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Folder ID: 1772641

ISAD(G) Reference Code: WB IBRD/IDA 03 EXC-10-4540S

Series: Travel briefings

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Travel Briefings: Sweden and Norway - Travel briefs 03

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## NORWAY

King ..... Olav V  
Prime Minister ..... Bratteli, Trygve  
Min. of Agriculture ..... Treholt, Thorstein  
Min. of Church & Education ..... Gjerde, Bjartmar  
Min. of Commerce & Shipping ..... Kleppe, Per \*  
Min. of Communications ..... Steen, Reiulf  
Min. of Defense ..... Fostervoll, Alf  
Min. of Finance & Customs ..... Christiansen, Ragnar  
Min. of Fisheries ..... Andersen, Magnus  
Min. of Foreign Affairs ..... Cappelen, Andreas  
Min. of Industry ..... Lied, Finn  
Min. of Justice & Police ..... Berrefjord, Oddvar  
Min. of Labor & Municipal Affairs ..... Nordli, Odvar  
Min. of Social Affairs ..... Højdahl, Odd  
Min. of Wages & Prices ..... Gjaerevoll, Olav  
Min. of Consumer & Family Affairs ..... Valle, Inger Louise, Mrs.

\* IBRD Governor

Alternate Governor: Christian Brinch



# Reference Papers

PRESS DEPARTMENT  
ROYAL MINISTRY OF FOREIGN AFFAIRS  
OSLO - NORWAY

Biography

No. 21  
1971

Trygve Bratteli

Prime Minister

Trygve Martin Bratteli was born in Nøtterøy, in the County of Vestfold, on January 11th, 1910. After leaving school he worked for a few years, from 1924 to 1926, as an errand boy, tried his hand at whaling in the 1926-1927 season, and worked in the building trade from 1928 to 1933 in Vestfold, where he held various positions of trust in Labour Party youth organisations.

In 1934 Bratteli was appointed editor of the periodical Folkets Frihet (The People's Freedom) in Kirkenes in the extreme north of Norway, and was subsequently made editor of the paper Arbeiderungdommen (Labour Youth), as well as secretary of the AUF (the Labour Party's junior organisation), a post he held right up to the time of the German occupation in 1940. For a short period in 1940 he also acted as Secretary of the party. From 1940 to 1942 he worked as a logger in the Kristiansund areas. He spent the rest of the war in various German prison and concentration camps. In 1945 he was made Chairman of the AUF, but resigned at <sup>the</sup> national conference in the following year. From 1945 to 1965 he was Vice-Chairman of the Norwegian Labour Party. He was Minister of Finance 1951-1955 and again 1956-60, and Minister of Communications 1960-1964. He has been Chairman of <sup>the</sup> Labour Party ever since 1965, and from 1964 Leader of the Labour Party in the Storting. He was first elected to the Storting in 1950, and in 1950-51 served as Chairman of the Storting Finance Committee. In 1935-39 he was a delegate to the ILO in Geneva, Chairman of the Defence Committee of 1946, a member of the Nordic Council 1956-57, and from 1964 a member of the Parliamentary Electoral Committee. The Bratteli Government took office on March 17th, 1971.



# Reference Papers

PRESS DEPARTMENT

ROYAL MINISTRY OF FOREIGN AFFAIRS

OSLO - NORWAY

Biography

No. 22  
1971

Andreas Cappelen  
Minister of Foreign Affairs

Andreas Zeier Cappelen was born on January 31st, 1915, at Vang, Hedmark. He took a degree in law at the University of Oslo in 1939, and subsequently held various legal appointments, acting among other things as crown prosecutor in the county of Rogaland in 1945-47 in cases involving collaboration with the enemy; held various municipal administrative offices in Stavanger 1947-58 and 1966-67, and was in 1967 appointed a judge in Stavanger, and was made chairman of the Bench in 1969. Meanwhile in 1952 he had been made a supreme court barrister.

From September 1st, 1958 to February 4th, 1963, he was Minister of Municipal Affairs in the Gerhardsen Government, returning to this post after the interlude occasioned by the Lyng Government in the autumn of 1963. From September 25th of that year until October 12th 1965, Cappelen was head of the Ministry of Finance.

From 1945 to 1947 and again from 1952 to 1957 Cappelen was a member of the Stavanger Town Council. For four of these years he was a member of the Presidency or Council of Aldermen, acting as deputy chairman for one year. Since 1966 he has been a member of the Supervisory Board of the Bank of Norway. He is also a member of the board of the National Insurance Fund.

Cappelen is Minister of Foreign Affairs in the Bratteli Government which took office on March 17th 1971.



# Reference Papers

PRESS DEPARTMENT  
ROYAL MINISTRY OF FOREIGN AFFAIRS  
OSLO - NORWAY

Biography

No. 27  
1971

Per Kleppe

Minister of Commerce and Shipping

Per Kleppe was born in Oslo on April 13th, 1923. He took a degree in Economics in 1956. Prior to this he had from 1952 to 1953 been a secretary in the Ministry of Finance, had worked in the Central Bureau of Statistics 1953-54, and in 1954-57 he was appointed a member of the Research Councils' Joint Committee. From 1957 to 1962 he was Assistant Secretary of State in the Ministry of Finance, and from 1962 to 1963 Chairman and Secretary of the Finance Policy Committee. In 1963 he was appointed head of the economic section of EFTA's Secretariat in Geneva, a post he held until 1967, when he was recalled to Norway to run the Labour Party Information Office.

Per Kleppe has been a deputy member of the Oslo City Council (1952-55) and a deputy member of the Storting (1954-57). From 1949 to 1955 he was a member of the Central Board of the AUF (the junior branch of the Labour Party). During the last few years he has also been a deputy member of the Labour Party's Central Council.

Kleppe is Minister of Commerce and Shipping in the Bratteli Government which took office on March 17th, 1971.



# Reference Papers

PRESS DEPARTMENT  
ROYAL MINISTRY OF FOREIGN AFFAIRS  
OSLO - NORWAY

Biography

No. 25  
1971

Ragnar Christiansen

Minister of Finance

Ragnar Karl Viktor Christiansen was born in the town of Drammen on December 28th, 1922. After leaving his secondary school in 1940 he was trained at the Railway School, from which he passed out in 1942. He was employed with the Norwegian State Railways in Drammen from 1940, qualified as a telegraphist in 1942, and by 1961 had risen to the position of Head Clerk.

He was elected a member of Nedre Eiker Municipal Council in 1946, and served till 1959, in 1956-1957 as chairman. He was a member of the Supervisory Board for Armaments Factories 1951-1968, and from 1969 a member of the Supervisory Board of Kongsberg Arms Factory and Raufoss Munitions Factory. He was a member of the Consumers Council 1953-1960, and in 1957 took part in a study tour of the USA with a view to studying consumer goods research and information.

Ragnar Christiansen has held a number of offices of trust in the Labour Party and previous to that in the Party's junior organization AUF. He has been chairman of the Buskerud branch of AUF, chairman of Nedre Eiker Labour Party, and from 1965 he has also been a member of the Party's Central Council.

Christiansen is Minister of Finance in the Bratteli Government which took office on March 17th, 1971.





# Reference Papers

PRESS DEPARTMENT  
ROYAL MINISTRY OF FOREIGN AFFAIRS  
OSLO - NORWAY

Biography

No. 28  
1971

Finn Lied

Minister of Industries

Finn Lied was born in Fana on April 12th, 1916. In 1946 he qualified as a civil engineer, after studying at the Norwegian Technological University in Trondheim, and subsequently in England in 1946-1947, and later at Cambridge University in 1952-1953.

From 1942 to 1945 he served with the Norwegian Armed Forces. After the war he became a research fellow and head of the Armed Forces Research Institute, of which he was appointed Director in 1957.

He is a member of the Technical-Scientific Research Council, a member of the board of the Atomic Energy Institute, a member of the Supreme Committee for Norwegian Research, and a board member of the Fund for Developing Aid and Research in Norwegian industry.

Finn Lied has published text books on radio technique and various work within the field of ionosphere physics.

Lied is Minister of Industries in the Bratteli Government which took office on March 17th, 1971.

## BASIC STATISTICS OF NORWAY

OECD ECC

### THE LAND

Area (1 000 sq. km)	324	Major cities (31.12.70):	
Arable area (1 000 sq. km)	10	Oslo	481 200
Productive forest (1 000 sq. km)	70	Bergen	113 500

### THE PEOPLE

Population (31.12.70)	3 892 000	Civilian employment, 1970	1 497 000
No. of inhabitants per sq. km	12	of which: Industry	558 000
Net natural increase (average 1961-1969)	29 800	Agriculture, forestry and fishing	208 000
Per 1 000 inhabitants (average 1961-1969)	8.0	Other activities	731 000
Net annual migration (average 1961-1969)	444		

### PRODUCTION

Gross domestic product in 1970 (mil- lions of Kr.)	89 983	Gross fixed capital formation (1970):	
GNP per head (\$)	2 940	Percentage of GDP	34
		Per head, \$	1 086

### THE GOVERNMENT

Public consumption in 1970 (percentage of GDP, OECD definition)	18	Composition of Parliament (No. of seats):	
General government current revenue in 1970 (percentage of GDP)	44	Labour party	74
Public gross fixed capital formation in 1970 (percentage of GDP)	8	Conservative party	29
		Centre (Agrarian) party	20
		Liberal party	13
		Christian Democrats	14
		Left-wing Socialist party	0
		Total	150
Last general election: 1969		Next general election: 1973	

### FOREIGN TRADE

Exports of goods and services as a per- centage of GDP (average 1961-1970)	37	Imports of goods and services as a per- centage of GDP (average 1961-1970)	38
of which:		Main imports in 1970 (percentage of total commodity imports):	
Gross freight earnings	15	Ships (average 1967-1970)	12
Main exports in 1970 (percentage of total commodity exports):		Machinery, apparatus and transport equipment (excl. ships)	24
Forestry products	12	Raw materials (non-edible) incl. fuels and chemicals	23
Base metals and products thereof	26	Base metals and products thereof	12
Fish and fish products	8		
Machinery, apparatus and transport equipment (excl. ships)	11		

### THE CURRENCY

Monetary unit: Krone	Currency unit per \$ (from 20.12.1971): 6.64½
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NOTE An international comparison of certain basic economic and demographic statistics is given in an annex table.

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

The broad objectives which have guided Norwegian policy in the post-war period have not been different from those pursued in other countries. Full employment, economic growth, social justice and financial equilibrium. In addition, particular emphasis has been placed on channeling investment into hydroelectric schemes as a basis for industry, and into shipping. Policies have also been directed at maintaining of population in certain regions and sectors to counteract urbanization and preserve the environment. Considerable support schemes are operating in agriculture and fishing.

The rate of growth of real GDP has been rather slow but very even, at about 4.1% per year 1953-69. Since investment has gone largely into power and associated industry, shipping and regional schemes, the investment ratio has necessarily been high, about 28% of GDP over the same period.

The balance of payments has shown a deterioration on current account since 1970 due to rapid growth of private consumption and weak export markets. This was made up for by large-scale borrowing abroad for the purchase of ships. It is unlikely that Norway will become a capital exporting country in the near future, since the shipping industry will continue to demand heavy investments and new industries such as oil extraction and refining will further increase investment needs.

Restrictive measures have been taken since 1969, including a price freeze during most of 1971. However, continued strong demand for consumer goods and ongoing wage negotiations are likely to cause continued pressure. Transfers of income to lower-income groups is expected to continue, further reinforcing demand.

Norway is expected to become a member of EEC in the near future.

Global Balance of Payments  
\$ million

	1968	1969	1970	1971 <sup>5</sup> Official estimates	1972 <sup>5</sup> Official forecast
EXPORTS, FOB	1 675	1 893	2 166	2 334	2 681
IMPORTS, CIF	-2 368	-2 760	-3 338	-3 595	-3 941
TRADE BALANCE, excl. ships	-693	-867	-1 172	-1 261	-1 260
Exports of new ships	75	56	113	142	183
Services, excl. shipping	135	146	141	151	163
Transfer payments, excl. shipping	-7	-24	-38	-41	-48
CURRENT ACCOUNT, excl. shipping sector	-490	-689	-956	-1 009	-962
Shipping, net current earnings <sup>1</sup>	641	823	773	648	647
CURRENT ACCOUNT	152	134	-183	-361	-315
Redemptions on public loans <sup>2</sup>	-37	-44	-54	-61	-61
Other redemptions (excl. shipping)	-40	-28	-31	-31	-29
Other long-term capital export <sup>3</sup>	-61	-41	-16	-28	-44
Public external borrowing	57	46	104	108	143
Private external borrowing <sup>4</sup>	41	61	91	156	190
Net borrowing of shipping	58	-139	24	114	58
LONG-TERM CAPITAL ACCOUNT	18	-145	118	258	257
Short-term capital plus errors and omissions	52	20	159	136	45
OVERALL BALANCE	222	9	94	33	-13
Special drawing rights	..	..	26	26	26
Change in foreign exchange reserves:					
Official	28	-1	105	..	..
Other	194	10	-11	..	..
Memo: Current Account, excl. ships	259	146	-70	-71	-117

1 Details in Table 13.

2 Including borrowing by public enterprises.

3 Including lendings related to export of second-hand ships (see Table 13).

4 Excl. shipping, incl. direct investment.

5 The conversion to US dollars has been made on the assumption of the maintenance of the effective exchange rate around the 1st October, 1971 (Kr. 6.84 to the dollar).

Sources: National Budget for 1972 and Monthly Bulletin of Statistics.

Basic Statistics : International Comparisons

		Austria	Belgium	Canada	Denmark	Finland	France	Germany	Greece	Iceland	Ireland	Italy	Japan	Luxembourg	Netherlands	Norway	Portugal	Spain	Sweden	Switzerland	Turkey	United Kingdom	United States	Yugoslavia <sup>4</sup>
POPULATION	End of 1970	7 398	9 691	21 561	4 906 <sup>1</sup>	4 603 <sup>1</sup>	51 004	61 846	8 842 <sup>2</sup>	205.1	2 955	54 683	103 990	339.8	13 119	3 892	(9 588) <sup>3</sup>	33 824	8 083	(6 202)	35 666	55 812 <sup>3</sup>	206 017	(20 540)
	Net annual increase	0.47	0.54	1.77	0.72 <sup>4</sup>	0.35	1.06	1.04	0.65 <sup>5</sup>	1.46	0.44	0.82	1.06	0.76	1.28	0.80	(0.86) <sup>6</sup>	1.06	0.75	(1.34)	2.50	0.60 <sup>7</sup>	1.23	(1.05)
EMPLOYMENT	Total civilian	3 142	3 747	7 879	2 294 <sup>8</sup>	2 142	20 410	26 705	(3 662) <sup>9</sup>	79	1 058	18 774	50 940	144	4 567	1 497	3 030	12 372	3 854	(2 767)	(13 519) <sup>10</sup>	24 709	78 627	3 706 <sup>11</sup>
	Agriculture	18.3	4.8	7.7	11.9 <sup>12</sup>	22.7	14.0	9.0	(48.2) <sup>13</sup>	(19.0)	27.5	19.6	17.4	11.1	7.2	13.9	33.0	29.6	8.1	(7.0)	(72.1) <sup>14</sup>	2.9	4.4	6.7 <sup>15</sup>
	Industry <sup>7</sup>	41.0	44.7	31.4	38.5 <sup>16</sup>	35.5	38.8	50.3	(22.5) <sup>17</sup>	(36.7)	30.0	43.7	35.7	46.5	41.0	37.3	35.7	37.4	38.4	(51.4)	(11.6) <sup>18</sup>	46.6	(32.3)	46.8 <sup>19</sup>
	Other	40.7	50.5	60.9	49.6 <sup>20</sup>	41.8	47.2	40.7	(29.3) <sup>21</sup>	(44.3)	42.5	36.7	46.9	42.4	51.8	48.8	31.3	33.0	53.5	(41.6)	(16.3) <sup>22</sup>	50.5	(63.3)	46.5 <sup>23</sup>
PRODUCTION	GNP per head	1 940	2 670	3 550	3 200	2 180	2 920	3 020	950 <sup>24</sup>	2 290	1 320	1 700	1 910	2 940	2 400	2 900	660	970	3 820	3 260	350	2 150	4 850	518 <sup>25</sup>
	1970	7.0	5.3	5.9 <sup>26</sup>	8.9	14.7	6.0 <sup>27</sup>	3.0 <sup>28</sup>	20.3	..	19.7 <sup>29</sup>	11.3	8.7 <sup>30</sup>	6.2 <sup>31</sup>	7.0	6.5	17.7	15.0	5.9 <sup>32</sup>	6.4 <sup>33</sup>	32.2 <sup>34</sup>	3.0 <sup>35</sup>	2.9 <sup>36</sup>	19.5 <sup>37</sup>
	1969	46.8	41.6	38.5 <sup>38</sup>	40.1	41.3	48.1 <sup>39</sup>	53.9 <sup>40</sup>	28.2	..	34.0 <sup>41</sup>	38.9	39.1 <sup>42</sup>	50.9 <sup>43</sup>	41.6	38.6	42.8	35.3	45.2 <sup>44</sup>	49.6 <sup>45</sup>	27.4 <sup>46</sup>	45.8 <sup>47</sup>	35.8 <sup>48</sup>	42.5 <sup>49</sup>
	% of total	46.8	53.2	55.6 <sup>50</sup>	51.0	44.0	45.9 <sup>51</sup>	42.5 <sup>52</sup>	51.5	..	46.3 <sup>53</sup>	49.8	52.2 <sup>54</sup>	42.9 <sup>55</sup>	51.4	54.9	39.7	49.6	48.9 <sup>56</sup>	44.0 <sup>57</sup>	40.5 <sup>58</sup>	51.3 <sup>59</sup>	61.3 <sup>60</sup>	38.0 <sup>61</sup>
	Other	46.2	53.2	55.6 <sup>62</sup>	51.0	44.0	45.9 <sup>63</sup>	42.5 <sup>64</sup>	51.5	..	46.3 <sup>65</sup>	5.1	10.9	2.9	6.0	3.6	6.4	6.3	4.8	4.4	5.2	2.1	-0.4	..
	GNP <sup>66</sup> annual volume growth	7.1	5.5	3.3	3.2	7.4	6.0	4.9	8.1	7.9	1.4	6.0	12.1	3.4	5.2	4.4	6.2	6.4	3.9	3.7	6.8	2.1	3.3	..
	1965 to 1970	5.1	4.5	4.5	4.0	4.8	5.8	4.5	7.0	2.1	4.0	6.0	12.1	3.4	5.2	4.4	6.2	6.4	3.9	3.7	6.8	2.1	3.3	..
INDICATORS OF LIVING STANDARDS	1969	970	1 470	2 050	1 770	1 060	1 680	1 390	640	1 190	830	960	840	1 300 <sup>67</sup>	1 220	1 410	430	600	1 790 <sup>68</sup>	1 740	256	1 230	2 850	275 <sup>69</sup>
	Private consumption per head	4.40	5.57	5.65 <sup>70</sup>	6.00 <sup>71</sup>	6.30 <sup>72</sup>	4.81	3.00 <sup>73</sup>	2.40 <sup>74</sup>	4.80	4.20	5.80 <sup>75</sup>	4.54 <sup>76</sup>	5.00 <sup>77</sup>	6.71	5.81	1.44 <sup>78</sup>	2.14 <sup>79</sup>	7.80 <sup>80</sup>	6.30	3.70	4.15 <sup>81</sup>	5.10	4.59
	Expenditure on education	6.6	5.6 <sup>82</sup>	9.3	10.1	7.9	8.5	8.2	14.7	7.2	4.3	5.2	11.9	8.6	8.6	4.3	8.2	13.7	9.5	3.3	6.9	7.7	6.4	6.4
	Dwellings completed, per 1 000 inhabitants	152	205	311	210	137	231	215	15	185 <sup>83</sup>	130	166	68	250	179	183	42	61	277	209	4	207	426	28 <sup>84</sup>
	Passenger cars <sup>85</sup> , per 1 000 inhabitants	154	196	294	249	198	184	246	5	160	155	150	208	154	207	194	29	162	296	164	1.3	279	409	64 <sup>86</sup>
	Television sets <sup>87</sup> , per 1 000 inhabitants	169	190	425	311	215	149	185	87	330	94	143	171	290	226	271	69	113	497	437	13	232	543	31 <sup>87</sup>
	Telephones <sup>88</sup> , per 1 000 inhabitants	1.60	1.55	1.14 <sup>89</sup>	1.41 <sup>90</sup>	0.93	1.22 <sup>91</sup>	1.50	1.49	..	1.09	1.79 <sup>92</sup>	1.09 <sup>93</sup>	1.01	1.18	1.35	0.83 <sup>94</sup>	1.30	1.24	1.31	0.36 <sup>95</sup>	1.18 <sup>96</sup>	1.64	1.10 <sup>97</sup>
	Doctors <sup>98</sup> , per 1 000 inhabitants	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
GROSS FIXED INVESTMENT <sup>99</sup>	Total	24.8	21.5	23.7 <sup>100</sup>	22.8	25.0	25.3	25.4	25.9	29.7	20.9	19.4	35.5	25.5	27.1	29.2	19.3	24.8	24.0	27.2	17.1	18.5	16.7 <sup>101</sup>	..
	Machinery and equipment	12.5	8.9	9.6	11.3	8.8	11.0	11.1	10.2	8.2	9.2	7.4	29.0 <sup>102</sup>	7.4	12.6	15.1	7.1	12.9	8.2	9.3	3.7	9.0	7.1 <sup>103</sup>	..
	Residential construction	4.3	5.4	3.8	4.4	5.5	6.6	5.7	6.4	6.3	4.1	6.4	6.5	18.1 <sup>104</sup>	5.3	4.6	4.5	4.4	6.1	6.9	3.6	3.6	3.5	..
	Other construction	8.0	7.1	10.4	7.0	10.6	7.7	8.6 <sup>105</sup>	9.6	15.2	7.6	5.7	..	..	9.2	9.5	7.8	7.7	9.7	11.0	..	5.9	6.1	..
GROSS SAVING	1965-69 average	26.6 <sup>106</sup>	22.9	23.9 <sup>107</sup>	19.5	27.8	25.9	26.7 <sup>108</sup>	21.0	..	18.6 <sup>109</sup>	23.2	37.9	28.1 <sup>110</sup>	27.1	28.1	..	22.8	23.9 <sup>111</sup>	28.3	18.6	18.3	18.4	..
PUBLIC SECTOR <sup>112</sup>	Total current revenue	37.5 <sup>113</sup>	34.2	35.2 <sup>114</sup>	37.1	35.9	38.1	37.9	26.9	33.9 <sup>115</sup>	30.7 <sup>116</sup>	33.3	21.2	36.0 <sup>117</sup>	41.9	43.4	..	22.4	48.1 <sup>118</sup>	28.1	19.5	39.0	31.5	32.6 <sup>119</sup>
WAGES/PRICES	Hourly earnings <sup>120</sup>	8.2 <sup>121</sup>	8.2	7.3 <sup>122</sup>	10.9 <sup>123</sup>	8.4	9.2 <sup>124</sup>	7.4	10.8 <sup>125</sup>	13.5 <sup>126</sup>	10.8 <sup>127</sup>	8.2 <sup>128</sup>	14.7 <sup>129</sup>	..	8.9 <sup>130</sup>	8.8 <sup>131</sup>	9.7 <sup>132</sup>	12.8 <sup>133</sup>	8.9 <sup>134</sup>	5.2 <sup>135</sup>	..	6.7 <sup>136</sup>	5.3 <sup>137</sup>	..
	Consumer prices	3.2	3.5	3.9	6.4	4.7	4.3	2.7	2.5 <sup>138</sup>	12.9	5.3	2.9	5.5	3.0	4.9	4.9	6.4	5.1	4.4	3.5	8.1	4.6	4.2	10.6
	GNP deflator	3.3	3.4	4.1	6.3	5.6	4.8	3.4	2.7 <sup>139</sup>	12.4	5.8	3.4	4.7	4.9	4.8	5.0	4.8	5.1	4.3	4.0	5.5	4.6	4.0	..
FOREIGN TRADE	Imports <sup>140</sup>	3 550	10 000	15 800 <sup>141</sup>	4 410	2 420	21 880	32 220	1 930	180	1 550	14 890	16 690	600 <sup>142</sup>	13 540	4 070	1 620	4 870	6 080 <sup>143</sup>	6 280	1 010	24 790	53 560	1 991 <sup>144</sup>
	% of GNP	28.5	43.9	25.3	31.6	26.5	15.7	21.0	23.0	46.1	45.4	18.2	10.0	77.2 <sup>145</sup>	48.0	41.8	28.2	16.9	23.8	33.4	7.7	22.7	5.6	21.0 <sup>146</sup>
	Exports <sup>147</sup>	3 590	10 190	15 490 <sup>148</sup>	4 070	2 430	21 040	36 100	1 090	180	1 330	16 810	19 080	640 <sup>149</sup>	13 640	4 170	1 400	3 910	5 920 <sup>150</sup>	7 120	755	26 720	55 510	1 875 <sup>151</sup>
	% of GNP	28.8	44.7	24.8	29.1	26.6	15.1	23.6	12.9	47.2	39.1	20.5	11.4	81.8 <sup>152</sup>	48.3	42.8	24.4	13.6	23.1	37.8	5.8	24.4	5.9	19.7 <sup>153</sup>
BALANCE OF PAYMENTS	Current balance	-0.5	1.7 <sup>154</sup>	-0.3	-2.6	-1.2	-0.4	-4.5	19.9 <sup>155</sup>	34.6	44.3	2.5	0.9	..	-0.6	-0.5	2.5	-1.2	-0.6	1.6	-1.5	0.2	0.1	..
	Reserves <sup>156</sup> , end-1970: per cent of a year's imports <sup>157</sup>	49.5	25.1 <sup>158</sup>	35.2	11.1	18.2	26.0	5.052	215	16	300	35.5	25.6	..	24.2	21.8	96.2	38.2	10.9	72.7	48.5	13.0	36.3	6.4
	Change December 1970 - December 1971	585	626 <sup>159</sup>	1 020	237	235	(3 275)	..	..	..	..	1 491	10 396	..	563	338	451	1 434	348	1 087	342	3 755	-1 297	36
NET FLOW OF RESOURCES TO DEVELOPING COUNTRIES <sup>160</sup>		0.67	1.23	0.77	0.60	..	1.24	0.90	..	..	..	0.78	0.93	..	1.42	0.59	1.02	..	0.73	0.66	..	1.06	0.61	..
EXPORT PERFORMANCE <sup>161</sup>	Growth of markets <sup>162</sup>	19.4	16.9	11.5	17.0	16.9	18.9	15.3	18.4	..	13.6	16.6	12.6	..	18.3	17.3	14.6	15.8	17.2	17.3	18.1	16.3	13.5	..
	1960 to 1970 (average)	11.1	11.2	13.4	9.9	10.2	9.1	10.5	11.2	..	7.5	10.5	9.7	..	10.7	9.8	10.7	10.2	10.1	10.8	4.7	9.5	9.5	..
	Gains or losses of market shares <sup>163</sup>	-1.0	-1.7 <sup>164</sup>	3.5	-5.8	-0.7	0.5	0.1	2.3	..	2.6	-4.2	8.2	..	-0.2	-5.8	0.4	9.8	2.0	-6.6	-8.5	-4.9	0.1	..
	1960 to 1970 (average)	-1.6	1.0 <sup>165</sup>	-2.0	-1.3	-1.6	0.8	..	..	..	0.9	3.2	7.8	..	0.5	1.3	1.0	2.7	-0.1	-0.2	1.3	-3.2	-1.8	..

1 Does not include total net migration between Finland and the other Nordic countries.  
2 1969.  
3 30-6-1970.  
4 National source.  
5 1959-1969.  
6 30-6-60 - 30-6-70.  
7 According to the definition used in OECD Labour Force Statistics: mining, manufacturing, construction and utilities (electricity, gas and water).  
8 At current prices and exchange rates.  
9 1967.  
10 The estimates for GDP by sector for Switzerland have been published in "la Vie économique", November 1969.  
11 GDP at market prices.  
12 Net domestic product.  
13 Electricity, gas and water works included in "other activities".  
14 Including stock appreciation.  
15 At constant (1963) prices.  
16 1962-1967.  
17 1965.  
18 1969.  
19 1966.  
20 1964.  
21 Including Luxembourg.  
22 1970.  
23 At constant (1963) prices.  
24 Excluding transfer costs of land and existing assets.  
25 1964-1968.  
26 Government and government enterprise expenditure on machinery and equipment is included in government current expenditure.  
27 "Other construction" included under "machinery and equipment".  
28 Work in progress on heavy equipment and ships for the domestic market are included in fixed asset formation.  
29 "Other construction" included in "residential construction".  
30 Including transfer costs of land.  
31 General government.  
32 Including depreciation.  
33 Industry.  
34 Monthly.  
35 Manufacturing.  
36 Including bonuses.  
37 Hourly rates in manufacturing.  
38 Hourly wages rates, unskilled workers.  
39 Hourly rates in manufacturing, excluding family allowances.  
40 Monthly earnings in manufacturing. Cash payments including bonuses, regular workers.  
41 Hourly rates in industry, males.  
42 Excluding family allowances.  
43 Mining

## Aid Program

1. Attached is a table showing aid commitments and disbursements by calendar year according to DAC definitions (we do not have enough information to prepare a table on aid appropriations).
2. Norway's medium-term aid plan adopted by Parliament in May 1970 includes the target that aid appropriations reach .75% of GNP by 1974. The projection in the table attached allows for some lag between appropriations and disbursements and net disbursements are shown reaching .75% of GNP in 1976. The table shows flows of Official Development Assistance levelling off at this level, but we now propose to revise this projection upwards, to reflect the decision of the Norwegian Cabinet in February 1972 that appropriations reach 1% of GNP in 1978; disbursements could be expected to reach 1% of GNP by 1980. This would be equivalent to \$290 million, assuming a rate of growth of GNP of about 8.5% p.a. in current prices.
3. Preliminary figures for 1971 indicate that Official Development Assistance totalled \$42 million (.33% of GNP), the same proportion of GNP as in 1970. To reach the 1% level by 1980, flows will therefore need to increase at an annual average rate of about 24% p.a. Contributions to multilateral organizations have been a large part of Norway's aid program in the past and it is believed that as much as 50% of ODA appropriations may be channelled to multilateral institutions in the future.

## Contributions to Bank Group

4. Norway is expected to enter the Common Market and will therefore contribute to the EIB and FED. However, there is no reason to expect that this will weaken Norway's commitment to IDA (it made a special supplementary contribution prior to the Second Replenishment of \$1.3 million). Norway has paid the first instalment of its pledge to the Third Replenishment as an advance contribution (\$6 million in cash), and has taken up its share in the IBRD capital increase (involving a payment of \$4.5 million, of which \$.5 million has already been received).

NORWAY: GROSS OFFICIAL COMMITMENTS AND TOTAL NET DISBURSEMENTS BY CALENDAR YEAR <sup>a/</sup>  
(US \$ millions)

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
<b>GROSS OFFICIAL COMMITMENTS</b>																					
Bilateral																					
Technical Assistance <sup>b/</sup>		1	2	1	1	1	2	3	3	3	7										
Other Grants			2	2	1	3	4	4	7	10	14										
Government Long-Term Capital					1	1			2	3	1										
Total		<u>1</u>	<u>4</u>	<u>3</u>	<u>2</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>12</u>	<u>16</u>	<u>22</u>										
<b>Multilateral</b>																					
IDA					2	2	2	4	4	4	4										
AsEB						1	1	1	1	1	1										
UN Agencies					5	7	7	8	9	9	13										
Other									2	1	2										
Total					<u>7</u>	<u>10</u>	<u>10</u>	<u>12</u>	<u>15</u>	<u>15</u>	<u>19</u>										
TOTAL GROSS OFFICIAL COMMITMENTS					<u>10</u>	<u>14</u>	<u>16</u>	<u>20</u>	<u>27</u>	<u>30</u>	<u>41</u>	<u>49</u>	<u>64</u>	<u>84</u>	<u>110</u>						
As % GNP					.16	.37	.22	.24	.30	.31	.37	.43	.53	.65	.75						
<b>TOTAL NET DISBURSEMENTS</b>																					
<b>Official Bilateral</b>																					
Technical Assistance <sup>b/</sup>	1	1	1	1	1	1	2	2	3	4	4										
Other Grants				1	2	2	3	2	8	7	10										
Government Long-Term Capital						1			1	2	1										
Total	<u>1</u>	<u>1</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>4</u>	<u>13</u>	<u>13</u>	<u>15</u>										
<b>Official Multilateral</b>																					
IBRD Bonds & Capital	6	5	2	12	8	1	-1	1	-2	8											
IDA	2	1	1	1	1	2	2	3	6	5	4										
AsEB							1	1	1	1	1										
UN Agencies	1	2	2	5	6	5	7	7	8	9	14										
Other										2	2										
Total	<u>9</u>	<u>8</u>	<u>6</u>	<u>18</u>	<u>14</u>	<u>8</u>	<u>8</u>	<u>11</u>	<u>11</u>	<u>25</u>	<u>21</u>										
TOTAL OFFICIAL NET DISBURSEMENTS	<u>10</u>	<u>9</u>	<u>7</u>	<u>21</u>	<u>17</u>	<u>12</u>	<u>13</u>	<u>16</u>	<u>24</u>	<u>38</u>	<u>37</u>	<u>50</u>	<u>69</u>	<u>92</u>	<u>116</u>	<u>141</u>	<u>157</u>	<u>172</u>	<u>183</u>	<u>204</u>	<u>221</u>
<b>Private Net Disbursements</b>																					
Direct Investments					1	3	1	2	4	11	19										
Bilateral Portfolio Inv. & Other					1																
Multilateral Portfolio Inv.											4										
Export Credits		18		1	4	24	3	13	30	27	3										
Total		<u>18</u>		<u>1</u>	<u>6</u>	<u>24</u>	<u>3</u>	<u>13</u>	<u>30</u>	<u>27</u>	<u>3</u>										
TOTAL NET DISBURSEMENTS	<u>10</u>	<u>27</u>	<u>7</u>	<u>21</u>	<u>23</u>	<u>38</u>	<u>17</u>	<u>30</u>	<u>59</u>	<u>75</u>	<u>63</u>	<u>64</u>	<u>112</u>	<u>139</u>	<u>166</u>	<u>196</u>	<u>217</u>	<u>236</u>	<u>259</u>	<u>281</u>	<u>305</u>
As % GNP	.23	.55	.13	.37	.36	.55	.22	.36	.65	.77	.56	.50	.76	.87	.95	1.04	1.05	1.05	1.06	1.06	1.06
<b>Memo Items</b>																					
TOTAL OFFICIAL DEV. ASSISTANCE <sup>c/</sup>	5	7	7	10	10	11	14	14	27	30	37	42	69	91	114	137	154	168	183	199	216
As % GNP <sup>c/</sup>	.11	.14	.14	.17	.15	.16	.18	.17	.29	.30	.33	.33	.47	.56	.66	.72	.75	.75	.75	.75	.75
ODA at 1960 Prices <sup>d/</sup>	5	7	7	9	9	10	12	11	22	24	28										

a/ The data in this table are taken from OECD/DAC, The Flow of Financial Resources to Less Developed Countries 1961-1965, Statistical Tables for the Annual Aid Review, 1968, 1969 and 1970 and the DAC Chairman's Report for 1971. 1971 figures are preliminary.

b/ For 1960 and 1961, the amounts under "Technical Assistance" include "Other Grants".

c/ The indicative plan for aid adopted in 1970 is for ODA appropriations to reach .75% of GNP in 1974. The projection of ODA shows this target being reached on a disbursement basis in 1976 and being maintained thereafter. In February 1972, the Norwegian cabinet accepted the target that appropriations reach 1.0% of GNP in 1978 so that disbursements may be somewhat larger than projected.

d/ This attempts to measure the 'real volume' of ODA taking into account price changes in aid financed goods and services. Source: DAC/STAT(71)16, December 30, 1971.

98.  
OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: May 31, 1972

FROM: S. R. Cope

SUBJECT: NORWAY - Joint Operations  
Briefing Notes for your discussions  
in Oslo in June, 1972

1. I believe it would be very useful, should you find an opportunity, to pursue with Norwegian officials the possibilities of Norwegian joint operations with the Bank Group. As you know, over the past few years the Norwegians have repeatedly expressed an interest in joint operations (and have in fact participated in one), and in August last year Mr. Bog, Director of NORAD's Planning Department, agreed that further discussions to explore possibilities of joint operations should take place in Washington; he would try to arrange a visit to the Bank at the earliest possible date. Since then, however, we have heard no more from NORAD.

Chronology of Contacts with NORAD

2. The following is a chronology of our contacts with NORAD regarding joint operations with the Bank Group:

- Dec. 1968 - Mr. Knapp wrote Mr. R. K. Andresen, Director General of NORAD, inquiring about Norway's interest in joint operations with the Bank Group. Mr. Andresen replied that NORAD was in principle interested.
- April 1969 - Mr. Cope visited Oslo and had general discussions with Mr. Andresen. However, they were not ready to act.
- Oct. 1970 - Mr. Bog, in Washington to discuss Norway's aid program to Pakistan, was reported to have said that "in future, Norway intends to withdraw from direct project financing due to staff constraints; however, if suitable joint financing could be worked out, with the responsibilities for approval and supervision being handled by the other joint lender, Norway would welcome such an arrangement."
- Feb. 1971 - Mr. John H. Williams visited Oslo and discussed inter alia, joint financing possibilities with Mr. Jensen, Assistant Director, Planning, particularly on the SIDA model. In March, as a follow-up, Mr. Williams expanded on their talks in a letter, enclosing information on a Botswana road project as a good candidate for joint financing. (NORAD did not pick it up since Botswana was not of primary interest to them.)

March 1971

- Mr. McNamara visited Oslo and had, inter alia, joint financing discussions with Mr. Sivert Nielsen, Chairman of the Board of NORAD. In a follow-up letter, Mr. McNamara confirmed the Bank Group's desire to extend to NORAD joint financing arrangements on the SIDA model. Mr. Nielsen, in a positive reply, said NORAD intended to pursue the matter.

April 1971

- Mr. Baum visited Oslo and had lengthy discussions with Mr. Bog, who showed a definite interest in closer collaboration with the Bank Group along the SIDA model.

NORAD's reaction to the comment in Mr. McNamara's letter of March 20 (following his visit to Oslo) that the Bank would particularly welcome assistance in such fields as fishing and technical education was not favorable, Mr. Baum reported. Their capabilities were much wider, they insisted, and their desire was to engage in joint operations with the Bank in a variety of projects within a preferred group of countries viz East Africa, India and Pakistan. In addition, projects in family planning and shipping could be in any country.

It was agreed that, as a next step, the Bank would send NORAD information on projects in the FY72 and FY73 country lending programs of Kenya, Uganda, Tanzania, India, Pakistan and Nigeria, and also on all our family planning projects in those two years. NORAD agreed that once they had reached a decision on the projects to be considered for possible joint operations they would send people to Washington to pursue them further.

May/June 1971

- As a follow-up to Mr. Baum's visit, and in response to additional requests from Mr. Ohman, Mr. Cope and others sent NORAD information on projects in the countries agreed with Mr. Baum.

Partly as a result of this, NORAD, in early 1972, made a credit of \$2 million for road construction in a parallel financing of the Tanzania Smallholder Tea project. This is the only example of a joint or parallel operation with NORAD to date.

July 1971

- With reference to the information received in May and June, Mr. Bog wrote Mr. Tornqvist that all of the projects were at such an early point of processing that possible joint financing with NORAD would not require any disbursements by



NORAD for several years to come. NORAD was thinking of reallocating its current (1971) fiscal year budget and Mr. Bog was therefore interested in information on the possibility of participating in loans or credits already approved by our Executive Directors.

- August 1971 - In response to Mr. Bog's request to Mr. Tornqvist, Mr. Cope sent Mr. Bog information on two fast-disbursing methods of joint operations: NORAD making a supplemental credit for a project already financed by the Bank or IDA (essentially to meet project cost overruns), or NORAD participating in the financing already arranged by the Bank or IDA. Mr. Cope described in detail the latter alternative, citing the example of "Brot für die Welt's" participation in an IDA credit to Senegal for the Terres Neuves project, and enclosing the Participation Agreement and Participation Certificate used for this transaction.

In the end of August Mr. Bog replied that NORAD would like to consider further the possibility of NORAD participating in an IDA credit or Bank loan already arranged, along the lines of the Brot für die Welt participation in Senegal. He agreed that further discussion should best take place in Washington and would try to arrange a visit at the earliest possible date.

3. This is where the matter now stands; we have had no further contact with NORAD on the possibilities of joint operations since Mr. Bog's letter last August. The ball appears to be in their court.

#### Norwegian Aid

4. Direction. According to their "concentration principle", Norwegian bilateral aid is concentrated in six countries: India, Pakistan (all FY72 aid is likely to go to Bangladesh), Kenya, Tanzania, Uganda and Zambia. Minor aid inputs have also gone to other countries, mainly in the form of technical assistance. According to NORAD's new guidelines of this spring, greater deviation of aid from the traditional six countries will be possible than before, particularly towards countries which in NORAD's view are pursuing "socially conscious" policies.

5. Amount. Official Norwegian aid will be equivalent to \$75 million in FY72 (their fiscal year coincides with the calendar year). Norway's declared policy is to reach an aid level of 1% of GNP in 1978, i.e., \$190 million (in 1972 prices). This would mean an annual increase of about \$20 million in official aid over the next six years.

6. According to NORAD's new guidelines, 50% of the funds will go to multilateral institutions, 50% to bilateral aid. Joint operations with

the Bank Group would be considered bilateral aid (they call it "multi-bi-aid"). 10% of the bilateral funds is to be reserved for family planning.

7. Terms. Norwegian aid is untied and virtually all is on grant terms. Few restrictions exist on financing local currency expenditures and NORAD is prepared to consider financing recurrent costs.

Matters to Raise with NORAD

8. We are somewhat puzzled at the lack of further communications from NORAD since last August. NORAD has repeatedly expressed interest in joint operations with the Bank Group and has received much information from the Bank, including legal and other documents pertaining to our arrangements with SIDA and "Brot für die Welt," the two joint operations approaches in which the Norwegians have shown most interest. From Mr. Bog's letter to Mr. Tornqvist in July 1971 (see above) it appears that one of NORAD's constraints is timing of disbursements. Unlike SIDA, NORAD may be required either to disburse or to commit the funds in the fiscal year for which they are allocated. It would be useful to ask the Norwegians to clarify their budgetary and disbursements procedures and ascertain whether the apparent disbursement constraint still applies.

9. Basically, of course, we would like to know whether the Norwegians are still interested in joint operations with the Bank Group and whether there is anything we can do to facilitate such arrangements.



SRCope:DFWittusen:mmr



# Reference Papers

PRESS DEPARTMENT

ROYAL MINISTRY OF FOREIGN AFFAIRS

No. 101

OSLO - NORWAY

1971

## NORWAY'S ASSISTANCE TO DEVELOPING COUNTRIES

(Tormod Petter Svennevig)

Despite her relatively few traditional relationships with countries of "the third world", Norway has gradually evolved, over the past twenty years, a not inconsiderable programme of assistance to those countries. Starting in 1951 with a modest scheme for assisting India's fisheries - a project which continues even today - Norway by 1971 is providing assistance to the tune of about 50 million dollars, her aid being concentrated in half a dozen countries of Asia and Africa.

The rapidly increasing aid programme, which has unanimous support in Parliament, is based on the conviction that the world's north-south problem is a crucial issue for the whole international community, including Norway, but that something effective can be done about it if only all the industrialized countries will play their parts in a cooperative effort to create a better world.

Norway's assistance planning comprises the following main elements:

- I. A medium term plan guiding the volume of official development assistance;
- II. A high quality of assistance;
- III. The stimulation of private transfers of capital and know-how;
- IV. Support for development activities undertaken by private organizations;
- V. Geographic concentration;
- VI. Concentration on fields of activities considered strategic by recipient countries;
- VII. Coordination with other donors.



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II. The medium term plan guiding the volume of official development assistance.

In June 1970 the Norwegian Parliament approved an indicative plan presented by the Government for increases in public appropriations for development assistance up to 1974. In that year Norway, according to this plan, will reach the internationally agreed target of transferring resources to the developing countries totalling one per cent of the gross national product (GNP) at market prices.

The most important element in this plan is that public appropriations are to be increased to 0,75 per cent of GNP in 1974, thus reaching in that year approximately 100 million dollars and doubling the 1971 figure.

The plan is based on the assumption that private transfers, in the form of investments and export credits, will amount to about 0,25 per cent of the gross national product.

Norway is thus one of the few countries which have established a target date for total transfers to developing countries and a separate target for official development assistance. The target is slightly more ambitious than the norm established for the industrialized countries in the strategy for the United Nations Second Development Decade, according to which the target date is 1975, and the recommended minimum share of official development assistance is 0,70 per cent of GNP.

In 1969 Norway ranked 9th among the member countries of the Development Assistance Committee of the OECD in terms of total transfers to the developing countries as a percentage of GNP, the percentage being 0,78.

II. The quality of assistance.

Although the sheer volume of resources to be transferred is of course an issue of vital importance, the question of the quality of such transfers, especially where official development aid is involved, is also a subject requiring continuous study and discussion by the public authorities concerned, as well as by the general public.

One of the most outstanding features of Norwegian assistance is the large proportion of public appropriations channelled through multilateral institutions. In accordance with its consistent support for an active role for the United Nations Organizations in world affairs, the Norwegian Government has established a policy of utilizing as much as about half of all aid appropriations as contributions to the multilateral organs, mainly the UN Development Programme, and the International Development Associations of the World Bank. This multilateral share far exceeds the level of 20 per cent of the total recommended by the World Bank Commission on International Development (the "Pearson Commission") and the OECD average of 10 to 15 per cent.

A second feature of the Norwegian assistance programme is the large proportion of funds being offered as grants - as free expert services, scholarships, aid in kind (such as food and fertilizers), grants for the purchase of capital equipment or the building of schools and roads, and so on. In 1969, 91,3 per cent of Norwegian assistance was given as outright grants, while for the member countries of the OECD Development Assistance Committee (DAC) in 1969 the average grant figure was about 50 per cent. The Norwegian view is that the mounting debt burden of the developing countries resulting from successive loans and export credits makes it important to offer the largest possible part of governmental assistance in the form of grants.

A further problem in connection with development loans in general is that they are often tied to purchases in the loan-giving country. Such purchases are often relatively unfavourable to the recipient country as regards prices and quality. What is more, sales in connection with loans tend to distort trade patterns. Norway, having been consistently in favour of an international agreement to untie aid loans, therefore actively supported the agreement reached in the OECD-DAC (Development Assistance Committee) in September 1970 to eliminate tied aid loans, and to work out detailed procedures for doing so. If this effort succeeds, Norway will be able to maintain her policy of not providing development assistance in the form of tied loans.

III. Stimulating the private transfer of capital and know-how.

The internationally agreed goal for transfers to developing countries envisages both official and private transfers, and, as mentioned above, Norway presupposes that private transfers, in the form of net investments and export credits, will come to equal at least 0,25 per cent of her gross national product. Such transfers are not considered as aid, but as mutually beneficial transactions. Since they are, however, thought to be beneficial to the receiving countries, the Government seeks to stimulate and facilitate such transfers as a part of its development policies (and, of course, in addition to the measures taken to support exports in general).

The general measures taken to facilitate and increase private transfers are:

A guarantee scheme on particularly favourable terms for investments in, and export credits to, developing countries;

Support for preinvestment studies undertaken by private enterprises in developing countries (50 per cent of the cost of such studies being covered by public funds);

The locating of investment opportunities in developing countries and bringing them to the attention of private enterprises;

Support for the local infrastructure in connection with private investment in developing countries (such as building of roads or schools which are necessary for the operation of an enterprise).

(It may be added that one measure now being contemplated is the use of aid appropriations for direct investments which intermesh with private investments.)

It is important to note that the above policies are not followed indiscriminately. One most important condition is that the investment or export credit in question should be considered as conducive to development, and desired by the

authorities of the developing country in question.

The trend in the net flow of private capital to developing countries in the last few years is as shown in the following table:

	1967	1968	1969
Export credits	\$ 13,2 mill.	\$ 30,2 mill.	\$ 26,6 mill.
Investments	" 1,5 "	" 4,4 "	" 10,8 "
Total private transfers	\$ 14,7 mill.	\$ 34,6 mill.	\$ 37,4 mill.

The 1969 figure amounts to 0,38 per cent of Norway's GNP in that year.

IV. Support for the development activities of private organizations.

A number of Norwegian private non-profit organizations, mainly missionary societies, are organizing development projects in developing countries. It is a firmly established part of official development policy to support any of the activities of these organizations which can be clearly identified as development projects. These are usually in the fields of education and health. Financial support is given mainly for investments in buildings, such as schools and hospitals, but also for such economic activities as boat-builders' yards for fishing boats, drilling for water and so on. Official appropriations are granted only when the private organization in question has itself raised at least 50 per cent of the amount required for a specific project.

In 1969, nearly one million dollars were granted by the government to financial development projects organized by private non-profit organizations - a considerable increase from 1968, when the corresponding figure was 770 thousand dollars.

V. Geographic concentration.

In view of the limited resources available to the Norwegian development assistance programme, it has been found natural, for reasons of practical efficiency, to concentrate the programme on a small number of developing countries. The greater part of the available resources are concentrated on

projects in India and Pakistan, on the Indian sub-continent, and in the three countries constituting the East-African Community (Kenya, Tanzania, and Uganda) and Zambia. However, support is also given to single development projects in a number of other countries, mainly in the Malagasy Republic, Ghana, Turkey and Tunisia.

It must be remembered that this principle of geographic concentration is applied only to the larger part of the 50 per cent of the resources which are given on a bilateral basis. The other 50 per cent is channelled to a great number of countries through the United Nations agencies and the International Development Association (IDA). Financial support is also provided through regional development banks. Norway is member of the Asian Development Bank with a contribution of 5 mill. dollars, and has established a development fund for Latin-America of 2 mill. dollars under the administration of the Inter-American Development Bank.

Another exception to the principle of geographic concentration is the scholarship programme, under which scholarships are offered to applicants from any developing country. Financial support for the development projects of private organizations is also given more or less regardless of which country is to benefit.

VI. Main fields of activity.

The fields of activity selected for the Norwegian development programme depend on the one hand on the wishes of the governments of the developing countries, and on the other hand on the categories in which particular specialist know-how is available in Norway.

Given the importance of fishing to the Norwegian rational economy, it was only natural that the first Norwegian development project (in India) should have been a fishing project. Fisheries development still plays an important part in the Norwegian aid programme. Later, however, the aid activities were extended to cover food production in general, aid to agriculture playing a very important part.



Assistance in this field is extended in the form of expert advice, support for agricultural education, and deliveries of fertilizers, of which Norway has a relatively large production and exports. In view of the importance of fertilizers to the "green revolution", this kind of aid has been given a wide scope in recent years.

In addition, support for education and health projects plays important parts in the total programme. In 1969, 40 per cent of the bilateral assistance programme was devoted to agriculture and fishing, 17 per cent to education, 10 per cent to health, and 18 per cent to improving social infrastructures, the remainder being divided among a number of other purposes.

Two other fields are now being given an increasing emphasis: ports and shipping, and family planning.

Norway, being herself the fourth largest shipping nation in the world, has decided to put a special emphasis on offering to apply her know-how in this field to the development of shipping and ports in developing countries. While consistently opposing discrimination and flag preferences in the international freight market, which tends to eliminate the benefits of free competition to all concerned, Norway does not consider it detrimental to her interests as a shipping nation to offer assistance for the building up of fleets in developing countries according to sound economic criteria, and equal opportunity to compete.

Assistance in the fields of shipping and ports has so far taken the form of studies carried out by Norwegian transport economists on the feasibility of establishing coastal and ferry services and of increasing the efficiency or capacity of ports. Financial grants have also been given for the purchase of smaller ships by developing countries.

The second of the above-mentioned fields, which has assumed much greater importance during the last few years, is that of assistance to family planning. Those responsible for Norwegian assistance have become convinced that in many countries it will hardly be possible to make progress in

social or economic development if the rate of growth of the population is not reduced. It is therefore considered extremely important to give priority to requests for assistance in the planning or carrying out of measures in the field of family planning. However, it has been realized that family planning measures in most cases cannot be carried out as isolated programmes, but must be seen as a part of sound public health schemes. With this concept in mind, it has been provisionally decided to devote about 10 per cent of total aid appropriations to support for family planning. Norway was one of the first contributors to the United Nations Population Fund, and intends to devote approximately half the funds for family planning to this and other multilateral agencies.

#### VII. Coordination.

A final feature of the Norwegian assistance programme worth mentioning is the emphasis placed on coordination with other sources of technical and financial assistance, both multilateral and bilateral. Norway is thus a member of the OECD Consortium for Turkey, and the World Bank Consortia for India and Pakistan, as well as of the World Bank Consultative Group for East Africa.

In addition to her relatively large grants to multilateral agencies, Norway is also financing specific projects identified and administered by multilateral agencies such as the UN Food and Agriculture Organization (FAO) and the so-called "noted projects" of the UN Childrens Fund (UNICEF).

In line with the close cooperation that takes place in almost every field between the Nordic countries, there is also an intimate coordination between Norway and the other Nordic countries in their cooperation with developing countries. What is more, Norway and her neighbour countries have developed a form of cooperation which - so far as is known - is unique in its field: i.e., joint Nordic support and responsibility for development projects in developing countries. The purpose of this form of cooperation is to make possible the undertaking of projects which one country alone could not easily shoulder, because of financial or personnel limitations. A special Nordic Ministerial Committee and a Joint Nordic Board have been set up to administer and supervise such joint projects, each project being carried out and administered by the assistance agency of one of the Nordic countries.

Anders Junch



# News of Norway

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Issued by the **ROYAL NORWEGIAN EMBASSY**  
3401 Massachusetts Avenue, Washington, D. C. 20007

Norwegian Information Service  
825 Third Ave., New York, N. Y. 10022

Vol. 29

Friday, May 19, 1972

No. 10

## Norway's Assistance to Developing Countries

Norway's development assistance from public funds reached 292.7 million kroner (\$44 million) in 1971, an increase of 11 per cent over the 1970 figure of 263 million kroner. Both years, the assistance represented 0.33 per cent of the gross national product. Of the total 1971 figure, 57 per cent was allocated to multilateral projects.

In the area of bilateral assistance, 31 per cent of the funds was used for agricultural and fisheries projects, 17 per cent for building and construction, 11 per cent for health and family planning, 15 per cent for relief work among the refugees from East Pakistan in India and 11 per cent for miscellaneous other measures.

### *East Africa and India*

Norway's main bilateral activities continued to be concentrated in East Africa and India last year. The annual report of the Norwegian Agency for International Development (NORAD) shows that the five main recipient countries of Norwegian bilateral aid were India, Kenya, Tanzania, Uganda and Zambia. As for new projects in other countries, the agency has looked into the possibilities of assistance for port construction in Nigeria and Cuba, family planning and sea transportation in Indonesia, and port construction and sea transportation in Chile.

### *Personnel*

At the end of 1971 the total number of Norwegians serving in developing countries was 428. The number of man/years carried out by Norwegians grew from 426 in 1970 to 443 in 1971. In all, 202 Norwegians joined new projects last year, compared to 196 in 1970. There were 104 Norwegian Peace Corps workers at the end of 1971, of whom 56 were stationed in Kenya, 46 in Uganda and 2 in Tanzania. In addition, the first Norwegian participant in the United Nations Peace Corps was sent to serve in Yemen in December.

An increase of Norwegian personnel came as a result of the bilateral agreements in East Africa and Zambia, while the number of Norwegians at the fisheries project in India was reduced from 18 to 11. Fifty-three Norwegians worked for the international organizations, 17 for joint Nordic projects and 254 under other bilateral agreements.

### *Low Administrative Costs*

The administrative costs for Norway's development assistance last year was 12.6 million kroner or 4.1 per cent of total costs. This figure includes 2.1 million kroner for information activities and 1.3 million kroner for research in Norway.

### *Activities of Private Organizations*

Public assistance to development activities by private organizations operating in the developing countries grew by 1 million to 8 million kroner in 1971. Assistance was approved for 23 projects in this category, while 18 organizations had applied for support for 46 projects. More than half of the money was allocated for school and education projects, 24 per cent for health projects and 20 per cent for technical projects.

On May 8, 1972, NORAD announced the allocation of 9.1 million kroner for 16 projects administered by private organizations this year. An additional one million kroner will be distributed in the fall.

Continued on Page 38

### **Major Gas Find Confirmed**

The *Frigg* natural gas field, believed to be one of the largest in the North Sea area, was declared commercially exploitable at the meeting of the Petronord Group on April 25. The field is situated just inside the Norwegian sector, 190 kilometers from Karmøy, Norway, 200 km from the Shetland Islands and 400 km from Aberdeen, Scotland.

Norsk Hydro, the Norwegian industrial concern which operates the Alnor aluminum plant at Karmøy, has now decided to increase its holding in the Petronord Group from 13.5 to 34.6 per cent, making it the single biggest participant in the consortium. The Norwegian Government is also exercising its option to take a 5 per cent share in the Petronord Group. The other participants are the French oil companies Elf, Aquitaine, and Total.

The *Frigg* gas is of the so-called dry type, with a high methane content, very suitable for generating electricity and for production of, for instance, ammonia. Norsk Hydro is a major producer of ammonia for chemical fertilizers.

COUNTRIES - from page 37

### Family Planning

Norwegian assistance for family planning programs was given in the amount of 25.7 million kroner in 1971, of which 17.7 millions went to multilateral and 8 millions to bilateral measures. Family planning assistance represents 9 per cent of Norway's total development assistance from public funds.

### Students from Developing Countries

The total number of students from the developing nations studying in Norway on NORAD scholarships last year was 115, of whom 31 studied public administration, 3 hydroelectric power, transport and communications, 27 industry, 29 agriculture and fishing, 23 medicine and health care and 2 social questions. There were students from 35 different countries, and as many as 16 came from Tanzania, 13 from Sierra Leone and 12 from India.

### Cabinet Reorganization

The Ministry of Wages and Prices and the Ministry of Family and Consumer Affairs ceased to exist on May 8. In their place, two new ministries were established: the Ministry of Environmental Affairs and the Ministry of Consumer and Administration Affairs. Minister Olav Gjærevoll is heading the Environmental Affairs Ministry and Minister Inger Louise Valle the Ministry of Consumer and Administration Affairs.

### Doctors in Industry

To further constructive and preventive health work in industry, a system of company doctors is in effect in Norway, based on a voluntary agreement in 1946 among the National Medical Association, the Norwegian Employers' Association and the National Federation of Trade Unions (LO). These three organizations appoint a committee and each advances one-third of the cost of its operation. This committee administers and coordinates the entire plan, under which each firm or factory employs a doctor, usually on a part-time basis, and equips an office on the premises where the doctor can carry out medical examinations of all employees.

At the beginning of 1972, this system of doctors in industry included 2,154 companies with a total of 342,000 employees. There are 668 doctors participating in the program, 166 in Oslo and 502 in the entire rest of the country. During 1971, 54 companies with a total of 7,200 employees introduced company doctor programs.

### SAS to Open Stavanger Route

On May 24, Scandinavian Airlines will make Stavanger in Southwest Norway its newest European gateway, with eastbound non-stop flights from New York every Wednesday, Saturday and Sunday during the summer season. Leaving New York at 6:10 P.M. and arriving in Stavanger at 6:05 A.M., the DC-8 flight will then proceed to Stockholm, arriving there at 8:10. Stavanger is SAS' third gateway to Norway and supplements the carrier's other transatlantic services to Bergen, Oslo, Copenhagen and Stockholm. The flight from New York takes only six hours.

Bergen will be served daily from America, and on the same days that SAS DC-8s fly to Stavanger, jumbo 747s will be flying to Bergen.

Stavanger, with a population of 83,000, has long been known as the source of familiar brands of canned sardines. Recently, the city has been more often referred to as Norway's oil capital, as it serves as a base for the oil-related activities in the Norwegian sector of the North Sea. An increasing number of American engineers and technicians are making Stavanger their home.

Located close to Norway's fjord country, Stavanger was the point from which the sloop "Restaurationen" sailed in 1825 with the first group of Norwegian immigrants to the United States. Six miles west of the city is Hafsford, where King Harald Fairhair won a crucial battle in or around 872 A.D., resulting in the unification of the country (See *News of Norway* No. 7, 1972).

### Oslo Philharmonic Tours Switzerland

The Oslo Philharmonic Orchestra played five concerts for full houses on its May 1-5 tour of Switzerland. The 85-member orchestra played in Bern, Lausanne, Zurich, St. Gallen and Basel, presenting a program which included Edvard Grieg's Peer Gynt Suites, Sibelius' Fifth Symphony and Tchaikovsky's Violin Concerto, the latter with Konstanty Kulka as soloist.

On June 4, the Orchestra will again go abroad, as it has been invited to play a concert in connection with the opening of the Kieler Woche in Kiel, Germany.

### Nordic Fest at Decorah

The sixth annual Nordic Fest will be held on July 28, 29 and 30 at Decorah, Iowa. This well-known cultural event is sponsored by the Decorah community and its famous Norwegian-American Museum, which has been described as one of the finest ethnic museums in America. The arts, crafts, music and display of Norwegians and Norwegian-American immigrants are featured in displays and demonstrations.

### World's Oldest Stamp Series

The Norwegian "Post Horn" stamp series has been in continuous use since May, 1872, which makes it the world's oldest series in current use. The 100-year anniversary of the stamps, of which more than four million have been sold, was celebrated with an anniversary exhibition of stamps from the Nordic countries in Oslo, May 6-14. The Norwegian Post Office issued two new stamps on the occasion of the centenary. They were in the denominations of 80 øre (red) and 100 øre (blue), depicting the original stamps and the text 1872-1972 *Posthornfrimerker*. On the same occasion, and for the first time in Norway, a souvenir sheet comprising the same stamps at a price of kr. 2.50 was issued.

Orders for the stamps should be sent to Postens Filatelitjeneste, Postboks 1085 Sentrum, Oslo 1, Norway.



ORGANISATION FOR ECONOMIC  
CO-OPERATION AND DEVELOPMENT

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Report and Questions/NORWAY

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Paris, 8th October, 1971

DAC/AR(71)2/14

Or. Eng.

DEVELOPMENT ASSISTANCE COMMITTEE

Annual Aid Review 1971

REPORT BY THE SECRETARIAT AND QUESTIONS

on the Development Assistance Efforts  
and Policies of

NORWAY

The attached note has been prepared by the Secretariat in consultation with the Delegations of GERMANY and the NETHERLANDS which have been designated as examiners for the aid review of Norway, scheduled for 15th October, 1971.

The Memorandum and its statistical annex submitted by the Norwegian authorities have been circulated under code number DAC/AR(71)1/14.

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## INTRODUCTION

1. While the total net flow of financial resources from Norway to less-developed countries showed in 1970 some decline to \$67 million or 0.59 per cent of G.N.P., the volume of official development assistance expanded considerably by 25 per cent to \$37 million, in line with the Norwegian medium-term assistance plan. As a percentage of G.N.P., O.D.A. rose to 0.33 per cent and, thus, almost reached, for the first time, the D.A.C. average for that year. A further 25 per cent increase in O.D.A. disbursements is expected for 1971.

2. The present Norwegian medium-term assistance plan, based on the attainment of 0.75 per cent of national income in 1973 in terms of budgetary appropriations, is being replaced by a new plan aiming at a level of aid appropriations of 0.75 per cent of G.N.P. in 1974. Norway has endorsed the International Development Strategy and accepted without reservation the volume targets. The 0.7 per cent target for O.D.A. disbursements may be reached by 1974 or 1975, provided that budgetary aid appropriations are fully adjusted to price increases which has not been the case in the past. The Norwegian authorities expect that they will be in compliance with the 1 per cent G.N.P. target for the total flow before 1975.

3. Norway's official development assistance is primarily composed of grants with multilateral assistance accounting for roughly half of the total. A special feature is the large emphasis on commodity aid provided mainly in the form of fish products and fertilizers. Assistance to family planning is gaining momentum and is to be increased to a share of about 10 per cent of total O.D.A. Emphasis is placed on close co-ordination between technical and financial assistance.

4. The major part of bilateral assistance is concentrated on six countries in East Africa and the Indian Sub-Continent. In order to facilitate more systematic planning, country programmes covering a revolving four-year period are being prepared. The East African countries receive mainly project aid, while for India and Pakistan programme assistance, including commodity aid, is dominant.

5. As a result of a very high grant share and very soft loan terms, Norway fully meets the 1969 Supplementary Terms Objectives. Bilateral loans and multilateral contributions are extended free of procurement restrictions, as well as grants for capital expenditure on integrated projects.

6. There has been no change in the basic administrative structure of Norway's assistance, which had been reorganised in 1968. However, an interministerial committee of a consultative character has been set up in January 1971 for the purpose of improving co-ordination between various ministries. Due to a shortage of personnel at NORAD, some administrative bottlenecks

have arisen, particularly in the field of technical assistance, which are of concern to the Norwegian authorities.

7. Private flows on a multi-year average have been of the same magnitude as O.D.A. Private investments are stimulated by various means, including co-financing of pre-investment studies.

## I. DEVELOPMENT ASSISTANCE POLICY

### 1. Support to the United Nations International Development Strategy

8. Norway has accepted the International Development Strategy of the United Nations without any reservations. The concept of development as laid down in the Strategy is largely in line with Norwegian aid policy. Following the adoption by Parliament of the new medium-term assistance plan in June 1970 (cf. Chapter II), the Norwegian authorities expect to attain both international volume targets by or before 1975.

### 2. Economic Background

9. The expansion of Norway's official development assistance programme has been greatly facilitated until 1969 by its favourable economic situation, including a surplus on current account in both 1968 and 1969 and high foreign exchange reserves. The situation sharply deteriorated in 1970 and the first half of 1971. Thus, the price inflation in 1970 was stronger than in any year over the past decade, with the G.N.P. deflator up by 11.6 per cent over 1969. The current account balance changed from a surplus of \$135 million in 1969 to a deficit of almost \$200 million in 1970 and a further sharp deterioration is expected for 1971. This has led to the introduction of strong restrictive monetary, fiscal and other measures (e.g. price freeze and increase in taxation) which are likely to be maintained for some time.

10. The direct impact of the aid programme on the balance of payments has been rather limited partly as a result of the relative smallness of the programme and the significant share of contributions in kind. On the basis of available information, it appears that for most aid categories, apart from contributions in kind, procurement in Norway is relatively low. Thus, bilateral capital assistance grants (14 per cent of O.D.A.) are largely procured outside Norway, reflecting both Norway's liberal procurement policy in this sector and the relatively high share of local cost financing. As regards multilateral contributions, data on procurement for IBRD/IDA show a relatively low Norwegian procurement ratio. In order to continue the rapid expansion of the aid programme, Norway has to obtain a stronger current account in its balance of payments. In this connection, it may be interesting to quote



Table 1

Annual growth rates of Norwegian G.N.P. at market prices, 1960 to 1970  
(% increase over previous year)

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971
e	3.6	6.4	4.7	5.3	4.8	5.8	4.4	5.7	3.7	4.6	3.5	(4.1)
deflator	2.6	2.4	2.9	2.4	5.5	4.8	4.3	4.1	3.6	2.9	11.6	(6.5)
. at current prices	6.3	9.0	7.7	7.8	10.6	10.9	8.9	10.0	7.4	7.6	15.5	(11.2)

Table 2

Trend of price increases, total net flows and  
G.N.P. proportion of total net flows, 1960 to 1970

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
= 100											
G.N.P. price deflator	100	102	105	108	114	120	124	129	134	138	154
total net flow	100	264	67	211	226	377	168	296	577	737	654(1)
net flow as percentage of G.N.P.	0.23	0.55	0.13	0.37	0.36	0.55	0.12	0.36	0.65	0.77	0.59(1)

1) Including private grants

this year's O.E.C.D. Economic Survey on Norway which considers that an improvement in the Norwegian balance of payments, is essential and "would be in keeping with the Government's aim of increasing development aid" (1).

### 3. Public Opinion

11. As indicated in the Memorandum (page 6), there are few or no constraints from the side of public or parliamentary opinion for foreign aid. Although recent opinion polls have not been highly favourable towards development aid, the politically active part of public opinion is generally very positive. These groups normally take a large programme for granted and are mainly concerned with improving its quality. It is remarkable that Parliament, when approving the new medium-term assistance plan in 1970, unanimously asked the Government to consider a still faster increase in aid appropriations. It would be interesting to know the Government's reply to this request.

### 4. Aid in the Framework of the Overall Budget

12. As indicated below, Norwegian aid as a percentage of total budgetary appropriations has remained relatively small until 1967 (0.7 per cent). In spite of a significant expansion of aid from 1968 onwards (to 1.3 per cent in 1970), it did not yet fully reach the proportion of other D.A.C. Members and in particular the other Scandinavian countries. However, according to the medium-term financial survey for 1971 to 1973, published by the Ministry of Finance in connection with the submission of the 1971 budget, the proportion of aid to the overall budget is expected to increase to about 2.1 per cent and would then exceed the expected Danish share by a small margin. The trend in the O.D.A. proportion of the budgets of the three Scandinavian countries is shown below. Details of the Norwegian financial survey for 1971 to 1973 by individual major expenditure categories are indicated in Table 3.

#### O.D.A. Share in the Total Central Budgets of the Three Scandinavian Countries (Percentages) (2)

	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>
Norway	0.7	1.2	1.2	1.3	1.5	1.7	2.1	(2.3)
Denmark	1.2	1.2	1.4	1.4	1.5	1.7	1.9	2.1
Sweden	..	1.3	1.4	1.7	1.9	2.3	2.8	3.3

(1) Cf. O.E.C.D. Economic Survey on Norway, January 1971, pages 37 and 38.

(2) Calendar year for Norway, fiscal years for Denmark (April to March), and Sweden (July to June). Data on central budgets are not strictly comparable for the three countries.

Table 3

## Long-term Financial Planning (1969 - 1973)

	Disbursements	Budget appropriations	Budgetary proposal	Long-term budget	
	1969	1970	1971	1972	1973
<u>U.S.\$ million</u>					
Overall Government expenditures	2,502	2,909	3,318	3,539	3,678
Of which:					
- Military defence	357	370	410	426	437
- Education and research	291	294	377	391	404
- Social care	204	402	419	423	442
- Health and sick care	89	62	71	71	72
- Development aid	30	37	49	62	78
<u>Annual percentage increases:</u>					
- Overall Government expenditures	..	16.3	14.1	6.7	3.9
- O.D.A.	10.9	23.3	32.4	26.5	25.8
<u>O.D.A. as percentage of total</u>					
<u>Government expenditures</u>	1.2	1.3	1.5	1.8	2.1

Source: Ministry of Finance, the Governmental Budget for fiscal year 1971; data for 1972 and 1973 at 1971 prices.

13. A special feature of the financing of Norway's development assistance is a development aid tax which was introduced in 1964. Originally, fixed at 0.25 per cent of taxable personal income, the tax was raised in 1968 to 0.5 per cent and in 1970 to 1 per cent. However, the size of aid funds is not directly dependent on the revenues from this tax, appropriations being allocated according to medium-term planning. Development tax revenues cover more than three-quarters of aid appropriations.

14. The whole of O.D.A. is financed from budget appropriations. Funds are as a rule non-lapsing for a period of two years after appropriation and are kept in a special reserve available for future disbursements. However, as Norwegian budgetary appropriations are based on expected aid disbursements, undisbursed appropriations are relatively small (cf. paragraph 28).

#### 5. Composition of O.D.A.

15. The Norwegian programme is characterised by a heavy emphasis on multilateral contributions (about half of total O.D.A.), technical assistance financed in conjunction with capital assistance in the form of integrated projects (about one-quarter of total O.D.A.), and on commodity aid - bilateral and multilateral - (roughly one-third of total O.D.A.). In contrast to most other D.A.C. countries, capital lending is playing a subordinate role (cf. Table 6). No significant change in the composition of O.D.A. is envisaged under present medium-term planning, but the possibility cannot be excluded that administrative bottlenecks in NORAD (cf. paragraph 35) may have some impact on the future composition of Norwegian aid, notably by affecting the scope and quality of technical assistance, and by leading in the longer run to a greater emphasis on aid categories with low administrative requirements in Norway, such as programme assistance, commodity aid, multi-bi and co-financing with multilateral agencies.

16. Commodity aid consists now largely of food aid grants (fish products) provided under the World Food Programme and the Food Aid Convention, and fertilizer grants to India and Pakistan. Bilateral food aid in the form of emergency aid sharply dropped in 1970 and is not likely to be resumed unless new emergencies arise. The principle has now been accepted in Norway that agricultural policy should not be based on surplus disposals in the framework of aid policy and the bulk of food aid will, thus, be extended in future under multilateral schemes. As regards fertilizer supplies, an agreement with India has been concluded involving an amount of \$5 million over the period 1970 to 1972. Fertilizers to the amount of \$2.1 million were committed in 1970 to Pakistan, but no new aid commitments (except for emergency relief) are at present extended because of the recent events in East Pakistan.

So far, fertilizers have been procured from Norwegian sources at significantly higher than world market prices, but the Norwegian authorities have indicated at last year's review that they are prepared, in principle, to consider the transfer of procurement to the cheaper sources in the Persian Gulf (1).

QUESTIONS ON AID POLICY

QUESTION I.1. It has been stated at last year's aid review that public opinion takes a large development assistance programme generally for granted and is now largely concerned with the qualitative aspects of Norwegian aid. What main suggestions as to qualitative improvements have emanated from public discussions?

QUESTION I.2. In the light of their experience with the implementation of the aid programme, do the Norwegian authorities envisage making any changes in the composition of O.D.A.?

QUESTION I.3. What special steps are the Norwegian authorities contemplating in the framework of their aid policy to take the employment problems of developing countries into account (e.g. preference to labour intensive projects, to local suppliers etc.)?

II. VOLUME

1. Total Flow

17. Total net flows declined in 1970 to \$67 million after having reached an all-time peak of \$75 million in 1969 (2). The decline was due to substantially lower private export credits and the absence of purchases of I.B.R.D. bonds by the Central Bank, which had been important in 1969, while both O.D.A. and private direct investment showed vigorous increases. As a percentage of G.N.P. the decline was considerably more marked (from 0.77 per cent to 0.59 per cent), following a 15.5 per cent increase in G.N.P. in current prices in 1970, of which 11.6 per cent represented price increases (cf. Tables 1, 2, 4 and 5).

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(1) Cf. DAC/AR(70)2/14, paragraph 31, and DAC/AR(70)3/14, paragraph 10.

(2) 1970 data include for the first time grants by private voluntary bodies of \$3.9 million. Excluding these grants, the total net flow declined in 1970 by 17 per cent to \$63 million corresponding to 0.56 per cent of G.N.P.

Table 4

The Net Flow of Resources, 1960 to 1970

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
<u>Million U.S.\$</u>											
Total net flow(1)	10.2	26.9	6.8	21.5	23.0	38.4	17.1	30.2	58.8	75.2	66.7
Official development assistance	5.2	6.8	7.3	9.9	9.6	11.3	14.1	14.5	26.6	29.5	36.8
Other official flows	4.9	2.2	-0.4	10.7	7.5	0.5	-1.0	1.0	-2.4	8.2	-
Private flows(1)	0.1	17.9	-0.1	0.9	5.9	26.6	4.0	14.7	34.6	37.4	30.0
<u>Average percentage change from preceding year</u>											
Total net flow(1)	+70.0	+163.7	-74.7	+216.2	+7.0	+67.0	-55.5	+76.6	+94.7	+27.9	-11.3
Official development assistance	..	+30.8	+7.4	+35.6	-3.0	+17.7	+24.8	+2.8	+83.4	+10.9	+24.7

(1) Including grants from voluntary agencies in 1970 only.

18. Looking over a longer period (1960 to 1970), the absolute volume of the 1970 total flow was still higher than in any previous year, except in 1969, and exceeded the 1960/64 average by about three and a half times. Some of this increase has been eroded by price increases but, as indicated in Table 2, the impact of inflation on the real value of resource transfers appears to have been relatively moderate. However, it may be noted that as far as the G.N.P. proportion of the total flow is concerned, similar proportions as in 1970 were already reached in 1961 and 1965 and that both in 1968 and 1969 substantially better results than in 1970 were achieved.

19. Private flows declined from \$37 million in 1969 to \$30 million, or to \$26 million if grants by private voluntary bodies are excluded (from 0.38 per cent of G.N.P. to 0.26 or 0.23 per cent). The substantial decline in net export credits reported in 1970 was due to a large increase in amortization backflows and a somewhat reduced volume of new credits extended. In contrast, direct investments, which had been rather limited until 1968, expanded sharply for the second consecutive year to \$19 million in 1970, reflecting significant transactions in Brazil (pulp) and the West Indies and Bermuda (shipping related to tourism). I.D.B. bonds to the amount of \$4 million were floated for the first time in 1970 on the Norwegian capital market (1). "Other official flows" fell from \$8 million in 1969 to nil in 1970, as the Central Bank did not undertake any net purchases of I.B.R.D. bonds.

20. It is interesting to note that in spite of the sharp increase in the O.D.A. volume of the past few years, private flows still represent about half of the total resource transfers to less-developed countries - a proportion which has been roughly maintained throughout the 1960's, as indicated below (percentages of total flows):

	<u>1960/62</u>	<u>1962/64</u>	<u>1964/66</u>	<u>1966/68</u>	<u>1968/70</u>	<u>1960/70</u>
	<u>average</u>	<u>average</u>	<u>average</u>	<u>average</u>	<u>average</u>	<u>average</u>
O.D.A.	44	52	45	52	46	46
O.O.F.	15	35	9	-2	3	8
Private	41	13	46	50	51	46

2. Official Development Assistance

21. Norway is a relative late-comer in the international aid effort. Prior to 1968, the volume of official development assistance has been far below the D.A.C. average (less than 0.2 per cent of G.N.P.), although it has shown a definite upward trend from \$5 million in 1960 to \$15 million in 1967. The decision to set up a comprehensive development assistance programme was taken in 1968, when Parliament authorised medium-term assistance planning implying the appropriation of significant higher funds, and centralised the aid administration in NORAD under the Ministry of Foreign Affairs.

(1) For more details on private flows cf. Chapter VI.

Table 5Volume and structure of total net flows, 1962 to 1970

<u>Million U.S. \$</u>	1962	1965	1967	1968	1969	1970
O.D.A.	7.3	11.3	14.5	26.6	29.5	36.8
O.O.F. (1)	-0.4	0.5	1.0	-2.4	8.2	-
Private flows	-0.1	26.6	14.7	34.6	37.4	30.0 (2)
- Export credits	-0.5	23.9	13.2	30.2	26.6	3.1
- Direct investment	0.4	2.7	1.5	4.4	10.8	18.9
- I.D.B. bonds	-	-	-	-	-	4.0\
- Private grants	..	..	..	..	..	3.9
Total flows	6.8	38.4	30.2	58.8	75.2	66.7 (2)
<u>Percentage of total</u>						
O.D.A.	107	29	48	45	39	55
O.O.F.	-6	1	3	-4	11	-
Private flows	-1	69	49	59	50	45 (2)
<u>Percentage of G.N.P.</u>						
O.D.A.	0.14	0.16	0.17	0.29	0.30	0.33
O.O.F.	-0.01	0.01	0.01	0.02	0.08	-
Private flows	x	0.38	0.17	0.38	0.38	0.26 (2)
of which:						
Private grants	..	..	..	..	..	0.03
Total flows	0.13	0.55	0.36	0.65	0.77	0.59 (2)

(1) Net transactions in I.B.R.D. bonds by Central Bank.

(2) Including private grants



22. The effect of these policy measures showed up in a sharply increasing volume of official development assistance since 1968. While over the period 1960 to 1967 O.D.A. expanded by not more than \$1.3 million per annum, the average annual increase over the three year period 1968 to 1970 was \$5.1 million or 18 per cent. In 1970 O.D.A. increased by 25 per cent to a record of \$37 million, corresponding to 0.33 per cent of G.N.P. (D.A.C. average 0.34 per cent). For 1971, an increase to about \$46 million, or by a further 25 per cent, has originally been foreseen, but final results may be affected by the events in Pakistan, which is a priority recipient of Norwegian aid. As a result of the above trend, O.D.A. as a proportion of the total budget rose from a level of about 0.7 per cent in 1967 to 1.5 per cent in 1971. Though price increases over the period 1968 to 1970 were substantial, they have been largely outweighed by the sharp O.D.A. increase:

<u>1967 = 100</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>
G.N.P. price deflator (1)	100	104	107	119	(127)
O.D.A. disbursements	100	183	203	254	(317)

23. The changes in the composition of O.D.A. over the last few years are indicated in Table 6. It can be seen that over the period 1968 to 1970 the main constituent elements of Norwegian O.D.A. have changed relatively little, although there has been some increase in the already large share of multilateral contributions (from 53 per cent in 1968 to 60 per cent in 1970), reflecting notably a significant stepping up of food aid grants. This has pushed up the multilateral O.D.A. share above the Norwegian policy target which aims at an approximately even distribution between bilateral and multilateral assistance.

24. Bilateral loan disbursements declined both in absolute and relative terms and are now insignificant (2 per cent of total O.D.A.); the 1970 total of less than \$1 million consisting of small disbursements to Kenya and Turkey. On the other hand, there has been a significant increase in bilateral capital assistance grants (14 per cent of O.D.A.), which in the past have lagged behind on account of some difficulties in project implementation. The share of technical assistance remained unchanged at around 12 per cent of total O.D.A., while bilateral food aid which in 1968 accounted for as much as 23 per cent of O.D.A. declined to practically nil, food aid being now primarily provided through multilateral channels. About one-tenth of the 1970 O.D.A. programme consisted of fertilizer grants to India and Pakistan. As indicated before the share of technical assistance, including related capital assistance grants, may decline in future on account of administrative bottlenecks.

(1) The G.N.P. deflator reflects only very inadequately price increases for development assistance. The above data are

Table 6O.D.A. Disbursements by Main Categories, 1968 to 1970

	Million U.S.\$			Percentages of gross O.D.A.		
	1968	1969	1970	1968	1969	1970
<u>Official Development Assistance, gross</u>	26.7	29.6	36.8	100	100	100
1. <u>Bilateral grants</u>	11.4	11.3	13.8	43	38	38
- projects (capital assistance)	2.2	3.0	5.0	8	10	14
- technical assistance	3.0	3.8	4.3	11	13	12
- food aid	6.2	2.4	0.4	23	8	1
- fertilizers	-	2.1	4.1	-	7	11
2. <u>Bilateral loans, gross</u>	1.2	2.3	0.8	4	8	2
Turkey	0.6	0.5	0.5	2	2	1
India	0.6	0.5	-	2	2	-
Kenya	-	1.1	0.3	-	4	1
Ghana (refinancing)	-	0.2	0.1	-	1	x
3. <u>Multilateral contributions</u>	14.0	16.0	22.1	53	54	60
I.D.A.	5.5	4.8	4.3	21	16	12
As. D. Bank	0.5	0.5	0.5	2	2	1
U.N. Agencies	8.0	9.0	13.5	30	30	37
Of which:						
- W.F.P.	2.3	2.4	5.7	9	8	15
Other (1)	-	1.7	3.8	-	6	10
4. <u>Amortizations</u>	0.1	0.1	-	x	x	-
<u>Official Development Assistance, net</u>	26.6	29.5	36.8	100	100	100

(1) Mostly contributions under Food Aid Convention, reported by Norway as multilateral.

### 3. Medium-term Planning

25. Norwegian official assistance planning has been based since 1970 on an indicative medium-term plan adopted in 1968 and aiming at a target of 0.75 per cent of national income for aid appropriations in 1973. On the assumption of a 4.5 per cent per annum increase in national income at constant 1968 prices, this implied an increase in appropriations from \$36 million in 1970 to \$63 million in 1973, representing an average annual growth of about 20 per cent. However, following discussions at the United Nations in connection with the Second Development Decade, Parliament requested the Government as early as 1969 to revise this plan by adopting the new international O.D.A. target based on G.N.P. While budgetary appropriations for 1970 and 1971 were still approved on the basis of the old plan, the Government presented to Parliament in May 1970 a new indicative plan according to which aid appropriations would amount to 0.75 per cent of G.N.P. in 1974. On the basis of constant 1971 prices, this implies an increase in appropriations from \$62 million in 1972, the first year of implementation, to about \$100 million in 1974, or by 27 per cent per annum.

26. To facilitate comparison between the two plans, the Secretariat has adjusted in Table 7 the data of the old plan (based on 1968 prices) to 1971 prices, taking into account the actual growth in real national income over the period 1968 to 1971 (1). It can be seen that as far as the planned targets until 1973 are concerned, the new plan does not appear to represent a significant improvement over the old plan when adjusted to price increases. However, it is true that the new plan is considerably more ambitious with regard to 1974. If it can be assumed that under the original design aid appropriations would have been kept at a constant national income proportion once the target of 0.75 per cent had been reached in 1973, the new plan implies approximately 20 per cent higher appropriations for the period after 1973.

27. As far as implementation of planning in the form of actual budget appropriations is concerned, it appears that so far adjustments for price increases have been inadequate. Thus, 1971 budget appropriations of \$46 million are about \$3.5 million or 16 per cent below the price adjusted data of the initial medium-term plan. Although some greater adjustments have been made in the 1972 budget, it seems that the Norwegian authorities, like some other D.A.C. Members, still find it difficult to quickly adjust medium-term planning, particularly in times of considerable inflationary stress. If this trend continues, it would involve a significant loss in real resources and the 0.75 per cent G.N.P. target may not be reached as foreseen. The Norwegian authorities may have to consider some kind of budgetary contingency planning if they want full implementation of the plan.

(1) Cf. Table 1 for G.N.P. growth rates until 1971. When making the necessary adjustments in Table 7, it has been assumed that the evolution of G.N.P. and national income is approximately similar.

Table 7

Norwegian Medium-term Assistance Planning,  
1970 to 1974

	1968	1969	1970	1971	1972	1973	1974	Average annual growth rate %
<u>1970-1973 plan</u>								
- at 1968 prices	-	-	36.4	45.1	53.9	63.0	-	20
- adjusted to 1971 prices (1)	-	-	(41.5)	54.6	65.3	76.3	-	
<u>1972-1974 plan</u>								
- at 1971 prices	-	-	-	-	62.0	78.0	100.0	27
<u>Actual budget appropriations</u>	27.4	28.6	38.1	46.1	(61.0)	-	-	
<u>O.D.A. gross disbursements</u>	26.7	29.6	36.8	(46.0)	-	-	-	

(1) Secretariat estimates; 1970 data adjusted to 1970 prices.

28. As regards actual disbursements, the Norwegian authorities have so far been able to keep the "pipe-line" of undisbursed budget funds at a remarkably low level. Thus, the total amount of undisbursed appropriations was only about \$5 million at the beginning of 1971, corresponding to 11 per cent of 1971 appropriations, and for the years 1969 and 1970 disbursements were below appropriations by a total of only \$0.3 million. Undisbursed budget funds are generally non-lapsing for a period of two years, and by giving priority to the disbursement of previous appropriations during the current budget year, the amount of lapsed appropriations has until now been very small.

29. As indicated during the last aid review, the task of keeping the "pipe-line" low is facilitated by the composition of the Norwegian programme, in particular by the large share of multilateral aid and contributions in kind. It is further facilitated by certain important characteristics of the Norwegian planning procedure, i.e. country programming on a revolving four-year basis and the existing facility to extend advance commitments to individual recipients (1). An additional factor is related to the Norwegian budgetary procedure, which permits, to a large extent, shifts between appropriated funds.

(1) Cf. Chapter IV on "Programming"

30. As far as the achievement of the 1 per cent target for the total flow is concerned, the Norwegian authorities assume that other official flows and private contributions will account for at least 0.25 per cent of G.N.P. in 1974. Since these two categories accounted for an average of 0.34 per cent of G.N.P. in 1969 and 1970, the 1 per cent target may be easily reached provided that O.D.A. contributions evolve as foreseen.

### QUESTIONS ON VOLUME

QUESTION II.1. One of the problems facing Norwegian medium-term assistance planning is that the Norwegian authorities apparently find it difficult to quickly adjust their indicative plan data to price increases, particularly in times of strong inflationary pressure. Could the Norwegian authorities comment on the criteria used in adjusting assistance planning to price increases? Is a uniform rate applied to all aid categories or is some kind of differentiation by category applied? Why have 1971 aid appropriations not been adjusted to expected price increases?

QUESTION II.2. Since the Norwegian authorities have so far found it difficult to fully implement their initial medium-term plan, adjusted to price increases, do they consider that they will be able to attain the targets of their new plan by the envisaged date? In this connection, would they be prepared to consider some kind of budgetary contingency planning to ensure that the target will be reached as foreseen?

QUESTION II.3. Since individual recipient planning is done on a "rolling" four year basis, will this method also be applied in future to overall medium-term assistance planning? If so, are any considerations already given to the planning level after 1974?

### III. TERMS OF AID

31. With grants accounting in 1970 for 99 per cent of overall aid commitments, Norway fully complied with the D.A.C. terms objectives. The four new loans extended in 1969 and 1970, totalling \$2.9 million, had average terms of 35 years maturity, eight years grace and 1.6 per cent interest rate. Loan terms are normally differentiated by considering both the debt burden and the nature of the project to be financed (cf. Table 8).

Table 8

Norwegian Loan Commitments in 1969 and 1970

r	Loan recipient	Million \$	Interest (%)	Maturity (years)	Grace (years)	Tying status	Purpose
	<u>New loans</u>						
9	Kenya	1.400	0.75	49.7	9.75	ut	Road construction
	Turkey	0.535	3.0	16.25	6.25	ut	Programme aid under O.E.C.D. Consortium
	India	0.490	2.0	25.0	5.0	partly tied	Includes fertilizer supplies
0	Turkey	0.490	2.0	23.0	9.0	ut	Programme aid under O.E.C.D. consortium
		2.915	1.6	34.9	8.2		
	<u>Refinancing</u>						
59.	Ghana	0.195	5.5	10.2	3.4	ut	Commercial credits
70	"	0.064	5.5	8.5	1.5	ut	Commercial credits
		0.259	5.5	9.7	2.6		

32. According to the Memorandum (page 10), Norway continues to support international efforts aiming at the untying of development loans. Parliament has stated on several occasions that Norway should in principle not extend tied loans. So far, only one fertilizer loan to India has been partly tied to procurement in Norway, but loan tying may be considered if Norwegian exports seriously suffer from other donors' tying practice, as for instance in the case of fertilizer supplies. As for grant-financed capital assistance within the framework of integrated projects, there are no procurement restrictions. If capital assistance is used for imports, for which a Norwegian firm would be a potential supplier, Norway only requires that the firm in question should be put on the tender list of possible suppliers.

#### IV. AID ADMINISTRATION AND PROGRAMMING

##### 1. Administration

33. Following a review of the aid administration in 1968, responsibility for development aid is now concentrated in the Ministry of Foreign Affairs and in NORAD, with the exception of contributions to the World Bank group and regional development banks, which continue to be administered by the Ministry of Commerce and Shipping, together with the guarantee schemes for private export credits. Although NORAD has the status of a Directorate under the administrative authority of the Ministry of Foreign Affairs, it operates as an autonomous body within the framework of instructions laid down by Royal Decree. It is responsible not only for bilateral assistance but also for the overall planning of all Norwegian aid activities. However, all questions of principle and of a political nature are to be submitted to the Ministry of Foreign Affairs which is directly responsible for multilateral assistance except for those contributions administered by the Ministry of Commerce and Shipping.

34. In order to strengthen inter-ministerial coordination, a special inter-ministerial committee has been set up in January 1971. This committee, which is consultative in character, is composed of representatives of the Ministries of Foreign Affairs, Finance and Commerce, as well as of NORAD and is mainly concerned with questions of policy and principles, long-term planning and budget appropriations, and with other problems of common interest.

35. In spite of considerable administration rationalisation, serious bottlenecks appear to have arisen, particularly with regard to technical assistance projects, which endanger the smooth working of the future programme. To mitigate these problems, NORAD considers to delegate increasingly implementation of certain projects to national and international bodies (e.g. by strengthening multi-bi assistance) and also to extend a higher share of capital aid in the form of programme assistance. However, this trend is viewed with some concern,

since it is felt that changes in aid programming imposed by administrative considerations may not be necessarily to the benefit of recipients and may adversely affect the future quality of Norwegian aid.

## 2. Geographical Distribution

36. Norway has been concentrating its assistance on a limited number of countries, the main recipients being four East African countries (Kenya, Tanzania, Uganda, Zambia) and India and Pakistan. Concentration on main recipients does not preclude aid to other countries, but while aid to the former concerns a whole range of activities, it is limited to more specific objects among the latter, such as emergency food aid to Nigeria in 1968.

37. The main recipients of Norwegian bilateral assistance include several countries which are listed by the C.D.P. among the least-developed countries, such as Tanzania and Uganda. As a result, assistance to the group of least-developed countries has accounted in 1970 for about 18 per cent of total Norwegian bilateral assistance. The Norwegian share in the total bilateral receipts of countries of concentration is very small, but has shown a rising trend for the past years and has reached 5 per cent for the East African countries as a whole in 1969 (1).

Table 9

### Geographic Distribution of Bilateral Aid

(US \$ million)

	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>
Countries of concentration	3.3	3.0	4.4	8.4	11.3
of which:					
Least developed (C.D.P. list)	0.8	1.0	1.0	1.5	2.4
Other least developed countries	0.2	0.2	0.2	0.2	0.2
Other countries	1.5	0.9	7.7	4.7	2.8
Unallocated	0.1	0.1	0.2	0.1	0.3
Total (2)	5.1	4.2	12.5	13.4	14.6

(1) D.A.C. Members only

(2) For details of individual recipients cf. Annex Table 3.



3. Country Programming

38. NORAD has initiated country programming for revolving four-year periods for the main recipients of Norwegian bilateral assistance in East Africa. Data established under country programming are only of an indicative nature and do not represent multi-year commitments or disbursement pledges in the legally binding sense. However, they reflect a clear political intention on the side of the Norwegian authorities, which for all practical purposes recipients can expect to be realised.

39. Country programmes are established in several steps as indicated below.

- (i) to arrive, first, at the approximate total amounts of Norwegian aid available for country programming over a period of four years, foreseeable multilateral contributions and bilateral aid outside country programming (1) are deducted from the data set out in the medium-term assistance plan;
- (ii) these are, then, allocated in a very tentative way among the four recipients, taking into account the past level of disbursements, requirements and priorities as well as past project requests. Due to long-term close co-operation with the East African countries and the presence of permanent representatives in these countries, NORAD has a fair knowledge of their requirements and priorities;
- (iii) as a third step these amounts are then indicated to individual recipients to serve as a quantitative guideline for project requests within the framework of national development planning. In some instances, the information on the availability of global amounts is accompanied by an indication as to the sectors and main types of projects which NORAD would be prepared to finance;
- (iv) finally, the requests put forward by recipients are reviewed by the Norwegian authorities and assessed in the light of Norwegian limitations and capabilities. On the basis of this, final indicative global amounts, together with project advance commitments, are communicated to recipients. The process is terminated by the conclusion of final commitments for individual projects.

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(1) e.g. for Nigeria, and so far, for India and Pakistan

40. So far, this mechanism of country programming seems to have worked fairly well, and both the Norwegian authorities and recipients have benefitted from the availability of clearly specified data on the amounts of aid likely to be forthcoming over a certain period of time. Some problems have arisen from the fact that the indicative figures established under country programming are disbursements and not commitment data, since this has encouraged recipients to select quickly disburseable projects which are not necessarily on the top of their priority list. This has posed some dilemma to the Norwegian authorities which in some instances had to make a choice between the most effective utilization of aid and their desire to keep the "pipe-line" of undisbursed funds low. However, as planning continues on a rolling four-year basis, it will become more flexible and the above problems may diminish in importance. Thus, projects which take a longer time for disbursements may be placed at the beginning of the planning period while others may be pushed more to the end.

#### 4. Programme Versus Project Assistance

41. So far, most of the assistance to India and Pakistan has been in the form of programme assistance, while East African priority countries were mainly recipients of project aid, the Norwegian authorities being of the opinion that their administrative structure was generally not well enough equipped to make best use of programme assistance. Project and programme assistance represented in 1969 and 1970 somewhat above one-third each of total bilateral aid, the remaining one-quarter being accounted for by technical assistance. As indicated below, it appears that this distribution is likely to change rather drastically in 1971. Following the events in East Pakistan and a sluggish implementation rate of programme assistance in India, estimates based on 1971 budgetary appropriations indicate that programme assistance may fall to less than one half of the 1969/70 average. This implies that the envisaged expansion of the bilateral programme would be based primarily on project aid, whose share in the total may double to about 65 per cent in 1971 (percentages of total bilateral)

(1):

	<u>1969</u>	<u>1970</u>	<u>1971</u>
Project aid	38	37	65
Programme aid	40	34	13
of which: commodity aid	32	31	8
Technical assistance	22	29	22

(1) Disbursements in 1969 and 1970, budgetary appropriations in 1971 exclusive of unallocated funds and funds carried over; for absolute amounts cf. page 13 of the Memorandum.

42. The above trend, if realised, will put considerable strain on the administrative capacity of NORAD. In view of its apparent present inadequacy (cf. paragraph 35), the evolution of a more serious "pipe-line" problem cannot be excluded for 1971. As to longer-term trends, it is obvious that if the high share of project assistance is maintained, it will become a major problem for the Norwegian authorities to find sufficient outlets for the rapidly increasing appropriations and, at the same time, to maintain or improve the quality of their assistance.

5. Aid Coordination

43. Given the high share of multilateral aid, including contributions to regional development banks, the problem of coordination is relevant only to about 40 to 50 per cent of Norwegian assistance. As indicated, below, most bilateral aid is subject to some form of coordination, e.g. through consortia, consultative groups, Nordic co-operation or multi-bi assistance, the amount of aid outside any co-ordination arrangement being in the order of 10 to 15 per cent of total bilateral disbursements (US \$ million).

	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>
Consortia	2.5	1.1	2.2	3.8	6.2
Consultative groups	1.3	1.9	2.6	5.3	5.1
of which:					
Nordic co-operation	0.9	0.6	0.6	0.5	0.4
Multi-bi assistance	-	-	-	-	0.2
Outside co-ordinative arrangements	1.2	1.1	7.5	4.2	2.8
Unallocated	0.1	0.1	0.2	0.1	0.3
Total bilateral	5.1	4.2	12.5	13.4	14.6

44. As indicated during last year's review, the declining trend of disbursements for joint Nordic projects partly reflects the somewhat slow and cumbersome administration of these projects. Full scale joint projects are, however, only one aspect of Nordic co-operation in the field of development aid. Thus, an extensive exchange of information, consultation and co-ordination among Nordic aid agencies is constantly taking place and the heads of the respective agencies meet four times a year.

## 6. Sectoral Distribution

45. The distribution by sectors of Norwegian bilateral assistance, as shown in the Memorandum (page 13), was in 1970:

Agriculture	50%
Education	17%
Health	10%
Transport	5%
Housing	5%
Other	13%

46. Following a unanimous decision by Parliament in 1970, about 10 per cent of future appropriations is to be earmarked for family planning, implying, on the basis of the new medium-term plan, a total of about \$10 million in 1974 at 1971 prices. Approximately half of this amount will go to multilateral organisations and most of the rest to private organisations and research. Aid to family planning will be for the main part in the form of financial assistance, including local cost financing, and is not likely to involve a large number of Norwegian experts.

47. An interesting feature of Norwegian assistance is the emphasis put on the development of ports and shipping in less-developed countries. This is in conformity with a specific recommendation of the International Development Strategy and has so far taken mainly the form of studies carried out by Norwegian transport economists on the feasibility of establishing coastal and ferry services and of increasing the efficiency and capacity of ports. Also grants have been given in some instances for the purchase of small ships.

### QUESTIONS ON ADMINISTRATION AND PROGRAMMING

QUESTION IV.1. What arrangements are being made to enable NORAD to administer its rapidly expanding programme? Are adequate funds voted in the budget for administrative costs? Are proper facilities provided to recruit staff or to arrange secondments from other ministries?

QUESTION IV.2. Could some more detailed comments be made on the operation, and experience so far gained, with country programming? Have any specific problems arisen?

QUESTION IV.3. Project and programme assistance represented in 1970 about one-third each of total Norwegian bilateral aid, but for 1971 a sharp increase in project aid to about 65 per cent of the total is expected. What are the under-lying reasons for this increase? Is the high share of project aid likely to be maintained, and if so, are any specific problems expected to result from this trend?

QUESTION IV.4. Can the Norwegian authorities indicate what is their aid policy as regards the emergency situation in Bengali?

#### V. TECHNICAL ASSISTANCE

48. The evolution of Norwegian technical assistance disbursements and number of persons financed is indicated in Table 10. A description of the programme is given in the Memorandum on pages 14/17. The disbursement figures as shown in Table 10 exclude equipment, which is recorded under capital assistance grants. Most of Norwegian technical assistance is jointly extended with capital assistance, with which it is closely co-ordinated in the form of integrated projects. It is, therefore, primarily provided to the main recipients of Norwegian project aid, notably in East Africa, whereas countries outside this grouping accounted for only 21 per cent of total technical assistance in 1970 (cf. Table 11) (1).

Table 10

Summary of Norwegian Technical Assistance, 1968-1970

	<u>1968</u>	<u>1969</u>	<u>1970</u>
I. <u>Disbursements</u> (Million U.S. \$)	3.0	3.8	4.3
Students and trainees	0.4	0.4	0.6
Experts and volunteers	2.6	3.4	3.7
Equipment	x	x	x
II. <u>Number of students and trainees</u>	196	210	276
of which: Overseas trained	8	12	25
Students	104	147	183
Trainees	92	63	93
III. <u>Number of personnel overseas</u>	386	471	505
Educational experts	66	110	141
Operational personnel	93	105	111
Advisers	73	77	90
Volunteers	154	179	163

(1) The type of technical assistance which are not subject to a concentration policy on main recipients are: fellowships, measures to stimulate private investment (e.g. pre-investments and feasibility studies), subsidies to voluntary agencies, and

Table 11Regional Distribution of Technical Assistance and  
Capital Assistance Grant Disbursements, 1968 to 1970

Million U.S. \$

	Capital assistance grants (1)			Technical assistance		
	1968	1969	1970	1968	1969	1970
<u>Concentration countries</u>						
- Kenya	1.5	1.0	1.0	0.1	1.3	1.3
- Tanzania	-	0.3	0.9	0.4	0.4	0.5
- Uganda	0.1	0.1	0.4	0.5	0.6	0.6
- Zambia	-	-	-	0.1	0.3	0.7
- India	1.3	0.2	2.4	0.4	0.4	0.2
- Pakistan	x	x	3.0	x	x	0.1
<u>Other countries</u>	5.5	5.8	1.8	1.5	0.8	0.9
<u>Total bilateral</u>	8.4	7.4	9.5	3.0	3.8	4.3

(1) Including commodity aid

49. In order to alleviate the administrative burden, a significant proportion of technical assistance projects is implemented by private consulting firms or extended in co-operation with private voluntary bodies and as multi-bi assistance. The latter accounted in 1970 for roughly 4 per cent of bilateral disbursements. The relatively high figure for operational personnel reported by Norway (111 in 1970) is unusual for a country without former colonial ties.

50. As regards the sectoral distribution of technical assistance, experts (excluding volunteers) were assigned to the following sectors (percentages of total):

education	42%
agriculture	26%
industry	10%
power, transport and communication	8%
economic planning and administration	6%
health	2%
other	6%

Assistance to research has been described in some detail in this year's Memorandum (pages 16 and 17). Overseas research is primarily concentrated on the universities in Kenya, Uganda and Tanzania, research in Norway on the Development Economic Research and Advisory Project of the Christian Michelsen's Institute in Bergen and multilateral research on the U.N. Research Institute for Social Development (UNRISD) and UNCTAD (research project on ports and harbours).

51. Overseas training accounted for less than 10 per cent of all publicly financed students and trainees in 1970 but this share has been growing over the past few years. Fellowships were granted, among others, for studies at the universities of Nairobi and Kampala.

#### QUESTIONS ON TECHNICAL ASSISTANCE

QUESTION V.1. Could the Norwegian authorities indicate the main new initiatives and priorities in the field of technical assistance during present medium-term planning? Can some examples be provided on the co-ordination of technical and capital assistance in the form of large integrated projects?

QUESTION V.2. Would the Norwegian authorities comment on the criteria and methods applied in co-operating with private non-profit bodies and multilateral organisations (i.e. multi-bi financing) in the field of technical assistance?

QUESTION V.3. Research for the benefit of development countries financed by the Norwegian aid programme seems to be concentrated mostly in the social and economic fields. To what extent is technical research also promoted particularly in sectors where Norway has special experience (e.g. fishing industry)?

QUESTION V.4. What is the scope and nature of Norwegian assistance in the field of port development and shipping? What are the future intentions in this field?

QUESTION V.5. What training facilities are provided to future Norwegian experts, particularly in sectors where the recipients' problems are of a very specific nature, e.g. tropical agriculture, medicine, etc?

## VI. PRIVATE FLOWS

52. As indicated before (paragraph 19), private flows continue to represent about half of the total flow as was the case throughout the 1960's (1). On the basis of rough estimates, it appears that the l.d.c. share of total private resource transfers to all destinations is unusually high in the case of Norway, accounting for almost 70 per cent of private direct investment in 1970 (2) and for at least the same proportion for guaranteed export credits. These shares are significantly above the proportion reported for foreign trade where less-developed countries account for about 12 per cent of total export and 11 per cent of total imports (cf. Annex Table 6).

53. As regards the geographic distribution of private flows, direct investment was concentrated in 1970 almost exclusively on the Bahamas, Bermuda and the British West Indies (together \$10.4 million or 55 per cent of the total) and on Brazil (\$7.7 million or 41 per cent), whereas export credits were mainly directed to Yugoslavia, Cuba, Chile and Peru, i.e. all countries which do not normally receive Norwegian official development assistance. The unusually high proportion of direct investment extended to the West Indies is apparently largely connected with the development of the tourist industry in the form of specialised shipping. Norwegian private investment in Brazil, amounting to a total of some \$50 million over several years, is for the establishment of a paper pulp mill and related transactions.

54. The incentive measures taken during the last few years have certainly contributed to the sharp increase in direct investment. Particularly the Special Guarantee Scheme has stimulated this flow and has in some instances, e.g. in the case of Brazil, been a necessary precondition for private investors to participate. Norway now operates a variety of measures for stimulating private direct investment as indicated below:

- 1) Guarantees against political risk,
- 2) double taxation agreements,
- 3) financial support for pre-investment studies,
- 4) locating investment opportunities and bringing them to the attention of private firms,
- 5) support for the local infrastructure in connection with private investment;
- 6) in addition, joint financing with private investment has been accepted in principle and the details are at present under consideration by an expert group.

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(1) On the volume and composition of private flows, cf. Chapter II.1., in particular paragraph 19 and Table 5.  
(2) Cf. Memorandum, page 17.



55. As regards private non-profit bodies, an amount of \$3.9 million representing activities financed from their own resources have been included for the first time in 1970 in the statistics.

QUESTIONS ON PRIVATE FLOWS

QUESTION VI.1. What do the Norwegian authorities consider to be the main reasons for the remarkable increase in the volume of private direct investment over the past years? Is the unusually high share of 70 per cent for l.d.c.'s in total Norwegian direct investments likely to be a temporary phenomenon?

QUESTION VI.2. In the Norwegian Memorandum, it is stated that shipping accounted for approximately 45 per cent of private investments. Could the Norwegian authorities give some indication as to the type of investment in this sector?

QUESTION VI.3. In 1970 direct investment to the Bahamas, Bermuda and the British West Indies amounted to over 50 per cent of Norwegian direct investment in less-developed countries. Can the Norwegian authorities provide some information on the types of investments financed through these capital transfers?

QUESTION VI.4. At last year's examination, the Norwegian authorities stated that an expert group was giving consideration to the various aspects of joint financing with private investments. Can the Norwegian authorities comment on the outcome of this group's work?

Paris, 11th October, 1971

NOV 1 2 29 PM '71  
Report and Questions/Norway  
RESEARCH  
FILES

Annex to:

DAC/AR(71)2/14

DEVELOPMENT ASSISTANCE COMMITTEE

Annual Aid Review 1971

REPORT BY THE SECRETARIAT AND QUESTIONS

on the development assistance effort and policy of

NORWAY

Statistical Tables

Attached are the annex tables accompanying the Secretariat's Report on Norway:

1. The flow of financial resources to less-developed countries and multi-lateral agencies, 1962-1970.
2. Terms performance, 1969 and 1970.
3. Norwegian bilateral O.D.A. by different geographic groupings, 1960-1970.
4. The flow of technical assistance contributions to less-developed countries, 1965-1970.
5. Norwegian trade with some major recipient countries, 1967-1970.
6. Exports to and imports from less-developed countries, 1967-1970.

## THE FLOW OF FINANCIAL RESOURCES TO LESS-DEVELOPED COUNTRIES AND MULTILATERAL AGENCIES

## LES FLUX FINANCIERS AUX PAYS MOINS DÉVELOPPÉS ET AUX ORGANISMES MULTILATÉRAUX

Table: Annex Table 1

Tableau:

Million U.S. Dollars - Millions de Dollars des E.-U.

	DISBURSEMENTS - versements									
	1962	1963	1964	1965	1966	1967	1968	1969	1970	
<b>TOTAL OFFICIAL AND PRIVATE, NET (I + II + III + IV)</b>	6.8	21.5	23.0	38.4	17.1	30.2	58.8	75.2	62.8	<b>TOTAL, SECTEUR PUBLIC ET SECTEUR PRIVE, NET (I + II + III + IV)</b>
Total Official, net (I + II)	6.0	20.6	17.1	11.8	14.1	15.5	24.2	37.7	36.8	Total du secteur public, net (I + II)
<b>I. OFFICIAL DEVELOPMENT ASSISTANCE (O.D.A.), NET (A + B)</b>	7.3	9.9	9.6	11.3	14.1	14.5	26.6	29.5	36.8	<b>I. AIDE PUBLIQUE AU DÉVELOPPEMENT (O.D.A.), NETTE (A + B)</b>
A. <u>Bilateral</u> Official Development Assistance, net (1 + 2)	1.2	2.4	2.8	3.7	5.2	4.1	12.5	13.4	14.6	A. Aide publique au développement <u>bilatérale</u> , nette (1 + 2)
1. Grants and grant-like contributions	1.3	2.4	2.5	3.2	4.7	4.2	11.4	11.2	13.8	1. Dons et contributions assimilables à des dons
1.1 Grants	1.3	2.4	2.5	3.2	4.7	4.2	11.4	11.2	13.8	1.1 Dons
Technical Assistance	0.5	0.7	1.0	1.4	2.0	2.3	3.0	3.8	4.3	Au titre de la coopération technique
Food aid	0.8	1.7	1.5	1.8	2.7	1.9	8.4	2.1	0.4	Aide alimentaire
Other grants	-	-	-	-	-	-	-	5.5	9.1	Autres dons
1.2 Grant-like contributions	-	-	-	-	-	-	-	-	-	1.2 Contributions assimilables à des dons
2. Development lending and Capital, net	-0.1	-	0.3	0.5	0.5	-0.1	1.1	2.2	0.8	2. Prêts de Développement et capital, nets
2.1 New development lending, net	-0.1	-	0.3	0.5	0.5	-0.1	1.1	2.1	0.7	2.1 Prêts nouveaux de développement, nets
2.2 Debt reorganisation, net	-	-	-	-	-	-	-	0.2	0.1	2.2 Réaménagement de la dette, net
2.3 Equities and other bilateral assets, net	-	-	-	-	-	-	-	-	-	2.3 Participations et autres éléments d'actif bilatéraux, nets
B. Contributions to <u>Multilateral</u> Institutions, net (1 + 2 + 3)	6.1	7.5	6.8	7.6	8.9	10.4	14.0	16.1	28.1	B. Contributions aux organismes <u>multilatéraux</u> (O.D.A.), nettes (1 + 2 + 3)
1. Grants	2.4	4.7	5.5	5.4	6.8	6.9	8.0	10.8	15.4	1. Dons
1.1 To UN Agencies	2.4	4.7	5.5	5.4	6.8	6.9	8.0	9.0	13.5	1.1 Aux institutions des Nations Unies
1.2 E.D.F.	-	-	-	-	-	-	-	1.8	1.9	1.2 F.E.D.
1.3 Other	8.7	2.8	1.3	2.2	2.1	5.5	6.0	5.3	6.8	2. 1.3 A d'autres organismes
2. Capital Subscription Payments	2.4	1.5	-	-	-	-	-	-	-	2. Souscriptions versées au Capital
2.1 I.B.R.D.	1.3	1.3	1.3	2.2	1.6	3.0	5.5	4.8	4.3	2.1 B.I.R.D.
2.2 I.D.A.	-	-	-	-	-	-	-	-	-	2.2 A.I.D.
2.3 I.D.B.	-	-	-	-	-	-	-	-	2.0	2.3 B.I.D.
2.4 As D.B.	-	-	-	-	0.5	0.5	0.5	0.5	0.5	2.4 B.as.D.
2.5 Other	-	-	-	-	-	-	-	-	-	2.5 Autres
3. Concessional lending, net	-	-	-	-	-	-	-	-	-	3. Prêts concessionnels, nets
<b>II. OTHER OFFICIAL FLOWS (O.O.F.), net (A + B)</b>	-0.4	10.7	7.5	0.5	-1.0	1.0	-2.4	8.2	-	<b>II. AUTRES FLUX PUBLICS (O.O.F.) nets (A + B)</b>
A. <u>Bilateral</u> Other Official Flows, net (1 + 2 + 3)	-	-	-	-	-	-	-	-	-	A. Autres flux publics, <u>bilatéraux</u> , nets (1 + 2 + 3)
1. Official export credits, net	-	-	-	-	-	-	-	-	-	1. Crédits publics à l'exportation, nets
2. Debt relief, net	-	-	-	-	-	-	-	-	-	2. Réaménagement de la dette, net
3. Equities and other bilateral assets, net	-	-	-	-	-	-	-	-	-	3. Participations et autres éléments d'actif bilatéraux, nets
B. Contributions to <u>Multilateral</u> Institutions, at market terms, net (1 + 2 + 3)	-0.4	10.7	7.5	0.5	-1.0	1.0	-2.4	8.2	-	B. Contributions aux organismes <u>multilatéraux</u> (O.O.F.), nettes (1 + 2 + 3)
1. I.B.R.D.	-0.4	10.7	7.5	0.5	-1.0	1.0	-2.4	8.2	-	1. B.I.R.D.
2. I.D.B.	-	-	-	-	-	-	-	-	-	2. B.I.D.
3. Other	-	-	-	-	-	-	-	-	-	3. Autres
<b>III. PRIVATE FLOWS, AT MARKET TERMS, NET (A + B)</b>	-0.1	0.9	5.9	26.6	4.0	14.7	34.6	37.4	26.0	<b>III. APPORTS DU SECTEUR PRIVE, AUTRES QUE LES DONS, NETS (A + B)</b>
A. Private Investment and Lending, net	0.4	0.4	1.5	2.7	0.9	1.5	4.4	10.8	22.9	A. Investissements et prêts du secteur privé, nets
1. Direct investment, net	0.4	0.4	1.0	2.7	0.9	1.5	4.4	10.8	18.9	1. Investissements directs, nets
New direct investment	0.4	0.4	1.0	2.7	0.9	1.5	4.4	..	..	Nouveaux investissements directs
Reinvested earnings	-	-	-	-	-	-	-	..	..	Bénéfices réinvestis
2. Bilateral portfolio investment and other, net	-	-	0.5	-	-	-	-	-	-	2. Investissement de portefeuille et autres (bilatéral), net
3. Multilateral portfolio investment, net	-	-	-	-	-	-	-	-	4.0	3. Investissement de portefeuille multilatéral, net
B. Private Export Credits, net - total	-0.5	0.5	4.4	23.9	3.1	13.2	30.2	26.6	3.1	B. Crédits privés à l'exportation, nets - total
1. Guaranteed private export credits, net <sup>1</sup>	-0.5	0.5	4.4	23.9	3.1	13.2	30.2	-2.8	0.3	1. Crédits à l'exportation garantis, nets <sup>1</sup>
1.1 Over 1 to and including 5 years	-1.8	1.1	0.3	4.0	-1.1	10.8	13.1	-2.3	4.6	1.1 Durée supérieure à 1 et ne dépassant pas 5 ans
1.2 Over 5 years	1.3	-0.6	4.1	19.9	4.2	2.4	17.1	-0.5	-4.3	1.2 Durée supérieure à 5 ans
2. Non-guaranteed export credits	-	-	-	-	-	-	-	29.4	2.9	2. Crédits à l'Exportation non-garantis
<b>IV. GRANTS BY VOLUNTARY AGENCIES, NET</b>	-	-	-	-	-	-	-	3.1	(3.9)	<b>IV. DONS ACCORDÉS PAR LES INSTITUTIONS PRIVÉES,</b>
Gross Flows:										Apporis bruts:
Total official, gross	7.0	20.6	17.3	11.9	13.2	15.6	24.3	37.7	36.8	Total du secteur public, brut
Official development assistance, gross	7.4	9.9	9.8	11.4	14.2	14.6	26.7	29.5	36.8	Aide publique au développement, brute
Other Official Flows, gross	-	-	0.5	0.6	0.6	-	1.2	2.1	0.8	Autres flux publics, bruts
New development lending, gross	-	-	-	-	-	-	-	-	-	Prêts nouveaux de développement, bruts
Official export credits, gross	-	-	-	-	-	-	-	-	-	Crédits publics à l'exportation, bruts
Debt reorganisation, O.D.A., gross	-	-	-	-	-	-	-	0.2	0.1	Réaménagement de la dette, O.D.A., brut
Debt reorganisation, O.O.F., gross	-	-	-	-	-	-	-	-	-	Réaménagement de la dette, O.O.F., brut
Private export credits, gross	-	-	-	-	-	-	-	50.0	37.2	Crédits privés à l'exportation, bruts
Netto Items:										Pour mémoire:
1. Interest received on O.D.A.	0.1	0.1	0.1	0.1	0.1	0.1	0.1	(0.1)	0.1	1. Intérêts reçus sur l'aide publique au développement
2. Interest received on O.O.F.	-	-	-	-	-	-	-	-	2.2	2. Intérêts reçus sur les autres flux publics
3. Administrative expenses	-	-	-	-	-	-	-	-	1.3	3. Dépenses administratives

1. Including non-guaranteed portion of guaranteed export credits.

1. Y compris la partie non-garantie des crédits à l'exportation garantis.

NORWAYAnnex Table 2Terms performance, 1969 and 1970

	1969	1970	Target norm
A. <u>1969 Terms Target</u> (O.D.A. Commitments)			
1. Percentage of grants in total commitments	91	99	70
2. Percentage of programme represented by transactions with a grant element equalling or exceeding 61 per cent	96	100	85
3. Grant element of the softest 85 per cent of programme	100	100	85
4. O.D.A. as a percentage of G.N.P.	0.30	0.37	-
B. <u>1965 Terms Target</u> (Total Official Commitments)			
1. Percentage of grants in total	91	99	70
2. Grants and loans with an interest rate of 3 per cent or less as percentage of total	99	100	81
3. Grants and loans with a maturity of 25 years or more as a percentage of total	98	100	82
4. Weighted average grace period of loans (years)	7.9	9.0	6.4

NORWAY  
Annex Table 3

Norwegian Bilateral O.D.A. by different geographic groupings, 1960-1970

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
<u>Total Bilateral O.D.A. (1)</u>	1.17	1.30	1.26	2.42	2.78	3.69	5.14	4.20	12.51	13.40	14.64
<u>Main recipients</u>											
Kenya	-	-	-	-	0.02	0.16	0.46	0.85	1.48	3.42	2.55
Tanzania	-	-	0.04	0.12	0.13	0.28	0.41	0.41	0.41	0.75	1.39
Uganda	-	-	-	-	0.18	0.25	0.35	0.58	0.62	0.70	0.98
Zambia	-	-	-	-	-	-	0.08	0.07	0.15	0.29	0.69
India	0.70	0.90	0.89	0.88	0.82	1.37	1.95	1.08	1.72	1.12	2.59
Pakistan	-	-	-	-	0.01	0.01	x	x	0.01	2.15	3.06
Total	0.70	0.90	0.93	1.00	1.16	2.07	3.25	2.99	4.39	8.43	11.26
<u>Consortia and Consultative Groups</u>											
Turkey	-	-0.10	-0.08	-	0.32	0.52	0.51	x	0.51	0.52	0.50
Ghana	-	-	-	-	0.02	0.07	0.11	0.04	0.03	0.36	0.19
Kenya	-	-	-	-	0.02	0.16	0.46	0.85	1.48	3.42	2.55
Tanzania	-	-	0.04	0.12	0.13	0.28	0.41	0.41	0.41	0.75	1.39
Uganda	-	-	-	-	0.18	0.25	0.35	0.58	0.62	0.70	0.98
India	0.70	0.90	0.89	0.88	0.82	1.37	1.95	1.08	1.72	1.12	2.59
Pakistan	-	-	-	-	0.01	0.01	x	x	0.01	2.15	3.06
Thailand	-	-	-	-	-	0.01	0.02	0.03	0.03	0.03	0.04
Total	0.70	0.80	0.85	1.00	1.50	2.67	3.81	2.99	4.81	9.05	11.30
<u>Least-developed countries (C.D.P. list)</u>											
Botswana	-	-	-	-	-	-	x	-	x	0.01	0.04
Burundi	-	-	-	-	-	-	-	-	-	0.03	-
Dahomey	-	-	-	-	0.04	-	-	-	-	0.20	-
Ethiopia	-	-	-	-	0.10	0.10	0.23	0.16	0.11	-	0.18
Lesotho	-	-	-	-	-	x	-	x	-	-	0.01
Malawi	-	-	-	-	-	-	0.01	-	-	-	-
Tanzania	-	-	0.04	0.12	0.13	0.28	0.41	0.41	0.41	0.75	1.39
Uganda	-	-	-	-	0.18	0.25	0.35	0.58	0.62	0.70	0.98
Afghanistan	-	-	-	-	-	-	0.01	-	x	-	-
Nepal	-	-	-	-	0.03	-	-	x	0.07	0.02	x
Total	-	-	0.04	0.12	0.48	0.63	1.01	1.15	1.21	1.71	2.60

(1) Since some recipient countries are recorded under several groupings, while others are not reported at all, the total of the individual groupings do not add up to the overall total.

## NORWAY - NORVÈGE

THE FLOW OF TECHNICAL ASSISTANCE CONTRIBUTIONS  
TO LESS-DEVELOPED COUNTRIESLES FLUX DES CONTRIBUTIONS DE COOPÉRATION TECHNIQUE  
AUX PAYS MOINS DÉVELOPPÉS

Table: Annex Table 4

Tableau:

	1965	1966	1967	1968	1969	1970	
I. Technical Assistance Disbursements (million U.S. dollars)	1.4	2.0	2.3	3.0	3.8	4.3	I. Dépenses de Coopération Technique (millions de dollars des E.U.)
of which: - direct	1.4	2.0	2.3	3.0	3.8	4.2	dont: - directes
- indirect	x	x	x	x	x	0.1	- indirectes
Students and Trainees	0.1	0.2	0.2	0.4	0.4	0.6	Etudiants et Stagiaires
- Students	x	0.1	0.1	0.2	0.3	0.5	- Etudiants
- Trainees	0.1	0.1	0.1	0.2	0.1	0.1	- Stagiaires
Experts and volunteers	1.2	1.7	2.0	2.6	3.4	3.7	Experts et Volontaires
- Experts	0.9	1.3	1.6	2.1	2.6	3.1	- Experts
- Volunteers	0.3	0.4	0.4	0.5	0.8	0.6	- Volontaires
Equipment	0.1	0.1	0.1	x	x	x	Equipement
Other and unspecified	x	-	-	-	-	-	Autres contributions et non spécifié
II. Total Number of Students and Trainees	152	107	104	196	210	276	II. Effectif total des Etudiants et Stagiaires
Students	51	75	86	104	147	103	Etudiants:
- in the donor country	51	75	86	101	135	172	- dans le pays donneur
- in the country of origin	-	-	-	1	9	7	- dans le pays d'origine
- in third countries	-	-	-	2	3	4	- dans les pays tiers
Trainees	101	112	98	92	63	93	Stagiaires
- in the donor country	100	98	98	87	63	79	- dans le pays donneur
- in the country of origin	-	10	-	-	-	6	- dans le pays d'origine
- in third countries	1	4	-	5	-	8	- dans les pays tiers
III. Total Number of Technical Assistance Personnel	105	253	290	306	471	505	III. Effectif total de Personnel de Coopération Technique
Educational experts	19	34	42	66	110	141	Experts dans l'enseignement
- teachers	18	32	41	66	102	128	- enseignants
- administrators	1	2	1	-	8	0	- administrateurs
- advisers (1)	-	-	-	-	-	5	- conseillers (1)
Operational personnel	40	65	79	93	105	111	Personnel opérationnel
Advisers	47	68	71	73	77	90	Conseillers
Volunteers	71	86	106	154	179	163	Volontaires
- teachers	12	10	29	58	68	71	- enseignants
- others	59	76	77	96	111	92	- autres
IV. Man-months data (thousands)	0.2	0.5	0.6	0.7	1.0	1.2	IV. Données en hommes-mois (milliers)
Students	0.2	0.5	0.6	0.7	1.0	1.2	Etudiants
Trainees	0.3	0.2	0.3	0.3	0.2	0.3	Stagiaires
Educational experts	0.1	0.3	0.4	0.6	0.8	1.2	Experts dans l'enseignement
Operational	0.3	0.5	0.7	0.9	1.0	0.9	Personnel opérationnel
Advisers	0.3	0.4	0.6	0.6	0.7	0.8	Conseillers
Volunteers	0.7	0.7	0.8	1.2	1.5	1.3	Volontaires

(1) Including associate or junior experts.

(1) Y compris les experts associés

NORWAY  
Annex Table 5

Norwegian trade with some major recipient countries, 1967-1970

Million U.S. \$	Bilateral O.D.A. net				Exports				Imports			
	1967	1968	1969	1970	1967	1968	1969	1970	1967	1968	1969	1970
<u>Total less-developed countries (1)</u>	4.2	12.5	13.4	14.6	244.1	318.0	362.0	304.0	249.7	288.0	313.0	409.3
of which:												
<u>Africa total</u>	2.4	9.5	8.7	7.6	71.0	95.6	99.5	87.7	53.4	61.2	63.7	81.6
of which:												
Kenya	0.9	1.5	3.4	2.6	1.1	1.4	1.9	1.8	0.8	0.2	0.6	1.0
Tanzania	0.4	0.4	0.7	1.4	..	..	..	..	..	..	..	..
Uganda	0.6	0.6	0.7	1.0	..	..	..	..	..	..	..	..
Zambia	0.1	0.1	0.3	0.7	1.2	1.1	3.5	4.4	x	x	x	x
<u>Asia total</u>	1.6	2.3	3.8	6.2	55.4	70.7	58.3	45.6	49.3	77.5	76.8	113.6
of which:												
India	1.1	1.7	1.1	2.6	10.6	6.6	9.1	2.8	3.2	3.1	3.0	3.4
Pakistan	x	x	2.1	3.1	1.2	0.8	3.1	3.1	0.4	0.4	0.5	0.7
Growth rates (percentages)												
<u>Total less-developed countries (1)</u>	-	198	7	9	-	30	14	-16	-	15	9	31
of which:												
<u>Africa total</u>	-	296	-8	-12	-	35	4	-12	-	15	4	181
of which:												
Kenya	-	67	127	-24	-	27	36	-5	-	-75	200	67
Tanzania	-	0	75	100	-	..	..	..	-	..	..	..
Uganda	-	0	17	43	-	..	..	..	-	..	..	..
Zambia	-	0	200	133	-	-8	218	26	-	-	-	-
<u>Asia total</u>	-	44	65	63	-	28	-18	-22	-	57	-1	48
of which:												
India	-	55	-35	136	-	-35	38	-69	-	-3	-3	13
Pakistan	-	-	-	48	-	-33	288	0	-	0	25	40

(1) Including Greece, Spain and Turkey

NORWAY

Annex Table 6

Exports to and Imports from Less-Developed Countries, 1967-1970

	Million U.S. Dollars				Percentages			
	1967	1968	1969	1970	1967	1968	1969	1970
<b>I. Exports</b>								
Total	1,737.6	1,937.5	2,203.0	2,455.2	100.0	100.0	100.0	100.0
To less-developed countries (1)	244.1	318.0	362.0	304.0	14.0	16.4	16.4	12.4
of which:								
Europe (1)	58.8	78.0	121.8	96.5	3.4	4.0	5.5	3.9
Africa	71.0	95.6	99.5	87.7	4.1	4.9	4.5	3.6
Latin America	54.4	67.1	68.6	64.3	3.1	3.5	3.1	2.6
Asia	55.4	70.7	58.3	45.6	3.2	3.6	2.6	1.9
Oceania	0.2	0.5	0.6	0.4	x	x	x	x
<b>II. Imports</b>								
Total	2,747.8	2,705.5	2,942.9	3,697.3	100.0	100.0	100.0	100.0
From less-developed countries (1)	249.7	288.0	313.0	409.3	9.1	10.6	10.6	11.1
of which:								
Europe (1)	30.2	33.4	37.7	51.2	1.1	1.2	1.3	1.4
Africa	53.4	61.2	63.7	81.6	1.9	2.3	2.2	2.2
Latin America	80.4	76.2	89.9	104.6	2.9	2.8	3.1	2.8
Asia	49.3	77.5	76.8	113.6	1.8	2.9	2.6	3.1
Oceania	0.5	0.2	1.3	1.9	x	x	x	x

Source: O.E.C.D., Overall Trade by Countries, July 1971

(1) Including Greece, Spain and Turkey



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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, 1971 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. They 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

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.M.