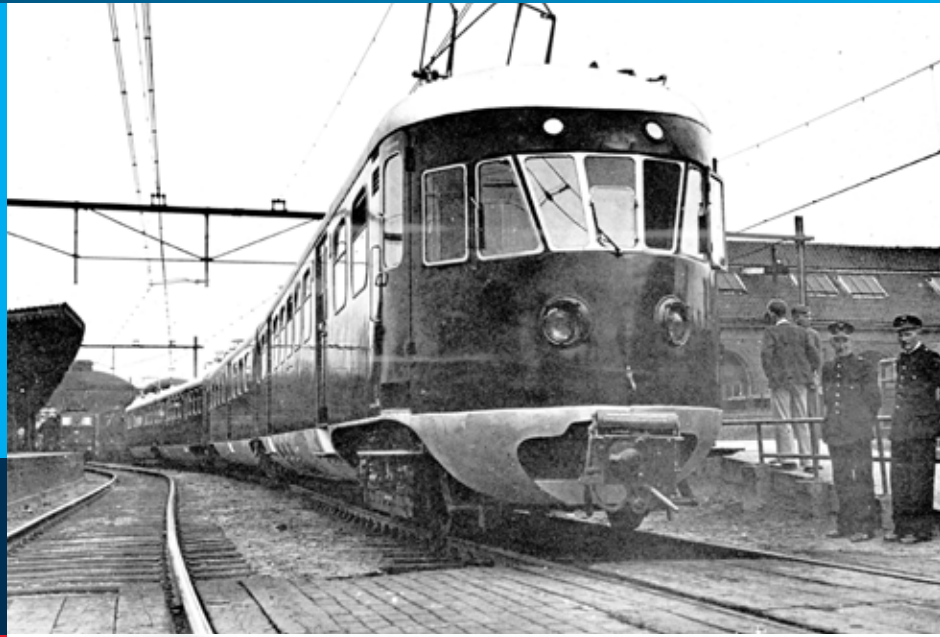


75 YEARS OF JOINTLY BUILDING A BETTER WORLD



WORLD BANK GROUP



THE NETHERLANDS AND THE WORLD BANK GROUP: 75 YEARS OF PARTNERSHIP

2022 marks the 75th anniversary of the first loan of the International Bank for Reconstruction and Development (IBRD) – now known as the “World Bank” – to the Netherlands for a \$195 million ‘Post-war Reconstruction Project’ in support of the government’s ambitious effort to rebuild the Dutch economy following the devastation of World War II. Over 13% of the Netherlands’ total net foreign resources for 1947-48 came from the loan, making it an important tool for the rehabilitation, reconstruction, and industrialization of the Netherlands.

At the end of World War II, the Dutch economy was running at 27 percent of the pre-war 1938 levels with 60 percent of the transportation system destroyed and up to 15 billion guilders in total damages. Having fully utilized a \$200 million loan from the US Export-Import Bank, and with few other sources to borrow from, the Dutch government turned to IBRD with an initial request for \$535 million to support its reconstruction needs for 1947-49. The Bank decided that it would lend for the requirements of the first year as a first tranche, with agreement that additional tranches could be made after reviewing the use of the loan and its economic effects. A \$195 million loan – IBRD’s second loan, Loan 0002 – was agreed.



Improvement of transportation was one of the results from the first loan to the Netherlands. This train was largely built from Bank-financed materials.

PIETER LIEFTINCK, NETHERLANDS MINISTER OF FINANCE (1945-52)

“In April 1947, as Finance Minister of The Netherlands, I felt the urgent need to obtain a World Bank loan because the lack of foreign exchange was causing us to run out of necessary supplies from the United States. ... — we had to borrow the dollars we needed for our imports — we felt that the only way to solve the problem was to approach the World Bank... Today, \$200 million dollars does not sound like it would go very far toward the reconstruction of a thoroughly devastated country, but as a proportion of the total requirements of foreign exchange assistance over one year, it was very important and had a significant effect on the reconstruction of the Dutch economy.”



With IBRD's market capitalization being \$10 billion at the time, this first loan to the Netherlands represented a real test of the fledgling institution's financial model and its ability to respond to countries' needs, and remains among the largest loans the World Bank has ever granted.

Loan 0002 was followed by two smaller loans to the Netherlands in 1948-49: a \$12 million loan to the Dutch Shipping Companies in 1948 for the purchase of six 12,600 ton steam turbine cargo vessels that would replace a portion of the Netherlands' merchant marine ships lost in the war; and a \$15 million loan to Herstelbank to support the rehabilitation and modernization of manufacturing plants in various branches of Dutch industry.

The first IBRD loans to France and the Netherlands, followed by two other reconstruction loans to Denmark and Luxembourg in 1947, provided critical large-scale financing to bridge the difficult period until the Marshall Plan came into effect, enhancing the pace of post-war economic recovery in Europe. For the IBRD, the repayments, which began almost immediately, provided the Bank with a welcome source of income during the years in which it was solidifying its position in the capital markets of the world.

WORLD BANK PRESIDENT MCCLOY'S
RECOMMENDATION TO THE BOARD
TO APPROVE THE 1947 LOAN TO THE
NETHERLANDS

"The Dutch people are skilled and hard-working... The Government of the country rests on solid democratic principles and has given proof of stability and wise administration. The Netherlands have never defaulted on their internal or external debt and have in fact redeemed some of their debts before maturity... The excellence of their debt record, together with their long tradition as a trading and commercial nation make the Netherlands a good credit risk."



\$15 million loan to the Netherlands signed July 29, 1949. Left to right: Dr. L.R.W. Soutendijk, Financial Counsellor, Netherlands Embassy; Dr. J. F. Posthuma, President of the Herstelbank; Eugene R. Black, President of the International Bank.

In assessing the significance of the first loans to the Netherlands and impact on the economy, the World Bank's **First Loan Administration Report** of 1950 notes that the Loan formed an important part of the external resources upon which the Netherlands relied to rebuild its economy. By 1950, economic conditions in the Netherlands since the war had shown a remarkable improvement:

"With that industry characteristic of the Dutch people, damaged towns and villages have been repaired, flooded areas have been reclaimed, and broken communications have been restored. Industrial, and agricultural output has expanded steadily and reached or surpassed prewar levels. All this has meant hard work, and the acceptance of a standard of living markedly lower than that enjoyed before the war. But even with this, the rapid recovery which has taken place would have been impossible without drawing on the resources of the outside world."

TIMELINE

From borrower to donor: key milestones, 1944-1999

► Bretton Woods Conference

JULY 1-22, 1944

The Netherlands, led by Johan Willem Beyen, was among the seventeen nations that met in Atlantic City in June 1944 to prepare the Agenda for Bretton Woods. Beyen served as the first Executive Director for the Netherlands on the World Bank's board from 1946-1952.



▼ World Bank President Black Visits Netherlands East Indies at the Request of the Netherlands Government

JUNE 4, 1948



Kertamanah tea factory, visited by Executive Director Black in 1948.

Shipping Loan to the Netherlands

JULY 15, 1948

First Loan to the Netherlands: Post-war Reconstruction Project

AUGUST 7, 1947

► International Bank for Reconstruction and Development (IBRD) Articles of Agreement Signed by the Netherlands

DECEMBER 27, 1945

FOR THE NETHERLANDS:

75
YEARS

OF JOINTLY
BUILDING
A BETTER
WORLD

Bank Loans \$7 Million to KLM Royal Dutch Airlines

MARCH 21, 1952

International Finance Corporation (IFC) Articles of Agreement Signed by the Netherlands

DECEMBER 28, 1956

Bank Loans \$15 Million to Herstelbank

MAY 14, 1957

Netherlands Trustee Certificates to be Issued Against 25-years 3 Percent Bank Bonds

MAY 3, 1950

Dollar Savings Bank of New York Buys \$1 Million Dutch Shipping Loan Notes

JANUARY 12, 1949

Loan to Herstelbank

JULY 26, 1949

▼ The Netherlands retires its first loans to the World Bank, ten years ahead of schedule

SEPTEMBER 29, 1959

World Bank President Eugene R. Black:

“I would like to point out that the Netherlands, the country which in 1949 was the Bank's second biggest borrower, in 1959 retired the last of its obligations to us, more than ten years ahead of the longest maturity. Outstanding. Today, the Netherlands, is keeping with its traditional role as one of the important suppliers of resources to the Bank.”



▲ **Netherlands Joins the International Centre for Settlement of Investment Disputes (ICSID)**

OCTOBER 14, 1966

Aaron Broches, a Dutch national, was the founder of ICSID, serving as its Secretary General from 1967-1980.

Netherlands co-finances first project with the World Bank

JULY 14, 1969

Co-financing of Fertilizer Expansion and Plant Operation Project in India. This marks the first of hundreds of projects that the Netherlands will jointly co-finance with the World Bank.

▶ **The Netherlands is the first developed country to sign the convention establishing the Multilateral Investment Guarantee Agency (MIGA)**

APRIL 12, 1988



▼ **International Development Association (IDA) Articles of Agreement Signed by the Netherlands**

JUNE 30, 1961



As one of the founding members of IDA, the World Bank's concessional fund for the poorest, the Netherlands participated in the first IDA replenishment in 1964, and hosted the second in 1967 in The Hague. It was at this replenishment that the Netherlands began an exemplary pattern of stepping up with "supplementary" IDA contributions, outside of the burden sharing process, to fill funding gaps when needed.

Netherlands Commits \$70 Million to the Heavily Indebted Poor Countries (HIPC) initiative

DECEMBER 20, 1999

▶ **Launch of the Steering Committee for Onchocerciasis Control**

MAY 7, 1973

The World Bank and the Netherlands, together with WHO, FAO and UNDP, and other donors launch the Onchocerciasis Control Program to end river blindness in West Africa. The Netherlands was the largest donor and a key partner during the 28 years of this partnership which concluded successfully in 2002.



Bronze statue 'Sightless among Miracles' by artist Skip Wallen on display outside the Amsterdam Royal Tropical Institute

QUOTE FROM **FIRST LOAN ADMINISTRATION REPORT**, DEC 20, 1950:

“The Bank Loan has, of course, to be considered in the broader framework of Dutch economic policies. In fact, the adherence of the Government of the Netherlands to sound economic principles, as set out in the representations submitted to the Bank at the time the Loan was made, has formed a real foundation of the Dutch post-war recovery, a foundation without which both internal sacrifices and external assistance would have been in vain.”

In the 1950s, the World Bank made two final loans to the Netherlands: a \$7million loan in 1952 to KLM Royal Dutch Airlines for the expansion and modernization of the airline’s fleet; and a \$15 million loan in 1957 to Herstelbank, to support its lending capacity to Dutch industry. This thus closed the chapter on the Netherlands as a World Bank borrower, cementing a historic partnership that would continue with the Netherlands playing a strategic role in the development of what is now known today as the World Bank Group. Starting with the creation of the Bretton Woods institutions in 1945 through to the establishment of the International Finance Corporation (IFC), the International Development Association (IDA), the International Centre for the Settlement of Investment Disputes (ICSID) and most recently the Multilateral Investment Guarantee Agency (MIGA), the Netherlands’ technical expertise and intellectual rigor have shaped the design and policies of these institutions.

KEY HISTORIC FIGURES



Johan Willem Beyen: Head of the Netherlands delegation at the Bretton Woods Conference in July 1944, Beyen was the Netherlands first Executive Director for the World Bank, serving from 1946 to 1952. He went on to become the Netherlands Minister of Foreign Affairs, from 1952 to 1956, playing a key role in the creation of the European Economic Community. He later served as the Dutch Ambassador to Germany, from 1957 to 1958, and to France, 1958 to 1962.



Pieter Liefstinck: Finance Minister of the Netherlands from 1945 to 1952, Liefstinck negotiated the Netherlands first loan application to the World Bank in 1947. In 1952, he resigned as Minister of Finance to become the World Bank Special Representative in Ankara, serving until 1956. He was then Chief of the World Bank’s Economic mission to Syria and Jordan until 1955 when he was named the Netherlands Executive Director for the World Bank. He retired from the World Bank’s board in 1971. While at the World Bank he led the first World Bank study on water management issues (in Pakistan). The study helped establish the Bank’s reputation in water policy expertise.

Between 1951 and 1971, the Netherlands ranked sixth among shareholders in terms of number of Dutch nationals working at the World Bank. This early ‘Dutch influence’ helped to shape World Bank lending policies and the creation of IDA, the World Bank’s concessional lending arm in 1961, positioning the Netherlands as a key contributor to IDA, both in terms of financial support and strategy setting.



THE NETHERLANDS AND THE WORLD BANK GROUP TODAY

Working together to improve lives around the world.

The Netherlands is a valued partner of the World Bank Group: the 14th largest shareholder, 9th largest donor to IDA, one of the largest donors to WBG trust funds and an important partner of the IFC's syndications program through the Dutch Development Bank, **FMO**. The Netherlands provides thought leadership and technical expertise in areas such as climate adaptation and renewable energy, agriculture and food security, water management, disaster risk reduction and resilience, gender and sexual and reproductive health and rights, and fragility, conflict and violence.

The Netherlands has been a forward leaning and critical donor in historical partnerships such as the Onchocerciasis Control Program, Education For All, and the **Global Environment Facility** and

more recently, the **Global Financing Facility for Women, Children and Adolescents**, the **Energy Sector Management Assistance Program** and the **Climate Investment Funds**, to name just a few. The World Bank participates in Dutch-led initiatives such as the **Global Commission on Adaptation** and the Prospects Partnership, fostering cooperation among international organizations for forcibly displaced populations.

More recently, the Netherlands has supported the World Bank Group in helping countries respond to the impacts of COVID-19. It was one of the first donors to support the World Bank's initial response to the war in Ukraine (**FREE Ukraine**).



Ukrainian President Zelenskyy addresses WBG-IMF shareholders, Spring Meetings 2022 PHOTO: WB, 2022



AXEL VAN TROTSENBURG, MANAGING DIRECTOR OF OPERATIONS, THE WORLD BANK

“The anniversary of the World Bank’s first loan to the Netherlands reminds us of the importance of strong partnerships, especially in difficult times. In the 75 years since the Netherlands turned to the World Bank to help the Dutch economy recover from the devastation of World War II, our relationship has only grown stronger. The Netherlands is a valued and steadfast partner of the World Bank Group as we work together to confront the multiple crises facing Europe and the world—from climate change to food security to the war in Ukraine.”

Unless otherwise indicated, all photographs and documents cited are taken from the [World Bank Group Archives](#) and [World Bank Group photo collection](#)

