

an increase of \$439 million over 1964. Taken together the new loans, credits and investments by the Group aggregated \$1,386 million in 1965, a new record and a gain of \$215 million over 1964.

The annual report of the IBRD and IDA emphasized the economic and financial environment in which the World Bank Group operates. It noted that the developing countries, exclusive of Communist China, had a population of about 1.5 billion and a total annual national product of \$200 billion (an average of \$133 *per capita*). As a result of rapid population growth, the developing countries generally were unable to increase their *per capita* product faster than about two per cent a year. After observing that the net flow of external finance from developed to developing countries had risen by very little during the 1960s, the report stated that a preliminary enquiry by the staff of the Bank revealed that the developing countries could effectively use, on the average over the next five years, some \$3 to \$4 billion more of external capital a year. A large portion of this amount should be offered on concessional terms such as are provided by IDA.

In the year ending June 30, 1965, gross disbursements (drawdowns) on outstanding IBRD-IDA loans and credits to developing member countries totalled about \$712 million<sup>1</sup> or about eight per cent of the total gross amount of official bilateral and multilateral aid. About \$222 million was accounted for by IDA credits.

In the first IBRD bond issue in Canada in ten years, the IBRD raised \$25 million (Canadian) in Canadian capital markets in 1965. (It was followed by another \$20 million (Canadian) issued in February 1966.) During the year, Canadian manufacturers and engineering consultants were active in designing and equipping development projects financed by the Bank and IDA.

While the great preponderance of IBRD and IDA lending continued to be for basic public utilities, operations in support of agriculture and education were expanded during the year. In the investigation and preparation of projects in agriculture and education, the Bank and IDA co-operated closely with UNESCO and FAO under the new co-operative arrangements with these institutions. A greater emphasis was also given to industrial development and the Bank's Articles of Agreement were amended to permit it to lend up to \$400 million to IFC so as to make greater resources available for investment in private enterprises in developing countries.

The IDA Board of Governors approved the transfer of \$75 million from the 1964-65 earnings to IDA. Including a similar transfer of \$50 million in 1964, total IBRD grants to IDA now stand at \$125 million.

<sup>1</sup>IBRD disbursements to developed member countries were \$109 million.