

*Bericht des Vorsitzenden des Entwicklungskomitees
der Organisation für Entwicklung und Zusammenarbeit, E. M. Martin¹*

COMMENTS BY THE CHAIRMAN OF THE DAC
ON THE 1968 ANNUAL REVIEW OF SWITZERLAND

[Paris, 23 January 1969]²

The first³ examination in depth of the Swiss development assistance efforts and policy, though necessarily somewhat exploratory, has been of particular interest to the Members of the Development Assistance Committee. The Committee was impressed by the detailed presentation of the Swiss program⁴ and by the explanations given by your representatives⁵ during the review. In a sense, the Swiss situation is unique among DAC countries. Switzerland reaches and even exceeds in most years the one per cent of national income target, but this is achieved by almost exclusive reliance on private capital flows. Thus, Switzerland is the country with the highest percentage of private capital flows in relation to national income among DAC Members, while at

1. *Bericht*: E 2210.2(-) 1986/62 Bd. 36 (N.12.61).

2. *Ort und Datum wurden dem Begleitschreiben entnommen. Vgl. Doss. Anm. 1.*

3. *Der Bundesrat beschloss am 8. Mai 1968 dem DAC beizutreten. Vgl. dazu das BR-Prot. Nr. 710 vom 8. Mai 1968, E1004.1#1000/9#734*. Zur Frage des Beitritts vgl. auch die Notiz von R. Pestalozzi an W. Spühler vom 19. Januar 1968, dodis.ch/34115. Am 10. Dezember 1968 wurde die Entwicklungspolitik der Schweiz erstmals vom DAC geprüft. Vgl. dazu Doss. E 2210.2(-) 1986/62 Bd. 36 (N.11.41) und E2001E#1980/83#791* (C.41.780.003).*

4. *Comité d'aide au Développement, Examen annuel de l'aide 1967, Memorandum de la Suisse, E 2210.2(-) 1986/62 Bd. 36 (N.11.41).*

5. *Die schweizerische Delegation bestand aus: C. Caillat, A. Dunkel, R. Pestalozzi, A. Hegner, F. R. Staehelin, R. Beaujon, M. Constantin und P. Gygi. Vgl. dazu Doss. wie Anm. 1.*



the same time it ranks as by far the lowest contributor of official aid on a national income basis.

The major issue which concerned the Committee was clearly the volume of the Swiss official assistance program. While gross official disbursements have gradually expanded during the last few years, net official disbursements have remained more or less static at around \$ 3 to \$ 4 million, corresponding to not more than 0,03 per cent of Swiss national income or to 2,7 per cent of the total Swiss flow to developing countries in 1967. While the Committee fully recognized Switzerland's tradition of economic liberalism in matters of development, it was pointed out that certain essential requirements by less-developed countries could only be met by official assistance at soft terms. Responsibility for satisfying these requirements must be increasingly shared by all industrial countries, irrespective of the level of their private flows to less-developed countries. Even though there are no agreed targets for official aid alone, it is apparent that the Swiss record in this respect is still well below the level which is required and which could eventually be expected from a country with a high per capita national income⁶.

The Committee has been somewhat encouraged by the forecasts at the review meeting on the prospective growth of the program in 1968 and 1969. In particular, it has noted that the introduction of official bilateral credits constitutes a major innovation in Swiss aid policy. It is greatly to be hoped that a faster rate of expansion of net official flows can be achieved, but this will require adequate budgetary authorizations over the next few years. It is, therefore, important that, when new requests for technical and humanitarian assistance as well as for capital flows are submitted to parliament, due account is taken of the need for a substantial strengthening of the official effort.

The Committee discussed the potential difficulties in such a course of action. It is unlikely that the balance of payments situation would prove an obstacle to an expansion of the program; on the contrary, the present large surplus in the overall current account should facilitate an expansion of official aid. Equally, budgetary problems do not appear to be more serious than those faced by most other DAC countries. But, as your delegates pointed out, it has to be recognized that the relative smallness of the Federal budget as compared with local budgets and the absence of a tradition of public expenditures outside the Confederation represents a psychological hurdle which it will require serious efforts to overcome. In this respect, the Government might study the possibility of encouraging, to the extent possible, the Cantonal and other local authorities to share in the common aid effort.

This brings me to what appears to be a major obstacle to a rapid increase in official aid. Public opinion, although generally favourable towards promoting development in the Third World by way of traditionally liberal approaches, is

6. *Zur Frage der Erhöhung der staatlichen Leistungen der Schweiz im Zusammenhang mit der Mitgliedschaft im DAC vgl. die Notiz über die Finanzhilfe der Handelsabteilung vom 21. Oktober 1968, dodis.ch/34016; die Notiz von P.A. Nussbaumer vom 18. November 1969, dodis.ch/33562 und die Notiz von S. Marcuard an W. Spühler vom 1. Dezember 1969, dodis.ch/32846.*

apparently still rather reluctant to support a substantial strengthening of the public sector in the field of development assistance, outside emergency and humanitarian considerations. It is, I suggest, a task for the Swiss authorities to create here a wider understanding of the needs and thus to secure a greater public involvement. I hope that membership of the DAC, by facilitating a comparison of the Swiss program with that of other Committee Members, will be increasingly helpful to the Swiss authorities in this respect.

The present intentions for expansion of your assistance program may, as you have indicated, in large part take the form of mixed official-private export credits, similar to those accorded to India⁷. While appreciating your reasons for expanding official aid by intensified collaboration with the private sector, the Committee was somewhat concerned about the impact which this might have on your future financial terms performance in relation to the recommendations of the DAC. I do not need to elaborate here on the DAC's concern about the deteriorating external debt situation of developing countries and the need to meet this, at least in part, by a softening of aid terms. A greater reliance on mixed credits may make it very difficult to secure improvement in your future financial terms, unless you are prepared to extend the official part of these credits at very soft terms. The Committee appreciated the statement of the Swiss representative at the review meeting that you are fully aware of this situation.

I would also urge you to strengthen the selective character of these credits by concentrating on specially useful types of investments with a high "development effect", so as to make export credits more comparable to true development loans. While the utility of export credits for some purposes is not questioned, they very often reflect primarily commercial considerations which are not necessarily identical with the highest development priorities of recipient countries.

Apart from official loans and export credits, it is clear that there is scope for a progressive expansion in Swiss technical assistance (for which there is a large and rising demand), as well as for further contributions to multilateral agencies, which provide an increasingly appropriate channel for aid contributions – particularly for those donor countries which lack the necessary "on the spot" experience in developing countries. Apart from its intrinsic value, technical assistance is a particularly useful means for familiarizing wider sections of the public with the problems of development. With regard to multilateral contributions, the Swiss decisions to contribute to the International Development Association⁸ and to join the Asian Development Bank⁹ are particularly welcome; it is to be hoped that this kind of participation can be extended as opportunity permits.

In conclusion, I would assure you that both I and the Committee appreciate the special difficulties which face the Swiss authorities at this time and are encouraged by this first examination to hope that Switzerland will be able

7. Vgl. dazu Dok. 144, dodis.ch/32801, Anm. 8.

8. Zur Botschaft über das Darlehen der Schweiz an die IDA vgl. Dok. 34, dodis.ch/32830.

9. Zu den Beziehungen der Schweiz zur Asiatischen Entwicklungsbank vgl. Dok. 72, dodis.ch/32796, bes. Anm. 6.

to share increasingly with other Members in meeting the urgent challenges of the development situation.

We are looking forward to the new progress in your program which the Swiss delegation will undoubtedly be able to report at the next annual review meeting¹⁰.

10. *Für eine Übersicht über die Leistungen der Schweiz an die Entwicklungsländer 1967 und 1968 im Zusammenhang mit den Empfehlungen des DAC vgl. den Bericht des Politischen Departements an die Finanzkommission des Nationalrats vom 29. April 1969, dodis.ch/32845.*