

RESOLUTION AG-7/21 AND CII/AG-2/21

WHEREAS, Latin America and the Caribbean are at a critical juncture confronting the COVID-19 pandemic, the risk of a weaker recovery from delays to effective vaccine campaigns, climate change, natural disasters and structural development challenges that continue to hinder the region's progress; and

WHEREAS, given the dire socio-economic, health, and climate crisis facing Latin America and the Caribbean, the Governors of the Inter-American Development Bank (the "IDB"), the Inter-American Investment Corporation ("IDB Invest"), and the Multilateral Investment Fund ("IDB Lab") donors take note of the role that these institutions ("IDB Group") have played in supporting the region in its recovery; and

WHEREAS, the Boards of Governors of the IDB and IDB Invest (the "Boards of Governors") expressed a desire for a thorough review of these issues, and identified areas for further analysis that will inform their continuing consideration of the region's challenges, the IDB Group's role in the region, and the optimal institutional structure for the Group.

THEREFORE, the Boards of Governors of the IDB and IDB Invest, 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. That the Boards of Governors reaffirm their commitment to the IDB Group's critical role in promoting sustainable social and economic development and reducing poverty and inequality throughout the Latin American and Caribbean region.

2. That the Boards of Governors mandate the Board of Executive Directors of the IDB and the Board of Executive Directors of IDB Invest to direct Management of the IDB and IDB Invest to undertake an in-depth analysis of the following issues:

- a. the social and economic impacts of the COVID-19 pandemic, including a rigorous diagnosis of, and proposed solutions to, the resulting socio-economic and health crisis and the structural weaknesses hindering recovery;
- b. the scope of borrowing countries' development challenges and criteria for allocating IDB resources with a particular focus on the poorest and most vulnerable countries, while considering that the IDB Group relies on a cooperative model;
- c. the effectiveness and sustainability of IDB Group instruments at addressing the development challenges of its borrowing members, while acknowledging the heterogeneities among countries because of the wide range in income, development levels and economy size;

- d. the scope of the development challenges in its regional developing members, as well as their overall financial resource absorption capacity and fiscal constraints.
- e. the IDB Group's strengths and comparative advantages to provide solutions to its borrowing members, including by mobilizing more private investment for the region and boosting domestic resource mobilization;
- f. the manner in which the IDB Group may best optimize the use of its existing resources and leverage its financial tools to address priority matters for its regional developing members;
- g. ways to optimize the IDB Group's efficiency, effectiveness and transparency, while strengthening safeguards and internal controls;
- h. Explore how best to align the IDB Group's activities with the Paris Agreement and support countries in updating and implementing ambitious National Determined Contributions (NDCs).

3. That the Boards of Executive Directors shall consider Management's review developed pursuant to paragraph 2 above and submit them, when and as appropriate, to the Committees of the Boards of Governors along with recommendations for review, discussion, or consideration.

(Adopted on 21 March 2021)