laterally supported projects in certain other priority sectors which the Bank might be asked to administer from time to time.

These funds would be loaned at more lenient repayment terms than those applying to the Bank's ordinary lending operations.

The question is why should the United States support special fund arrangements in the Asian Development Bank, I believe there are strong and persuasive reasons for doing so.

First, the United States will be responding to Asian initiatives for cooperation in vital areas of economic development. The Asian Bank—itself a prime example of such initiative and of the principle of self-help, as well as regional cooperation—has undertaken to set up a multilateral special fund for agriculture development in Asia in response to a proposal cosponsored by the countries of Southeast Asia and Japan. Eight countries of Southeast Asia have been developing a regional program in the field of transportation and communications which the Asian Bank has agreed to assist. And consideration is being given to suitable ways in which the Asian Development Bank might assist in carrying out the plans of the Mekong Coordinating Committee.

Second, U.S. participation in these programs will help bring about a greater and wider participation on the part of the more advanced countries in the economic development in Asia. Japan has announced its intention to contribute $100 million in ADB special funds over several years. We hope Japan will do even more, and we think they will. The Netherlands has said it would contribute $1.1 million in 1968 as its first contribution to the special agriculture fund. Canada has said it very much favors special funds for the ADB and that it intends to participate in appropriate proportion to its participation in the regular capital of the Bank. Canada's share of the capital in the Bank is $25 million. Indications from some other countries have also been favorable. And the steps taken first by Japan in preparing its own legislation and now by the United States by way of the President's proposing this legislation will do much in encouraging other countries to join in this cooperative effort to provide additional resources to the Asian Bank.

In other words, what I am saying is, if the U.S. Government approves this participation, I see no difficulty at all in getting other countries to match this or more than match this.

Third, only through the availability of special funds will the Bank be able to provide a substantial volume of financing on concessional terms. The job of development can be assisted greatly by availability of capital at different rates of interest which rates depending on the nature of the project, some of which are slow payout but of high benefit, or on the external payments position of the borrowing country.

Mr. Reuss. May I interrupt you at this point. Do you later in your presentation discuss the nature and extent of these concessional terms?

Mr. Black. Yes, sir.

Mr. Reuss. Thank you.

Mr. Black. The Bank in its regular lending operations must remain a hard-money institution. To preserve the Bank's credit standing its own subscribed funds must be lent on conventional hard-loan terms—similar to those of the World Bank. Therefore, certain projects, however worthwhile the purpose or sound the