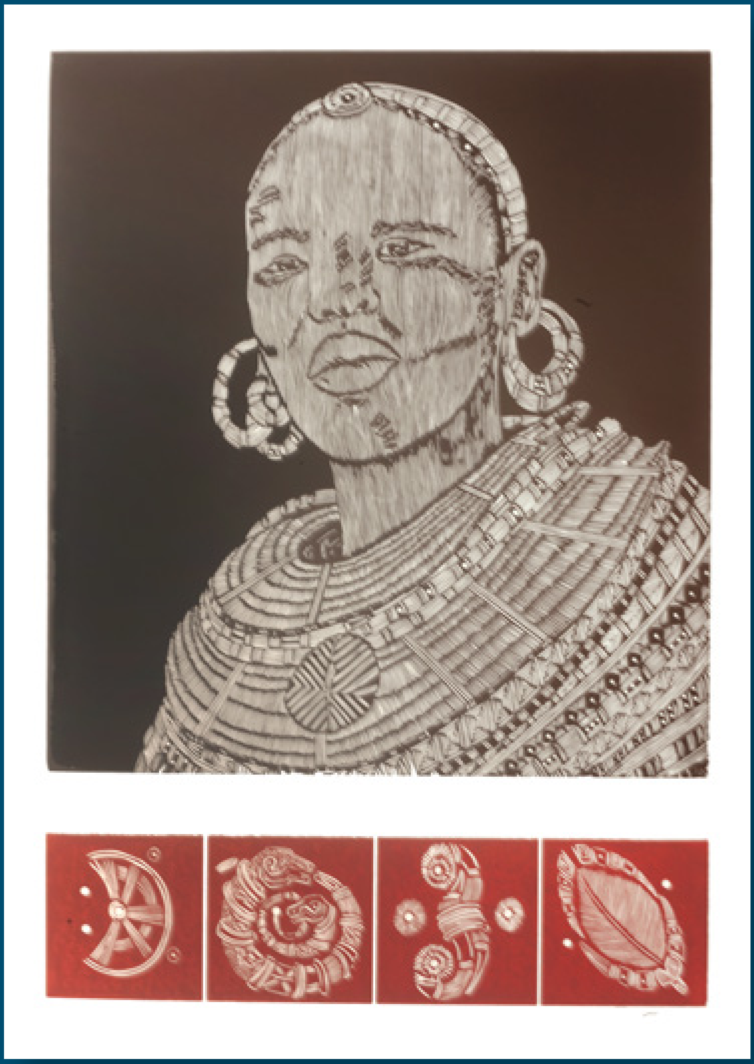
STAFF RETIREMENT PLAN
ANNUAL REPORT
2015



IDB IIC

Omar Richardson

(Bahamas,1982-)

Personal Language, 2011

color woodcut

41 1/2 x 29 1/2 in

Inventory number 2012.1

Inter-American Development Bank Art Collection

Washington, DC

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Gilvano Swasey

(Belize, 1975 -)

Blue Sunshine, 2001

linoleum print on paper

20 x 16 inches

Inventory number 2002.29

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Washington D.C.

LETTER FROM THE EXECUTIVE SECRETARY

I am pleased to present the 2015 Annual Report of the Staff Retirement Plan (Plan) of the Inter-American Development Bank (IDB) and Inter-American Investment Corporation (IIC).

At year-end 2015, the Plan's assets, in the Staff Retirement Fund (SRF or Fund), were slightly below their highest-ever year-end level reached in 2014, at $3.53 billion. After a six-year rebound in financial market assets from the 2008 crisis, markets changed focus mid-year from recovery to future economic growth trends, including China's economic shift from manufacturing and exports to consumption, central bank policy trends, disruptive technologies and geo-political event risks. With slower-than-trend economic growth over the past six years, extraordinary monetary easing by many of the world's central banks, technologies which are changing patterns of supply and demand, and increased geo-political instability, many markets retreated from all-time highs reached during the year. In light of these concerns, six of the Fund's 12 asset classes delivered negative returns, including fixed income securities responding to a rise in U.S. interest rates, and non-U.S. assets negatively-impacted by the stronger U.S. Dollar (USD). Consequently, the Fund's Policy Benchmark - the Plan's Strategic Asset Allocation (SAA) target weights in approved benchmark indices - delivered a -1.2% nominal return, and the Fund, while outperforming its Policy Benchmark, delivered a -0.6% return. While this was the first year since 2008 that the Fund had delivered a negative return, its performance benefited from active strategies implemented by external investment managers, rebalancing actions taken by the Executive Secretariat and internal management of inflation-indexed U.S. Treasury bonds. Please see Section III, Plan Assets, Investment Policy and Results, for further detail.

The financial health of a defined benefit plan is assessed based on actuarial funding and accounting valuation measures. Following Society of Actuaries standards, actuarial health is assessed on the plan's success in delivering expected real rates of return, which grow assets to meet long-term liability cash flows, and the ability of the Plan sponsor to meet its theoretical contribution rate. While the Fund's 2015 returns lagged actuarially-assumed nominal (7.0%) and real (3.5%) rates, due to financial markets' declines during the year, over the longer-term it has generally met and/or exceeded both rates. The Plan's success in delivering expected returns has supported a sustainable level of Plan Sponsor contributions as well, which has averaged 20% of net remuneration over the long-term. During 2015, the Pension Committee approved a new, industry best practice, actuarial valuation of assets (AVA) methodology.

Following U.S. Generally Accepted Accounting Principles (GAAP), accounting health is assessed by discounting plan liability cash flows to a net present value (NPV) using high-quality corporate bond rates. At year-end 2015, the Plan's average discount rate was 4.24%, an increase of 0.36% over the rate at year-end 2014, which resulted in a lower NPV of liabilities. The IDB calculates two accounting measures of liabilities: on an accrued-to-date basis based on current salaries (the Accrued Benefit Obligation, or ABO), and on an accrued-to-date with future salary increases on applicable benefits (the Projected Benefit Obligation, or PBO), the latter of which is reported in the IDB's annual financial statements. With the combined impact of a lower NPV of liabilities with an additional year of accrued liabilities and marginal asset declines, the Plan's funded status remained essentially unchanged at year-end 2015 from year-end 2014:

the ABO, at 107%, and the PBO, at 98%. Please see Section IV, Financial Health of the Plan, for actuarial, contribution and accounting detail.

In 2015, the Secretariat worked with several departments, outside consultants and actuaries to assist the Bank in its completion of the multi-year analysis and reform of the Retirement Plans. Two Policies were approved by the Bank's Board of Executive Directors: in July, a Retirement Plan-related Risk Appetite Policy and, in November, Long-Term Funding Policies for the Plans. The Risk Appetite Policy established two risk metrics: the first, related to long-term sustainability which focuses on the Plans' real returns, and the second, related to short-term volatility which focuses on the Plans' varying returns of assets and liabilities. The Long-Term Funding Policy established stable contribution rates (SCRs) for each Retirement Plan (20% of international net remuneration for the Plan), an initial five-year term for the Plans' SCRs, and a Stabilization Reserve for each of the three largest Plans, which are funded by Bank contributions in excess of each Plan's theoretical Plan Sponsor rate as calculated by the Plans' actuaries. See Section V for further detail on the two Policies.

As has been its practice in recent years, the Bank's Board of Executive Directors reviewed and approved IDB contribution rates to the Plans at a special meeting, based on the Plans' actuarial valuations and, in 2015, based on the Long-term Funding Policy. The 2015 contribution rate to the Plan, at 20% of net international remuneration, represents the first of the Long-term Funding Policy's five year initial term, and exceeds the actuarially-determined theoretical rate of 7.75%. As established in the Long-term Funding Policy, the excess of the approved over theoretical rates, or 12.25% of net remuneration ($28 million) was contributed by the Bank to the Plan, but invested separately in the Plan's Stabilization Reserve Fund.

As noted at the outset of this Letter, while the financial situation of the Plan remains strong on both actuarial and accounting bases, shifts in global economic and monetary conditions support an in-depth review of the Plan's assets and liabilities, which is done periodically. With the establishment of the Bank's Risk Appetite metrics, Long-Term Funding contribution rates and Stabilization Reserve investments, the Plan's Asset-Liability Study has been reinitiated. The Study will assess long-term expected returns of currently-approved and potential new asset classes, conduct stochastic and deterministic modeling including of various scenarios and, consistent with established Bank Policies, update the Plan's Investment Policy Statement.

We welcome your questions and comments, and can be reached at:

Phone: (202) 623-3560

Fax: (202) 623-2177

Email: VPF/SRP@iadb.org

Active Staff Intranet: http://retirement

Mail: 1300 New York Avenue, NW Stop E0507, Washington, DC 20577

Sincerely,

Kurt Focke

Executive Secretary

IDB Retirement Plans

PLAN HIGHLIGHTS

More information on all data presented below is provided in the Report

Staff Retirement Fund (SRF) Assets and Performance	2011	2012	2013	2014	2015
SRF Market Value, ($MM)	2,785	3,127	3,435	3,611	3,527
Nominal Return (Gross of Fees)	2.37%	14.30%	10.67%	6.90%	-0.61%
Real Return[1] (Net of Fees)	-0.86%	11.98%	8.76%	5.80%	-1.54%
Policy Benchmark Nominal Return	3.02%	13.44%	10.71%	6.80%	-1.20%
Actuarially Assumed Nominal Return	7.00%	7.00%	7.00%	7.00%	7.00%
Actuarially Assumed Real Return	3.50%	3.50%	3.50%	3.50%	3.50%

Contribution Rates (% pensionable remuneration), Contributions and Benefit Payments	2011	2012	2013	2014	2015
Employee Contribution Rate	10.00%	10.00%	10.00%	10.00%	10.00%
Employer Contribution Rate	25.30%	20.00%	30.10%	20.00%	20.00%
Contributions (Active Staff IDB/IIC) ($MM)	77	67	93	70	71
Benefit Payments ($MM)	105	112	115	119	125

Plan Participants	2011	2012	2013	2014	2015
Active Employees	1,740	1,776	1,773	1,783	1,740
Retired, Deferred, Spouses and Dependents	2,088	2,124	2,184	2,253	2,331
Total Beneficiaries	3,828	3,900	3,957	4,036	4,071

Liabilities and Funded Ratios	2011	2012	2013	2014	2015
Accumulated Benefit Obligation (ABO) ($MM)[2]	2,798	3,263	2,871	3,386	3,287
Projected Benefit Obligation (PBO) ($MM)[3]	3,148	3,752	3,154	3,751	3,612
Average PBO/ABO Discount Rate	4.75%	4.00%	4.85%	3.88%	4.24%
ABO Funded Ratio	99.50%	95.80%	120.30%	106.60%	107.30%
PBO Funded Ratio	88.50%	83.40%	109.40%	96.30%	97.60%
ABO Growth Rate	21.71%	16.62%	-12.50%	18.60%	-2.92%
PBO Growth Rate	20.02%	19.19%	-16.30%	19.50%	-3.71%

Sources: Actuarial Valuations and Fund Reports

1 Net of expenses and after adjusting for inflation.

2 Accumulated Benefit Obligation: The Plan's liabilities for benefits accrued to date based on current salaries.

3 Projected Benefit Obligation: The Plan's liabilities for benefits accrued to date, allowing for future salary increases, if applicable.

Ras Ishi Butcher

(Barbados, 1960-)

A New Day, 2004

Acrylic on canvas

40 x 30 inches

Inventory number 2012.3

Inter-American Development Bank Art Collection

Washington D.C.

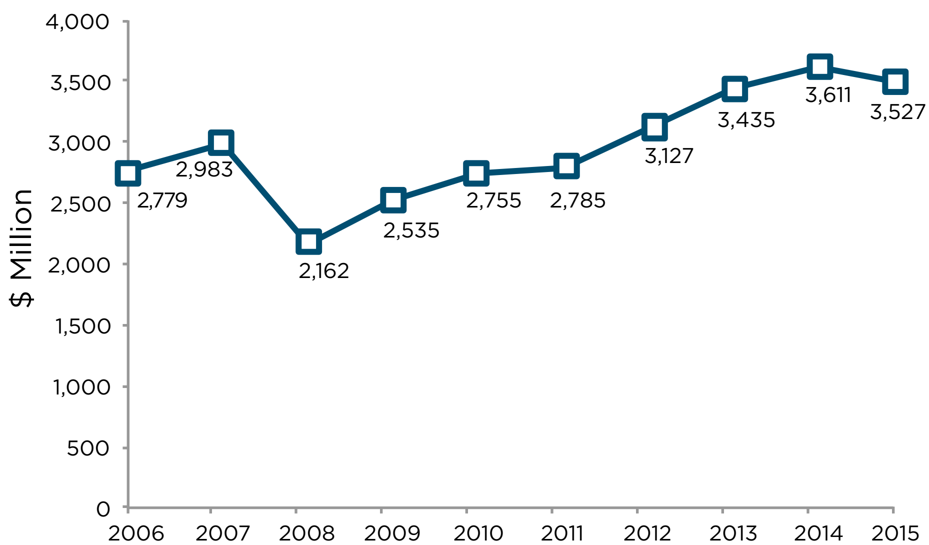
PLAN ASSETS, INVESTMENT POLICY AND RESULTS

PLAN ASSETS

At year-end 2015, the Plan's assets were just slightly below their highest-ever level achieved in 2014, at $3.5 billion (shown below), as a consequence of financial market declines and net cash outflows (benefit payments in excess of contributions). The Plan's assets have more than recouped all losses from the financial market crisis.

Staff Retirement Fund Market Value

2006 to 2015



INVESTMENT POLICY STATEMENTS

The Plan's assets are managed in accordance with the Investment Policy Statement (IPS) approved by the Pension Committee in 2010. The IPS incorporates Liability Driven Investment (LDI) principles, including data from the Plan's Actuaries and results of the Plan's 2010 Asset-Liability Study conducted by Milliman/Evaluation Associates under the direction of the Secretariat and the Investment Committee. The IPS is comprised of four sections which: i) outline the Plan's purpose; ii) establish a variety of Plan objectives; iii) set a strategic asset allocation with approved asset classes, targets and ranges; and iv) outline each asset class' investment guidelines. The LDI Policy is briefly summarized below, while the full document is available on the Secretariat's intranet and Retirees' Association' website. The Stabilization Reserve, established as part of the Long-term Funding Policy (see Section V), is held outside of the main SRF but belongs to the Plan. Its Investment Policy Statement (SR-IPS, see below) was approved by the Pension Committee in early 2016.

Purpose

The assets of the Plan are held and administered separately from the other property and assets of the Bank and are solely to provide benefits for the participants and their beneficiaries under the Plan. Given the long-term nature of the Plan's obligations, the Fund has a long investment horizon that permits it to tolerate near-term asset volatility. To establish its objectives, the Policy takes into consideration the Fund's purpose, the nature of the Plan's obligations, the impact of interest rates and portfolio return scenarios on the Plan's funded status, and IDB/IIC contributions.

Objectives

- **Financial Soundness**
  Achieve a Plan funded ratio (market value/PBO) of at least 110%.

- **Real Returns**
  Meet or exceed the actuarial real-rate of return assumption, currently 3.5%, used for Plan funding purposes.

- **Relative Return/Risk**
  Meet or exceed the Policy Benchmark return with similar or lower risk (standard deviation) over rolling five-year periods.

- **Diversification**
  Be diversified across asset classes and securities.

- **Reviews**
  Formally review the Fund's performance and asset allocation at least annually. Conduct an Asset/Liability Study every three to five years in order to evaluate the Plan's funding condition and, if necessary, revise the Fund's Investment Policy.

During 2015, the Secretariat provided the Pension and Managing Committees with quarterly reports on the Plan's performance relative to each objective. The Secretariat also provided quarterly reviews to the Managing Committee on the Fund's investment manager performance, compliance and status. The Secretariat also continued its practice of conducting annual on-site due diligence visits with all managers, and interim conference calls and meetings at the IDB, as part of the investment manager monitoring process. The Secretariat completed searches in three asset classes and hired four managers for the SRF.

The Secretariat delivered monthly reports to senior management regarding asset and liability returns, funded status, and market performance. On a quarterly basis, the Secretariat provided inputs to the Bank's Risk Management (RMG) Department for its Financial Risk Report to the Board's Audit Committee, and regularly provides inputs to the Bank's Finance Department for its long-term financial planning presentation to the Board's Budget and Financial Policies Committee. The Secretariat participated actively in RMG's Pension Risk Appetite Policy (see Section V).

Stabilization Reserve Investment Policy Statement

Upon approval of the Long-term Funding Policy by the Board, the Stabilization Reserve was funded at the end of 2015. All assets were initially invested in approved short-term fixed income assets and then, upon the Pension Committee's approval of the SR-IPS, and the Managing Committee's approval of a Core Fixed Income investment vehicle, diversified in accordance with the approved Strategic Asset Allocation (SAA) in the first quarter of 2016.

Strategic Asset Allocations (SAAs)

The Plan's approved SAA is broadly diversified across twelve asset classes, as shown below. Asset classes are grouped into two categories, according to their purpose within the Plan. The first category, Return Strategies (RS), is allocated 65% of the Fund, and the assets within the category are intended to generate returns above the growth rate of Plan liabilities to maintain or increase assets in support of benefit payments. The second category, Liabilities Strategies (LS), is allocated the remaining 35% of the Fund, and the assets within the category are intended to partially hedge the interest rate and inflation risks inherent in the Plans' liabilities. The interest rate risk is introduced by the U.S. GAAP-required valuation method of Plan benefit cash flows, while inflation risk is introduced by the cost-of-living adjustments (COLA) made to retiree benefits, which are tied to inflation, and also to growth in active staff wages, which are influenced by inflation. The Stabilization Reserve's SAA, in compliance with the low-risk investment objective established in the Long-term Funding Policy, is balanced between two LS fixed income asset classes: Core Fixed Income and Cash Equivalents.

Each asset class is assigned an SAA target allocation, a permitted range, and a benchmark index, against which the Plan's asset class investments are measured. Benchmark indices are selected pursuant to CFA Institute principles: well-recognized, publicly-available, and representing the Plan's approved universe of asset class securities. The Policy Benchmark of the Fund is a static mix of passive investments represented by the asset class benchmarks indices weighted by IPS target allocations. As the Fund is regularly rebalanced toward IPS targets, its asset allocation closely mirrors the SAA Policy.

SAAs of the Staff Retirement Plan and Stabilization Reserve

	Actual Allocation*	Policy Target	Range	Benchmark Index
Return Strategies	**65%**	**65%**	**60%-70%**	
U.S. Equities	25%	25%	22%-28%	Russell 3000
Non-U.S. Equities	24%	24%	21%-27%	MSCI EAFE, 50% hedged to US dollar
Emerging Markets Equities	4%	4%	2%-6%	MSCI Emerging Markets
Emerging Markets Debt	3%	3%	1%-4%	JP Morgan EMBI Global Diversified
Commodity Index Futures	2%	3%	1%-4%	S&P GSCI
High Yield Fixed Income	2%	2%	1%-3%	Barclays Capital High Yield**
Public Real Estate	2%	2%	1%-3%	MSCI US REIT
Private Real Estate/Infrastructure	3%	2%	1%-5%	NCREIF Property
Liabilities Strategies	**35%**	**35%**	**30%-40%**	
US Treasury Inflation-Protected Securities	15%	15%	13%-17%	Barclays Capital US TIPS
Long Duration Fixed Income	15%	15%	13%-17%	Barclays Capital US Long Gov't/Credit
Core Fixed Income	5%	5%	3%-7%	Barclays Capital US Aggregate
Cash Equivalents	0%	0%	0%-3%	Merrill Lynch 3-Mth US Treasury Bill
Stabilization Reserve* **				
Core Fixed Income		50%	40%-60%	Barclays Capital US Aggregate
Cash Equivalents	100%	50%	40%-60%	Merrill Lynch 3-Mth US Treasury Bill

* Numbers may not add due to rounding   **2% Issuer Constrained

*** Stabilization Reserve IPS approved and implemented shortly after year-end 2015.

Tony Capellán

(Dominican Republic, 1955 -)

Signos de Arena I (Sand Signs I)

oil and sand on linen

39 x 35 inches

Inventory number 1992.76

Inter-American Development Bank Art Collection

Washington D.C.

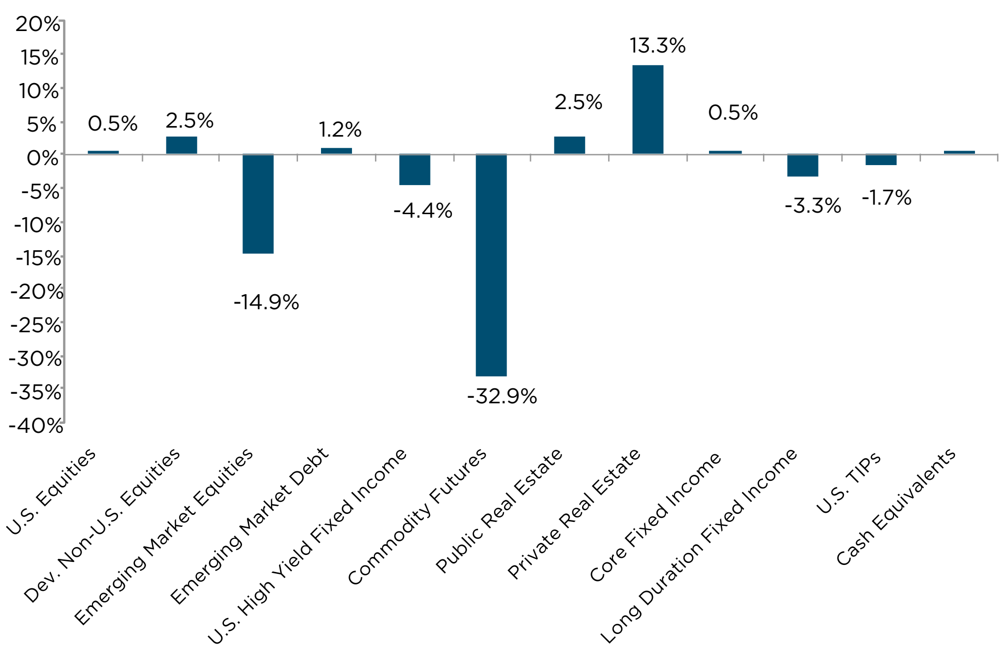
Asset Class Guidelines

Each asset class' guidelines defines the universe of securities permitted, the opportunistic (non-benchmark) assets permitted, the required allocation to passive (or index-like) investments, if any, and any investment prohibitions. The Plan's IPS require a 50% passive allocation in the two largest asset classes: U.S. Equities and Non-U.S. Equities, but the Plan currently has a higher level of passive investment due to active strategy terminations in recent years.

FINANCIAL MARKETS PERFORMANCE

While six out of twelve asset classes delivered positive performance during 2015, many of the Plan's larger SAA segments declined. In Return Strategies, strongest returns were in Private Real Estate (13%), Public Real Estate (3%), and Emerging Market Debt (1%). Liabilities Strategies was challenged by the Fed's first rate increase in nearly a decade with only Core Fixed Income generating gains (1%).

Asset Class Benchmarks' Performance 2015



Asset classes' performance was influenced by a variety of factors: slow growth in the U.S., which challenged U.S. financial assets' returns; a stronger U.S. Dollar, which lowered non-USD-denominated asset returns; higher U.S. sovereign bond rates and corporate spreads, which challenged fixed income returns; and sluggish global growth, which lowered commodities prices. Among the Plan's assets, EM Equities delivered negative returns in U.S. Dollar terms, and Commodity Futures dropped about 33% with slow global growth, most importantly in China. The Plan's Liabilities Strategies were challenged by higher interest rates, wider investment grade corporate spreads and lower inflation expectations, but these factors also reduce the present value of the Plan's liabilities.

FUND INVESTMENT RESULTS

The SRF's Return and Liabilities Strategies categories were introduced as part of the October 2010 Investment Policy, so performance of these categories is shown through five years.

Staff Retirement Fund 2015 Performance

Returns	Annualized Performance (Periods Ending December 31, 2015)						
	1-year	3-year	5-year	10-year	15-year	20-year	25-year
Total Staff Retirement Fund	-0.6%	5.5%	6.6%	5.3%	5.7%	7.7%	8.5%
Policy Benchmark	-1.2%	5.3%	6.3%	5.0%	4.7%	7.0%	n.a.
SRF After Fee Return	-0.8%	5.3%	6.3%	5.0%	5.4%	7.4%	8.3%
Consumer Price Index	0.7%	1.0%	1.5%	1.9%	2.1%	2.2%	2.3%
SRF Real Return	-1.5%	4.3%	4.7%	3.1%	3.3%	5.1%	5.8%
Return Strategies	-0.1%	8.5%	7.4%	n.a	n.a.	n.a.	n.a.
Return Strategies Benchmark	-1.0%	8.1%	6.8%	n.a.	n.a.	n.a.	n.a.
U.S. Equity	1.0%	15.1%	12.4%	7.3%	6.0%	8.4%	n.a.
Russell 3000 Index	0.5%	14.7%	12.2%	7.4%	5.4%	8.3%	n.a.
Non-U.S. Equities	2.6%	8.5%	6.0%	3.9%	4.4%	6.4%	n.a.
EAFE Index 50% Hedged to USD	2.5%	9.0%	5.5%	2.9%	2.6%	5.2%	n.a.
Emerging Markets Equities	-14.2%	-6.4%	-4.2%	n.a.	n.a.	n.a.	n.a.
MSCI Emerging Markets Free Index	-14.9%	-6.8%	-4.8%	n.a.	n.a.	n.a.	n.a.
Emerging Markets Debt	3.0%	2.3%	7.1%	n.a.	n.a.	n.a.	n.a.
J.P. Morgan EMBI Global Diversified Index	1.2%	1.0%	5.4%	n.a.	n.a.	n.a.	n.a.
U.S. High Yield Debt	-3.8%	2.2%	n.a.	n.a.	n.a.	n.a.	n.a.
BarCap* U.S. High Yield Index, 2% Cap	-4.4%	1.7%	n.a.	n.a.	n.a.	n.a.	n.a.
Credit Suisse Commodity Index Futures	-32.9%	-23.7%	-15.1%	-10.0%	-3.7%	n.a.	n.a.
S&P 500 GSCI Commodity Index	-32.9%	-23.7%	-15.2%	-10.8%	-4.7%	n.a.	n.a.

Returns	Annualized Performance (Periods Ending December 31, 2015)						
	1-year	3-year	5-year	10-year	15-year	20-year	25-year
Public Real Estate	4.0%	11.9%	11.8%	n.a.	n.a.	n.a.	n.a.
MSCI U.S. REIT Index	2.5%	11.1%	11.2%	n.a.	n.a.	n.a.	n.a.
Private Real Estate	15.2%	14.1%	14.0%	6.7%	9.0%	10.2%	n.a.
NCREIF Index	13.3%	12.0%	12.2%	7.8%	9.0%	9.9%	n.a.
Liabilities Strategies	-1.8%	0.2%	4.7%	n.a.	n.a.	n.a.	n.a.
Liabilities Strategies Benchmark	-2.0%	0.0%	4.6%	n.a.	n.a.	n.a.	n.a.
U.S. Treasury Protection Securities	-1.6%	-2.1%	2.8%	4.0%	5.5%	n.a.	n.a.
BarCap* U.S. TIPS Index	-1.7%	-2.4%	2.5%	3.9%	5.5%	n.a.	n.a.
Long Duration Fixed Income	-3.2%	1.9%	6.8%	n.a.	n.a.	n.a.	n.a.
BarCap* U.S. Long Govt/ Credit Index	-3.3%	1.7%	7.0%	n.a.	n.a.	n.a.	n.a.
Core Fixed Income	0.5%	1.3%	3.8%	6.2%	6.5%	6.7%	n.a.
BarCap* U.S. Aggregate Bond Index	0.5%	1.4%	3.2%	4.5%	5.0%	5.3%	n.a.

(* BarCap = Barclays Capital)

Similarly, asset classes introduced over time have varying lengths of available performance. The Fund's total performance, including newly-introduced asset classes and managers, as well as previously-held strategies, is provided for the 25-year period and, over all periods shown, the SRF has outperformed its Policy benchmark.

The Fund tends to deliver performance similar to that of the Policy Benchmark, due to its more than 50% investment in passive (index-like) strategies. In 2015, the Fund's 0.6% outperformance was influenced by actively-managed strategies in U.S. Equities, Non-U.S. Equities, EM Debt, EM Equities, and Public Real Estate. The Secretariat's tactical underweights in commodities for the year, and in Return Strategies assets during periods of heightened market volatility, also benefited.

FINANCIAL HEALTH OF THE PLAN

The financial health of the SRP is assessed on the basis of actuarial funding and accounting valuation measures. Information on both bases is provided in the Plan's Financial Statements and Actuarial Valuations, while accounting information is provided in the Plan sponsor's Financial Statements. The Financial Statements of the Plan and Plan sponsor are prepared by the Bank's Finance Department and audited by external auditors (currently KPMG). Actuarial Valuations are prepared by the external actuaries (Willis Towers Watson), and reviewed by the Bank's Finance and Risk Management Departments, by the IIC and by the external auditors. These documents are available to Active participants on the Secretariat's intranet site, and to Retired and Deferred participants in the Secretariat's offices.

Key actuarial health measures include reasonable Plan sponsor contribution rates and net cash outflows, which are impacted by the Plan's asset returns and participant dynamics.

PLAN SPONSOR CONTRIBUTION RATE

As noted above, active staff's contribution rate to the Plan is 10% of net pensionable pay, pursuant to the Plan Document. The Plan Document also indicates that the Plan sponsor's (IDB) contribution will be based on an actuarial analysis that incorporates i) the expected stream of Plan benefit payments, ii) the Fund's actuarial value of assets (AVA), iii) the Plan's long-term assumed real-rate of return on assets, and iv) any long-term contribution rate policy in place. While the Pension Committee is responsible for directing the completion of actuarial valuations of the assets and liabilities of the Plan, the Board of Directors approves annual Bank contributions.

Plan benefit payments are actuarially-calculated based on Plan Document provisions, demographics, Plan sponsor compensation policies, inflation, and mortality assumptions. Cash flows are modeled out almost 100 years, as the duration of benefits for participants and their beneficiaries is long. Demographics, compensation policies, inflation and mortality assumptions are reviewed approximately every five years in detailed Plan Experience Reviews; the most recent Review was completed in 2011, with data from 2005 through 2010; a new Experience Review, with data from 2011 through 2015, is being completed in 2016. As needed, assumptions are updated between Experience Reviews; for example, compensation assumptions were updated and approved by the Pension Committee in 2013 after the Bank implemented its Total Rewards Framework.

Revision of Actuarial Value of Assets Method

In accordance with industry best practices, the actuarial assumptions and methods of the IDB's Retirement Plans are regularly reviewed and, when appropriate, revised. In conjunction with the Plan's actuary it was determined that the Retirement Plans' actuarial value of assets (AVA) was outdated. While the AVA method is utilized to "smooth" the Plan sponsor's annually-determined theoretical long-term contribution rate, the former method no longer reflected market conditions. Specifically, it recognized income and expenses each year, but smoothed gains and losses over five years, delaying the recognition of a major component of the assets' investment returns. As a result, the Plans' AVAs were systemically below their market values, creating a bias which does not comply with actuarial best practice standards, and the method was recommended for revision by the Bank's actuaries. Accordingly, in October 2015, the Pension Committee approved a new AVA method for the Plans, which immediately recognizes income and expenses, and compares expected with realized returns, adjusting the AVA when the computed value lies outside a ±20% corridor around the market value of assets (MVA). The new method will continue to moderate the volatility of the Plan sponsor's contributions, recognizes the Plans' expected returns based upon their SAAs, will limit the potential divergence between the revised AVA method and the Plans' MVAs with ±20% corridor and, accordingly, implements actuarial best practice standards.

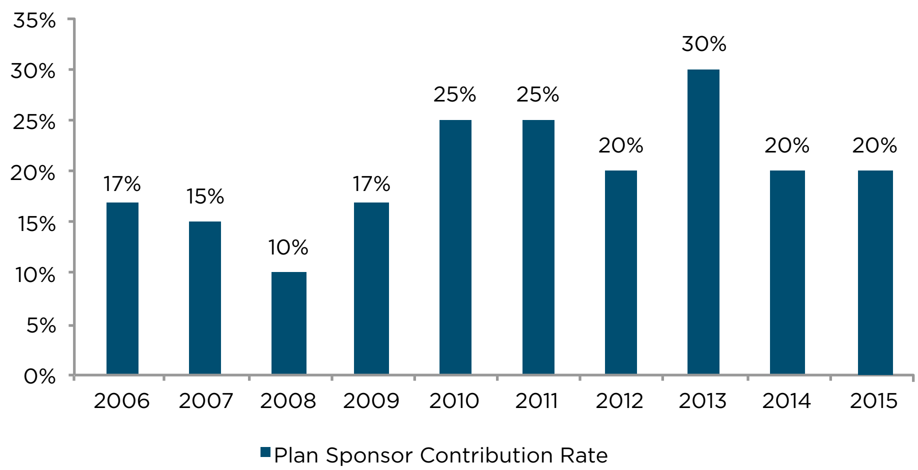
History of Plan Sponsor Contributions

While active staff contributes 10% of net remuneration each year, the Plan Sponsor's theoretical annual contribution rate has varied over time due to changes in benefit payments, the AVA, assumed returns on assets, and any long-term contribution rate policy in place. The actuarially-assumed expected rates of return are developed based on the Plan's SAA and the industry's prevailing capital markets assumptions (CMAs). As the SAA changes infrequently, in the context of periodic Asset-Liability Studies, and forward-looking CMAs are developed for periods of 10 years or longer, the Plan's assumed returns also do not change often. The Plan's achieved results versus actuarial assumptions, therefore, are important drivers of changes to the Plan sponsor's theoretical contribution rate. Over the past 25 years (as shown above), the SRF's 8.5% nominal return has exceeded the actuarially assumed 7.0% rate, and its 5.8% real return exceeds the assumed 3.5%.

For the first 38 years of the Plan's history, the Bank followed a stable contribution rate policy, at either 20% or 24% of net remuneration, with the rate reviewed and affirmed each year in conjunction with the Plan's actuarial valuations. In 1998, however, the multi-year rate was altered, as the 1998 Actuarial Valuation indicated that, after years of stronger-than-assumed asset returns, the Plan sponsor could suspend contributions, which was done for several years. Beginning in 1999, the Bank's contribution has been approved annually based on the theoretical rate determined by the Actuaries. This annual method resulted in volatile Bank contributions from year to year, due to lower-than-historical contributions from 1999 through 2009, and several market disruptions, which caused the Plan's assets to decline. After rising to 30% in 2013, the Bank's theoretical rate began to decline and, for 2015, was 7.8%. Management recommended a 20% multi-year rate, similar to the Plan sponsor's long-term rate as part of the Plan's Long Term Funding Policy (see Section V), which the Board's approved. The graph below shows the Plan sponsor's contribution rates since 2006.

Staff Retirement Plan
Plan Sponsor Contribution Rates

2006 to 2015

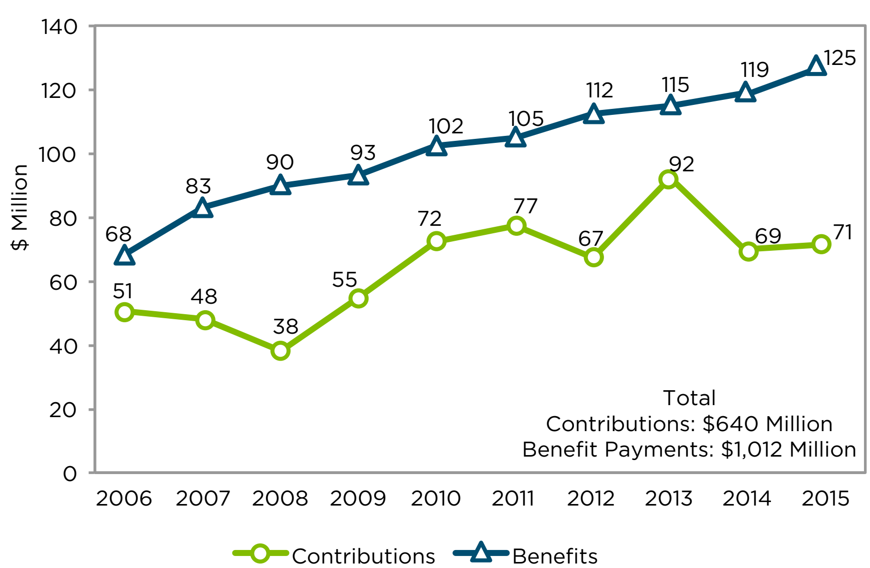


CHANGES IN NET ASSETS

The Plan's net assets change over time as a function of contributions from active staff and the Plan sponsor, benefit payments and, most importantly, asset investment returns. The graphs below detail contributions (active staff plus Plan sponsor) and benefits paid since 2006, showing a rise in benefit payments, as active staff has retired, and variable contributions annually-approved Plan sponsor rates. In 2015, benefit payments exceeded contributions by $54 million. As the Plan was created more than 50 years ago, assets have grown to highest-ever levels and are the key influence on net asset changes.

Staff Retirement Plan Contributions and Benefits

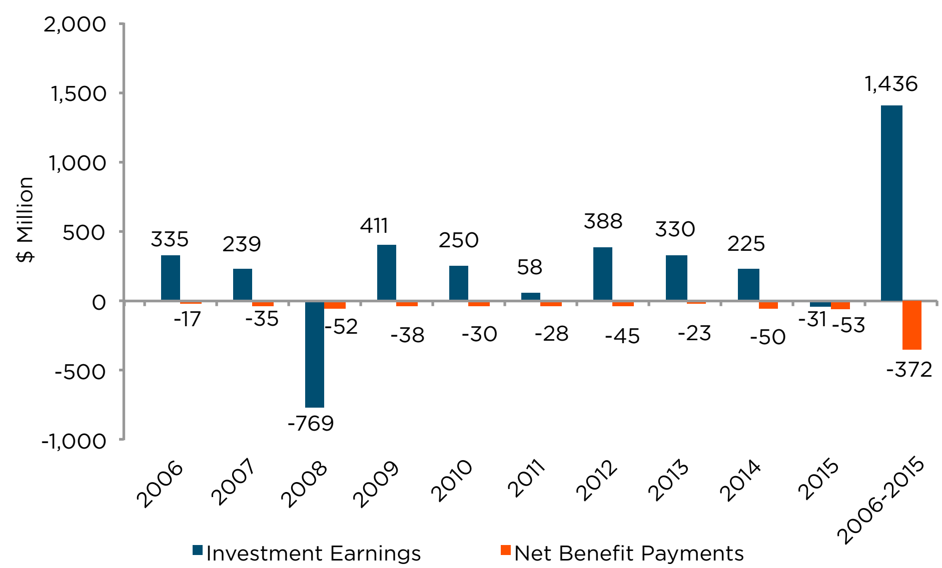
2006 to 2015



Since 2006, the Plan has paid $1.0 billion in benefits, and received $640 million in contributions. In the same period, it has earned $1.4 billion from its investments, 30% more than benefits paid, more than twice the contributions received and, accordingly, has more than fully-covered the $372 million in net payouts (excess of benefit payments over contributions).

Investment Returns Exceed Net Withdrawals

2006 to 2015



FINANCIAL STATEMENT SUMMARY

The Plan's financial statements are prepared by the Bank's Finance Department and audited by the external auditors. Excerpts from these statements are shown in the tables below.

Net Assets

The two tables below show the Plan's net assets available for benefits and detail the components impacting net asset changes. The first table indicates an increase of almost $100 million since 2013, largely due to investment income.

Net Assets Available for Benefits ($Thousand)

	2013	2014	2015
Assets			
Investments, at fair value	$3,434,226	$3,612,978	$3,528,964
Due from the Inter-American Development Bank	2,738	23	0
Total Assets	3,436,964	3,613,001	3,528,964
Liabilities			
Accrued expenses	2,284	2,159	2,170
Due to the Inter-American Development Bank			6
Total Liabilities	2,284	2,159	2,176
Net Assets Available for Benefits	3,434,680	3,610,842	3,526,788

The second table shows that benefits have exceeded contributions, slightly lowering asset growth, while transfers of pension rights to/from other Plans have had a net contributory effect. Benefit payments have continued to grow, more than $9 million since 2013, as the retiree participant pool has grown.

Changes in Net Assets Available for Benefits ($Thousand)

	2013	2014	2015
Net Assets Available for Benefits (beginning of year)	$3,127,376	$3,434,680	$3,610,842
Net Investment Income	329,841	224,774	(30,570)
Contributions from Employer	67,449	45,785	46,770
Contributions from Participants	22,534	22,863	23,561
Transfers from other Plans	2,622	1,643	888
Total Contributions	92,605	70,291	71,219
Total Benefit Payments	(115,142)	(118,903)	(124,703)
Net Increase (decrease) in Net Assets Available for Benefits	307,304	176,162	(84,054)
Net Assets Available for Benefits (end of year)	$3,434,680	$3,610,842	$3,526,788

Net Assets and Funded Status

The tables below show the Plan's funded status (more detail in the next paragraphs), based upon their net assets. The tables show an improvement in both ABO (benefits accrued to date) and PBO (benefits accrued with provision for salary increases) measures of funded status.

ABO Funded Status

(Assets/Obligation Expressed in $Million)

	2013	2014	2015
Net Assets Available for Benefits	$3,435	$3,611	$3,527
Accumulated Benefit Obligation	2,856	3,386	3,287
ABO Funded Status	120.3%	106.6%	107.3%

PBO Funded Status

(Assets/Obligation Expressed in $Million)

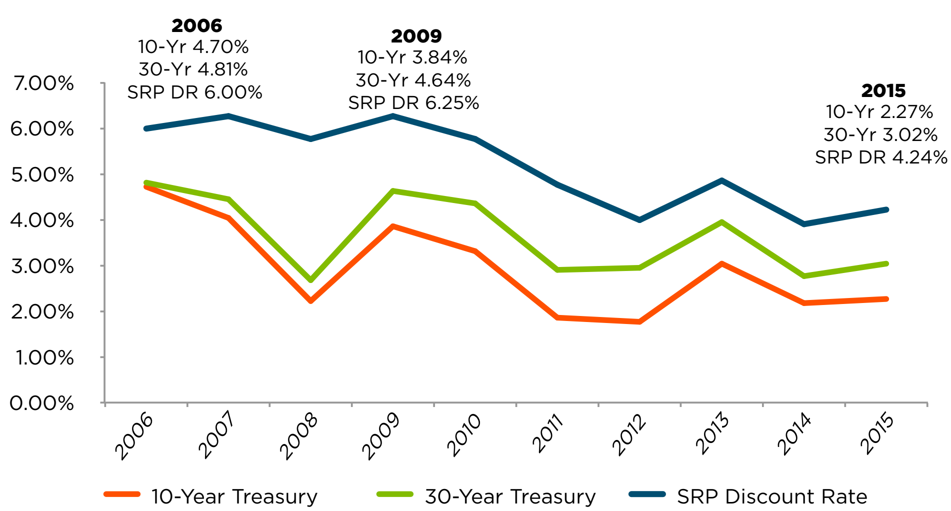
	2013	2014	2015
Net Assets Available for Benefits	$3,435	$3,611	$3,527
Projected Benefit Obligation	3,139	3,751	3,612
PBO Funded Status	109.4%	96.3%	97.6%

FUNDED STATUS

The Plan's funded status provides an accounting measure of Plan's health, with two measures calculated: the ABO and PBO (reported in the Plan sponsor's financial statements). The Plan's funded status, since 2006, has been impacted by two primary factors: high-quality discount rates, and asset returns. As global central banks have taken extraordinary measures to stimulate growth, sovereign rates have declined materially, with the result that the Plan's discount rate has fallen significantly but, in 2015, rose slightly from 3.88% to 4.24%.

U.S. Treasury and Plan Discount Rates

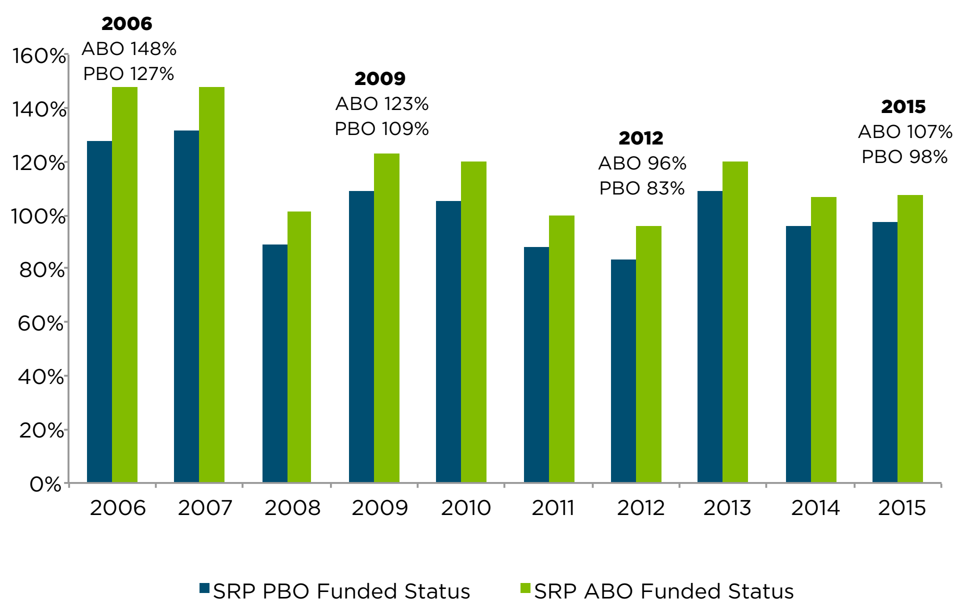
2006 to 2015



Interest rate volatility impacts the Plan's funded status due to the discounting of accounting liabilities using high-quality interest rates. This volatility, in combination with changes in the Plan's asset values, has caused material variations in the Plan's ABO and PBO funded status since 2006. While the Plan's asset returns in 2015 lagged actuarial assumptions, the 2014 to 2015 36 basis point increase in the discount rate caused the net present value of the Plan's liabilities to decline 5%, with the result that the Plan's ABO and PBO funded status remained essentially unchanged, as shown below.

Staff Retirement Plan PBO Funded Status

2006 to 2015



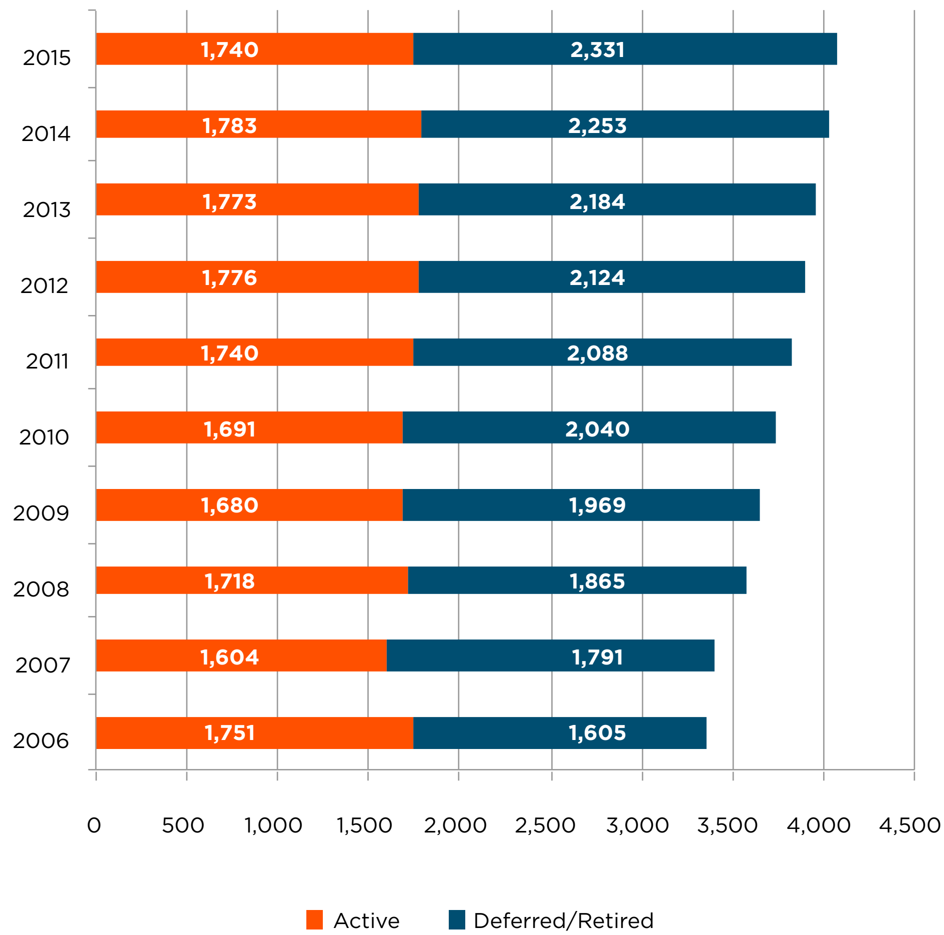
PLAN PARTICIPANTS

Since 2006, the total number of Plan participants has grown 21%, from 3,356 to 4,071. Over this period, the population of active participants has decreased 0.63%, while retired and deferred participants have increased 45%. As a consequence, the ratio of active to retired and deferred participants has declined from 109% (more active than retired and deferred by 9%) to 75%, thus there are 25% fewer active than retired and deferred participants.

In 2015, the participants included 1,740 active participants accruing benefits and 2,331 who were already receiving benefits (retirees and beneficiaries) or who were entitled to, but not yet receiving, benefits (deferred). The total number of participants increased during the year by 35 people, including 44 net active participants who left the plan and 78 participants that shifted to retired or deferred status. Active, retired and deferred, and total participant trends are shown below.

Staff Retirement Plan Participants

2006 to 2015



Sonnylal Rambissoon

(Trinidad and Tobago, 1926 - 1995)

Rime of the Ancient Mariner, 1977

color woodcut (3/150)

17 x 15 inches

Inventory number 1992.266

Inter-American Development Bank Art Collection

Washington D.C.

SPECIAL REPORT: 2015 BANK POLICY APPROVALS RELATED TO THE RETIREMENT PLANS

During 2015, the Bank's Board of Executive Directors approved Retirement Plan-related Risk Appetite and Long-term Funding Policies, which comprise the final components of a five-year review and reform process of the Retirement Plans. Pursuant to the review's Terms of Reference, approved by the Board's Organization, Human Resources and Board Matters Committee in 2011, Management undertook a review of the Bank's Plans to ensure that they were aligned with the Bank's GCI-9 mandate to attract, retain and reward talent and ensure continued capacity to respond to client demands. The review initially focused on four areas: i) financial analysis, including long-term funding projections, contribution rates, distinctions between the international and national pension Plans, and portability; ii) legal considerations; iii) alignment with the Bank's Human Capital Strategy; and iv) practices of primary comparators. Amended Terms of Reference added several additional foci: v) financial sustainability and risk; and vi) governance. The two Policies approved in 2015 focused on: i) financial sustainability and risk posture (the Risk Appetite Policy, approved in July 2015); and ii) long-term funding and contributions (the Long-Term Funding Policy, approved in November 2015), discussed separately below.

RISK APPETITE POLICY

In July 2015, the Board approved its first Risk Appetite Policy for the Retirement Plans, which includes the establishment of two risk metrics and a Risk Appetite governance matrix. The Policy began with a review of the Plans' purpose, the role of the Plan sponsor and funding method for the Plans, recent exogenous and endogenous events with significant impact, actions taken to date, and policies of the Bank's comparators. It assessed trade-offs between different investment strategies, presented the key elements of both long-term and short-term metrics, and concluded with the establishment of limits for each metric and implementation steps consistent with the governance structures of the Plans and the Bank. The two Risk Appetite metrics focus on the long-term financial sustainability of the Plans, and on the short-term volatility of the Plans' funded status and its impact on the Plan sponsor's financial statements.

The Bank's Retirement Plans are a key component in the Bank's Total Rewards Framework, appropriately compensating staff to attract and retain the talent needed to fulfill the Bank's mission and operations. As Plan sponsor, the Bank is responsible for providing Plan Document-defined benefits, it largely "pre-funds" each Plan's accruing liabilities and holds the Plans' assets apart from Bank assets in custody at an outside bank. While the Plans' liabilities and assets have inherent risks related to longevity, wages, inflation and investment returns, a series of exogenous and Bank-specific events over the past 15 years have highlighted the significance of the Plans' assets and liabilities to the Bank. These events included financial market stress periods, changes in accounting regulations and credit rating agency Standard & Poor's (S&P) methodology, Bank human resources policies and Plan sponsor contribution rates.

To mitigate the impact of these events, strengthen the Plans' operations, risk management and governance, and better-align the Plans' investments with their long-term liabilities, the Bank initiated a series of actions. These actions included: i) since

2007, including the Plans in the Bank's risk framework (COSO) and in external audit reviews; ii) in 2007, 2009 and 2011, completion of internal audits of the Plans; iii) in 2010 and 2011, the approval of Liability-driven Investment (LDI) Policies for each Plan by governing committees, which raised the correlation of their asset returns with the movement of accounting liabilities; iv) in 2013, approval of the Bank's updated Capital Adequacy Policy by the Board, which includes the Plans' interest rate offset role; v) in 2011 and 2014, approval of parametric reforms to the Plans by the Board; vi) in 2014, approval of an enhancement to the governance structure of the Plans by the Board; and vii) in 2014, revision of postretirement benefits by Management.

The Risk Appetite Policy memorandum assessed risk metrics which would balance the trade-offs between the Plans' long-term sustainability and acceptable Bank contribution rates, with the Plans' funded status volatility. It reviewed the role of each Plans' Return and Liabilities Strategies assets, noting that the Plans incorporate a mix of these assets, consistent with the actuarially-assumed expected rate of return on assets utilized in determining funding levels. It was noted that, if the Plans' allocation to Return Strategies were lowered (raised) from 65%, and Liabilities Strategies commensurately increased (reduced) from 35%, the Plans' funded status volatility and capital requirements could be expected to decline (rise) but, in response to a reduction (increase) in expected asset returns, contribution rates could be expected to rise (fall). Based on internal analysis done by Risk Management and the Secretariat, as well as external analyses done by actuarial consultants, the Board approved the following two metrics, which balance long-term and short-term objectives:

- Long-term Returns: The Board approved a maximum variance between expected and required real returns of 1.0%. Expected returns are updated annually in conjunction with and for inclusion in the Bank's Financial Statement Disclosures, while required returns are updated in conjunction with asset-liability studies, and drive Bank contribution rates.
- Short-term Volatility: The Board approved a maximum asset/liability variability (or "Active Risk") of 18.5%, measured by standard deviation of returns computed over a three year rolling basis. Active Risk is computed monthly by the Plans' custodian, and is reported quarterly to the Plans' governing committees and to the Audit Committee of the Bank's Board of Executive Directors. It is driven primarily by the Plans' strategic asset allocation (SAA) as set during periodic asset-liability studies.

The Policy memorandum outlined implementation steps which comply with the fiduciary governance of the Plans, and the Bank's overall governance structure. The ranges, limits and mitigating actions outlined comply with these structures, enhance transparency, and outline the discussion and action plans utilized should limits for the metrics be exceeded. The Policy also clarifies the roles of those responsible for risk measurement, management and reporting.

LONG TERM FUNDING POLICY

After the approval of the Bank's Risk Appetite Policy for the Plans, a Long-term Funding Policy for the Retirement Plans was presented for the Board's approval. The Policy includes the establishment of a stable contribution rate (SCR) for each Plan, the establishment of a Stabilization Reserve (SR) for each of the three largest Plans, and a five-year initial term for the Policy, with Bank contributions approved each year by the Board.

The Policy memorandum briefly reviewed actions taken by the Bank from 2010 through mid-2015, and then focused on the funding method for the Plans and Bank contributions since 1999. The Policy memorandum also assessed international financial institution comparators' plan contribution policies, noting that all seven institutions surveyed utilized stable contribution rates for their defined benefit pension plans. Based on the Plans' key role in the Bank's Total Rewards Framework, the long-term nature of the Plans' benefits, recent volatility in actuarially-determined Bank contribution rates, and the funding policies employed by comparators, the Policy recommended the implementation of an SCR appropriate for each Plan.

To support the recommended SCR for each Plan, a variety of analyses were conducted: internally-generated historical simulations, forward-looking stochastic projections done by external consultants and actuaries, the actuarially-determined marginal cost of new entrants, and a survey of the rates contributed by comparator organizations. The analyses included assessments of the impact of a range of investment allocations on the previously-approved Risk Appetite Policy metrics, on potential future Bank contribution rates, and on the level of excess assets when SCRs exceed actuarially-determined rates. The approved SCR for the Staff Retirement Plan is 20% of net international remuneration.

In light of the Policy's objective of buffering against volatility in Bank contributions, Stabilization Reserve (SR) funds were established for the three largest Retirement Plans: the Staff and Local Retirement Plans, and the Postretirement Benefits Plan. The SRs receive funds whenever a Plan's SCR is above the actuarially-determined Bank contribution rate, while funds will be withdrawn from the SRs whenever a Plan's SCR was below the actuarially-determined Bank contribution rate. For 2015, the Plan received its 7.75% actuarially-determined theoretical Bank contribution rate, while the Plan's SR received the remaining 12.25% of the Plan's approved SCR. Given the Policy objective to buffer against volatility in Bank contributions, and the SRs' specific role to fund extra Bank contributions in the event of negative market impacts on the Plans' assets, the Board approved its "low-risk" investment objective. Accordingly, while the SRs belong to each Plan, and are included in the Plans' market value on the Bank's financial statements, each is invested in a separate low-risk account belonging to the respective Plan, rather than as part of the overall SAA of each Fund.

The Policy's SCRs and SR mechanisms were approved for a five-year period, from 2015 through 2019, subject to annual Board approvals of contribution amounts. The five-year period was selected as it would permit the Bank to monitor the sufficiency of each Plan's SCR, the appropriateness of the SR assets selected and their market value growth, and any emerging Plan-related impact of the underlying liabilities or other events. The 2015 contributions were also consistent with the SCRs, thus 20% for the SRP.

Lastly, the Policy's implementation complies with the fiduciary governance of the Plans and the Bank's governance structure. It clarifies the roles of those responsible for measurement, management and reporting of each element of the Policy, and outlines the discussion and action plans utilized should trends in SCRs, SRs and/or other Policy components emerging.

Gerard Hanson

(Jamaica, 1971 -)

Salute, 2009

archival inkjet print and acrylic paint on canvas

25 x 26 inches

Inventory number 2011.1

Inter-American Development Bank Art Collection

Washington D.C.

PLAN OVERVIEW AND ADMINISTRATION

OVERVIEW OF THE PLAN AND PLAN BENEFITS

The SRP is a defined benefit pension plan for the international employees of the IDB and the IIC. Pension benefits are funded through a combination of employee and employer contributions, and investment returns earned on the Fund's assets. The Plan Document establishes the employee's contribution rate of 10% of net remuneration and the requirement for the Plan sponsor to contribute according to actuarial requirements. The Plan Document, most recently revised in 2014, establishes eligibility requirements, accrual factors, normal and early retirement ages, and remuneration upon which pensions are calculated. Provided they meet Plan provisions and based on their years of service and highest average remuneration, participants are entitled to:

- A lifetime pension at retirement.
- Income replacement in the event of total and permanent disability.
- Cost of living adjustments on pension benefits as prescribed in the Plan.
- Benefits to qualifying surviving spouse in the event of a participant's death.
- Benefits to qualifying dependents in the event of a participant's death.
- If no surviving spouse, lump sum payment to beneficiary in the event of a participant's death.
- In lieu of all pension benefits, a lump-sum withdrawal provision upon leaving the service of the IDB or the IIC.
- In lieu of part of the pension benefits, a partial commutation provision upon pension benefit commencement of the IDB or IIC.

PLAN GOVERNANCE

Due to the fiduciary responsibility required for sponsoring defined benefit pensions, the Plans are governed by a multi-layer structure:

Board of Executive Directors

The Board is the highest-level oversight body for the SRP, responsible for approving the Plan Document and any amendments, annual contribution rates and related policies. The Board approved three Plan-related Policies and actions in 2015: a Risk Appetite Policy in July, a Long Term Funding Policy in November, and the Bank's 2015 contribution rates to the Plans.

Pension Committee

The Pension Committee supports the Board in its responsibilities, including: i) recommending annual contributions, ii) recommending any changes in Plan provisions, iii) selecting and overseeing the work of the Plan's external actuaries, and iv) approving actuarial assumptions used in valuations. As the Plan's second level of oversight, the Pension Committee is responsible for: i) ensuring that benefit provisions are carried out, ii) reviewing actuarial valuations and ensuring that contributions support the Plan's financial sustainability, and iii) approving its Investment Policy. To assist it in these matters, a variety of operational duties are delegated to the Managing Committee, which is supervised by the Pension Committee.

The Pension Committee met once during 2015, in October. The Committee concurred with the Bank's 2015 contribution rate to the Fund and the Long-term Funding Policy and approved the Plan's 2015 financial results and actuarial valuation, the Plan's updated actuarial value of asset method, the 2014 Annual Participant Report, and the Secretariat's Work Plan for 2016.

Pension Committee Roster

Members	Alternate Members
Luis Alberto Moreno, Chairperson	
Julie Katzman, Vice Chairperson	
Jaime Sujoy, Ex-officio	
James Scriven, Ex-officio	
Mark Lopes	Vacant
Joffrey Celestin Urbain	Maria Rodriguez De la Rua
Raul Novoa	Vacant
Jerry Butler	Cheryl Morris-Skeete
Gustavo De Rosa	Rocio Palafox
Alexandre Meira Rosa	Orlando Ferreira Caballero
Claudia Bock-Valotta	Hector Salazar
Fernando Glasman*	Jose Mauro Barros *
Laura Velez *	Diego Flaiban *
David Atkinson **	Carlos Valencia**

Kurt Focke, Secretary

John Scott, Legal Advisor

*Elected Members representing active participants

**Representatives of the Association of Retirees

Managing Committee

Established by the Board in late 2014, effective January 1, 2015, the Managing Committee is responsible for a variety of roles delegated to it by the Pension Committee:(i) administering the Plan and its application to participants, former participants and their beneficiaries; (ii) making, establishing and prescribing rules, policies, procedures and forms for the administration of the Plan, its interpretation, and the exercise of rights or privileges by the participants and their beneficiaries; (iii) recommending changes to the Fund's Investment Policy to the Pension Committee; (iv) hiring and/or terminating investment managers, consulting firms and custodians, based on the recommendations of the Secretariat; (v) approving investment manager guidelines; (vi) monitoring the Plan's funded status and risk metrics, and performance of overall assets by asset class, and by individual investment manager; (vii) preparing an annual report showing the detailed assets and liabilities of the Plan and a brief account of the operation of the Plan for the past year; (viii) delegating day-to-day implementation of Plan activities to the Secretariat.

The Managing Committee met five times during 2015. In April, it approved the adoption of Rules of Procedure for the Managing Committee, the amended Delegation of Authority to the Executive Secretariat, and the establishment of the Administration Subcommittee of the Plan, including the appointment of members to the Subcommittee. In June, it approved the selection of six investment managers in Core Fixed Income, Non-U.S. Equities and Emerging Markets Equities. In August, it reviewed the upcoming asset-liability study of the Plan. In September, the Committee concurred with the Bank's 2015 contribution rates, the Plan's 2015 financial results and actuarial valuations, the change in AVA, the Long-Term Funding Policy, and the Executive Secretariat's 2016 Work Plan. In December, the Committee concurred with the Investment Policy Statement for the Plan's Stabilization Reserve (SR), submitted to and approved by the Pension Committee in early 2016, and approved the investment strategies of the Plan's SR. The Committee also received monthly and quarterly performance reports, and approved, via Short Procedure, two interim Cost of Living Adjustments for Venezuela, based on the Plan Document's provisions.

Managing Committee Roster

Members	Alternate Members
Jaime Sujoy, Chairperson	
Claudia Bock-Valotta, Vice Chairperson	
Gustavo De Rosa, Ex-officio	
Yeshvanth Edwin, Ex-officio	
Federico Galizia, Ex-officio	
Rocio Palafox, Ex-officio	
Gonzalo Afcha	
Elizabeth Bedoya-Turner	
Fernando Glasman *	Jose Mauro Barros *
Laura Velez*	Diego Flaiban*
David Atkinson **	German Paraud **

Kurt Focke, Secretary
Jose Lovo, Assistant Secretary
John Scott, Legal Advisor

*Elected Members representing active participants

**Representatives of the Association of Retirees

Yves Telemak

(Haiti, 1960 – c 1996)

Ceremoni Grand Bois, c. 1996 (Great Forest Ceremony, c 1996)

sequins and beads appliquéd on cloth

31 x31 in

Inventory number 2004.32

Inter-American Development Bank Art Collection

Washington D.C.

Administration Subcommittee

Approved by the Managing Committee in June 2015, the Administration Subcommittee is responsible for supporting the administration of the Plans and has the right to interpret the Plans. Its decisions or actions in respect are conclusive and binding upon all persons interested.

Administration Subcommittee Roster

Members	Alternate Members
Claudia Bock-Valotta, Chairperson	
Yeshvanth Edwin, Vice Chairperson	Claudia Franco
Vacant	Rachel Beth Robboy
Katharina Falkner-Olmedo	Dougal Martin
Juan Ketterer	Janine Ferretti
Fernando Glasman *	Jose Mauro Barros*
Laura Velez *	Diego Flaiban *
David Atkinson **	German Paraud **

Kurt Focke, Secretary

Jose Lovo, Assistant Secretary

John Scott, Legal Advisor

*Elected Members representing active participants **Representatives of the Association of Retirees

Executive Secretariat

The Executive Secretariat of the Retirement Plans is responsible for activities delegated to it by the Managing Committee. The Secretariat's Front Office and the Investments and Pension Administration teams work closely together to provide recommendations and technical support to, and coordinate the activities of, the Managing and Pension Committees. The Secretariat's teams also work closely with a variety of IDB and IIC departments in the completion of audit, risk management, accounting, actuarial, and other policy requirements.

The Front Office team, led by the Executive Secretary, oversees all aspects of the Plan's management, actuarial work, analytics, enterprise risk management, technology solutions, and administrative coordination of the office. Specifically, the Front Office: i) coordinates governing Committee meetings and work plans; ii) manages the Secretariat's operations, including hiring staff and consultants to support the unit's work, updating Plan records, and documenting Plan Administrative procedures; iii) oversees actuarial data delivery, calculations, assumptions and reporting; iv) provides analytical support to Management related to Bank policies; v) responds to the Bank's internal audit department requests; vi) coordinates key technology initiatives; and vii) is a key liaison for the Bank's Optima implementation as it relates to the Plans.

The Investment team oversees all aspects of the Fund's investments, operational risk, audit compliance, and reporting. Specifically, the team: (i) selects and recommends external investment managers and other providers (custodian, consultants, etc.) to the Managing Committee; (ii) supervises the activities and performance evaluation of investment managers and custodian; (iii) internally manages the Funds' U.S. TIPS portfolios; (iv) rebalances the Retirement Funds to Policy Targets; (v) completes all fee and transfer requirements; (vi) prepares investment reports for submission to Management and governing Committees; (vii) completes all legal documentation with current and new managers, regulators and vendors, with the support of the Bank's Legal and Procurement teams; and (viii), consistent with Asset-Liability Studies, which it oversees, recommends changes to the Retirement Plans' Investment Policies to the governing Committees.

The Pension Administration team oversees all aspects of the Plan's administration: benefits, operational risk, audit compliance, and interaction with participants. Specifically, the team: (i) determines and approves payment of benefits under the Bank's retirement plans, including verifying entitlements and eligibility; (ii) applies policies and procedures uniformly as established by plans regulations; (iii) maintains and is custodian of the official records of the Plans; (iv) makes presentations in Headquarters and Country Offices regarding the Retirement Plans; (v) provides counseling and assistance to participants in the selection of benefit options; and (vi) prepares data for annual actuarial and audit assessments. During 2015, the Administration team worked closely with the Front Office team, the Bank's Information Technology and Human Resources Departments to prepare for the early 2016 "go-live" implementation of Aon's new PAS. In addition, the team initiated a digitalization of official files, enhancing security and accessibility.

TRANSFER AGREEMENTS

The SRP has Transfer Agreements with a number of international organizations and the Bank's Local Retirement Plan (LRP), which permits the IDB to provide for the transfer and continuity of an employee's accrued pension rights to or from these organizations. Currently, the SRP has Transfer Agreements in place with the: (i) Inter-American Development Bank's LRP, (ii) European Bank for Reconstruction and Development, (iii) International Monetary Fund (IMF), (iv) United Nations (UN) Joint Staff Pension Fund and member organizations, (v) World Bank. In 2015, the Secretariat processed 11 transfers to/from other pension plans: 8 from the IDB's LRP to the SRP, 1 from the SRP to the LRP, and 2 from the World Bank to the SRP.

BENEFIT STATEMENTS

The Secretariat will issue Benefit Statements to active participants during the fourth quarter of 2016. Issued annually in English and Spanish, it provides individualized calculations of earned benefits. This year, the Secretariat has made an effort to present plan participants their accrued benefits in a very simple and clear manner. For the first time, benefit statements will provide estimates of their accrued retirement benefits as of a given cutoff date only. For estimates of their projected benefits, participants are encouraged to explore the new self-service portal– Your Pension Resources (YPR).

PRESENTATIONS ON RETIREMENT

Headquarters Presentation

Twice during 2015, in April and November, the Secretariat conducted a two-day seminar for active participants planning to retire within the next 5 to 7 years. This seminar provides in-depth information regarding retirement benefit options and retirement Fund investments. It also includes presentations by outside experts regarding retiree medical insurance, health care, transitioning to retirement, financial planning, estate planning, taxes, visa status, and immigration. Overall, more than 70 participants attended both seminars.

Country Office Presentations

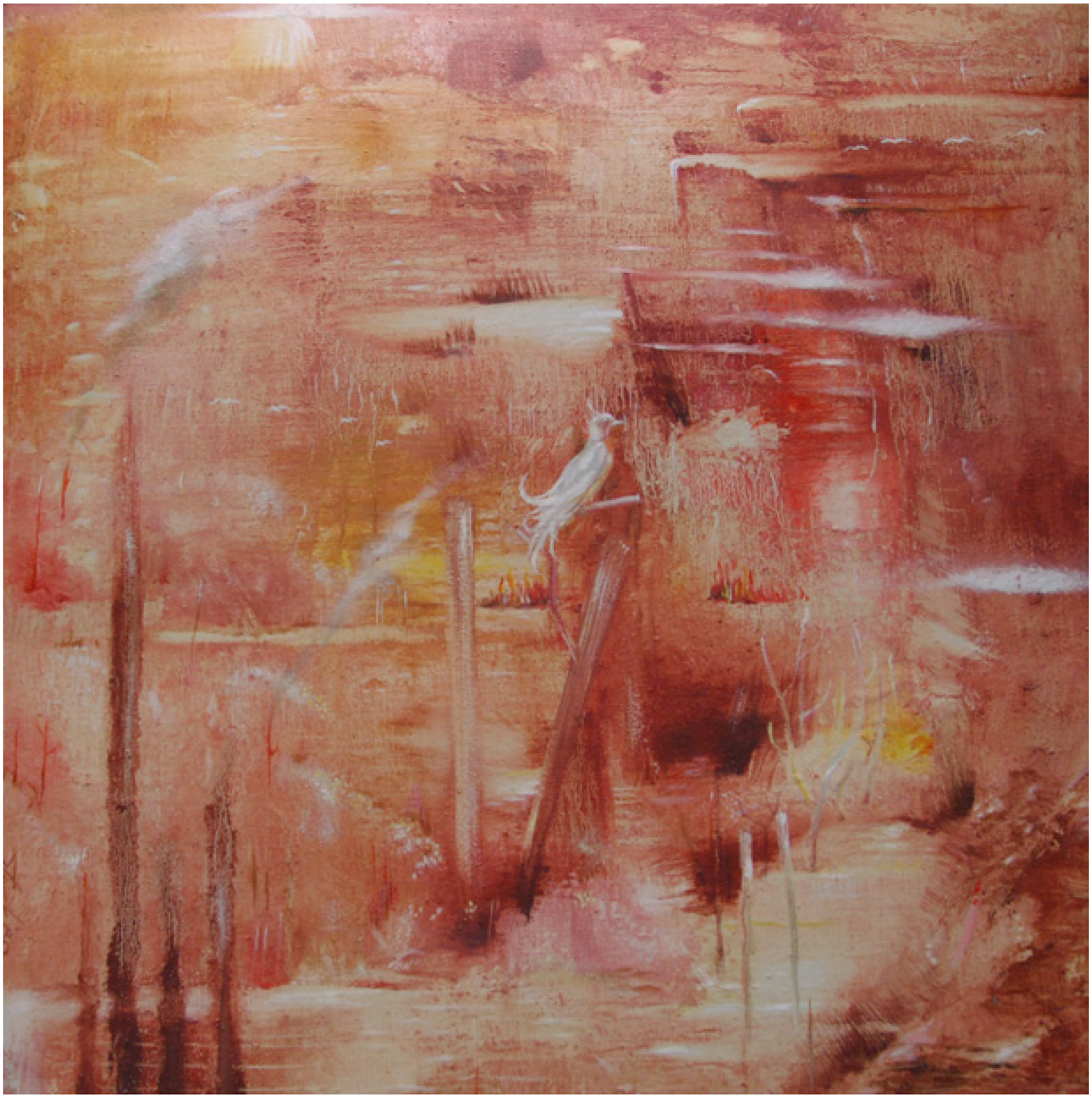
A mission trip to Brazil and Uruguay was realized in October 2015. In each country two general sessions of explanation of pension benefits were performed, one for International staff and one for National staff. Also, individual consultations were made with all staff that requested one. Additionally, a special informative session was organized with retirees. All sessions were well attended and well received.

COST OF LIVING ADJUSTMENTS

The Plan provides for annual cost of living adjustments (COLA) for SRP pensions received by retirees and beneficiaries. Pensions are adjusted based upon the change in the U.S. Consumer Price Index for All Urban Consumers, U.S. City Average, and all items (CPI-U), as published by the U.S. Department of Labor. The COLA, made effective on January 1 of each year, is based on CPI-U Index change from November two years prior through November of the prior year. The 2015 COLA is 0.5%, based on the November 30, 2014 through November 30, 2015 change. COLAs for recent years are shown below.

SRP Retiree/Beneficiary COLA

Year	COLA
2008	4.306%
2009	1.070%
2010	1.838%
2011	1.143%
2012	3.394%
2013	1.764%
2014	1.237%
2015	0.502%



Winston Strick
(Guyana, 1942 -)
Firebird, Devastation of Habitat, 1989
mixed media on canvas
30 x 30 inches
Inventory number 0687
Inter-American Development Bank Art Collection
Washington D.C.