

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

RESOLUTION AG-11/14

Capital Adequacy Policy Mandate of the Inter-American Development Bank

WHEREAS:

Pursuant to Recommendation 14 of document AB-2990 of May 2, 2014, a new Capital Adequacy Policy shall be subject to approval by the Board of Governors and, once approved, such policy will be implemented in accordance with the parameters established by the Board of Governors;

Pursuant to Resolution DE-122/14, the Board of Executive Directors presented to the Committee of the Board of Governors document FN-568-20, entitled “Capital Adequacy Policy Mandate,” and during its meeting of October 9, 2014, the Committee of the Board of Governors recommended changes to the Capital Adequacy Policy Mandate;

Pursuant to Resolution DE-133/14, the Board of Executive Directors approved document FN-568-22 to reflect the changes to the Capital Adequacy Policy Mandate recommended by the Committee of the Board of Governors, and agreed to submit for consideration of the Board of Governors document FN-568-22 and this Proposed Resolution;

The Board of Governors

RESOLVES:

1. That the Capital Adequacy Policy Mandate of the Inter-American Development Bank shall be as set forth in Section 7.1 of document FN-568-22, to wit:

“The Bank provides funding at competitive pricing for projects in Latin American and Caribbean countries with and without a sovereign guarantee. Based on the limited number of borrowing member countries and the distribution of economic activity in the Region, the Bank operates with high single-borrower concentration. In addition, the Bank stands ready to support the Region during a downturn, i.e., continuing lending during a regional crisis.

Therefore, the Bank shall establish regulations, policies, guidelines, and related initiatives, including the definition of appropriate capital buffers, to maintain its

firm financial footing and ensure a long-term foreign-currency credit rating of triple-A (or equivalent) level, with all major credit rating agencies. These regulations, policies, guidelines, and related initiatives shall adhere to international best practices for financial risk management, in particular those adopted by similarly rated regional and multilateral development financial institutions. The Bank shall maintain its commitment under the 9th General Capital Increase to provide preferential support to small and vulnerable countries in Latin America and the Caribbean.”

2. That the Board of Executive Directors and Management are authorized and directed to implement the recommendation set forth in Section 7.2 of document FN-568-22.

(Adopted on October 31 2014)