RESOLUTION AG-9/15 AND CII/AG-2/15

Delivering the Renewed Vision: Organizational and Capitalization Proposal
for the IDB Group Private Sector Merge-out

WHEREAS:

On March 17, 2013, pursuant to Resolution AG-7/13 and CII/AG-2/13, the Boards of Governors of the Inter-American Development Bank ("IDB" or the "Bank") and the Inter-American Investment Corporation ("IIC" or the "Corporation") (a) established an ad hoc committee (the "Ad Hoc Committee") representing the Board of Executive Directors of the IDB, the Board of Executive Directors of the IIC and the Donors Committee of the Multilateral Investment Fund ("MIF", and together with the IDB and IIC, the "IDB Group")[1], and (b) instructed the Ad Hoc Committee to direct the management of the IDB (acting on its own behalf and as administrator of the MIF) and IIC (collectively, "Management") in the development of a Renewed Vision for the activities of the IDB Group with the private sector; while respecting the GCI-9 commitments and overarching goals of poverty and inequality reduction and promotion of sustainable and inclusive growth, the Renewed Vision focuses on strengthening development effectiveness, development impact and additionality and maximizing the efficient use of resources and the synergies between public and private sector activities;

Pursuant to Resolution AG-7/13 and CII/AG-2/13, the Boards of Governors of the IDB and the IIC further instructed the Donors Committee of the MIF to direct Management of the IDB (acting as administrator of the MIF) in the development of a strategy and financial options for the potential replenishment of the MIF and other related options, while taking into account proposals that are developed by the Ad Hoc Committee;

On March 30, 2014, pursuant to Resolution AG-6/14 and CII/AG-2/14, the Boards of Governors of the IDB and the IIC welcomed the progress made towards the proposed consolidation of all IDB Group private sector activities into the IIC for purposes of supporting the implementation of the Renewed Vision for the activities of the IDB Group with the private sector described in document CA-532, CII/CA-144, MIF/CA-13, and instructed the Ad Hoc Committee to direct Management in (a) the development of a proposal to transfer operational and administrative functions and non-financial resources associated with the activities of the private sector from the IDB to the IIC; (b) carrying out a capital review and presenting a capitalization proposal for the proposed consolidated entity; and (c) presenting the transfer and capitalization proposals as proposed decisions for consideration by the IDB and IIC Boards of

[1] The IDB, IIC and MIF are distinct entities that collaborate on development with the private sector. The IDB and IIC are public international organizations with separate charters, assets and governance structures. The MIF is a fund that the IDB administers in accordance with the Agreement for the Administration of the Multilateral Investment Fund II dated April 9, 2005.

Executive Directors and further consideration by the IDB and IIC Boards of Governors, no later than the 2015 Annual Meeting of the IDB and IIC Boards of Governors;

Paragraph 4 of Resolution AG-6/14 and CII/AG-2/14 mandated that the transfer of NSG activities from the Bank to the IIC *"... ensures efficiency, development effectiveness and that quality oversight functions are applied to the proposed consolidated entity*". Likewise, paragraph 5 of the Resolution stated that [the proposal] "… *shall: (i) take into account IDB's upcoming new capital adequacy policy; (ii) preserve the SG and NSG lending envelope consistent with GCI-9; (iii) safeguard the AAA IDB credit rating; and (iv) propose parameters for a sunset clause for cross-booking. The capitalization proposal shall include mechanisms that will allow for flexibility.*";

Pursuant to Resolution AG-6/14 and CII/AG-2/14, the Boards of Governors of the IDB and the IIC further (a) reaffirmed their commitment to the MIF and its replenishment as part of the IDB Group private sector consolidation process; and (b) instructed Management to present to the Donors Committee of the MIF proposals for interim financing of MIF's resources to ensure an appropriate level of operations until a decision is made on IIC's capitalization and the MIF's replenishment; and

On March 12, 2015, the Boards of Executive Directors of the IDB and the IIC approved document GN-2807-2 and CII/GN-303-2, entitled "Delivering the Renewed Vision: Organizational and Capitalization Proposal for the IDB Group Private Sector Merge-out", for further consideration by the Committees of the Boards of Governors of the IDB and the IIC as document CA-556 and CII/CA-165 (the "Merge-out Proposal").

The Boards of Governors of the IDB and IIC, each separately and in accordance with the Agreement Establishing the Inter-American Development Bank and the Agreement Establishing the Inter-American Investment Corporation, respectively,

RESOLVE:

1. To authorize the transfer of operational and administrative functions and non-financial resources associated with NSG activities from the IDB to the IIC consistent with the principles set forth in paragraphs 3.1-3.59 in the Merge-out Proposal, and to instruct the Boards of Executive Directors and Management of the IDB and of the IIC to take all steps necessary to complete such transfer by January 1, 2016 or such later date as may be approved by the Boards of Executive Directors of the IDB and the IIC (the "effective date").

2. To endorse the capitalization proposal of the IIC as described in these resolutions and instruct the Boards of Executive Directors and Management of the IDB and the IIC to take all steps necessary to complete such capitalization in accordance with paragraph 5 of Resolution AG-6/14 and CII/AG-2/14, and as further detailed herein.

3. That as of the effective date, new NSG operations and the administration of existing IIC operations and existing IDB NSG operations shall be carried out by the IIC in accordance with the IIC's updated policies and procedures and, to the extent that such operations

are financed with IDB funds or funds administered by the IDB ("cross-booked operations"), with such further regulations as may be approved for cross-booked operations by the IDB Board of Executive Directors. The oversight functions currently applicable to NSG operations at the IDB will provide group-wide services also to IIC, subject to the same standards and quality, and as directed by IIC governance. IIC's updated policies and procedures will maintain at a minimum IIC's current environmental and social safeguards.

4. To reaffirm their commitment to the MIF, including endorsing the further consideration of an extension of the term of the MIF II Agreement beyond December 31, 2015 so that the MIF will continue to complement and support the operations and activities of the IDB and the IIC. No later than June 30th, 2015, Management of the IDB (acting as administrator of the MIF) will present to the Donors Committee a proposal for the extension of the term of the MIF II Agreement beyond December 31, 2015. Further, the Donors Committee will direct Management in analyzing and developing options for the future of the MIF as part of the consolidation of the IDB Group private sector activities. After the Donors Committee approves a proposal, it will present its recommendations to the Boards of Executive Directors and subsequently the Boards of Governors of the IDB and IIC, as applicable, by no later than March 31, 2016.

5. To instruct the Steering Committee referred to in paragraph 3.49 of the Merge-out Proposal to coordinate the work of IDB and IIC Management in their efforts to implement the transfer of operational and administrative functions and non-financial resources associated with NSG activities from the IDB to the IIC.

6. This resolution shall be effective on the date the Secretary certifies that sufficient votes have been received from the IDB and IIC Governors, as required to approve each item herein.

The Board of Governors of the IDB

RESOLVES:

7. That no later than October 31, 2015, or such later date as may be approved by the IDB Board of Executive Directors, the IDB Board of Executive Directors shall approve the regulations for cross-booked operations, which shall be consistent with the principles set out in paragraphs 4.12-4.14 of the Merge-out Proposal and shall be subject to all prior mandates of the IDB Board of Governors regarding IDB financing of non-sovereign guaranteed operations. The Bank and the IIC will cross-book operations for a seven year period commencing on the effective date.

8. Based on the technical recommendations of Management to transfer an amount of $510 million and taking into account the considerations and needs of all members, the IDB Board of Governors endorses annual transfers by the Bank (on behalf of its members) to the IIC of an aggregate amount of $725 million from the Ordinary Capital income of the Bank, subject to annual approval by the IDB Board of Governors, who shall take into account the following considerations: compliance with Resolution AG-11/14 (the Capital Adequacy Policy Mandate

of the IDB), the requirements of Article VII, Section 4(a) of the Agreement Establishing the Inter-American Development Bank, the preservation of the SG lending envelope consistent with GCI-9, as agreed in Resolution AG-6/14 and CII/AG-2/14, and construction of the buffers in accordance with the Capital Adequacy Policy and other applicable financial policies of the Bank. Countries that choose not to become members of IIC may direct their share of any such transfer as each such country may determine, and preferably remaining within the IDB Group. The $215 million tranche will be transferred between 2023 and 2025, subject to the Capital Adequacy Policy, including full construction of the buffers, and to at least 50% of the New Shares under Annex A having been paid as contemplated in Annex A. Annual transfers are expected to occur for all members (except for non-IIC members) in accordance with the notional annual schedule set forth in Annex C in order to achieve the objectives of this resolution.

9. To instruct the Board of Executive Directors and Management of the IDB to take all steps necessary to make any adjustments that may be required in the organization of the IDB that result from the transfer of operational and administrative functions and non-financial resources associated with NSG activities from the IDB to the IIC as contemplated in paragraph 1.

The Board of Governors of the IIC

RESOLVES:

10. In a manner consistent with IIC's directive to work with enterprises, the IIC shall, guided by the principles of strengthening development effectiveness, development impact and additionality and maximizing the efficient use of resources and the synergies between the IDB Group's public and private sector activities, carry out the full range of operations currently carried out by the IDB Group NSG windows (including with wholly-owned state enterprises and excluding operations with sub-sovereign governments), as of the effective date. The IIC Charter shall be interpreted to allow the IIC to carry out this mandate and the IIC Board of Executive Directors shall implement it through the IIC's operating policies; the IIC should aim to maintain at least its current AA rating.

11. IIC's Board of Executive Directors will direct Management in the design of a multi-year business plan aligned with the IIC's objectives. This business plan shall reflect the priorities described in the Renewed Vision and take into account the differential logic under which a regional development bank operates, with dynamic and flexible financing conditions, to convert it into a useful and effective tool adaptable to the region's reality. Additionally, the IIC Board of Executive Directors will instruct Management to develop a strategy to enhance engagement with C and D countries, with a view towards identifying mechanisms and assistance to facilitate the ability of such countries to utilize IIC resources, and reach a target of 40% for financing operations. This must ensure an increase in total lending for Caribbean countries and for other countries that have benefited less from non-sovereign guaranteed operations by the end of the capitalization.

12. To increase the capital stock of the Corporation by US$2,030,000,000.00, divided into 125,474 shares, with a par value of US$10,000.00 each and a base price of US$16,178.6 (the "New Shares"), solely for the purposes set forth below.

13. New Shares will be issued to IIC shareholders and New Members per the attached Annexes A and B.

a. 80,662 New Shares subscribed per Annex A shall be paid in 7 annual installments, at base price, as adjusted to reflect payment delays per the terms outlined in Annex A.

b. 44,812 New Shares per Annex B shall be conditioned upon the IDB transfers discussed in paragraph 8 above, shall be issued at par, and valued at base price.

c. As established in the Agreement Establishing the IIC, no member shall be obligated to participate in any part of the increased capital. At any time, if a member wishes to release shares subscribed per Annex A, it is encouraged to promptly inform the Corporation to facilitate reallocation.

14. To authorize the membership of the Republic of Croatia, the Republic of Slovenia and the United Kingdom (each a "New Member"), IDB shareholders that are not currently shareholders of the Corporation, if they so wish to join, and authorize their subscription or receipt of shares according to Annex A and/or B. Membership will be declared upon fulfillment of the same institutional legal conditions under which Canada was admitted (CII/AG-03/12), with the exception of share price and payment-related matters, which are in the corresponding Annex, and trust fund-related matters.

15. Any New Shares that are not subscribed or paid for in accordance with the terms of this resolution, and any New Shares for which a subscription is canceled, shall be promptly reallocated among IIC shareholders pursuant to terms and conditions to be determined by the IIC Board of Executive Directors, with the goal of ensuring timely and complete capitalization of the IIC in accordance with Annex A.

16. For the sole purpose of allocating (a) shares for New Members under Annex A and (b) the transfers received per IDB voting power under Annex B, IIC member countries shall be deemed to have waived the preferential subscription right set forth in Article II, Section 5 of the Agreement Establishing the IIC with respect to the New Shares, unless otherwise communicated to the IIC within 180 days from the date of this resolution. The Board of Executive Directors shall send a proposal to Governors to address any such notice received.

17. The Steering Committee referred to in paragraph 3.49 of the Merge-out Proposal, subject to the direction of the IIC Board of Executive Directors, is charged with the transformation of the IIC, including the integration of the operational and administrative functions and non-financial resources associated with NSG activities transferred from the IDB, in a manner consistent with the principles of the Merge-out Proposal and as laid out in the "Implementation Plan for the IDB Group Private Sector Merge-out" (GN-2778-2) prepared by

Management under the guidance of the Ad-Hoc Committee and the internationally recognized experts that advised the Committee.

18. To direct the Chairman of the Board of Executive Directors to promptly conduct an open, transparent, and competitive process, with a high-level advisory committee, to support him in developing his recommendation to the Board of Executive Directors for the new IIC General Manager as soon as possible.

19. That the IIC Board of Executive Directors shall report to the IIC Board of Governors on the progress and implementation of the Merge-Out on an annual basis throughout the capitalization process.

Transitory provisions:

WHEREAS:

The IIC Governors acknowledge that during the capitalization period IIC's shareholding structure and members' voting power will fluctuate as a result of the timing of capital payments, IDB transfers and potential entry of New Members,

The Board of Governors of the IIC

RESOLVES:

1. Board composition will reflect the shareholding that would result from paid-in capital together with the notional transfer schedule set forth in Annex C during the period up to 2025.

Adopted on 30 March 2015

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Annex A

General Conditions applicable to New Shares:

- All New Shares will have par value of $10,000, and will be issued at the base price $16,178.6, except as provided with respect to New Shares allocated per Annex A only.
- Within 150 days from this resolution the Board of Executive Directors shall determine basic terms and conditions to reallocate (i) New Shares per Annex A that are not subscribed within the subscription period set forth in Annex A (and any extension thereof), or (ii) New Shares per Annex A that are released during the capitalization process, or (iii) New Shares per Annex A or per Annex B that remain unissued at the end of the capitalization period (and any extension thereof).
- In carrying out any reallocations, the Board of Executive Directors shall ensure that no change in the New Shares distribution will cause, at the end of the Capitalization Period, the voting power of the regional developing member countries as a group to fall below 54 %.
- In carrying out any reallocations, the Board of Executive Directors is hereby authorized to allow Peru, Colombia and Chile to reallocate their respective share allocations among themselves so as to maintain their relative parity of voting power in the IIC.
- In carrying out any reallocations, the Board of Executive Directors shall further ensure that New Shares are reallocated only to countries that are in good standing with respect to their obligations with the IIC.

Terms and Conditions Specific to New Shares subscribed per this Annex A:

- 80,662 New Shares have been allocated for subscription pursuant to this Annex A. Each New Member and each member country will have 180 days to subscribe to their corresponding portion per the table below. The Board of Executive Directors may extend the subscription period.
- In the corresponding instrument, each subscribing member country shall represent to the Corporation that it has taken or will take all necessary action to authorize its subscription. Subscription instruments may be subject to budget appropriations or other conditions.
- Payments will be due on October 31 of each year from 2016 to 2022, per a payment plan to be determined and communicated by Management to each subscribing country. The Board of Executive Directors is authorized to extend payment deadlines.
- New Shares will be issued at the end of each corresponding installment period, or in the case of payment in arrears, at the end of the installment period in which payment was received.
- Management will determine each country’s payment plan, applying rounding principles as necessary, by dividing the total number of New Shares subscribed into seven installments, each representing a non-fractional number of shares, and any balances or adjustments due to rounding will be added to the seventh installment.

- New Shares paid within the corresponding annual installment period will be paid at base price.
- The price for New Shares not paid within their corresponding annual installment will be adjusted to reflect a 5% increase for each year of arrears; except that, shares corresponding to the first installment which are fully paid in by the end of the second installment shall not be subject to price adjustment.
- Terms and conditions for the reallocation of shares should include an expedited mechanism that will allow the Board of Executive Directors to reassign New Shares that remain unsubscribed at the end of the subscription period set forth in Annex A (or any extension thereof), or that are released during the capitalization, whenever such New Shares in the aggregate exceed 20% of the total New Shares authorized/issued to date.

	IIC % Shares*
Argentina	11.459%
Bahamas	0.204%
Barbados	0.143%
Belize	0.143%
Bolivia	0.921%
Brazil	11.459%
Chile	2.838%
Colombia	2.955%
Costa Rica	0.445%
Dominican Republic	0.619%
Ecuador	0.619%
El Salvador	0.445%
Guatemala	0.595%
Guyana	0.170%
Haiti	0.445%
Honduras	0.445%
Jamaica	0.595%
Mexico	7.376%
Nicaragua	0.445%
Panama	0.463%
Paraguay	0.463%
Peru	2.955%
Suriname	0.149%
Trinidad & Tobago	0.445%
Uruguay	1.221%
Venezuela	6.107%

Canada	0.212%
United States	22.693%
Austria	0.489%
Belgium	0.239%
China	0.221%
Croatia	0.000%
Denmark	1.517%
Finland	0.557%
France	3.063%
Germany	1.890%
Israel	0.245%
Italy	3.063%
Japan	3.530%
Korea	0.221%
Netherlands	1.517%
Norway	0.557%
Portugal	0.258%
Slovenia	0.000%
Spain	3.530%
Sweden	0.557%
Switzerland	1.517%
United Kingdom	0.000%

* This table is for reference only. It shows IIC voting power assuming all current subscription receivables are paid. Per Section 12 of this Resolution, 150 shares have been authorized for subscription by each New Member. Thus, IIC voting power percentages will be applied to distribute New Shares issued under Annex A after allocating the 450 shares to the New Members.

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Annex B

General Conditions applicable to New Shares:

- All New Shares will have par value of $10,000, and will be issued at the base price $16,178.6, except as provided with respect to New Shares allocated per Annex A only.
- Within 150 days of this resolution, the Board of Executive Directors shall determine basic terms and conditions to (i) reallocate New Shares per Annex A that are not subscribed within the subscription period set forth in Annex A (and any extension thereof), or (ii) New Shares per Annex A that are released during the capitalization process, or (iii) New Shares per Annex A or per Annex B that remain unissued at the end of the capitalization period (and any extension thereof).
- In carrying out any reallocations, the Board of Executive Directors shall ensure that no change in the New Shares distribution will cause, at the end of the Capitalization Period, the voting power of the regional developing member countries as a group to fall below 54 %.
- In carrying out any reallocations, the Board of Executive Directors is hereby authorized to allow Peru, Colombia and Chile to reallocate their respective share allocations among themselves so as to maintain their relative parity of voting power in the IIC.
- In carrying out any reallocations, the Board of Executive Directors shall further ensure that New Shares are reallocated only to countries that are in good standing with respect to their obligations with the IIC.

Terms and Conditions Specific to New Shares under Annex B:

- Shares under Annex B will be issued at base price.
- IDB and IIC Governors authorize IDB and IIC Management to determine the exact amount of each transfer that will result in the issuance of whole shares.
- Management will divide the total amount of any transfer by the base price to determine the number of shares to issue among IIC members per the proportionate shareholding in the IDB.
- The table below is for reference only and shows the projected participation of each country per the terms of this Annex B.

Annex B

Shares will be issued to the shareholders upon the IDB transferring resources to the IIC	**% IDB Projected Shareholding**
Argentina	11.358%
Bahamas	0.209%
Barbados	0.136%
Belize	0.117%
Bolivia	0.912%
Brazil	11.358%
Chile	3.119%
Colombia	3.119%
Costa Rica	0.456%
Dominican Republic	0.609%
Ecuador	0.608%
El Salvador	0.455%
Guatemala	0.577%
Guyana	0.161%
Haiti	0.455%
Honduras	0.456%
Jamaica	0.577%
Mexico	7.301%
Nicaragua	0.455%
Panama	0.455%
Paraguay	0.455%
Peru	1.520%
Suriname	0.088%
Trinidad & Tobago	0.432%
Uruguay	1.218%
Venezuela	3.403%
Canada	4.002%
United States	30.019%

Austria	0.160%
Belgium	0.328%
China	0.003%
Croatia	0.049%
Denmark	0.170%
Finland	0.160%
France	1.896%
Germany	1.896%
Israel	0.157%
Italy	1.965%
Japan	5.002%
Korea	0.003%
Netherlands	0.199%
Norway	0.170%
Portugal	0.054%
Slovenia	0.030%
Spain	1.965%
Sweden	0.326%
Switzerland	0.471%
United Kingdom	0.963%

Regional developing countries	50.013%
Regional developed countries	34.020%
Non regional countries	15.967%
Total	100.000%

IDB projected shareholding corresponds to the distribution of shares after all the IDB-9 subscriptions are made.

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Annex C

(in millions of U.S. dollars)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	**Total**
Transfer	$ -	$ -	$ 50	$ 50	$ 110	$ 150	$ 150	$ 72	$ 72	$ 71	**$ 725**