

The money, after all, would still have to come from much the same sources. It seems to us highly improbable that the proposed fund would bring forth any significant new resources. It is not at all clear to us what, in practical terms, a capital development fund could do that the World Bank group of institutions is not already doing. Such a ~~new~~ fund would compete with the International Development Association for the funds available and it is doubtful in our view whether it would be able to achieve greater results than those experienced institutions now in operation. Indeed the emergence of yet another fund and the further proliferation of institutions active in the capital investment field might result in a slower increase in the flow of capital assistance.

Let me give an example of what I mean. As we all know, the Special Fund, with current assets of over \$100 million a year, has proven itself a most successful programme. One test of its success is the Fund's ability to provide services which encourage increases in the flow of public and private capital. I think we can all agree that the Special Fund is meeting this test. In many cases a limited amount of preinvestment has resulted in an extraordinary amount of capital investment. The note prepared by the Secretary-General on the transformation of the Special Fund into a capital development fund confirms our fears that the total resources available for this vital pre-investment work might diminish rather than grow as an indirect or direct result of the establishment of yet another capital development fund through the transformation of the Special Fund. We would be very sorry to see a step taken which would in any way restrict the Special Fund's preinvestment activities which are having such a significant impact in many developing countries. Indeed, Mr. Chairman, Canada has supported the consolidation of the Expanded Programme of Technical Assistance and the Special Fund in the hope that this will help encourage yet greater resources being made available for the vital work in the pre-investment field. We in Canada look forward to greater achievements by the Fund in the future as it engages in new undertakings such as, for example, pilot and demonstration projects in the industrial sector designed to encourage capital investment.

As for the World Bank group, in particular the International Development Association, the adaptation of policies to the changing needs of developing countries is continuing. The International Development Association has been provided with \$125 million from the Bank's net income for the years 1963-64 and 1964-65. This is, of course, in addition to the \$758 million which has been allotted to IDA up to June, 1966, to finance its fifty-year credits which carry the nominal service charge of three-quarters of one per cent per annum. It should also be noted that the World Bank group is now prepared to undertake increasing amounts of local currency expenditures for agreed projects.

I should also like to note, in passing, Mr. Chairman, that the other institution affiliated with the IBRD, the International Finance Corporation, will in its particular area of operation, be able to borrow