

## RESOLUTION AG-12/22 and CII/AG-4/22

### Multilateral Investment Fund

WHEREAS,

The general purpose of the Multilateral Investment Fund (“IDB Lab”) is to promote sustainable development through the private sector by identifying, supporting, testing and piloting new solutions to development challenges and seeking to create opportunities for the poor and vulnerable populations in the regional developing member countries of the Inter-American Development Bank (the “IDB”) and the developing member countries of the Caribbean Development Bank (IDB and IDB Lab, together with the Inter-American Investment Corporation (“IDB Invest”), “IDB Group”);

Latin America and the Caribbean are at a critical juncture confronting the COVID-19 pandemic and its secondary effects, climate change, natural disasters and structural development challenges that continue to hinder the region in its progress and demand an unprecedented response;

Pursuant to Resolution AG-8/17, CII/AG-4/17 and MIF/DE-13/17, the Board of Governors of each of IDB and IDB Invest (together, “Boards of Governors”) approved the mandate, strategic framework and conclusions detailed in document CA-581 and CII/CA-191, entitled “Final Report on the Future and Financing of the Multilateral Investment Fund”;

Among other significant provisions supporting the approval of the Multilateral Investment Fund III, document CA-581 and CII/CA-191 envisioned a report that would be prepared for the Boards of Governors on options for a new financing mechanism to reduce IDB Lab’s dependence on periodic contributions from Donors as the principal funding source in the long term, governance, and the organizational arrangements recommended for IDB Lab after 2023;

In the context of the discussion for the report on options for a new financing mechanism, Donors reaffirmed their commitments and support the continued efforts to secure all pending contributions pursuant to the MIF III Establishing Agreement;

Under the direction of the Donors Committee, the IDB through IDB Lab’s Office, has prepared “Future Sustainability of IDB Lab”, forwarded to the Boards of Governors for consideration as document AB-3331;

The Boards of Governors have considered document AB-3331;

THEREFORE,

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

RESOLVE:

1. To acknowledge their commitment to IDB Lab's critical role as an integral part of the IDB Group's value proposition to address the ongoing health and economic crisis and promote development in Latin American and Caribbean through innovation, reaching poor and vulnerable populations and activating new engines of inclusive and sustainable growth.

2. To take note of the pillars of IDB Lab's future vision and the principles of the multisource funding model, as contemplated in document AB-3331, which seeks to diversify IDB Lab's funding sources and lower its dependency on donor contributions.

3. To mandate that IDB Lab, under the direction of the Donors Committee, develop for consideration of the Donors Committee a Proposal which shall include a recommendation for:

- (i) a potential new donor contribution structure, and, if necessary, a funding mechanism from the other entities of the IDB Group, taking into consideration all IDB Group's priorities holistically; and,
- (ii) an operational plan for the use of resources under a multi-source funding model with priority areas, indicators, and concrete actions to implement the recommendations of the 2021 Office of Oversight and Evaluation (OVE) evaluation of IDB Lab.
- (iii) a detailed outline of IDB Lab's unique value proposition within the IDB Group and how it will strengthen the synergies between IDB Lab's future model, the work in progress of the new value proposition of the IDB, and the new vision and business model for IDB Invest, which is planned to be presented to the Boards of Governors following independent processes, in accordance with Resolution AG-7/22, adopted on March 28, 2022.

IDB Lab Management will agree to present all information on (i), (ii) and (iii) to the Donors Committee for consideration and approval of the Proposal, which will then be submitted to the Boards of Executive Directors of the IDB and IDB Invest for consideration not later than the end of 2022. The Boards of Executive Directors of IDB and IDB Invest may decide to elevate the Proposal to the Boards of Governors for their consideration, aiming for their decision by April 2023.

4. That the Boards of Governors recognize that this Resolution does not constitute a commitment on the part of any country to participate directly or through other parts of the IDB Group, in any potential increase in resources in IDB Lab or approve any recommendation that may be presented to the Boards of Governors.

(Adopted on 17 October 2022)