

## RESOLUTION CII/AG-5/24

### New Vision and Business Model for the Inter-American Investment Corporation: Capitalization Proposal and Implementation Plan

WHEREAS,

At the 2022 Annual Meeting, the Boards of Governors of the Inter-American Development Bank (the “IDB”) and the Inter-American Investment Corporation (“IDB Invest”) adopted Resolution AG-7/22 and CII-AG-3/22, pursuant to which the IDB Invest Board of Governors mandated the IDB Invest Board of Executive Directors “to direct IDB Invest Management to present a proposal for a new vision and business model for IDB Invest, including an adequate identification of sectoral needs related to the heterogeneity of Latin America and the Caribbean, and the financial, resource, operational and institutional implications”;

At the 2023 Annual Meeting, the IDB Invest Board of Governors adopted Resolution CII/AG-3/23 (the “Panama Resolution”) pursuant to which it welcomed the progress made on the development of the new vision and business model for IDB Invest as summarized for the Board of Governors in Document CII/CA-214, entitled “Proposal for a new vision and business model for IDB Invest: Summary and recommendations for Governors”, based on a detailed proposal to the Board of Executive Directors set out in Document CII/GN-504-7, entitled “Proposal for a New Vision and Business Model for IDB Invest. Revised Version” (the “New Vision and Business Model for IDB Invest”). The Board of Governors further mandated the IDB Invest Board of Executive Directors to “direct IDB Invest Management to develop a capitalization proposal and an implementation plan for the New Vision and Business Model for IDB Invest (collectively, the “IDB Invest Proposal”). The IDB Invest Proposal shall take into consideration the financial, resource, operational, and institutional implications for the New Vision and Business Model for IDB Invest, including (a) a continued ambition on strategic priorities such as the social agenda and formal employment creation, cross-cutting issues, and the impact of IDB Invest projects in all regional developing member countries, (b) alternative financial scenarios, (c) the strengthening of governance and synergies with the IDB Group, and (d) the independent review of multilateral development banks’ capital adequacy frameworks commissioned by the G20 countries in 2021 as may be applicable. The IDB Invest Proposal will also incorporate measures to implement the recommendations that may be approved by the Board of Executive Directors from the evaluation of IDB Invest presented by the IDB Office of Evaluation and Oversight in 2023”;

The Panama Resolution further mandated that the proposal referenced above shall be delivered to the IDB Invest Board of Executive Directors for consideration no later than September 30, 2023, and that the IDB Invest Board of Executive Directors may decide to elevate the proposal to the IDB Invest Committee of the Board of Governors, aiming for a decision by the IDB Invest Board of Governors by no later than the 2024 Annual Meeting;

On February 21, 2024, Document CII/CA-221 entitled “New Vision and Business Model for IDB Invest: Capitalization Proposal and Implementation Plan. Summary,

Recommendations for Governors, and Proposed Resolution” (the “Proposal”) was endorsed by the IDB Invest Board of Executive Directors for further consideration by the IDB Invest Committee of the Board of Governors;

The Panama Resolution also required that the IDB Invest Board of Executive Directors and Management work jointly with the IDB Board of Executive Directors and Management to develop a proposal for a new IDB Group Institutional Strategy; and

Document CA-631 and CII/CA-219, entitled “IDB Group Institutional Strategy: Transforming for Scale and Impact”, was endorsed by the IDB and IDB Invest Boards of Executive Directors for further consideration by the IDB and IDB Invest Committees of the Boards of Governors.

THEREFORE,

The Board of Governors of IDB Invest, in accordance with the Agreement Establishing the Inter-American Investment Corporation (the “Agreement”),

RESOLVES:

1. That IDB Invest shall implement the New Vision and Business Model for IDB Invest to carry out its developmental purpose and functions under the Agreement. To that end, the Board of Executive Directors shall direct Management in, and shall monitor, the implementation of the New Vision and Business Model for IDB Invest through the design of multi-year business plans, which shall be consistent with (a) the strategy and monitoring framework and the implementation plan described in Chapters 4 and 5 (including the Corporate Scorecard in Figure 14) of the Proposal (collectively, the “implementation and monitoring parameters”) and (b) the IDB Group Institutional Strategy in effect. The Board of Executive Directors is authorized to modify the implementation and monitoring parameters as it deems appropriate.

2. That IDB Invest shall strive to maintain a long-term foreign-currency credit rating of at least AA+ (or equivalent) per its current rating level with at least two major credit rating agencies.

3. To endorse the capitalization proposal described in this Resolution and instruct the Board of Executive Directors and Management to take all steps necessary to complete such capitalization as further detailed herein.

4. To increase the capital stock of IDB Invest by US\$3.5 billion divided into 166,666 shares, with a par value of US\$10,000 and a base price of US\$21,000 each (the “New Shares”), for the purposes set forth in this Resolution.

5. That the New Shares will be allocated for subscription and issued to IDB Invest member countries in accordance with, and will be subject to, the terms and conditions established in Annex A of this Resolution. As established in the Agreement, no member shall be obligated to participate in any part of the increased capital. At any time, if a member wishes to release New Shares subscribed per Annex A, it is encouraged to promptly inform IDB Invest to facilitate their reallocation.

6. That 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 relinquished, shall be promptly reallocated among IDB Invest member countries pursuant to Annex A hereto and such other terms and conditions determined by the Board of Executive Directors, with the goal of ensuring timely and complete capitalization of IDB Invest in accordance with this Resolution.

7. To support the implementation of the New Vision and Business Model for IDB Invest by strengthening the institution's governance through enhanced symmetry and synergies between the Boards of Executive Directors of the IDB and IDB Invest. To that end, upon approval of this Resolution, the proposed resolution attached as Annex B hereto, which contemplates amendments to the Agreement and the Regulations for the Election of Executive Directors for the purpose of implementing certain modifications to the organization and functioning of the Board of Executive Directors (the "Amendment Resolution"), shall be submitted to the Board of Governors for consideration by the procedure of taking a vote without calling a meeting. The voting period for the Amendment Resolution shall remain open until September 1, 2024 and may be extended by the Board of Executive Directors. The Board of Executive Directors shall report to the Board of Governors on the status of the Amendment Resolution by no later than the 2025 Annual Meeting.

8. That the Board of Executive Directors shall direct Management to elaborate and submit to the Board of Executive Directors a proposal on the scope of responsibilities and functioning of the committees of the Board of Executive Directors in line with the implementation of the New Vision and Business Model for IDB Invest, and in consideration of a future, larger institution. The proposal shall be consistent with best governance practices, facilitate decision-making based on a broad consensus among member countries whenever possible, and follow the principle of allocating decision-making power based on the voting power of member countries. Management shall present the proposal referenced in this paragraph to the Board of Executive Directors by no later than September 30, 2024. The Board of Executive Directors may decide to elevate recommendations to the Board of Governors for consideration.

9. That, starting with 2024 and until the end of the capitalization period in 2031 (and any extension thereof), the Board of Executive Directors shall report to the Board of Governors on the conclusion of the Second General Capital Increase and on the progress of the implementation of the New Vision and Business Model for IDB Invest.

(Adopted on 10 March 2024)

Annex A

Terms and Conditions Applicable to the New Shares

1. Allocation and Subscription of New Shares

- a. 166,666 New Shares have been allocated for subscription pursuant to this Annex A. Each member country will have until March 10, 2026 to subscribe a number of New Shares equal to the number that results from multiplying 166,666 by such member's percentage of subscribed capital. The Board of Executive Directors is authorized to extend the subscription period.

Member Country	Subscribed Capital
Argentina	12.48%
Bahamas	0.20%
Barbados	0.14%
Belize	0.08%
Bolivia	0.92%
Brazil	12.48%
Chile	3.25%
Colombia	3.30%
Costa Rica	0.45%
Dominican Republic	0.67%
Ecuador	0.62%
El Salvador	0.45%
Guatemala	0.59%
Guyana	0.17%
Haiti	0.45%
Honduras	0.45%
Jamaica	0.38%
Mexico	7.34%
Nicaragua	0.45%
Panama	0.60%
Paraguay	0.51%
Peru	3.31%
Suriname	0.07%
Trinidad & Tobago	0.44%
Uruguay	1.22%
Venezuela	2.98%

Member Country	Subscribed Capital
Austria	0.49%
Belgium	0.16%
Canada	3.00%
China	4.77%
Denmark	0.59%
Finland	0.56%
France	1.90%
Germany	1.11%
Israel	0.24%
Italy	2.81%
Japan	3.67%
Korea	4.23%
Netherlands	0.59%
Norway	0.56%
Portugal	0.21%
Spain	4.01%
Sweden	0.56%
Switzerland	1.27%
United States	15.05%
Croatia	0.01%
Slovenia	0.01%
United Kingdom	0.22%

*\*This table is for reference only. It reflects the expected subscribed capital of each member country prior to GCI-III, assuming that (i) all GCI-II transfers are completed by the 2024 Annual Meeting, and (ii) all GCI-II shares are subscribed as allocated.*

- b. In the corresponding subscription instrument, each member country shall represent to IDB Invest that it has taken all necessary action to authorize its

subscription. Subscription instruments may be subject to budget appropriations or other conditions.

2. Payment for New Shares

- a. Each New Share will have a par value of US\$10,000 and a base price of US\$21,000.
- b. Member countries shall pay for their subscribed New Shares at the base price, in United States Dollars and in seven consecutive and equal installments, in accordance with a payment plan to be determined and communicated by Management to each subscribing member country. Payment of the first installment shall be due by each member country on November 30, 2025 (the "first due date") or thirty (30) calendar days after the respective member country presents its subscription instrument (the "second due date") (whichever is later). The remaining installments shall be due on November 30 of each year from 2026 to 2031. The Board of Executive Directors is authorized to extend payment deadlines.
- c. Member countries may pay for their subscribed New Shares either in cash or in promissory notes issued by the government of the member country. In the case of promissory notes, they shall be available for encashment in United States Dollars by IDB Invest in seven consecutive and equal annual installments by no later than the corresponding payment deadlines.

3. Issuance of New Shares and Voting Power

- a. New Shares that are paid for in accordance with this Resolution will be issued, and the corresponding voting power will be recognized, at the end of each corresponding installment period per the payment plan regardless of whether the New Shares are paid in advance.
- b. New Shares that are paid in arrears will be issued at the end of the installment period in which payment is received.
- c. Notwithstanding the above, New Shares corresponding to the first installment will be issued, and their corresponding voting power will be recognized, on the following dates:
  - (i) On the day after the first due date, if the New Shares are paid for on or prior to the first due date;
  - (ii) On the day after receipt of payment, if the New Shares are paid for after the first due date and on or prior to the second due date; or
  - (iii) At the end of the next installment period in which payment is received, if the New Shares are not paid for by the date that occurs 30 days after the end of the subscription period.

4. Reallocation of New Shares

- a. By no later than October 31, 2025, and subject to the provisions below, the Board of Executive Directors shall determine basic terms and conditions to reallocate (i) New

Shares that are not subscribed within the subscription period set forth in this Annex A (and any extension thereof), (ii) New Shares that are relinquished during the capitalization period, which extends from 2025 until the final payment deadline in 2031 (and any extension thereof) (the "Capitalization Period"), and (iii) New Shares that remain unpaid at the end of the Capitalization Period.

- b. In carrying out any reallocations, the Board of Executive Directors:
  - (i) shall ensure that no change in the allocation of the New Shares 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%;
  - (ii) 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 IDB Invest; and
  - (iii) shall further ensure that New Shares are reallocated only to member countries that are in good standing with respect to their obligations with IDB Invest
- c. In addition, in carrying out the first reallocation round of New Shares that may be available following the end of the subscription period, the Board of Executive Directors shall give a preference to interested members admitted to IDB Invest after March 30, 2015.
- d. The Board of Executive Directors shall reallocate any remaining New Shares based on the subscribed capital of an interested member vis-à-vis the subscribed capital of all other interested members. Subject to the rules established in paragraphs 4(b) and 4(c) above, the Board of Executive Directors may establish other share reallocation criteria it considers appropriate.

Annex B

Proposed Amendments to  
the Agreement Establishing the Inter-American Investment Corporation and  
the Regulations for the Election of Executive Directors of  
the Inter-American Investment Corporation

DOCUMENT OF THE INTER-AMERICAN INVESTMENT CORPORATION

PROPOSED RESOLUTION CII/AG- /

Amendment of the Agreement Establishing the Inter-American Investment Corporation  
and the Regulations for the Election of Executive Directors of the Inter-American  
Investment Corporation

WHEREAS,

At the 2024 Annual Meeting, the Board of Governors of the Inter-American Investment Corporation (“IDB Invest”) adopted Resolution CII/AG- /24 (the “GCI-III Resolution”) pursuant to which it mandated the implementation of the New Vision and Business Model for IDB Invest and authorized an increase in the capital stock of IDB Invest of US\$3.5 billion;

The GCI-III Resolution further mandated that a resolution to implement certain modifications to the organization and functioning of the Board of Executive Directors be submitted to the Board of Governors for consideration by the procedure of taking a vote without calling a meeting. The implementation of such modifications requires amendments to the Agreement Establishing the Inter-American Investment Corporation (the “Agreement”) and to the Regulations for the Election of Executive Directors of the Inter-American Investment Corporation (Document CII/AB-8-2, the “Election Regulations”);

Article VIII, Section 1 (a) of the Agreement provides for the amendment of the Agreement by a majority representing at least four-fifths of the votes of the members, which shall include two-thirds of the Governors; and

Section 15 of Part IV of the Election Regulations provides for the amendment of the Election Regulations by a majority representing at least two-thirds of the votes of the members, including two-thirds of the Governors for the regional developing members and two-thirds of the Governors for the members referred to in Article IV, Section 4(c)(iii) of the Agreement;

THEREFORE,

The Board of Governors of IDB Invest, in accordance with the Agreement,

RESOLVES:

1. To amend Section 4(c) of Article IV of the Agreement so that it reads as follows:

“(c) The Board of Executive Directors of the Corporation shall be composed as follows:

- (i) one Executive Director shall be appointed by the member country having the largest number of shares in the Corporation;
- (ii) nine Executive Directors shall be elected by the Governors for the regional developing member countries;
- (iii) four Executive Directors shall be elected by the Governors for the remaining member countries.

The procedure for the election of Executive Directors shall be set forth in the Regulations to be adopted by the Board of Governors by a majority of at least two-thirds of the votes of the members.

Each Executive Director may designate an Alternate Director who shall have full power to act for him when he is not present.”

2. To amend Section 1 of Part I of the Election Regulations so that it reads as follows:

“The Governors for the countries referred to in Article IV, Section 4(c) of the Agreement Establishing the Corporation, except for the Governor for the country referred to in Article IV, Section 4(c)(i), shall be eligible to vote and shall elect not more than thirteen Executive Directors.”

3. To amend the first paragraph of Section 2 of Part I of the Election Regulations so that it reads as follows:

“The Governors for the regional developing member countries shall, in accordance with the following provisions, elect nine Executive Directors:”

4. To delete Section 2(e) of Part I of the Election Regulations and to renumber Section 2(f) of Part I of the Election Regulations as the new Section 2(e).

5. To amend Section 3 of Part I of the Election Regulations so that it reads as follows:

“The Governors for the members referred to in Article IV, Section 4(c)(iii) of the Agreement Establishing the Corporation shall elect four Executive Directors. The election shall be held in accordance with the following provisions:

- (a) This Section shall apply exclusively to the members referred to in Article IV,



Section 4(c)(iii) of the Agreement and the total voting power of those countries shall be counted as 100 per cent for the purposes hereof.

- (b) Each Governor eligible to vote under this Section shall cast in favor of a single person all the votes to which the member country he represents is entitled under Article IV, Section 3(a) of the Agreement Establishing the Corporation.
- (c) The four candidates receiving the largest number of votes shall be Executive Directors, provided that no person shall be deemed elected unless the person has received the votes of three or more Governors.
- (d) As many ballots as are necessary shall be taken until four candidates have been elected.
- (e) After the balloting has been completed, each Governor who did not vote for one of the candidates elected may assign his votes to one of them. The number of votes appertaining under Article IV, Section 3(a) of the Agreement Establishing the Corporation to each Governor who has voted for or assigned his votes to a candidate elected under these Regulations shall be deemed for the purposes of Article IV, Section 4(f) of the Agreement to have counted toward the election of such candidate.”

6. To amend Section 8 of Part II of the Election Regulations so that it reads as follows:

- “(a) The election shall consist of four separate stages. The two Executive Directors referred to in Section 2(c)(i) above shall be elected in the first stage. The other four Executive Directors referred to in Section 2(c) shall be elected in the second stage; the three Executive directors mentioned in Section 2(d) above shall be elected in third stage; and the four Executive Directors mentioned in Section 3, in the fourth stage.
- (b) Each Governor may participate in only one stage of voting.
- (c) At the beginning of each stage of the voting, the Secretary of the Board of Governors shall announce the names of the official candidates and of the countries eligible to vote.”

7. To amend Section 16 of Part V of the Election Regulations so that it reads as follows:

“Section 16. Election of Executive Directors as a result of the Amendment to the Agreement Establishing the Inter-American Investment Corporation proposed during the 2024 Annual Meeting

If the amendment to the Agreement proposed during the 2024 Annual Meeting to increase the number of Executive Directors elected by the Governors from the member countries referred to in Section 4(c)(iii) of Article IV of the Agreement becomes effective, a vacancy in the Board of Executive Directors shall be considered to exist. A special election to permit the Governors referred to in said Section 4(c)(iii) to fill this vacancy, and other vacancies that may result from such increase in Executive Directors, shall then take place in accordance with Part III of these Regulations.”

8. That the amendment to the Agreement described in paragraph 1 of this Resolution shall enter into force immediately upon the date of the official communication addressed to all members certifying that the Resolution has been adopted, as referred to in Article VIII, Section 1(c) of the Agreement.

9. That the amendment to the Election Regulations described in paragraphs 2 through 7 of this Resolution shall enter into force on the same date that the amendment to the Agreement enters into force pursuant to paragraph 8 above.

(Adopted on \_\_\_\_ )