
 - Mr. K. Bredahl, Alternate Governor of the Bank, Head of Department, Ministry of Finance
 - Mr. Kjeld Philip, Professor, Ph. D., Economics, Chairman of the Board for Technical Co-operation with the Developing Countries.
 - Mr. P. Groot, Head of Department, Ministry of Foreign Affairs
 - Mr. G. Schack Larsen, Head of Department, Ministry of Foreign Affairs
 - Mr. W. Ulrichsen, Head of Division, Ministry of Foreign Affairs ✓
 - Mr. P. Krüger, Head of Division, Ministry of Foreign Affairs ✓
 - Mr. B. Blønd, Head of Section, Ministry of Foreign Affairs
 - Mr. J. Stenbjerre, Private Secretary to Mr. K. Helveg Petersen.
3. In continuation of the luncheon a meeting will be held under the chairmanship of Mr. Otto Müller. The participants are:
 - Mr. Erik Hoffmeyer, Governor, National Bank of Denmark
 - and/or
 - Mr. Torben Friis, Manager, National Bank of Denmark

Mr. Erik Ib Schmidt, Mr. K. Bredahl, Mr. W. Ulrichsen,
Mr. P. Krüger and Mr. B. Blønd.

If you may have any enquiries about the above mentioned program, I am at your disposal.

OFFICE MEMORANDUM

TO: Mr. Ugo Sacchetti

DATE: May 7, 1969

FROM: Jo W. Saxe ~~Jo W. Saxe~~SUBJECT: Consultation with the Danish Authorities about IBRD Staff Study of Possible Improvements in the Techniques of Lending

1. Danish financial assistance has increased very rapidly over recent years and will continue to increase. The increases permit larger and presumably more significant loans. It has resulted in a good deal more thought being given to the allocation of loans, terms, conditions, etc. They believe in limiting the number of recipients.
2. The Danes chose to make loans rather than grants in order to put the burden of the choice of priorities on the borrower and in response to the wishes of recipients of Danish assistance. The Danish authorities feel strongly that they should only act on requests from the central authorities in the governments with which they are concerned.
3. In countries with a per capita income of less than \$100, the Danish authorities provide 25 percent of the amount of the loan for local costs on the request of the borrower. Loans are tied to the procurement in Denmark of capital goods but not tied to projects. This arrangement, like the 25 percent allocation for local costs, is intended to mitigate the cost of tying. They make no loans to countries with per capita income over \$300.
4. Their terms consist of grace periods of seven years, maturities of 25 years and interest rates of zero. These periods of grace and maturity were based on the DAC average which was embodied in the 1965 Resolution on terms of assistance. They are considering further liberalization.
5. A high level committee has been formed in order to review the Danish aid program. It is expected to report to the Government in about six months' time.
6. An independent, semi-public institute is to be founded which will appraise Danish aid operations on a continuing basis and do other research in the field of development. Thorkil Kristensen, the retiring Secretary-General of the OECD, will become Director of the institute upon his retirement on October 1, 1969.
7. The principal figure in the aid administration, Mr. Hans Kastoft, Administrator to the Secretariat for Assistance to Developing Countries, is an able, vigorous and agreeable man. He was closely associated with Mr. Kristensen when Kastoft was a member of the Danish Delegation to the OECD and I was Kristensen's advisor. For these and other reasons, what is said and done in the DAC is likely to be influential in Copenhagen.

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: September 6, 1968

FROM: Denis Rickett

*DR*SUBJECT: A Visit to Norway and Denmark

You might be interested to look at the attached note which Arthur Karasz has made of the talks which we had in Oslo and Copenhagen. The main points, as I mentioned to you this morning, are that the Norwegians and the Danes may well be willing to increase their holding of short-term Bank bonds. After discussion with Mr. Aldewereld, I have sent cables about this to the Norges Bank and the Danish National Bank drawing their attention particularly to the communication which you sent them on September 3rd.

2. In Denmark there is, I believe, quite a good possibility that they will be ready to make a special supplementary contribution to IDA. Their attitude on this point was definitely more encouraging than that of the Norwegians. Mr. Kastoft, in fact, asked us whether it would be helpful if they were to make an immediate announcement that they would make a special supplementary contribution to be made available as soon as the second replenishment became effective, or whether such a contribution might be held in reserve for use if there was likely to be some months delay in bringing the second replenishment into force. This would imply a contribution similar to the Swedish contribution not conditional on second replenishment. A third possibility was that they should announce such a contribution after the second replenishment had become effective so that there would be no doubt that it would be additional to it. I think it would be worth following these points up with the Danes and, if you agree, I will draft a letter to them in consultation with Mr. Knapp. Incidentally, I should mention that the figure \$4.4 million, which under their long-term programme will increase to \$10 million annually, is their IDA contribution and not their total aid programme.

3. The question of long-term borrowing was not discussed as a serious proposition in either capital. Mr. Melander, a Norwegian banker formerly in the Foreign Service, raised it at a party on the first evening in discussion with officials of the Ministry of Commerce and ourselves but it was clear that it would not be welcome to the authorities however keen the private banks might be. This, after all, is a situation with which we are familiar in other countries.

c.c. Mr. Knapp
Mr. Aldewereld
Mr. Demuth
Mr. Cavanaugh

C
O
P
Y

Files

September 5, 1968

Arthur Karasz

Visit to Norway and Denmark

.....

II. DENMARK

1. The Danish reaction to a special supplementary contribution is about the same as that of Norway; they would prefer to await further developments.

2. There is no possibility of long-term fundraising in Denmark. Similar to Norway they would agree to increasing their purchase of two-year bonds.

3. So far as the long-term programme of Danish aid is concerned, we were told that they expect to treble Denmark's aid from \$4.4 million to \$10 million annually and channel part of this increased aid through multilateral institutions. In this respect, it is interesting to quote Mr. Møller, the Minister of Finance, in whose opinion smaller countries like Denmark do not have the necessary administration for an extensive handling of foreign aid programmes.

The Secretariat for Technical Assistance with developing countries (Mr. Kastoft) agreed with the above and is particularly interested in "triangular" projects. He means cooperation between IDA, Denmark and the recipient countries. He would like to know what sort of projects IDA now has in the pipeline especially in the following countries: East Africa (Kenya, Tanzania and Uganda), India, Malawi, Pakistan, Thailand and Zambia. One of the type of projects Denmark is particularly interested in is Animal Husbandry.

List of Officials Visited in Oslo and Copenhagen August 1968

COPENHAGEN

Ministry of Commerce:	Otto Müller (Permanent Secretary) P.F. Naegeli
Ministry of Finance:	Poul Møller (Minister) Erik Ib Schmidt (Permanent Secretary) Karl Bredahl (Permanent Secretary) S. Secher (Chief of Section)
Danmarks Nationalbank:	Erik Hoffmeyer (Governor) Frede Sunesen (Deputy Governor) Svend Andersen (Deputy Governor) Otto Schelin (Chief of Section)
Technical Assistance Secretariat:	H.E. Kastoft (Chief of Secretariat) - Kryger (Chief of Section)
Ministry of Foreign Affairs:	W. Ulrichsen
The Economic Secretariat:	- Ussing

*I Par 9 bonds by
Central Bank
held 11 million 2/5/2/2
II Pension Com
III 3rd option*

Danish Economic Assistance to the
Developing Countries

The aggregate net flow of financial resources from Denmark on official and private account to the developing countries and multilateral agencies has varied from year to year largely because private capital flows have been volatile. In 1964, the total net flow was \$31.8 million and in 1967 it was smaller at \$24.8 million. Within these totals, however, the net flow of resources on official account rose sharply from \$10.6 million in 1964 to \$28.0 million in 1967. Even so, the net official flow in 1967 as a percentage of GNP was only 0.23%. If private capital flows which amounted to \$21.2 million net in 1964 and became negative in 1967 are included, the percentage of GNP represented by the total assistance in 1967 was 0.21%. This may be compared with the percentages for Norway and Sweden which were 0.37% and 0.55% respectively in 1967.

In judging Denmark's contribution to foreign economic assistance, it may be noted that it is a net importer of capital. Despite this, it clearly has the political will to assist the LDCs, directly through bilateral assistance and indirectly through multilateral agencies, as is manifest in the following: In May 1967 Denmark drew up a five year plan for Development Aid whereunder the volume of aid appropriations was to be increased by 1972/73 such that together with private capital which was expected to contribute 15% of the total, it would correspond to 1% of Denmark's net national income in that year assuming that the latter grew at 3.5% p.a. in real terms. This implied budgetary appropriations in that year of \$85 million as compared with \$33.6 million in 1967/68 or an annual increase of 25%. At UNCTAD II last year, Denmark subscribed to the target of 1% of GNP at market prices on the understanding that it would endeavor to achieve it within a decade.

To accelerate the flow of net official assistance which virtually stagnated between 1966 and 1967, Denmark recently instituted a three-year disbursement schedule for loans; i.e. undrawn balances will lapse thereafter. Partly as a result of this and of enhanced contributions to IDA and UNDP the net flow of official resources is expected to rise to \$43.0 million this year as against an estimated \$36.0 million in 1968 and an actual flow of \$28.0 million in 1967. Furthermore, to stimulate private investments in developing countries, Denmark established an Industrialization Fund which started operations in the Spring of 1968. Its resources are provided through progressive transfers of net customs revenues from imports of coffee and coffee substitutes.

The main emphasis of the Danish official program is on multilateral contributions and on bilateral technical assistance. The former accounted for about three-fifths of the total official net flow in 1964-67 and the latter represented about one-half of net bilateral assistance. In the technical assistance program the accent is on agriculture and population control.

Since 1966, official loans to developing countries have been extended on an interest-free basis. Maturity periods were generally lengthened in 1967 to 25 years inclusive of a grace period of 6.5 to 7 years. All loans are for program assistance, i.e. they are not tied to specific projects. In principle, loans are tied to procurements in Denmark; some relaxation is made in the case of countries with low per capita incomes where 100% tying would be a hardship.

In 1965 Denmark instituted a list of priority countries for bilateral assistance. These are: India, Pakistan and Thailand in Asia; Kenya, Uganda, Tanzania and Malawi in Africa and two Latin American countries which are yet to be selected. The actual geographical distribution of assistance in 1967 was however much more diffuse because of lags in disbursements.

Denmark cooperates with Norway and Sweden in project assistance on a cost sharing principle; it has done so in Korea, Tanzania and Kenya. Denmark has also cooperated with multilateral agencies in so-called "multi-bi-projects" whereunder the administrative responsibility lies with the agency concerned and financing is provided by Denmark.

Finally, with a view to encouraging private capital transfers, an investment guarantee scheme was introduced in 1966. The government is empowered to issue guarantees for up to \$27 million against political risks to business undertakings which suffer losses on direct investments in developing countries.

B. Rao
Development Finance Studies
May 7, 1969

Net Official Aid: Bilateral (B.A.) and Multilateral (M.A.)

(in millions of U.S. dollars)

	Denmark, Norway and Sweden together		Denmark		Norway		Sweden		All other DAC countries	
	B.A.	M.A.	B.A.	M.A.	B.A.	M.A.	B.A.	M.A.	B.A.	M.A.
1964	18.7	41.8	2.2	8.4	2.8	14.3	13.7	19.1	5,457.7	337.7
1965	25.3	37.5	4.6	8.3	3.7	8.1	17.0	21.1	5,727.4	409.7
1966	39.4	56.7	10.5	15.6	5.2	7.9	23.7	33.2	5,926.7	475.3
1967	42.7	60.7	12.5	15.5	4.1	11.4	26.1	33.8	6,170.1	703.6
1968 (Preliminary)	138.0		36.0		23.0		79.0		7,304.0	
1969 (Forecast)	177.0		43.0		28.0		106.0		7,537.0	

Source: DAC: Statistical Tables for the 1968 Annual Aid Review and "Current Prospects for Development Aid".

B. Rao
Development Finance Studies
May 7, 1969

Denmark: Net Flow of Financial Resources to Less
Developed Countries and Multilateral Agencies

- in millions of U.S. dollars equivalent -

	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
<u>Official Bilateral: Total</u>	<u>2.2</u>	<u>4.6</u>	<u>10.5</u>	<u>12.5</u>	
Of which: Grants and grant-like assistance	3.0	3.6	5.5	6.7	
Loans	-0.8	1.0	5.0	5.8	
<u>Official Multilateral: Total</u>	<u>8.4</u>	<u>8.3</u>	<u>15.6</u>	<u>15.5</u>	
Of which: Grants and capital subscriptions	7.9	8.3	10.6	13.5	
Bonds, loans and participations	0.5	-	5.0	2.0	
<u>Total Official</u>	<u>10.6</u>	<u>12.9</u>	<u>26.1</u>	<u>28.0</u>	<u>36.0^P</u>
<u>Private Total</u>	<u>21.2</u>	<u>2.3</u>	<u>-2.0*</u>	<u>-3.2*</u>	
Of which: Export Credits	20.2	1.7	-3.0	-3.2	
<u>Grand total of Official and Private</u>	<u>31.8</u>	<u>15.2</u>	<u>24.1</u>	<u>24.8</u>	

P: Preliminary.

* Estimated.

Source: Table 9(e) of Statistical Tables for the 1968 Annual Aid Review, DAC/AR(68)4 of October 30, 1968, and Current Prospects for Development Aid, DAC(68)51 of November 28, 1968.

B. Rao
Development Finance Studies
May 7, 1969

FUTURE DANISH ASSISTANCE TO DEVELOPING COUNTRIES

Acting under a request from the Parliament (Folketing) the Danish Government in Spring 1967 worked out a plan for future assistance to developing countries. The plan was so designed as to indicate how Denmark in the shortest possible time could achieve the UN 1 percent target for development assistance. It was submitted for discussion in the Folketing and it received favourable comments from all political parties. No resolution was, however, passed on the plan. In February 1968 the present government, in the inaugural message, also pledged its support to the plan.

The plan provided for such increases from year to year in Danish development assistance as to amount to 1 percent of the net national income in fiscal year, April 1972 - March 1973. (The Danish development assistance in 1968 amounted to some 0.30 percent of the net national income). The assumption was a 3.5 percent yearly growth in the net national income. The main figures (expressed in 1968 prices) were as follows:

	<u>Fiscal Years</u>				
	<u>1968/69</u>	<u>1969/70</u>	<u>1970/71</u>	<u>1971/72</u>	<u>1972/73</u>
	(millions of U.S. dollars)				
UN and other international organizations	10.7	13.3	17.9	22.3	31.2
WFP	4.3	5.2	6.0	6.6	8.1
Multilateral financial assistance	3.7	4.4	6.0	10.4	10.4
Development loans	11.2	12.7	14.8	17.9	23.9
Bilateral technical assistance	9.1	12.7	14.8	17.1	20.8
	<u>39.0</u>	<u>48.3</u>	<u>59.5</u>	<u>74.3</u>	<u>94.4</u>

To the total of \$94.4 million in 1972/73 was added an estimated figure of \$13.3 million in private capital transfers to developing countries. It may be mentioned in this connection that the Industrialization Fund makes increasing parts of the proceeds of the fiscal duty on coffee available for private Danish investments in developing countries.

The heading UN and other international organizations covers mainly contributions to UNDP. Denmark takes a particular interest in the World Food Program, and more sums than indicated in the plan have already been granted to the program. Under the heading multilateral financial assistance is included contribution to IDA and the Asian Development Bank. The Danish development loans are tied, however as a rule interestfree.

As a matter of policy Denmark contributes at least one half of its total assistance to multilateral institutions. Any developing country may apply for a development loan, but owing to the tying provision no loan is considered unless the country concerned appears interested in buying particular Danish capital goods. As very few Danish experts speak French or Spanish the technical assistance has by and large been concentrated in countries like India, Pakistan, Thailand, Kenya, Tanzania, Uganda, Malawi and Zambia.

The Danish development assistance is administered by the Secretariat for Technical Co-operation with Developing Countries which at the same time is a department of the Ministry of Foreign Affairs. All grants and loans have, however, to be approved by a Board composed of nine members with special experience and competence in development assistance matters. Furthermore a council consisting of 120 members, representatives of all interested economic and private organizations, meets semiannually to advise the government on Danish development assistance policies.

Washington, D.C. May 7, 1969

Erik Hauge

DENMARK AND THE WORLD BANK GROUP

(As of December 31, 1968)

(US\$1.00 = DKr 7.50)

Denmark became a member of the World Bank in March 1946. Its capital subscription amounts to \$173.3 million (DKr 1,300 million) or 0.77 percent of the Bank's subscribed capital. Like other members, Denmark has paid in only one-tenth of its subscribed capital. Thus its actual contribution to the lendable capital of the Bank (excluding the implicit guarantee of the Bank's borrowing embodied in the uncalled portion of Denmark's subscription) is \$17.3 million (DKr 130 million).

Denmark is also a member of the Bank's two affiliates, the International Finance Corporation (IFC), and the International Development Association (IDA). Denmark has subscribed \$753,000 (DKr 5,647,500) to IFC. Its initial subscriptions to IDA amounted to \$8.74 million (DKr 656 million). Denmark has subsequently contributed a total of \$35.7 million to IDA, constituted by \$7.5 million of its share in the First Replenishment and by \$28.2 million of its share in the Second Replenishment, plus a Special Supplementary Contribution of \$15 million (see separate memorandum).

World Bank Loans in Denmark

The World Bank has made three loans totaling \$85 million (DKr 586.5 million) in Denmark. The details are as follows:

<u>Purpose</u> <u>World Bank Loans</u>	<u>Loan Amount</u> <u>\$ Millions</u>	<u>Loan Amount</u> <u>DKr Millions</u>
Reconstruction	40.0	300.0
Electric Power (2 loans)	<u>45.0</u>	<u>337.5</u>
Total	<u>85.0</u>	<u>637.5</u>

Disbursements to Danish Suppliers Under Bank Loans

The principal material benefit derived by Denmark from membership in the World Bank has been the orders obtained by Danish industry for the supply of goods and services for projects being assisted by the World Bank loans. To the end of December 31, 1968, payments received by Danish suppliers for such orders totaled \$24.9 million (DKr 186.8 million) -- more than Denmark's paid-in subscriptions to the Bank. In addition, the Bank has disbursed \$34.7 million (DKr 260 million) in Denmark to carry out Bank-financed projects in Denmark itself.

By December 31, 1968, the following 35 countries had entered the Danish market to buy equipment and services to carry out Bank-financed projects: Brazil, Burma, Ceylon, Chile, Colombia, Costa Rica, Cyprus, Ecuador, Ethiopia, Finland, Guatemala, Iceland, India, Iran, Iraq, Israel, Malaysia, Mexico, Morocco, Nicaragua, Nigeria, Norway, Paraguay, Pakistan, Peru, Philippines, Portugal, Spain, Sudan, Thailand, Turkey, Tunisia, United Arab Republic, Uruguay and Yugoslavia.

Disbursements Under IDA Credits

By December 31, 1968, six IDA borrowers -- China (Taiwan), Costa Rica, Ethiopia, India, Pakistan and Turkey -- had entered the Danish market to buy equipment and services totaling \$3.4 million (DKr 17.3 million).

Bank Borrowings

The Bank augments its capital by selling its own bonds in the world's capital markets; it also sells loans from its portfolio to other investors, as a means of promoting international investment and of recovering its own capital. By December 31, 1968, the Bank had outstanding borrowings of \$3,803 million (DKr 28,522 million) mostly in the form of U.S. dollar bonds,

but also including bond issues denominated in Canadian dollars, Belgian francs, Deutsche marks, Italian lire, Kuwaiti dinars, Netherlands guilders, pounds sterling and Swiss francs. Of this amount, Danish holdings of the Bank's U.S. dollar obligations were estimated at \$11 million (DKr 82.5 million). Denmark has provided funds for the Bank's lending through purchases of portions of the Bank's loans. Such purchases totaled \$3.8 million (DKr 28.5 million) as of December 31, 1968.

All of the Bank's bonds and portions of its loans sold bear ordinary market rates of interest, and therefore have represented profitable investment for Denmark.

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IBRD Information and
Public Affairs Department
May 1969

DENMARK -- CONTRIBUTIONS TO IDA

Second Replenishment

In line with their aid policy, which is favorably oriented towards multilateral agencies as channels for transfer of resources to LDCs, the Danish Government took a positive attitude towards the level of the Second IDA Replenishment. This is reflected in the statement made by the Danish representative at the IDA Hague meeting (November 1967), which follows:

"We should like to see a very rapid solution of the replenishment of IDA and we can accept \$2.4 billion or even more. In other words, we agree with the Canadians and the Swedes. We are willing to take our share and we are even willing to increase it a little to help to make up for the 1.9 percent. We have no firm views on a flat sum or a slightly ascending scale, but it is my belief that we would prefer a slightly ascending scale."

(The 1.9 percent refers to the shortfall in the total shares of Part I countries resulting from the reduction of the U.S. share from 41.89 to 40.0 percent).

In line with the above policy the Danish authorities have taken the following actions.

1. In addition to the basic contribution (\$12.120 million for three years) Denmark joined four other countries in covering the shares shortfall and made a Supplementary Contribution of \$1.080 million, which brought their total to \$13.2 million.
2. It made a Special Supplementary Contribution of \$15.0 million.
3. It was one of the countries which have made an Advance Contribution (First Installment) to the Second Replenishment, in advance of the Effective Date.

Denmark has formally ratified its participation in the Second IDA Replenishment.

U. Sacchetti
May 7, 1969

May I in conclusion take this opportunity to thank all those who have participated in the efficient organization of these meetings. I should like in particular to thank the Government of Denmark for its warm hospitality to us and the facilities it has placed at our disposal.