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The World Bank
1818 H Street NW
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McNamara Papers

Contacts
Sweden (1969 - 1971)

The World Bank Group
Archives



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Contacts with member countries. Sweden - Correspondence 01

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WBG Archives

SWEDEN

- 4/26-28/68
(Mont Tremblant Conference) D. Björn H. Lundvall, Managing Director of L.M. Ericsson Telephone Company (Telefonaktiebolaget), Stockholm
- 1/16/69 Mr. Michanek, Swedish aid
- 3/7/69 Gunnar Myrdal
- 4/23-25/69
(Bellagio Conf.) Ernst Michanek, Director General, Swedish International Development Agency, Stockholm
- 6/6/69 Bo Fernaland, Svenska Dagbladet (with 11 other newsmen)
- 5/9-11/69
(Bilderberg) K.O. Feldt, Under Secretary of State, Ministry of Finance
- " Marcus Wallenberg, Vice-Chairman, Stockholms Enskilda Bank
1. 12/18/69 Knut Hammarskjöld, Director General, International Air Transport Association
- 2/22/70
(Montebello Conf.) Ernst Michanek, Director General, Swedish International Development Agency
- 4/6-8/70
(Bellagio Conf.) Anders Forsse, Deputy Director-General, Swedish International Development Authority
- 4/10-12/70
(Ditchley Conf.) Ernst Michanek, Director General, Swedish International Development Agency
- 5/20-22/70
(Paris) Representatives and Observers to OECD Meeting:
K. Wickman, Minister for Economic Affairs
C.H. von Platen, Head of the Permanent Delegation
H. Lundstrom, Under-Secretary of State, Ministry for Economic Affairs and Industry
L. Klackenberg, Head of Department, Ministry for Foreign Affairs
C. Swartz, Head of Department, Ministry for Foreign Affairs
L. Masreliez, Head of Division, Board of Commerce
J. Nipstad, Head of Division, Ministry of Finance
H. Dahlkvist, Head of Section, Ministry of Commerce
P. Jodahl, Head of Section, Ministry for Economic Affairs and Industry
- 6/18-19/70
(Heidelberg) International Meeting on Development Policy:
Ernst Michanek, Director General, Swedish International Development Authority
- 10/5/70 *CARL GUSTAV*
Crown Prince of Sweden
Ambassador Hubert de Besche
2. 9/24/70
(Copen.) G. E. Strang, Minister of Finance
Krister Wickman, Minister of Industry
Lennart Klackenberg, Under Secretary of State, Ministry of Foreign Affairs

12/1/70 Anders Forsse, Deputy Director General, Swedish International
Development Authority

12/3-4/70 " " " " " " "
(Bellagio
Gp., NYC)

10/18/70 Carl Bergenstrahle, Swedish Ambassador to Ethiopia
(Chilalo,
Ethiopia)

3. 2/24/71 Ambassador Hubert de Besche
Thord Bengston, First Secretary (International Projects)
Curt Lidgard, Commercial Counselor
4. 3/22/61 Dr. Goran Ohlin, OECD (former member Pearson Commission staff)
5/5/71 Lennart Klackenbergl, Under Secretary of State
4/23-26-71 Ernst Michanek, Director-General, Swedish International
(Tidewater IV, Development Authority
Lausanne)
5. 7/20/71 Torsten Buggdal, Swedish Radio
6. 9/15/71 Carl Ohman, ED (lunch)
7. 9/30/71 Gunnar Strang, Minister of Finance
K. O. Feldt, Minister of Commerce
8. 10/13/71 Dinner for the Swedish Parliamentarians:
Arne Geijer
Gunnar Helen
Johannes Antonsson
Bo Turesson
Olle Goransson
Astrid Bergegren
Kurt Hugosson
Allan Hernelius
Ola Ullsten
Sven Gustafsson
Torsten Bengtsson
Dag Malm
Sturc Ericson
- 12/3/71 Meeting of the Consultative Group on International Agricultural Research;
H. Granquist, Ministry of Foreign Affairs
R. Beijer, Swedish International Development Authority
- 5/3-5/72 Torsten Husen, University of Stockholm, Institute for the Study
(Bellagio) of International Problems in Education

9. 6/7/72 Prime Minister Olof Palme
(Stockholm) Lennart Klackenberg, Undersecretary of Foreign Affairs for
Development Aid
Mr. Sohlman, Division Chief for Multilateral Aid, Ministry of
Foreign Affairs
Mr. Ferm, Assistant to the Prime Minister
Carl Lidbom, Consultative Minister (Minister without Portfolio)
10. " Krister Wickman, Minister of Foreign Affairs
Lennart Klackenberg, Undersecretary of Foreign Affairs for
Development Aid
Mr. Ekeus
- " Dinner hosted by the Minister of Foreign Affairs
Gunnar Strang, Minister of Finance
Gunnar Geijer, Head of Federation of Labor Unions
Ernst Michanek, Head of Swedish International Development Agency (SIDA)
Erik Asbrink, Governor of Central Bank
Anders Tunborg, Undersecretary of Defense (former International
Secretary of Social Democratic Party)
Lennart Klackenberg, Undersecretary of Foreign Affairs for
Development Aid
Denis Healey, Member, U.K. Shadow Cabinet
11. 6/8/72 Lennart Klackenberg, Undersecretary of Foreign Affairs for
(Stockholm) Development Aid
Mr. Sohlman, Division Chief for Multilateral Aid, Ministry of
Foreign Affairs
Mr. Rylander, Member, Multilateral Aid Division, Ministry of
Foreign Affairs
12. 7/10/72 Ernst Michanek, SIDA
7/15/72 Hugo Lindgren, Senior Vice President, Skandinaviska Enskilda Bank,
Stockholm
13. 9/27/72 Kjell-Olof Feldt, Minister of Commerce
Bo Jonas Sjölander, Under Secretary of State, Ministry of Finance
Lennart Klackenberg, Under Secretary of State, Ministry for Foreign Aff.
14. 4/9/73 Dr. Sam Nilsson, Managing Director, International Federation of
Institutes for Advanced Study
Dr. Nils Stahle, Chairman of IFIAS
- 5/9-12/73 Ernst Michanek, Director-General, Swedish International Development Auth.
(Bellagio III
Population Mtg.)
- 7/10/73 Lennart Klackenberg, Under Sec of State, Ministry of Foreign Affairs
12/8,9/73 Ernst Michanek, Director General, SIDA
(Tidewater)

15. 1/15/74 Dr. Sven Brohult, former President of the Swedish Academy of Engineering
Prof. Marshak
16. 2/25/74 Mrs. Inga Thorsson, Permanent Secretary, Foreign Ministry
Mr. Erik Belfrage, Second Secretary, Swedish Embassy
17. 4/15/74 Lennart Klackenbergl, Swedish Foreign Ministry
- 12/7-8/74 Ernst Michanek, Director-General, Swedish Intl. Development Authority
(Tidewater,
St. Donat, Que.)
18. 4/1/75 Count Wilhelm Wachtmeister, Ambassador
Curt Lidgard, Economic Counselor of Embassy
- 4/25-27/75 Bilderberg:
(Cesme, D. Bjorn H. Lundvall - Stockholm
Turkey) Marcus Wallenberg, Skandinaviska Enskilda Banken, Stockholm
Krister Wickman, Sveriges Riksbank - Stockholm
- 6/12-13/75 Kjell-Olof Feldt, Minister of Commerce
(Paris-Dev.
Cte.)
19. 9/22/75 Janerik Larsson, Sydsvenska Dagbladet
- 9/22/75 Erik Karlsson, Deputy Director, Sveriges Riksbank (former ED)
- 9/28-29/75 Ernst Michanek, Director General, Swedish International Dev. Agency
(Tidewater,
Germany)
20. 11/10/75 Mrs. Gertrud Sigurdsen, Minister Without Portfolio (Foreign Aid)
Lennart Klackenbergl, Permanent Secretary for Development Affairs,
Ministry of Foreign Affairs
21. 11/12/75 Prime Minister Olof Palme
(New York)
- 12/17/75 Professor Göran Ohlin (Population Advisory Panel) (MemCon filed India)
- 1/6-10/76 Kjell-Olof Feldt, Minister for International Economic Affairs
(Dev. Cte.,
Kingston)
22. 4/5/76 H. M. King Carl XVI Gustav (Embassy dinner)
- 5/17/76 Mr. and Mrs. Gunnar Myrdal
Ambassador Count Wilhelm Wachtmeister (Embassy dinner)
- 10/27/76 Ernst Michanek, Director General, Swedish Intl. Development Agency
(at Tracy Place)
- 12/4-5/76 Ernst Michanek, Director General, Swedish Intl. Development Agency
(Tidewater,
Japan)

- 6/6-9/77
(Bellagio,
Denmark) Ernst Michanek, Director General, Swedish International
Development Authority.
Carl Wahren, Division Head, Population, Health and Nutrition
Division, SIDA
23. 10/13/77 Ola Ullsten, Minister for Economic Development
Count Wilhelm Wachtmeister, Ambassador to the U. S.
Messrs. Blix, Belfrage, Gullers and Dinkelspiel of the
Foreign Ministry
- 10/18/77 Pehr Gyllenhammar, President, VOLVO (with Dr. Kissinger
at lunch at IBRD)
- 1/11/78 Staffan Burenstam Linder, Minister of Commerce
Count Wilhelm Wachtmeister, Ambassador to the U. S.
- 5/17/78 Anders Ljungh, Vice President, Sverige Handelsbank
24. 2/11/80 H.E. Gosta Bohman, Minister for Economic Affairs
and Governor for Bank
Bertil Lund, Director, Ministry for Econ. Affairs,
Intl. Department
Ambassador Wachtmeister
Mr. Arsaelsson, Alt.. E.D.
- 2/13/80 Dinner at Swedish Embassy for
Mr. Gosta Bohman
- 6/5/80 Mr. Lars Wohlin, Governor of the Central Bank of Sweden
(with Mr. Lundstrom)
25. 6/18/80 Mr. Olof Palme (former Prime Minister)
- 9/4/80 Pehr Gyllenhammar, President, VOLVO (at lunch)
- 3/16/81 Mr. Anders Ljungh, Vice President, Sverige Handelsbank
26. 3/18/81 Mr. Forsse, Director-General, Swedish International
Development Agency
Mr. Lundstrom, ED
27. 4/8/81 Mr. Hans Blix, Undersecretary of State
Mr. Poulsen, Alt. E.D.
- 5/26/81 Amb. Wachtmeister
Olaf Palme (former P.M.)
(Dinner at Swedish Embassy)
- 6/2/81 Amb. Wachtmeister
dinner at Embassy

SWEDEN



*Mr. McNamara**to see**see 12/18*

OFFICE MEMORANDUM

TO: Files

DATE: December 18, 1969

FROM: A. David Knox *AK*SUBJECT: Visit of International Air Transport Association (IATA) Officials to Mr. McNamara

1. Mr. Knut Hammarskjold, Director General of IATA, and Mr. R.R. Shaw, Assistant Director General Technical, visited Mr. McNamara on December 18, 1969. Mr. Knox was also present.
2. Mr. Hammarskjold explained that he was taking advantage of a brief visit to Washington to pay a visit to the Bank to learn something of our attitude to aviation projects. Mr. McNamara replied that in the past we had done little in this field. We had been concerned at the tendency to produce purely prestige projects which we were not prepared to finance. We were now, however, considering a number of possible projects and, if we concluded that they were sound, we would be interested in financing them. As examples of the kinds of projects we were considering he mentioned the need for airports in Nepal, the possibility for using aviation to link population centers in Iran, and the airport project for Nairobi in Kenya. We would be looking to IATA for information in examining these and other projects. Mr. Hammarskjold told us that IATA would be glad to assist.
3. He then went on to say that IATA had a similar approach to aviation projects as had the Bank. Airports were gradually moving to a charging structure whereby the full cost of providing facilities would fall on the airlines. Thus, out of self-interest, IATA wanted to ensure that facilities provided were indeed essential.
4. IATA had, however, encountered some problem of getting into projects early enough to be able to play an effective part in shaping them. Mr. Hammarskjold asked what had been the Bank's experience in this respect. He was told that it was certainly our policy to get in at the very earliest stages in the conception of a project. Possibly just at the moment, since our renewed interest in aviation was quite recent, we were considering projects which had already been fairly well advanced before we started our examination. On the other hand, as additional projects came to our attention, we were certainly getting involved at a very early stage. One of the purposes of the Five Year Plan to which we were working was to enable us to lay out where we were going and thus to get an early start on projects. Mr. Hammarskjold said that he was glad to hear this and that IATA would appreciate it if from time to time we could tell them what we were considering so that they too might make their views known at an early stage.

President has seen

5. The conversation then touched briefly on the subject of tourism. Mr. Hammarskjold explained that one of IATA's concerns was to ensure that tourism projects were considered in all of their aspects and not simply from the point of view for providing, say, airport facilities. He was concerned that a partial approach might run into the problem that complementary investments were not undertaken. Mr. McNamara told him that this was very much one of the Bank's concerns also and we were trying to approach tourism projects from a total point of view.

6. Mr. Hammarskjold asked how much influence we were able to bring to bear on countries to persuade them from going in for uneconomic projects, for example, a steel mill of which the sole justification was prestige. Mr. McNamara replied that in our lending we considered the general economic policies of the borrowing country and if we thought that seriously uneconomic projects were being undertaken in a particular sector we might refuse to lend for any sector in that country. Similarly, we tried to examine individual sectors very carefully before deciding on our investment pattern in them. For example, in transportation we might urge a country to build, say, more feeder roads rather than an airport if we thought that the former would contribute more to economic development.

7. Mr. Hammarskjold said that he had been giving some thought to whether finance might be available from private banks for aviation development. He mentioned that perhaps this might be channeled through an organization such as ADELA or a similar organization which he understood had been established in Asia. Mr. McNamara was doubtful whether sufficiently long term finance would be available from private banking sources for airport development. On the other hand the shorter term finance likely to be available from such sources might be appropriate for the purchase of aircraft.

8. Another problem to which IATA had been giving some attention was whether it might be possible to stimulate the setting up of regional airlines. Mr. Hammarskjold cited the way in which a number of small countries, for example in the Middle East or Africa, were setting up their own airlines. One result of this was overcapacity. It would be much better if these countries could be persuaded to pool their resources. Their planes might be more fully utilized and the financial burden on them would be less. He wondered whether the Bank was prepared to do anything about this problem. Mr. McNamara replied that we would certainly keep it in mind and if we encountered a situation where pooling was economic and possible we would do what we could to encourage it.

December 18, 1969

9. Finally, the conversation turned to a brief discussion of possible fare trends. Mr. Hammarskjold thought that despite the coming into service of the 747, which he agreed would probably have lower operating costs per passenger, the likelihood was that fares would remain at about the present level. Other cost increases would offset the possible operating economies of the 747. As to the SST, he expected a fare premium of possibly 50 per cent.

cc: Messrs. McNamara
Aldewereld
Chadenet
A. Koch (para. 5)
Mackay/Carmichael
Hogg

ADKnox/mv

*For your**12 noon**mtg. on**Thursday**lee**12/16*

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara (through Mr. B. Chadenet) DATE: December 12, 1969

FROM: A. David Knox *ADK**OK*SUBJECT: Meeting with Mr. Knut Hammarskjöld, Director General of the International Air Transport Association (IATA), on December 18

I attach the following to brief you for the above meeting:

- Attachment I - A description of IATA and its possible usefulness to the Bank.
- Attachment II - A biographical note on Mr. Hammarskjöld.
- Attachment III - A description of the International Civil Aviation Organization (ICAO), with which IATA should not be confused.
- Attachment IV - A note on the Bank's activities in aviation.

ADKnox/fad

President has seen

INTERNATIONAL AIR TRANSPORT ASSOCIATION

The International Air Transport Association (IATA) founded in 1919 is a trade organization of more than 100 scheduled airlines and is responsible for setting international air fares. In addition, IATA coordinates common ticketing, safety, operating and navigating procedures.

The aims of IATA are:

"To promote safe, regular and economical air transport for the benefit of the people of the world; to foster air commerce and to study the problems connected therewith; to provide the means for collaboration among the air transport enterprises engaged directly or indirectly in international air transport services; and to cooperate with the International Civil Aviation Organization (ICAO) and other international organizations."

IATA has two main offices - one is in Montreal - the head office, and one in Geneva. Regional technical offices are located in London, Bangkok, Nairobi and Rio de Janeiro.

The rate setting machinery within IATA consists of three Traffic Conferences corresponding to geographic areas of the world. All carriers within a Conference area may participate, and regardless of size, each has a single vote. Fare agreements require unanimous approval and are subject to approval by each carrier's Government. However, some observers feel that informal meetings of the top officials of a few airlines are the real fare-setting mechanism in IATA.

It has been said that IATA fares are not based on a policy of rational pricing. This results from the domination of political processes over competitive ones in international traffic. As long as Governments have the final say in ratifying fare agreements, it is doubtful if more rational pricing can be achieved.

The activities of some air carriers in charter work are causing concern among IATA members and are the basis of the current controversy over the North Atlantic air fare situation.

Current activities of IATA also include reporting of statistics, forecasting traffic, coordination of improvements to airport procedures in customs, immigration and health inspection, and consolidation of airline experience and requirements in civil aviation planning.

The role IATA might play in assisting the Bank in the evaluation of aviation projects could be quite significant, particularly in providing information on forecasts of air carrier activity which would, because of their confidential nature, not otherwise be available. IATA staff have already indicated a willingness to help in this regard by screening airline information and providing consolidated forecasts if requested.

IATA - SENIOR OFFICIALS

President 1969/1970	:	Dr. G. van der Wal President of KLM
President elect 1970/1971	:	Lt. Gen. Ali M. Khademi Managing Director of Iran National Airlines
Director General	:	Knut Hammarskjold - Sweden (See Biographical Sketch)
Assistant Director General - Technical	:	Dr. R. R. Shaw
Assistant Director General - Traffic	:	H. Don Reynolds

KNUT HAMMARSKJÖLD

Appointed Director General of the International Air Transport Association on April 16, 1966, Knut Hammarskjöld is no newcomer to international co-operation and international civil aviation. He brought to IATA more than 20 years of experience with the Swedish Foreign Service and the European Free Trade Association. The Hammarskjöld family has a long tradition of governmental service at the highest level. Knut Hammarskjöld's grandfather was Prime Minister of Sweden during World War I, and his father was a Judge at the Permanent Court of International Justice in The Hague. Born in Geneva on January 16, 1922, Mr. Hammarskjöld is of Swedish nationality. Educated in The Hague and then at Sigtunaskolan in Sweden, he graduated from Stockholm University with a Master of Philosophy degree. His university studies covered the fields of economics, political science, law and the German language. Fluent in half a dozen languages, Knut Hammarskjöld entered the Swedish Foreign Service in October, 1946. He was appointed First Secretary in the Swedish Foreign Office in October 1955. As the officer in charge of the civil aviation desk, he dealt exclusively with air transport matters. In July 1957, Mr. Hammarskjöld was named Head of the Foreign Relations Department of the Swedish Civil Aeronautics Board. He co-ordinated policy among the government departments and agencies concerned with international aspects of civil aviation. Mr. Hammarskjöld was assigned to Paris in 1959 as Counsellor in the Swedish Embassy and Deputy Head of the Swedish Delegation to the Organization for European Economic Co-operation (OEEC). In the following year and prior to joining IATA, he became Deputy Secretary-General of the European Free Trade Association (EFTA) in Geneva. Although his work is his main hobby, Knut Hammarskjöld has a special interest in music, painting and architecture. He is an avid reader of books in many languages.

EXCERPT - from description of author.
Institution of Civil Engineers
Symposium - "World Airports the Way Ahead"
London, September 1969

INTERNATIONAL CIVIL AVIATION ORGANIZATION (ICAO)

ICAO is an association of over 100 sovereign states and a specialized agency in relationship to the United Nations. It came into being as a result of the Chicago Convention of 1944.

The aims of ICAO are:

"To ensure the safe and orderly growth of civil aviation throughout the world; to ensure the arts of aircraft design and operation for peaceful purposes; to encourage the development of airways, airports and air navigation facilities for international civil aviation; to meet the needs of the peoples of the world for safe, regular, efficient and economical air transport; to prevent economic waste by unreasonable competition; to ensure that the rights of contracting nations are fully respected and that every contracting nation has a fair opportunity to operate international airlines; to avoid discrimination between contracting nations; to promote safety of flying in international air navigation; and to promote generally the development of all aspects of international civil aeronautics."

One of the chief activities of ICAO is the development of international standards and recommended practices and procedures covering the technical fields of aviation. In addition, Regional Plans for civil aviation facilities are developed based on the needs of countries in specified geographic areas. Like IATA, ICAO is also active in efforts to facilitate the free movement of passengers and cargo across international boundaries by encouraging governments to reduce red tape. ICAO also collects and publishes statistical material, produces regional traffic forecasts and makes economic studies.

ICAO promotes civil aviation especially in developing countries. This is done through the United Nations Development Programme, including the Expanded Programme of Technical Assistance and the United Nations Special Fund. Assistance is given for the improvement of ground facilities and services, strengthening of organizations, training of personnel and in the provision of technical assistance.

There is good cooperation between IATA and ICAO in areas of common interest and both organizations support the principle of international cooperation rather than unilateral and arbitrary action by individual governments in the control and development of civil aviation affairs.

Since both IATA and ICAO play such a significant role in all aspects of civil aviation, the Bank should take advantage of the opportunity to cooperate with both agencies in the planning and development of civil aviation projects.

THE BANK'S ACTIVITIES IN AVIATION

In the past, the Bank has made three loans for aviation projects. These were as follows:

Netherlands	1952	Purchase of aircraft	\$7.0 million
Australia	1956	" " "	\$9.23 million
India	1957	" " "	\$5.6 million

For a long time it was felt that aviation projects would pose special problems, for example:

- a) many airport terminals were prestige projects and not financially viable;
- b) some airports served both military and civil aviation; and
- c) international competitive bidding would be difficult in the procurement of aircraft.

Financing was available from bilateral sources for airport improvements and from such agencies as Export-Import Bank and various suppliers, for equipment.

Circumstances are changing; improvement programs are required all over the world to handle the increased sophistication and volume of aviation traffic, and at the same time bilateral sources are being curtailed. As a result, the Bank is receiving inquiries from many member countries concerning the financing of aviation projects.

There is a large role for aviation in developing countries and it must be integrated with other transportation modes. Civil aviation is and will remain a significant factor in unification, public administration, communications generally, market expansion, and in tourism. Air transport is the most economic mode for certain classes of service in some areas.

In addition, aviation is used successfully in mapping, regional surveys, route location, hydrography, magnetometry, geophysical surveys, fire control, crop spraying and treatments and many others.

There are two aviation projects in the Bank's lending program for fiscal 1971.

Kenya: Improvements to the existing airport at Nairobi are being planned and a Bank pre-appraisal of the consultant's initial proposals has resulted in modifications to the scope and timing of the work. Technical assistance has also been given on preparation of terms of reference for an improvement study for Mombasa airport.

Taiwan: A new airport for international traffic at Taipei is being planned and the government is about to appoint consultants.

In addition, there are some 30 other airport projects under review in the Bank and the following are under active consideration, e.g.:

Panama: Tocumen Airport Improvements - consultants have almost completed a study, based on terms of reference in accordance with Bank suggestions.

Mexico: Zihuatanejo Airport - new construction included in tourism program in which the Bank has indicated an overall interest.

Afghanistan: Kabul Airport Improvements for more adequate and reliable service.

Niger: Niamey airport - runway, taxiway and parking area expansion.

Iran: A review of the civil aviation sector is being included in the current transport sector survey for the country. Technical assistance has been given in the preparation of terms of reference for a major feasibility study of Teheran's expanded airport requirements.

The Bank's present policy is to evaluate aviation projects in much the same way as any other and to ensure that they are technically sound, financially viable and economically justified and fit in with the priorities of an approved development program.

2

MEMORANDUM FOR THE RECORD

Annual Meeting 1970 - Discussions with Part I Countries - Sweden

Mr. McNamara had a meeting at 9:00 a.m. on Thursday, September 24, with the Swedish Minister of Finance, Mr. Strång, the Minister of Industry, Mr. Krister Wickman, and Mr. Lennart Klackenborg, Under Secretary of State in the Ministry of Foreign Affairs. Sir Denis Rickett was also present.

Mr. McNamara began by expressing his warm thanks for the support which the Swedish Government had given to the Third Replenishment of IDA. They had been the first to propose a replenishment at a much higher level than before. This was an illustration of the contribution which Sweden could make, not merely in money, but also in ideas and in intellectual leadership. There were many directions in which the development of the Bank's policy was hampered not by lack of knowledge (though this was an obstacle in some fields, e.g. education) but by the difficulty in reaching agreement on changes which were desirable.

Mr. Strång referred to the population problem and expressed approval for the prominence which Mr. McNamara had given to it in his speech. He asked what the reaction of the churches was.

Mr. McNamara said that the Catholic Church was, of course, bound by its past pronouncements to oppose officially the movement towards population planning. Even in catholic countries, however, such as Colombia and the Philippines, this did not prevent the government from supporting the policy. In the Philippines, population planning was being introduced into the curriculum of all schools. The present official opposition of the Catholic Church would, in all probability, change in time. It was interesting also to note how little opposition had been expressed at the Annual Meeting this year to what he had said about population. This was in marked contrast to what had happened at the 1968 meeting. A number of governments, such as those of India, Pakistan, and Morocco, had already asked for the advice and help of the World Bank. What concerned him most was that the Indian programme had not been more effective hitherto. This was partly because the methods used were not efficient but also because they were not properly applied. There was a vast educational and administrative task to be undertaken to bring these methods to over one hundred million family units.

Mr. Strång then asked about the new high yielding strains of wheat and rice which Mr. McNamara had mentioned two years ago. Were these coming up to expectations?

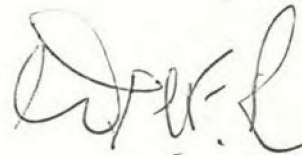
Mr. McNamara said that this was undoubtedly so. In the Philippines, in India, and in Pakistan there had been dramatic increases in rice production. The new seeds, however, needed both water and fertilizer. This, in turn, required a system of credits for farmers, adequate foreign exchange and a better system of distribution. More important than this was the fact that the new technology could not be applied to non-irrigated land so that, while India's food production problem might be solved, their agricultural problem would remain.

The larger farmers, with about ten acres of land, might benefit but the mass of small farmers, with holdings of two acres or less, were not benefitting.

Mr. Klackenberg asked whether the World Bank was now placing more emphasis on the need for social reform as a criterion for granting new loans.

Mr. McNamara said there could be no social reform without economic advance. The economic return, therefore, on loans was a necessary but not a sufficient condition of development. There was a need to see that economic advance was accompanied by social advance and it was now the practice of the Bank to include in the appraisal report for loan projects comment on the distribution, as well as the amount, of the incremental income to which the project would give rise. Attention was therefore given to such matters as water charges and taxation policy. The Bank would not be interested in financing projects where the whole economic benefit would go to a small minority.

Finally Mr. Wickman raised the question of Peru. Mr. McNamara acknowledged that he did not know how Peru should be handled in the future. The Argentine Minister of Finance had just said that he was equally baffled. Somehow we must find a way to discover what were the objectives which lay behind the confused ideology with which the pronouncements of the present government were filled.



D. H. F. Rickett
Vice President
September 24, 1970

3

March 11, 1971

MEMORANDUM FOR THE RECORD

Subject: Meeting with the Swedish Ambassador to the United States, February 24, 1971

Present: Mr. McNamara; Ambassador de Besche; Mr. Lidgard, Commercial Counsellor; and Mr. Bengtson, First Secretary of the Swedish Embassy.

The Ambassador said that one purpose of his visit was to introduce Mr. McNamara to Messrs. Lidgard and Bengtson. The latter was on his way to a meeting in Nairobi of senior Swedish Foreign Service Officers to discuss development projects and Swedish exports to developing countries. The Ambassador wondered if Mr. McNamara would like to express any thoughts as to what ought to be done in Africa.

Mr. McNamara said he **very** much hoped Sweden would use its influence to hold together the East African Community. In view of the current political difficulties this might be a difficult task, but he was convinced that Sweden could play a positive role in helping to see that the Community survived. It was imperative for Africa to regionalize its economic relationships. He also mentioned that he was extremely concerned about the slow growth of LDC exports, particularly the fact that trade between LDCs in recent years had increased very little indeed.

Mr. McNamara thought Sweden should consider supporting the development needs of Africa irrespective of the differences in political structures among the African countries. He had been impressed with the Swedish aid efforts in Ethiopia and the Ethiopian people would suffer if Sweden pulled back its aid to that country. It was the Bank's practice to continue development assistance to any country as long as the government was willing to conduct a constructive dialogue with the Bank and as long as positive achievements could result from our projects. Besides agriculture, Sweden ought to emphasize education projects in Ethiopia. There was an enormous lack of educational facilities in Ethiopia, compared to most other African countries, and he felt Sweden could also play a most important role in upgrading the educational system.

The conversation then turned to U.S. aid efforts. Mr. Lidgard wondered how far the U.S. aid effort would be multilateralized, and whether the U.S. was interested in joint financing arrangements with the Bank. Mr. McNamara thought it was realistic to assume that U.S. aid would only slowly shift towards multilateral channels. Possibilities existed in the field of joint financing, which he generally thought was an excellent vehicle for developed countries to use in multilateralizing their aid programs. The consultative group arrangement was another important method.

Mr. Lidgard wondered if public opinion in the U.S. felt as the Swedes did that development aid mainly benefits rich people in LDCs. Mr. McNamara did not believe this was the case in the U.S. Disenchantment with aid was largely due to a general feeling that aid was not very effective, a fear that economic assistance efforts might lead to wars (such as Vietnam), and renewed emphasis on the large and unfulfilled domestic needs. Also, unlike in Sweden, development aid had generally very little political appeal.

Mr. Lidgard wondered if the Bank had met with any difficulties in its fund raising because of Mr. McNamara's concern about the social aspects of development. Mr. McNamara said there had been absolutely no indication that this had ever been a difficulty for Bank bond issues.

4

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara
FROM: Hollis B. Chenery
SUBJECT: Goran Ohlin

DATE: March 15, 1971

*3/16
P
A
M
C
R*

As background for your talk with Ohlin, I suggest that the following would be his principal functions:

1. Responsibility for organizing and guiding the Bank's research program;
2. Establishing relations with research institutions in the third world and the rest of the developing countries;
3. Assessment and guidance to the Bank in the use of research findings;
4. Special policy assignments;
5. Assistance in the reorganization and use of the Advisory Committee.

He will have the rank of a department head but will not be given the title of deputy, at least for the time being. The most we can hope to start with is a term appointment.

Per Mr. Chenery's office, Mr. Colaco (4846) is arranging appointments for Mr. Ohlin.

Finalist

*OECD
Chenery*

5

OFFICE MEMORANDUM

TO: Mr. William Clark

DATE: July 16, 1971

FROM: Lars J. Lind *Lars J. Lind*SUBJECT: Torsten Byggdal - Swedish Radio (sound)

Byggdal is now in Washington staying until Thursday a.m. He is preparing three programs on the World Bank along lines he and I have discussed by correspondence over the last few months. The programs are intended to be broadcast at the time of the Annual Meeting.

He is seeing several people in the Bank and is proceeding from here to Colombia to see the Bank activities in the field and he might possibly take in Ghana on his return trip to Stockholm.

He naturally is most anxious to obtain a brief interview with Mr. McNamara - five to seven minutes on tape. He wants to put the following question:

"At Copenhagen a year ago you pressed the seriousness of the world crisis on our consciences and mentioned in particular population planning, rural renewal, fuller employment, decent urbanism and social transformation. Has the last year seen any advance in the world's response to the crisis? What has happened since the days in Copenhagen?"

Byggdal was a stalwart friend during the Copenhagen meeting and helped a lot to present the Bank favorably in Sweden - particularly effective as he himself is quite close to the new left. In his summing-up program he used Krister Wickman (the Swedish Governor and now Foreign Minister) in strong support of the "new" Bank and ended the program with a long quote from RSM's Annual Address.

Since then he has made a widely acclaimed series of interviews with the labor party leaders in Denmark, Sweden and Norway - in the latter two countries they of course also happen to be the prime ministers.

I very much hope Mr. McNamara will consent to give him a few minutes at any time during the first half of next week.

LJL:apz

Mr McNamara.

President has seen

I very much indeed hope you
will consent to this. We will give
all support.
I can discuss Monday.
WJC

Ten 5.30 mtg
today
Cer 7/20

SWEDISH RADIO

Question:

At Copenhagen a year ago you pressed the seriousness of the world crisis on our consciences and mentioned in particular population planning, rural renewal, fuller employment, decent urbanism and social transformation. Has the last year seen any advance in the world's response to the crisis? What has happened since the days in Copenhagen?

Notes for reply:

1. There have been no dramatic advances in the world development situation since Copenhagen and it would be unrealistic to expect them. This does not mean that there has been no progress - both in the understanding of the many complex and interrelated elements of the development process and in the assistance given to the ldc's.
2. Population planning continues to be of highest priority and the acceptance of that fact is much more widespread today than a decade ago -- and even than one year ago. The stress put by the Bank on this problem in our continuous dialogue with member governments and in our country economic reports surely has contributed. But we must be candid: not all of the on-going national population planning programs show the vigor that is needed to reach a net replacement rate in the midst of next century -- which is the best we can hope for. Such a result can only be achieved if the political leadership in the ldc's decide to back these programs to the hilt -- no outside agency can be effective in giving assistance unless such political choice to mobilize the national will is forthcoming. But progress has been made from the time not long ago when Sweden took a lead to push population programs in the United Nations -- here as in so many other fields, Sweden and the Bank see eye to eye.
3. The most urgent need in the population planning sector is for technical assistance in various forms and it is on this that the Bank's action concentrates. Much the largest part of the financial and manpower resources for any family planning program must be mobilized locally, but the Bank/IDA has so far given three loans -- two in the Caribbean and one in North Africa.

Surely the growth of population will continue to constitute a crisis for decades to come -- which means that all efforts -- in the developing countries and in the bilateral and multilateral assistance programs -- must be accelerated. The enormity of the problem must not lead to defeatism.

President has seen

4. At Copenhagen I also pointed to the crisis of unemployment and urban life, and other factors which retard the achievement of a quality of life which must be the real aim of economic growth. We are attacking these problems and although there has been no sudden revolution in the Bank's policies or projects, our thrust is changing bit by bit and there is no doubt that the Bank's approach to the development process is much more complex, sophisticated and above all more orientated towards social objectives than in past years.

This is important, because today about 10% of official funds for development are channelled through the Bank Group compared with some 3% a few years back -- and the trend continues upward -- and also because the influence of the Bank's reporting and analysis on other donors and on the ldc's own country programs.

A few examples of Bank initiatives or new directions in the last year:

- maintained the momentum of operational growth with total commitments in the past fiscal year of more than 2½ billion; agricultural and educational lending reached all-time highs.
- launched several studies on employment and income distribution.
- completed a series of sector studies, analysing the Bank's operations and policies in education, agriculture, etc., with tentative programs for the remainder of the decade.
- completed a major staff study of the debt burden of developing countries, the results of which again underline the need for more development finance on concessionary terms.
- approved first loan for pollution control and incorporated anti-pollution measures in several new loan agreements.
- commenced intensive evaluation of the effect of Bank supported projects for economic growth and social advancement.
- increased support of programs to directly benefit the peasant farmers through the support of agricultural credit cooperatives and similar institutions.
- undertaken ^{look} basic studies of urban problems, including special studies of Bombay and Nairobi.
- established a Consultative Group for international agriculture research which in its first year hopes to finance agricultural research of priority importance to the ldc's in the amount of \$3 million.

- strengthened and expanded cooperation with UN family, in particular UNDP, FAO, Unesco and WHO.
- continued to internationalize the Bank's staff with 78 nationalities now represented among its professionals.

5. There continues to be a resource gap. Considerably larger amounts of public assistance on concessionary terms can be productively absorbed in the ldc's. Although it is gratifying that agreement has been reached between governments to replenish IDA's resources at twice the previous volume, there are no signs that official development assistance is growing at anything like the rate recommended by the DDII declaration and the Pearson Report.

6. In sum then -- the situation described at Copenhagen a year ago is still one of crisis. Inroads on some of the problems are being made -- by the ldc's themselves, by multilateral agencies such as the World Bank and IDA and by some bilateral programs and at universities and research institutions. But the world's political leadership and world opinion have not yet recognized the true nature of the crisis -- the needs will not be met until they do. One can only hope that the time of grace will not run out before this happens.

September 15, 1971

Mr. McNamara:

You are meeting Mr. Öhman for lunch today, here are a few points:

- Mr. Öhman is a Swedish Foreign Service Officer who has served in Madrid and Cairo (see C.V. attached). He is particularly interested in trade and development matters and has some knowledge of commodity problems.
- During the three years prior to coming to the Bank he had been working closely with Mr. Klackenberg, Under Secretary of State, and he is known to have Mr. Klackenberg's respect.
- Immediately prior to coming to the Bank he was the desk officer dealing with Bank and Fund matters. He told me when he first came here that he was frequently confused by the considerable criticism which EDs in the past voiced during Board Meetings and still realizing that none of the criticisms ever affected their decision whether or not to approve the project. He has later said that he is now realizing that these comments may have affected projects that are in the pipeline and that therefore the guidance which EDs remark at the time of Board Meetings have upon the Bank's management has some "lag time".
- He has been worrying about the apparent inconsistencies between what the President says in his speeches and the content of our projects. Together with a large number of his colleagues in the Swedish State Department they believe that the social aspects of the Bank's work is endorsed by the President and is not yet accepted by the staff. Since he came here he has changed his mind considerably about this problem, I believe, since he told me last Spring that the most important impression he has since he came here is his realization of the high quality of Bank staff, it is much better than he had anticipated and "far better on average than what he had been acquainted with in other international organizations".
- He is very much impressed with the work the Bank has initiated with respect to agricultural research and the Consultative Group which has now been arranged in cooperation with other UN Agencies is something he very strongly supports. He does believe that similar initiative should be taken by the Bank with respect to industrialization policies for LDCs. Sweden would be very interested in supporting a Consultative Group for industrial research for these countries.
- Mr. Öhman is very happy to see the Bank work towards integrating itself into the UN system. He believes the efforts that have been made in the last two years are highly commendable.
- With respect to the cable that you sent to Mr. Tornqvist yesterday urging the Nordic countries to speak up on the urgency to ratify the Third Replenishment, Mr. Öhman informed me that this question had been discussed earlier in the "Nordic Caucus" in August. It had at that meeting been decided that given the disenchantment with the Swedish Government in American government circles at the moment such a statement might perhaps be counter productive. They had therefore thought it best not to mention this point in their Annual Meeting Speech.

NOTE: Ö - the first vowel in Mr. Öhman's name is pronounced like e in the French words Le and de.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

BIOGRAPHICAL STATEMENT

Carl Ivar ÖHMAN
(Sweden)

Alternate Director for Denmark, Finland, Iceland
Norway and Sweden

Appointed as of November 1, 1970

Born February 10, 1938

Single

Education

- 1958-61 : Study of Law (B.L.), University of Lund
- 1961-63 : Study of Economics (M.A. in Economics), Stockholm School of Economics

Background

- 1962 : Third Secretary, Ministry of Foreign Affairs (economic and trade matters)
- 1963-65 : Third and Second Secretary, Swedish Embassy, Madrid (economic and trade matters)
- 1965-66 : Second and First Secretary, Swedish Embassy, Cairo (economic and trade matters)
- 1967-70 : Ministry of Foreign Affairs - Economic Department, Division for UNCTAD, GATT, OECD, IBRD, FAO and commodity matters
- 1967-69 : First Secretary
- 1969-70 : Head of Section
- 1967 : Member of the Nordic delegation to the Kennedy Round negotiations (GATT)
- 1967 : Member of the Swedish delegation to the International Grains Conference
- 1968 : Member of the Swedish delegation to the International Sugar Conference
- : Delegate to meetings within the GATT, OECD, UNCTAD, International Sugar Organization, International Coffee Organization, International Wheat Council
- : Member of a governmental committee on economic matters
- Nov. 1970 : Alternate Director, IBRD, IFC and IDA

Languages : English, French, German, Spanish and Russian

Secretary's Department
November 9, 1970

MEMORANDUM FOR THE RECORD

SUBJECT: Sweden and Norway

Mr. Gunnar Strång, Minister of Finance, and Mr. K.O. Feldt, Minister of Commerce for Sweden, together with Mr. Per Kleppe, Minister of Commerce and Shipping for Norway, called on Mr. McNamara on Thursday, September 30th, at 2:30 p.m. They were accompanied by Mr. Tornqvist. Mr. Aldewereld and Sir Denis Rickett were also present.

Mr. McNamara began by thanking the Nordic Ministers for the advance contributions to IDA which both the Swedish and Norwegian Governments had undertaken to recommend to their Parliaments. The U.S. Administration fully supported the Third Replenishment of IDA but had not yet exerted great pressure on Congress to pass it. It was doubtful whether it would be passed in the next two months. The need for additional advance contributions might therefore be great. Mr. Strång said that he had been glad to give the undertaking. IDA's need for resources was enormous. Mr. McNamara agreed. One had only to look at the situation of India to see how vital was the part played by IDA in relation to other donors. IDA credits to India, however, at \$375 million were modest if judged by any test of need or of equity. The represented only some 60 to 70 cents per head of India's population. India was, moreover, faced with an appalling problem in dealing with the refugees from East Pakistan. The New York Times had given horrifying details of the number of children under eight and of pregnant mothers amongst the refugee population who were dying of starvation. The World Bank could not meet this need which imposed an immense burden upon India.

In reply to a question from Mr. Strång, Mr. McNamara said that the Government of India fully supported the principle of family planning. To apply it in practice, however, posed an immense problem of administration. It could be compared with the difficulty of extending to the poorer farmers of India, representing some 40% of the total, the benefits of the "green revolution". This had been remarkably successful particularly in the case of wheat but it required inputs of fertilizer and irrigation. So much of Indian agriculture was rain-fed that it had not yet been affected by the new strains of wheat and rice. The development of such strains should be broadened to other plants, such as maize and legumes, as well as to rain-fed crops. Too little time and money was being devoted to research on these problems and that was why the Bank Group had been pressing for further international action.

Mr. Kleppe raised the question of the balance between Bank loans and IDA credits. Mr. McNamara said that IDA's lending was limited only by the resources available. In the Second Replenishment period the level of commitment had been an average of \$500 million a year over the three-year period. In the Third Replenishment this would be increased to some \$930 million a year. If the only test was that of need, IDA could easily use three times as much.

In reply to Mr. Kleppe, Mr. McNamara said that the importance of assistance for the poorer farmers was fully accepted in theory but difficult to achieve in practice. Some 40 to 60% of farmers in India did not benefit. These were farmers with two hectares of land or less. They needed additional irrigation water, and better credit facilities to finance purchases of seeds and fertilizer. They needed further technical assistance in the use of these inputs. Agricultural yields in India were much lower than in Japan and the Republic of China and given

President has seen

an adequate "extension service" output could certainly be increased. He agreed with Mr. Strång that better storage facilities were also important. A very high proportion of crops was lost through infestation by insects and rats. The Bank was working at the present time on an important grain storage project in India the return from which would be very high.

Mr. Kleppe raised the question of coordination between the Bank's operations and those of bilateral donors. Mr. McNamara said that the Bank was working closely with SIDA in Sweden and with NORAD in Norway. They would like to do more. Canada was also interested in broadening cooperation with the Bank through such procedures as joint or parallel financing.

Mr. Kleppe said that the nature of the political regime in some of the recipient countries caused difficulty in the Norwegian Parliament, for example Greece and Pakistan. He hoped that the Norwegian representative could give expression to this feeling by abstaining from voting on loans or credits to these countries. Mr. McNamara said that there would be no new credits to Pakistan for the present since he did not believe that the government was in a position to make effective use of them. The question raised by Mr. Kleppe was a complicated one. He would be glad to discuss it further with Mr. Tornqvist. He would be glad to visit the Scandinavian countries and meet with small groups who were critical of the Bank's policies. Mr. McNamara then illustrated from the example of Greece the difficulty of bringing any effective pressure to bear on the regime by withholding loans. The only result of any such action would be to inflict hardship on the population.

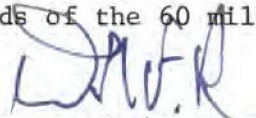
The discussion then turned to the question of expropriation. Mr. McNamara described the difficult situation which existed in Chile. He had tried to bring influence to bear on President Allende but with limited success. About Peru, he felt more optimistic. The Bank had no prejudice against lending to communist countries as could be seen in the case of Yugoslavia. Effective use of the funds was the only test.

Mr. Kleppe said that he did not quarrel with the principle that the Bank should not be influenced by political considerations in making or withholding loans. He asked about the Bank's relations with regional banks.

Mr. McNamara said that these were good. The World Bank worked closely with the Asian Development Bank, e.g. on plans for the Mekong Delta and on the financing of the Pusri Fertilizer Plant in Indonesia. Their relations with the Inter-American Development Bank were cordial and they were working closely with CIAP on a system for the review of country programs.

Mr. Strång asked about IDA operations in the Middle East.

Mr. McNamara said that so far the Bank Group had made one credit to Egypt to finance the largest system of tile drainage and irrigation which there had yet been. The Middle East was a difficult area for the Bank. Defence expenditure in those countries was excessive and their relations with the Bank had not been really good since the breakdown of the financing of the High Aswan Dam. The Bank had made a loan to Iraq and was working at the present time on one to Syria. They were very conscious of the needs of the 60 million people in that area.


D. H. F. Rickett
October 4, 1971

Pelly

Mr. McNamara:

September 30, 1971

Meeting with Sweden and Norway

At the request of Sweden, the Swedish Ministers of Finance and Commerce meet with you jointly with the new Minister of Commerce of Norway. Mr. Törnqvist will also attend. Mr. Kleppe is a member of the (Socialist) Labor Party which ruled Norway for 20 years after the Second World War.

In 1965 it lost to a non-Socialist Coalition which lasted for six years. Your friend Mr. Tidemand was a Conservative member of that Coalition.

Although the Coalition was re-elected in 1969, it was forced to leave in February this year when the Center Party, whose chairman, Per Borten, was Prime Minister, broke away on the issue of inadequate terms for Norway's entry into EEC. The Labor Party formed a minority Cabinet--with support of 74 of 150 Members of Parliament. Two weeks ago the nationwide municipal elections indicated a weakening of the Labor Party's following--but it nevertheless will remain, for a long time to come, by far the largest single party in Norway.

The meeting is important for us in that it is the first direct contact between you and a Labor Party official from Norway.

You may wish to:

1. Express thanks for IDA support. (They are, by the way, worried about the possibility that the U.S. may not ratify the Third Replenishment. Perhaps they will ask you whether you have made any contingency plans for such a case.)
2. Enquire about time schedule for legislative approval of advance IDA contributions in both countries.
3. Reiterate your interest in joint financing with SIDA and NORAD --and in closer cooperation generally with these agencies.
4. Ask for advice on how support for the work of the Bank Group can best be strengthened in Scandinavian countries.

LEC

MEMBERS OF VISITING GROUP

- ✓ ① Arne GEIJER (social democrat). Chairman of Foreign Affairs Committee. President of Swedish Trade Union Movement, and as such perhaps the most influential man in Sweden next to the Prime Minister. Has always been active in the World Federation of Free Trade Unions. In this country he was close to Walter Reuther and still is to the Autoworkers, less so to Meany and AFL/CIO. Born 1910.
- ✓ ② Gunnar HELÉN. Leader of the Liberal Party (people's party). Governor of a southern province 1965-70. Assistant Professor, Nordic languages. Been active in educational reform planning in Sweden. Born 1918.
- ✓ ③ Johannes ANTONSSON. Deputy Chairman of the Center Party (which is partly an offshoot of the former agrarian party). Himself a farmer by profession. Born 1921.
- ✓ ⑥ Bo TURESSON (conservative). Civil engineer. Born 1914.
- ✓ ⑪ Olle GÖRANSSON (social democrat). Born 1929. Machine shop supervisor.
- ✓ ⑦ Astrid BERGEGREN (social democrat). Clerk. Born 1909.
- ✓ ⑩ Kurt HUGOSSON (social democrat). Civil Servant. Born 1931.
- ✓ ④ Allan HERNELIUS (conservative). Was the Editor-in-Chief of the conservative Stockholm daily "Svenska Dagbladet" in the period 1949-1969. Member International Press Institute and its Chairman 1962-64. Board Member Swedish Radio 1953-69. Well-known political and social personality. Born 1911.
- ✓ ⑨ Ola ULLSTEN (liberal). Been particularly active in social work and shown special interest in development matters. Born 1931.
- ✓ ⑤ Sven GUSTAFSSON (liberal). Banker (Skandinaviska Banken), Vice-Chairman, Liberal Party and economist by training.
- ✓ ⑧ Torsten BENGTSOON, Member of Center Party leadership. Member of Board of Central Bank. Born 1914.
- ✓ ⑫ Dag MALM, Secretary of the Committee on secondment from the Foreign Office. Served in Congo, Leopoldville and as the number two on the Swedish delegation to UN in the first half of the 1960's. Born 1923.
- ✓ STURE ERICSON

✓ Ambassador Hubert de Besche
✓ Ex. D. Eirik Tjønsøist
✓ H.E.D. Carl von Öhman
Lars Lind

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: October 8, 1971

FROM: Lars J. Lind *Lars J. Lind*SUBJECT: Swedish Parliamentarians

Swedish TV (national network) intends to make a reportage of the visit to Washington and the World Bank of the Foreign Affairs Committee. In this connection, they have requested to be allowed to film for a few minutes when you receive the guests at your home on Wednesday night (before dinner). This would have very favorable impact on the Swedish audience; on the other hand I am sure they will understand it if you do not wish the privacy of your home invaded. No technical preparations would be needed. May I have your ruling?

LJL:jhg

10/9
OK
The Parliamentarians
agree
D. J. Lind
to be done in form
was used.

Visit of Members, Foreign Affairs Committee,
Swedish Parliament

Background Material

1. List of members with short biographies
2. Program
3. Brief based on paper prepared for 1971 Annual Meeting.
4. Seven Points on Swedish Foreign Aid Policy, by Ernst Michanek, Director General, SIDA.
5. Address by G. Sträng, Governor for Sweden, Annual Meeting, 1971.
6. Sweden and the World Bank Group.
7. Composition of Swedish Parliament
8. Notes

(Meetings will take place in Executive Directors'
Conference Room, D-1257)

Visit of Members of Foreign Affairs Committee
Swedish Parliament (Riksdag)
October 13-14, 1971

Provisional Program

Wednesday, October 13

- 10:00 - 11:30 Briefing at Swedish Embassy
- 11:30 - 12:45 Meeting with Executive Director and Alternate,
Nordic Countries.
- 12:45 Luncheon given by Sir Denis Rickett.
- 14:30 Introductory meeting: Sir Denis Rickett, John Adler
and William Clark. Specific subjects: The Bank
Group in the 1970's. The IDA outlook. Debt burden.
- 16:00 Coffee break.
- 16:10 The Bank's finances. Mr. Hans Hittmair
- 16:50 The Bank in the UN family. Mr. M. Hoffman.

Thursday, October 14

- 09:30 The Bank's Economic Thinking: Messrs. Chenery,
Henderson, Avramovic.
- 11:15 Coffee break.
- 11:25 IFC: Mr. W. Gaud.
- 12:30 Luncheon break.
- 14:30 Projects: Mr. W. Baum and associates from different
Projects Departments.
- 16:15 Coffee break.
- 16:30 Wrap-up session and individual meetings according
to wishes expressed by the Swedish guests.
- 17:30 Reception by Executive Director and Alternate,
Nordic countries.

BRIEF

Aid Performance

Sweden's net official aid flows increased from 0.05% of GNP in 1960 to 0.37% in 1970 (Table I). Although official flows of \$117 million were smaller in 1970 than in 1969 (\$121 million and 0.43% of GNP), budgetary appropriations are expected to reach 1% of GNP by 1974/75, a target endorsed by Parliament. -802

The quality of Swedish official development assistance is high. The grant element of official flows fluctuated between 37% and 97% in 1964-1970, and technical assistance and other grants currently represent more than two-thirds of official bilateral net flows. Loans are free of procurement restrictions, but Sweden has indicated that lack of progress towards global untying might lead to reconsideration of this policy.

The official aid program reflects a strong multilateral preference, and a growing share of Sweden's bilateral program is carried out in cooperation with the World Bank Group, FAO, ILO and Unesco. Multilateral flows accounted for about 50% of total official flows in 1965-70, of which one-third went to IDA. Sweden also finances 5-10% of the budgets of the UNDP, UNICEF, the UN High Commissioner for Refugees and the World Food Program. Sweden actively supports the Asian Development Bank and support for the African Development Bank is being considered. Initial support for the IDB has been discontinued because of that bank's procurement rules, which preclude procurement in countries that do not contribute to the IDB.

The Swedish government intends to gradually shift development assistance to countries whose governments pursue a policy leading toward greater economic equality and social justice. At present, the main recipients of Swedish aid are seven African countries-- Ethiopia, Kenya, Uganda, Tanzania, Sudan, Tunisia and Zambia-- and India, Pakistan and North Vietnam. Public opinion in Sweden has become increasingly critical about aid to Ethiopia, because of the lack of social progress in that country.

Attitude to IDA

Sweden has traditionally been a firm supporter of IDA. It was one of a small group of countries which indicated willingness to participate in a Second Replenishment of \$1,000 million annually and strongly supported that level in the discussions which preceded agreement on the Third.

Sweden has steadily increased its share in replenishments. In the initial subscription, its share was 1.34% of Part I subscriptions; in the First Replenishment, 2.01%; in the Second, 2.46%; and in the

Third, 4.25% (Sweden has formally notified the Association of its acceptance of this share). In addition, Sweden was the first country to make "special supplementary" contributions to IDA, and these now total \$49.5 million. The government has made known that it is prepared to seek parliamentary approval for an advance contribution.

Capital Market Prospects

The Bank has had one public issue in Sweden for a total of SKR 75 million (\$14.5 million equivalent) all of which is still outstanding.

IBRD Capital Subscription Increase

Sweden has indicated that it will take up the additional capital subscription to which it is entitled (\$37.3 million). The 1% portion is to be paid in November 1971.

Joint Financing of Projects

Sweden has participated in the financing of several projects with the Bank Group (see attached Table II). Sweden may look increasingly to the character of the regime and to social aspects of projects.

Two-Year Bonds

Sweden has made no subscription to IBRD Central Bank bonds, because of legislative difficulties.

TABLE I

SWEDEN: FLOW OF DEVELOPMENT FINANCE BY CALENDAR YEAR

(US \$ million)

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970a/1971b/</u>
Official Development Assistance											
- Bilateral	1	2	3	7	14	17	24	26	42	55	63
- Multilateral	6	7	15	16	19	21	33	34	30	66	54
- TOTAL	<u>7</u>	<u>8</u>	<u>18</u>	<u>23</u>	<u>33</u>	<u>38</u>	<u>57</u>	<u>60</u>	<u>71</u>	<u>121</u>	<u>117</u>
- As % GNP	.05%	.06%	.12%	.14%	.18%	.19%	.26%	.25%	.28%	.43%	.37%
Other Official											
- Bilateral											
- Multilateral											
- TOTAL											
Total Official	<u>7</u>	<u>8</u>	<u>19</u>	<u>23</u>	<u>33</u>	<u>38</u>	<u>57</u>	<u>60</u>	<u>71</u>	<u>121</u>	<u>117</u>
- % Grant Element					91%	95%	87%	93%	93%	97%	95%
- As % GNP	.05%	.06%	.12%	.14%	.18%	.19%	.26%	.25%	.28%	.43%	.37%
Private											
- Investment & Loans	29	37	15	25	15	31	36	45	37	56	47
- Export Credits	<u>11</u>	<u>7</u>	<u>4</u>	<u>6</u>	<u>19</u>	<u>4</u>	<u>15</u>	<u>16</u>	<u>21</u>	<u>30</u>	<u>40</u>
TOTAL NET DISBURSEMENTS	<u>47</u>	<u>52</u>	<u>37</u>	<u>53</u>	<u>67</u>	<u>73</u>	<u>108</u>	<u>121</u>	<u>129</u>	<u>206</u>	<u>201</u>
- As % GNP	<u>.36%</u>	<u>.36%</u>	<u>.24%</u>	<u>.32%</u>	<u>.36%</u>	<u>.35%</u>	<u>.48%</u>	<u>.50%</u>	<u>.50%</u>	<u>.73%</u>	<u>.65%</u>

Provisional

DAC Estimate. Not adjusted for de facto revaluation.

Source: DAC

TABLE IIJOINT OPERATIONS BETWEEN BANK GROUP AND
THE SWEDISH INTERNATIONAL DEVELOPMENT AUTHORITY SINCE MARCH 1968

(US \$ million)

<u>Number</u>	<u>Country</u>	<u>Project Title</u>	<u>Date Signed</u>	<u>Project Cost</u>	<u>IBRD</u>	<u>IDA</u>	<u>SIDA</u>
117	Pakistan	Second Agricultural Development Bank	6/13/68	18.0	-	10.0	5.0
129	Kenya	Livestock Development	9/26/68	11.4	-	3.6	3.6
142	Tanzania	Second Highway Project	2/24/69	38.0	7.0	15.5	7.5
581	Tunisia	National Water Supply	1/16/69	32.8	15.0	-	5.0
605	Ethiopia	Fourth Telecommunications	6/3/69	21.5	4.5	-	4.5
648	Tunisia	Development Finance Company	12/24/69	15.0	10.0	-	5.0
142	Tanzania	Tan-zam Highway	11/24/69	38.0	-	15.5	7.5
675	East Africa	Telecommunications	5/25/70	28.3	10.4	-	5.2
208	Pakistan	Tubewells	6/30/70	44.6	-	14.0	6.0
209	Tunisia	Water Supply	6/30/70	19.2	-	10.5	3.5
715	Tanzania	Power II	12/14/70	59.0	30.0	-	12.0
745	Kenya	Power	6/7/71	37.5	23.0	-	6.0

Seven Points on Swedish Foreign Aid Policy

ERNST MICHAŁEK

During the 1970's, Swedish foreign aid policy should be expanded into an internationally oriented development policy. It should bring new life into our foreign policy and give a new, global dimension to our political life as a whole. This work should be characterized by the following broad aims.

(1) *Public opinion*

To awaken and guide public opinion and gradually make the Swedish people aware of the world they live in and the global society that is emerging. This requires that the words and deeds of opinion-makers, and of the government in particular, should consistently treat even traditional domestic issues in an international perspective that does not stop at the frontiers of Scandinavia or Europe. Our industrial policy, our agricultural support system, our social-welfare system, our employment policy, our educational system and so on should be internationalized by judging our actions in relation to the world, not only in relation to ourselves.

(2) *Decision-makers*

To give domestic decision-makers a more active role in international policy-making and strengthen the agencies within Sweden and on the international level that formulate international policy. Before approving an appropriation of 400 million Swedish crowns (soon to be 800 million or more) for the development programs of the UN and the World Bank, the Swedish Parliament should request detailed reports on the activities of international agencies in the sphere of economic development. Assistance programs should be reviewed both in terms of how the \$1 billion annually available to the UN and the World Bank are

being used, and in terms of what policy guidelines are being followed. Sweden's role in shaping the policies of these international agencies through governing bodies, committees and assemblies should be summarized in Parliament in such a way as to make Members of Parliament realize their own responsibilities, thereby stimulating them to take a greater interest in these matters.

(3) *The developing country*

To put the people of the developing country in the centre of development cooperation programs. In the current perspective of starvation, ignorance and oppression, the aim of economic development amounts to nothing less than a social revolution. By giving the people of poorer countries a chance to share in the material and spiritual resources of the world, we are at the same time adding to these resources. Our commitments to developing countries through the UN system and other means should seek, above all, to fulfil the needs and wishes expressed by the poorer nations themselves. Our commitment must be based on an improved knowledge of each country, acquired through close and continuous contact with its people. Our assistance should follow guidelines established by the developing country itself, and drawn up by that country's own political leaders and experts, whose numbers and experience are growing. Only in this way can our contributions to the poorer countries become a part of their own efforts for economic development. In our own planning for development cooperation, we should attempt to make direct use of the expertise available within the developing countries.

(4) *The United Nations system*

To design our policy towards developing countries and our participation in the UN so that we systematically support, strengthen and complement international efforts in the poorer countries as a whole. We bear a large part of the responsibility for the success of the UN system. On issues connected with disarmament, peace

research and mediation of conflicts between states, Sweden has not hesitated to take initiatives and has made contributions of high quality. When it is practicable, we should support, energetically and through actions of our own, the interests of the poorer countries in the utilization of the oceans, outer space and the biosphere as a whole beyond the limits of national frontiers. In a similar fashion, we should experiment with initiatives in trade relations. We should try to give support to the creation and strengthening of regional partnerships between developing countries. We are continuing to work for a better coordinated and more efficient UN development assistance system. One of our goals should be to emphasize more clearly the role of the World Bank as a UN agency for development financing, while preserving the efficiency of the Bank. We should play an active part in expanding the global strategy for economic development that has been presented, making it into a continuing action program for cooperation in many specialized fields.

(5) *Concentration*

To concentrate our resources on a few key issues and topics and attempt to play a major role in world developments in these fields. The issue of population control should receive the highest priority. The problems of population growth and birth control remain, for the time being, the most pressing of all, yet very little work has actually been done toward solving them. The need for immediate action to protect the human environment is a direct outgrowth of over-population and over-use of resources. This applies both to the most technologically advanced and to the most underdeveloped countries. In problems such as food and water shortages, destruction of natural resources, the over-expansion and decay of urban areas, the crisis in education and the growth of chronic unemployment, we should make our contribution in the form of concerted attacks on limited areas, where our potentials for success are particularly favorable. In 1968, the Swedish Parliament approved a goal of 1% of the GNP for overseas development assistance. If this goal is fulfilled, we

will have the financial resources to play an important role in key areas of development work in poorer countries. An estimated 20 billion Swedish crowns (\$4 billion) will be available for Swedish assistance to development cooperation during the next decade. Used properly, these funds could yield great results for the world. Sweden is no longer necessarily a small country in matters of international cooperation.

(6) *Research*

To expand and take full advantage of our resources, in order to place our research facilities at the disposal of international development work. We have the potential (in many areas far from fully exploited) for giving our research activities an international flavor and channeling their results in such a way as to meet the needs of the community of nations. Our research institutions should never be placed in such a position that they have to accept financial support from other countries in order to pursue assignments of international importance. We should take advantage of our opportunities to make independent Swedish research contributions and also to provide support to research in collaboration with developing countries. Among suitable areas of research are contraceptive technology, environmental protection, utilization of natural resources, food production, educational technology and problems of human co-existence and social adjustment.

(7) *Cooperation*

To find ways to take practical advantage of the skills and resources of all those who wish to participate in development work: young people, national organizations, business corporations, etc. The desire to take part in the practical work of economic development is already greater among certain population groups than is our capacity to absorb their work. The commitment of the younger generation to internationalism is a resource which should be made use of. Our non-profit-making national organizations are also in a position to make larger contributions to development co-

operation programs. Business interests in the broadest sense of the term—including cooperative societies, government-owned companies and labor market organizations—have resources which can be put to use in development work without commercial or similar purposes being brought into the foreground. A major task facing the Swedish organizers of development-cooperation programs is to create more opportunities for collaboration with all the various groups who are motivated by a belief in international solidarity. Our goal is to mobilize those wishing to contribute their talents towards a peaceful revolution, whose aim is to increase the resources of mankind and to distribute them more equitably.



INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL FINANCE CORPORATION
INTERNATIONAL DEVELOPMENT ASSOCIATION

INTERNATIONAL MONETARY FUND

Press Release No. 40

September 29, 1971

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Statement by the Hon. GUNNAR STRÄNG, Minister of Finance
and Governor of the Bank for SWEDEN, at the
Joint Annual Discussion

Speaking on behalf of the five Nordic countries--Denmark, Finland, Iceland, Norway, and Sweden--I would like to preface my remarks with a reference to the recent events in the monetary field which illustrate to what extent all our countries depend on a stable expansion in world trade and payments. The consequences of the present situation could, however, be particularly serious for the developing countries. Balance of payments problems have traditionally tended to affect the flow of development assistance, despite international agreement that assistance programs should not be used as instruments in the short-term adjustment process. It is, therefore, all the more important that the industrialized countries improve their policies in order to avoid such fluctuations in the aid programs.

One of the major social problems in the developing countries today is unemployment. In his introductory statement, Mr. McNamara pointed out that 20-25 per cent of the labor force in developing countries is at present unemployed. Structural unemployment is a loss of productive human capital in a process where all resources should be mobilized.

In addition to personal hardship, unemployment furthermore accentuates the unequal distribution of income. Efforts to reduce unemployment will thus both promote economic development and alleviate social injustices. I would like to concur with Mr. McNamara's statement that a more equitable income distribution is absolutely imperative if the development process is to proceed in any meaningful manner. This is also in line with the Development Strategy, which stresses the need for qualitative and structural changes that contribute to development in all spheres of economic and social life.

The Strategy, as such, does not, however, solve the problem of unemployment. Developing countries for their part will have to harness all their policies, be they economic, social, or structural, to come to grips with it. Technologies will have to be sought that can usefully employ larger numbers of workers. Small-scale industry with greater development effects in rural areas should be encouraged. A new, integrated approach to rural and urban development may frequently motivate a redistribution of land holdings. Furthermore, the special attention that the Bank plans to give to the population issue should be welcomed and encouraged. Grave as the unemployment problem already is, it will be drastically aggravated in the years to come if the population continues to increase at the present rate. This underlines the need for rapid and efficient measures in the population field.

The industrialized countries on their part must, both through unilateral actions such as improvements in their bilateral assistance cooperation and through the international development organizations, seek to assist the efforts of developing countries. They must accept increased imports from those countries, in the first place, by speeding up the implementation of the preferential scheme introduced last year and by helping them to draw the full benefits out of it.

Through its size, the experience gained, and its efficiency, the World Bank Group is the most important international body for channeling financial flows to developing countries. From this follows an obligation to pay special attention to the social problems in development. The very soft terms which accompany credits from the International Development Association makes IDA particularly well-suited to support projects which confer social benefits, and planning toward this end should in our view be stepped up. The International Development Association should furthermore strive to modify its methods and analysis so that its activities in the future will be even more in line with the emphasis placed by the Strategy on social adjustment and structural reform.

I am thus gratified to note Mr. McNamara's statement that the World Bank intends to move further toward a broader concept of the development process. An even greater emphasis on credits to rural development, education, and family planning is to be encouraged. Equally important is, however, that the Bank Group in all its activities pays particular attention to the creation of employment and the distribution of income.

The Bank staff has presented us with an interesting study on the debt problem of developing countries. One obvious conclusion that can be drawn is that the average terms of development assistance should be softened and that the volume of grants and credits on soft terms should be expanded. Since the main objective of official development assistance is to promote economic and social development, the financial terms should correspond to the economic situation of the recipient countries.

It has now been widely accepted that the tying of aid tends to lead to higher prices of goods supplied under development credits. Procurement restrictions will, in such circumstances, be comparable with higher interest and shorter repayment schedules. Negotiations on an international agreement on untying have taken place in the OECD during the last year. Unfortunately, the present outlook for an early agreement is not encouraging. Failure to reach agreement would, however, constitute a major setback in the implementation of the Development Strategy. An international agreement on effective untying would not only confer benefits to the developing countries, but generally would contribute to a more efficient international division of labor.

In a situation where the debt burden is rising rapidly, increased and sustained activity by IDA is particularly important. IDA is again confronted with a situation where an agreement on replenishment has not become effective on schedule due to delay, in some countries, in the ratification procedure. Even if the most immediate problems can be temporarily solved through advance contributions by some countries, it is of the greatest importance that the activities of IDA can be placed on a solid basis as rapidly as possible. If the activities of IDA were to be retarded or arrested, the flow of assistance to developing countries would be affected in a period when the need is greater than ever.

In concluding, I would like to announce that, subject to the necessary Parliamentary approval, four Nordic countries--Denmark, Finland, Norway, and Sweden--will make their first annual IDA contribution available irrespective of any possible further delay in the effectiveness of the agreement. I am also in the fortunate position to state that Iceland expects shortly to become a Part I member of the International Development Association.

SWEDEN AND THE WORLD BANK GROUP

(As of June 30, 1971)

Sweden is a member of all three institutions in the World Bank Group -- the World Bank itself, the International Development Association (IDA), and the International Finance Corporation (IFC). The association of Sweden and the World Bank is of 20 years' standing. During this period, the country has played a significant role as a source both of capital for the Bank's lending for economic development and of equipment and services for Bank-financed projects in member countries.

Sweden has used IDA, which provides poorer developing countries with finance on concessionary terms, as a vehicle by which funds made available by the Swedish Government have been invested in economic development.

In addition, Swedish companies have participated in several enterprises with IFC, the special instrument in the Bank Group for promoting the growth of the private sector in developing countries.

Sweden's Subscriptions to the Bank

Sweden became a member of the Bank in 1951. Its capital subscription is \$240 million or 1.04% of the subscribed capital of the Bank. Like other members Sweden has paid in only one-tenth of its subscribed capital. Its actual contribution to the capital available to the Bank for lending is \$24 million. The remaining nine-tenths of the Bank's subscriptions is subject to call only if it should be needed to meet the Bank's obligations; it is in the nature of a guarantee against which the Bank may borrow funds from other investors. Sweden has indicated that it will take up its additional capital subscription of \$37.3 million.

World 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.

In Sweden the Bank has offered one bond issue. In October 1967, the Bank entered the Swedish market with a SKr 75,000,000, 6%, 25-year bond issue. It was publicly offered at par by an underwriting group of 13 Swedish banks headed by Stockholms Enskilda Bank. The group also consisted of Svenska Handelsbanken, Skandinaviska Banken, Sveriges Kreditbank and Goteborgs Bank.

By June 30, 1971, the Bank had outstanding borrowings of \$5,424 million mostly in the form of U.S. dollar bonds, but also including bond issues denominated in Canadian dollars, Deutsche mark, Italian lire, Japanese yen, Kuwaiti dinars, Netherlands guilders, Libyan pounds, pounds sterling, Swedish kronor and Swiss francs. Of this amount, Swedish holdings of the Bank's U.S. dollar obligations were estimated at \$6.9 million. Swedish investors have also provided funds for the Bank's lending through their purchases of portions of the Bank's loans.

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

Sweden's Contribution as a Member of Aid
Coordinating Groups Organized by the Bank

Over the years the Bank has organized 14 groups of donor countries to coordinate development assistance to the following countries: Ceylon,

Colombia, Democratic Republic of the Congo, East Africa, Ethiopia, India, Korea, Malaysia, Morocco, Nigeria, Philippines, Pakistan, Thailand and Tunisia. In 1970, the Bank took over from the International Monetary Fund the Chairmanship of the Ghana Aid Group. Sweden is a member of the India and Pakistan Consortia and the Consultative Groups for East Africa, Ethiopia and Tunisia.

In November 1969, a special meeting of the India Consortium was held in Stockholm to review the problems and progress of India's Family Planning Programme and to discuss the possibility of further external assistance to the Programme.

Joint Financing

In a number of instances, Sweden has joined the Bank and IDA in financing development projects of high economic priority. Some examples^{1/} follow:

Pakistan. In February 1966, Sweden joined IDA in providing the equivalent of \$24 million to Pakistan to help finance a project for the storage and handling of foodgrains in East Pakistan. Sweden's share in the total was \$4.8 million at 2% interest for 20 years.

In May 1967, Sweden joined the Association in providing the equivalent of \$3.5 million to help finance part of the cost of the initial stage of a program to rehabilitate and expand the water supply, sewerage and drainage systems of Lahore in West Pakistan. Sweden's share of \$1.75 million was at 2% interest for 20 years.

Sweden and IDA are providing \$15 million to help finance the lending program of Pakistan's Agricultural Development Bank. The joint financing operation was undertaken in June 1968. Swedish share in the total was \$5 million.

^{1/} Unless otherwise indicated, the Swedish credits are on IDA terms -- 50 years, interest-free, with a service charge of 3/4 of 1%.

In July 1970, Sweden joined IDA in providing \$20 million for a \$44.6 million project to expand irrigation in East Pakistan. The main element is the sinking of 3,000 tubewells in an area of 180,000 acres. The Swedish credit amounted to \$6 million.

Ethiopia. In January 1968, Sweden together with the World Bank and IDA agreed to provide the equivalent of \$27 million to Ethiopia for a four-year highway development program. The Swedish credit was \$5.8 million.

In June 1969, Sweden joined the Bank in providing \$9 million to the Imperial Board of Telecommunications of Ethiopia to further improve and expand Ethiopia's telecommunications system. The Swedish credit of \$4.5 million is for a term of 25 years, including 10 years of grace with interest at 2%.

Kenya. In September 1968, Sweden joined IDA in providing \$7.2 million to help Kenya initiate a long-term livestock development program. The Swedish credit was \$3.6 million.

In June 1971 Sweden joined the Bank in providing \$29 million for the second phase of the Seven Forks hydroelectric development in Kenya. The Swedish credit was \$6 million.

Tanzania. Sweden, the Bank and IDA are providing \$30 million to Tanzania for rebuilding 310 miles of the Tanzam Highway, a road of international as well as national importance. This joint operation was announced in February 1969. Swedish share in this total was \$15 million.

Financing of \$40 million from Sweden and the World Bank was extended in December 1970 for the largest electric power project ever to be undertaken in Tanzania. The Swedish credit was in an amount of \$12 million.

The Kidatu project is designed to meet the demand for power through 1980 in Tanzania's coastal region, the center of most industrial and commercial activity.

Tunisia. Sweden has provided \$8.5 million for a \$58 million National Water Supply Development Program in Tunisia. This involved joint transactions with the World Bank (\$15 million) in January 1969 and with IDA (\$10.5 million) in July 1970.

India. In August 1971 IDA and Sweden each provided \$5 million for the construction of modern food grain storage and handling facilities in the four States known as India's wheat belt.

Swedish Personnel

There are now 22 Swedish nationals on the staff of the Bank Group. Twenty of them are in professional positions.

Disbursements for Imports from Sweden by Bank Borrowers

Over the years Swedish industry has been increasingly successful in obtaining export orders for goods and services required to carry out Bank-financed projects in other countries. Total expenditure by Bank borrowers in Sweden to June 30, 1971 was \$224.9 million.

To June 1954, Sweden had received total disbursements of \$7.3 million or 0.5% of identified foreign procurement by Bank borrowers. Since then, there has been an increase in the flow of orders to Swedish suppliers. The cumulative Swedish percentage of identified foreign procurement increased five times to reach 2.8% at June 30, 1971.

Recorded Disbursements by Bank Borrowers
for Imports from Sweden

	<u>US\$ Millions</u>
Cumulative total through 1954	7.3
<u>Fiscal Year (ending June 30)</u>	
1955	4.3
1956	3.4
1957	6.2
1958	3.5
1959	8.8
1960	7.7
1961	6.0
1962	10.6
1963	10.4
1964	5.5
1965	21.8
1966	24.0
1967	22.1
1968	27.2
1969	20.1
1970	17.0
1971	<u>19.0</u>
Total to June 30, 1971	<u>\$224.9</u>

Swedish Goods and Services for Bank-financed Projects

By June 30, 1971, the Bank had made 783 loans in 90 member countries. Swedish companies have supplied goods and services for projects in 61 of these countries under 304 loans.

The following tables give the cumulative total of disbursements to Swedish suppliers of equipment and services to carry out Bank-financed projects and their purposes:

World Bank Disbursements in Sweden

and the Purpose of Bank-financed Projects

(Amount in US Dollars as of June 30, 1971)

Electric Power	\$101,099,622
Transportation	29,920,682
Telecommunications	28,206,415
Agriculture	4,924,542
Industry (Manufacturing)	23,302,750
Water Supply	91,446
Education	183,761
Development Finance Companies	24,967,562
Multipurpose Loans	9,970,754
Other	62,939
IFC	<u>2,151,501</u>
Total	<u>\$224,881,974</u>

World Bank Disbursements in Sweden

by Category of Goods and Services

(Amount in US Dollars as of June 30, 1971)

Disbursements prior to July 1, 1966	\$119,656,928
Construction Material	510,311
Construction Equipment	1,986,790
Mechanical Equipment	19,261,411
Textile Machinery	136,883
Agricultural Machinery	1,372,512
Electrical Equipment	54,237,541
Automotive Equipment	467,586
Floating Equipment	2,888
Materials and Equipment for Railways	2,959,824
School Equipment and Supplies	175,962
Civil Works	18,490,082
Consultants Services	1,434,352
Freight and Insurance	461,402
Loan Charges	1,127,511
Miscellaneous	<u>2,599,991</u>
Total	<u>\$224,881,974</u>

Appendix I lists Bank loans under which more than \$1,000,000 of disbursements were in Sweden.

Sweden and IDA

Sweden has used IDA as a vehicle by which funds made available by the Swedish Government have been invested in economic development. Sweden has made seven special supplementary contributions totaling \$49.5 million to the resources of IDA. This, together with its initial subscription to IDA and participation in the first and second replenishments of the Association's resources, has brought Sweden's total payments to IDA to \$104.23 million.

In February 1971 the Board of Governors approved a third replenishment which would increase IDA's resources by about \$2,438 million. Twenty-one member countries plus Switzerland propose making available to IDA for financing development projects in the poorer countries of the world approximately \$813 million per year. Under the terms of the proposal, Sweden would make an annual contribution of \$34 million. Agreements were also reached dealing with member countries' voting rights.

IDA Disbursements

Sweden's share in the disbursements of IDA grew from a little over \$100,000 on June 30, 1963 to \$38.1 million by June 30, 1971. The cumulative total of IDA disbursements as of June 30, 1971 was \$1,976.7 million. Of this amount disbursements totaling \$357.2 million had gone to finance local expenditures or broad development programs where the source of the items imported with IDA funds was not specified. The balance of \$1,619.5 million represented disbursements for imports from abroad by IDA borrowers. Sweden's share in this total was 2.4%.

By June 30, 1971, 14 out of 60 IDA borrowers had entered the Swedish market to buy equipment and services to carry out IDA-financed projects. The following tables summarize IDA disbursements in Sweden:

IDA Disbursements in Sweden and the
Purpose of IDA-financed Projects

(Amount in US Dollars as of June 30, 1971)

Electric Power	\$ 708,201
Transportation	12,381,160
Telecommunications	205,219
Agriculture	12,677,234
Industry (Manufacturing)	9,365,831
Water Supply	376,982
Education	234,743
Development Finance Companies	1,371,450
Multipurpose Credits	828,490
Total	<u>\$38,149,310</u>

IDA Disbursements in Sweden

by Category of Goods and Services

(Amount in US Dollars as of June 30, 1971)

Disbursements prior to July 1, 1966	\$10,924,938
Chemicals	144,005
Construction Materials	123,769
Construction Equipment	448,141
Mechanical Equipment	5,810,755
Agricultural Machinery	190,009
Electrical Equipment	2,747,682
Automotive Machinery and Equipment	934,396
Materials and Equipment for Railways	3,122,075
School Equipment and Supplies	198,033
Civil Works	12,512,301
Consultants Services	956,617
Freight and Insurance	282
Miscellaneous	36,307
Total	<u>\$38,149,310</u>

Appendix II lists IDA credits under which more than \$500,000 of disbursements were in Sweden.

Appendix III lists Swedish consultants employed under Bank and IDA projects.

Sweden and IFC

Sweden is a founder member of IFC, subscribing in 1956 to \$1.1 million of IFC's total authorized capital of \$110 million.

Since then, Swedish industrial firms have become sponsors of IFC-assisted enterprises in Africa, Asia, Latin America and Europe, and Swedish financial institutions have taken up participations in IFC commitments or bought portions of equity and loan investments from IFC's portfolio.

In Africa, Swedish interests have associated with IFC in helping to set up a tourism holding company in Tunisia; a fertilizer manufacturer and a development bank, also in Tunisia, a development bank in the Ivory Coast, and a multi-national development finance and promotion company for Africa.

A Scandinavian group under the leadership of Stockholms Enskilda Bank is an equity investor in Compagnie Financiere de Touristique (COFITOUR), a \$39.3 million company which will provide equity and long-term funds required to establish tourism enterprises, chiefly hotels, in Tunisia. COFITOUR is IFC's first investment in a specialized institution to finance and promote hotels and other tourism projects in a developing country on a nationwide scale.

The Swedish partner in NPK Engrais S.A.T., a manufacturer of triple super-phosphate fertilizer at the Port of Sfax, Tunisia, is Aktiebolaget Forenade Superfosfatfabriker of Hälsingborg.

In May 1971, IFC subscribed \$500,000 of the share capital of Société Internationale Financière pour les Investissements et le Développement en Afrique (SIFIDA Investment Company S.A.). SIFIDA's principal objective is to facilitate the flow of private investment capital and know-how to the independent and developing African countries.

SIFIDA's shareholders include the African Development Bank and more than 100 institutions from 13 countries in Asia, Europe and North America. Among the Swedish stockholders are Alfa-Laval AB, Allmaenna Svenska Elektriska AB, Atlas Copco AB, AB Electrolux, AB Svenska Kullagerfabriken, Telefon AB L.M. Ericsson, Trafik AB Graengsberg-Oxeloesund, Stockholms Enskilda Bank, Aksel Johnson Group and Shandia Insurance Company.

In Pakistan, IFC helped to finance a major expansion program of Packages, Limited, a large producer of paperboard containers and packages. One of the sponsors of the project is Akerlund & Rausing (since merged with Swedish Match), of Sweden, and its associates.

Swedish funds and technical aid have also been provided to IFC-supported enterprises in Latin America. Mo Och Domsjo, a Swedish pulp company, is a minority stockholder in an Argentine paper project, Papelera Rio Parana, S.A. It also provided technical assistance to the project. In Mexico, AB Vibro-Verken, of Sweden, provided technical help to Industria del Hierro, S.A., a manufacturer of construction equipment.

Swedish financial institutions have given strong support to the establishment of local development banks, or development finance companies, in the developing countries.

In 1966, Stockholms Enskilda Bank joined the World Bank, IFC and a group of financial institutions in Tunisia, France, Germany, and Italy to provide Societe Nationale d'Investissement (SNI) with about \$6 million in share and loan capital. SNI is the only development finance company in Tunisia. Its purpose is to stimulate industrialization of the country, to develop the capital market, and to promote tourism. IFC in June 1970 made a second equity investment of \$630,000 in SNI, as its pro rata subscription to a \$3.2 million offering to stockholders.

Skandinaviska Banken and IFC are shareholders in Banque Ivoirienne de Developpement Industriel, S.A., in the Ivory Coast, and in the National Investment Bank for Industrial Development (NIBID), in Greece.

A group of Swedish institutions also joined other European investors and IFC in subscribing to shares of Teollistamisrahasto Oy (Industrialization Fund of Finland), an institution established in 1954 to provide finance for small and medium-sized industries in Finland.

Swedish financial institutions had taken up participations in IFC investments, amounting to over \$1.5 million. These institutions are Skandinaviska Banken, Svenska Handelsbanken, and Stockholms Enskilda Bank.

APPENDIX I

BANK LOANS UNDER WHICH MORE THAN \$1 MILLION OF

DISBURSEMENTS WERE IN SWEDEN ^{1/}

(Figures as of June 30, 1971)

<u>Loan No.</u>	<u>Country</u>	<u>Date</u>	<u>Purpose</u>	<u>Disbursed \$ Millions</u>	<u>Swedish Share \$ Millions</u>
211	Brazil	10/58	Power	72.99	4.84
403	Brazil	2/65	Power	53.56	4.72
283	Ceylon	6/61	Power	14.11	2.74
83	Chile	9/53	Industry (Papeles)	20.00	4.67
153	Chile	11/56	Power (ENDESA)	15.00	1.67
366	Chile	12/63	Agriculture	18.98	1.36
479	Chile	12/66	Power (ENDESA)	42.96	1.16
367	Chile	12/63	Agriculture	3.56	1.02
409	China	4/65	Railways	17.44	1.77
282	Colombia	5/61	Power	21.99	1.72
313	Colombia	5/62	Power	50.00	1.92
499	Colombia	6/67	Communications	10.39	2.17
346	Costa Rica	7/63	Power and Communi- cations	22.00	3.73
358	El Salvador	10/63	Communications	9.50	3.82
441	Ethiopia	12/65	Communications	4.80	1.22
523	Ethiopia	1/68	Roads	8.00	1.42
112	Finland	3/55	Power and Industry	12.00	1.72
142	Finland	5/56	Power (Mortgage Bank)	15.00	2.63
222	Finland	3/59	Industry (" ")	37.00	6.51
291	Finland	8/61	Industry (" ")	25.00	5.13
384	Finland	7/64	Roads	28.45	2.68
420	Finland	6/65	Industry	13.99	1.04
445	Finland	4/66	Roads	20.00	5.06
582	Finland	1/69	Industry	19.33	1.45
466	Iceland	9/66	Power	18.00	7.99
207	India	9/58	Railways	85.00	1.97
223	India	4/59	Power	18.70	1.55
232	India	7/59	Development Finance Company - ICICI	9.77	2.39
262	India	7/60	Railways	70.00	2.58
298	India	10/61	Railways	50.00	3.34
312	India	2/62	Dev. Fin. Co.-ICICI	19.04	1.71
340	India	6/63	Dev. Fin. Co.-ICICI	26.93	2.51
414	India	5/65	Dev. Fin. Co.-ICICI	43.15	2.39
416	India	6/65	Power	50.00	2.32

^{1/} Does not include loans fully disbursed before January 1959.

BANK LOANS UNDER WHICH MORE THAN \$1 MILLION OFDISBURSEMENTS WERE IN SWEDEN ^{1/}

<u>Loan No.</u>	<u>Country</u>	<u>Date</u>	<u>Purpose</u>	<u>Disbursed \$ Millions</u>	<u>Swedish Share \$ Millions</u>
350	Malaysia	8/63	Power	51.14	3.47
434	Malaysia	11/65	Irrigation	31.28	1.85
436	Mexico	12/65	Power	110.00	3.57
371	New Zealand	3/64	Power	32.50	20.96
383	Nigeria	7/64	Power	82.00	5.73
382	Pakistan	6/64	Dev. Fin. Co.-PICIC	29.90	1.03
421	Pakistan	7/65	Dev. Fin. Co.-PICIC	30.00	2.13
509	Pakistan	8/67	Dev. Fin. Co.-PICIC	33.40	1.09
183	Philippines	11/57	Power	18.39	1.52
297	Philippines	10/61	Power	33.47	2.11
467	Philippines	9/66	Dev. Fin. Co.	24.66	2.72
452	Portugal	6/66	Power	19.74	1.99
513	Singapore	9/67	Communications	3.00	2.17
647	Singapore	12/69	Communications	5.01	2.46
202	Sudan	7/58	Railways and Water Transport	39.00	3.05
522	Sudan	1/68	Power	14.24	1.40
175	Thailand	9/57	Multipurpose (E.G.A.T.)	65.79	1.67
152	Uruguay	10/56	Power (U.T.E.)	25.46	2.60
435	Venezuela	12/65	Communications	37.00	13.20
318	Yugoslavia	7/62	Power (Yugoslav Investment Bank)	30.00	3.30

APPENDIX II

IDA CREDITS UNDER WHICH MORE THAN \$500,000 OF

DISBURSEMENTS WERE IN SWEDEN

(Figures as of June 30, 1971)

<u>Credit No.</u>	<u>Country</u>	<u>Date</u>	<u>Purpose</u>	<u>Disbursed \$ Millions</u>	<u>Swedish Share \$ Millions</u>
111	Ethiopia	1/68	Roads	4.57	.81
23	India	7/62	Irrigation	13.00	0.62
36	India	3/63	Railways	67.50	4.28
52	India	6/64	Industrial Imports	90.00	1.43
67	India	10/64	Railways	62.00	3.09
78	India	7/65	Industrial Imports	100.00	1.84
88	India	6/66	Railways	68.00	2.99
89	India	6/66	Beas Equipment	12.06	0.83
92	India	8/66	Industrial Imports	150.00	2.00
97	India	12/66	Industrial Imports	65.00	1.77
138	India	1/69	Industrial Imports	125.00	1.90
83	Pakistan	2/66	Foodgrain Storage	17.76	11.81
91	Turkey	8/66	Dev. Fin. Co.	14.94	0.92

APPENDIX III

Swedish Consultants Employed

Bank Loans

<u>Number</u>	<u>Country</u>	<u>Project</u>	<u>Consultant</u>
42-ET	Ethiopia	Telecommunications	Swedish PTT
314-ET	Ethiopia	Telecommunications	Swedish PTT
445-FI	Finland	Roads	Scandiaconsult/ SWECO
482-VE	Venezuela	Power	Scandinavian Engineering
518-TA	Tanzania	Power	SWECO
560-MA	Malaysia	Telecommunications	Swedish Con- sultants AB
581-TUN	Tunisia	Water Supply	Swedish General Consulting
586-TA	Tanzania	Roads	SWECO
715-TA	Tanzania	Power	SWECO
717-IRN	Iran	Telecommunications	SWETEL
740-CO	Colombia	Telecommunications	SWETEL

IDA Credits

18-JO	Jordan	Water Supply	SWECO
43-JO	Jordan	Water Supply	SWECO
181-UAR	United Arab Republic	Reclamation	SWECO

UNDP Studies (IBRD Executing Agency)

Ghana	Road Study	SWECO
Malawi	Pulp & Paper Market Study	Arbe Sundelin
Peoples Democratic Republic of Yemen	Highway Organi- zation	VIAK
Yemen Arab Republic	Road Study	SWECO

COMPOSITION OF SWEDISH PARLIAMENT

The current parliament (riksdag) is the first since the reform introducing a single chamber system. The elections were held in the fall of 1970. Composition:

		<u>Members of Foreign Affairs Committee</u>
Social democrats	163	16
Center party	71	6
Liberal party	58	5
Conservative party	41	5
Communists	17	-
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Total:	350	32

The next election will take place in the fall of 1973.
