

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

RESOLUTION DE-133/14

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 shall 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, as detailed in Section 1, below, and further recommended that the Board of Executive Directors send to the Board of Governors an amended version of document FN-568-20, including the amended Capital Adequacy Policy Mandate, with a Proposed Resolution by which the Board of Governors would approve such Capital Adequacy Policy Mandate and authorize and direct the Board of Executive Directors and Management to take such further actions as specified in such document.

The Board of Executive Directors

RESOLVES:

1. To amend the proposed Capital Adequacy Policy Mandate of the Inter-American Development Bank as set forth in Section 7.1 of document FN-568-20 to read as follows:

“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. To present to the Board of Governors document FN-568-22, entitled “Capital Adequacy Policy Mandate”.

3. To recommend that the Board of Governors adopt the Proposed Resolution attached as Appendix II of document FN-568-22 by the procedure of taking a vote without calling a meeting as provided for in Section 5 of the By-laws of the Bank.

4. That the Governors may cast their votes by any rapid means of written communication. The Proposed Resolution shall be considered adopted on the date on which the replies received at Bank headquarters constitute a quorum pursuant to Article VIII, Section 2(e) of the Agreement Establishing the Inter-American Development Bank (the “Agreement”) and the favorable votes cast represent a majority of the total voting power of the member countries pursuant to Article VIII, Section 4(c) of the Agreement. The voting shall remain open until October 31, 2014.

(Adopted on 15 October 2014)