

RESOLUTION AG-8/07

IDB Grant Facility

WHEREAS, the Board of Governors has adopted Resolution AG-3/07 providing for the approval of Document CA-474-2 on the terms and conditions specified in the Resolution;

WHEREAS, Document CA-474-2 provides, in relevant part, for the creation of a facility through which grants may be provided to Haiti that would be financed by transfers from income of the Fund for Special Operations (the "FSO") and possible direct contributions from donor countries (the "IDB Grant Facility");

WHEREAS, pursuant to Article IV, Section 10 of the Agreement Establishing the Inter-American Development Bank (the "Agreement") the Board of Governors has the authority to distribute the net profits of the FSO to the Bank's member countries,

WHEREAS, the Board of Executive Directors has adopted Resolution DE-49/07 resolving that this Proposed Resolution be submitted to the Board of Governors for consideration by the procedure of taking a vote without calling a meeting provided for in Section 5 of the By-Laws of the Bank,

The Board of Governors

RESOLVES:

1. Establishment and Purpose:
  - (a) There is hereby established, as of the date of the entry into force of this Resolution, an independent account to be known as the IDB Grant Facility Account (the "Account") which shall be constituted with the monies which shall from time to time be received by the Account in accordance with Section 2 hereof.
  - (b) The purpose of the Account is to make grants appropriate for dealing with special circumstances arising in specific countries or with respect to specific projects.

- (c) The Bank shall administer the Account. The assets of the Account shall be kept entirely separate from the assets of the Bank and from the funds administered by the Bank and shall be used only for the purpose of, and in accordance with, the provisions of this Resolution.

2. Resources:

- (a) As of the date of the entry into force of this Resolution, an initial aggregate amount of the equivalent of US\$50,000,000 (fifty million United States dollars) in convertible currencies of the General Reserve (calculated excluding the cumulative principal of loan write-offs from the HIPC Initiatives and other debt relief) of the FSO are authorized for payment to the Account. Such aggregate amount shall be paid to the Account so as to provide for the disbursements required to fund activities authorized pursuant to Section 4 hereof.
- (b) The Board of Governors may approve the allocation of additional amounts to the Account.
- (c) The Account is authorized to receive any additional contributions which any member country may wish to make available for use as part of the Account consistent with the purposes of this Resolution.
- (d) The Account shall also include the return realized by the Account on the investment of resources in the Account and pending disbursement.

3. Entry into Force:

This Resolution shall enter into force and the Account shall become operational pursuant to the terms of this Resolution only if the Bank shall have received sufficient votes to establish a quorum of the Board of Governors as established in Article VIII, Section 2(e) of the Agreement, and sufficient votes in favor of this Resolution to represent a majority of the total voting power of the member countries pursuant to Article VIII, Section 4(c) of the Agreement, within the duly established deadline.

4. Utilization of Resources:

- (a) The resources of the Account shall be used for the purpose of making grants appropriate for dealing with special circumstances arising in specific countries or with respect to specific projects under terms and conditions as the Board of Executive Directors shall determine. The Board of Executive Directors shall adopt the regulations that will govern the utilization of resources of the Account (the "Regulations"), including the criteria for eligibility of regional developing member

countries to receive grants, the types of activities that shall qualify and all other relevant guidelines for the use of the resources of the Account, consistent with the provisions of the Agreement, other regulations approved by the Board of Governors, Resolution AG-3/07, Document CA-474-2, the Debt Sustainability Framework and Performance-Based Allocation of the Bank and the terms of this Resolution.

- (b) Decisions to provide grants for eligible member countries pursuant to the Regulations shall be taken by the Board of Executive Directors on the following basis. Each member country shall have one vote for each one thousandth of a percent that its contribution in convertible currencies to the FSO on any given date bears to the total of such contributions. In voting in the Board of Executive Directors for the purposes of such decisions, each Executive Director shall be entitled to cast the number of votes thus allocated to the country which appointed or elected such Executive Director and each such Executive Director shall be entitled to cast the total number of votes thus allocated to the member countries whose votes counted toward the election of such Executive Director, which votes shall be cast as a unit. All decisions of the Bank concerning the use of the Account shall be decided by a majority of the total voting power so allocated to the member countries.
- (c) Haiti will be eligible to receive US\$50 million annual grants during 2007 through 2009, inclusive.
- (d) Subject to the terms of the respective grant contract, the Account shall be charged, in the respective currencies designated by the Bank and available in the Account, with the amount(s) to be paid by the Account to the grant recipient.

5. Administration of the Account:

- (a) The Bank shall have full power and authority to perform all acts and enter into such agreements or contracts as may be necessary and to do all things which shall, in its opinion, be necessary for the accomplishment of the purposes of the Account, subject to the provisions of this Resolution and to the Regulations.
- (b) The Bank may invest monies held in the Account, pending disbursement, including in securities issued by the Bank, of such maturities as shall be appropriate for the expected disbursements from the Account. The income from such investments shall be deposited in the Account and used in its operations.

- (c) The Bank shall keep accounts and records of the resources and operations of the Account separately from the other accounts and records of the Bank in such a way as to permit the identification of the assets, liabilities, income, costs and expenses pertaining to the Account as a financial unit independent of the other operations of the Bank. The accounting system used shall also permit the identification and recording of the origin of the various resources received by virtue of this Resolution. The Financial Statements of the Account will be examined and certified by the outside auditors selected to certify the Financial Statements of the Bank.

6. Termination of the Account:

Upon the termination of the Account by the decision of the Board of Governors for any reason, after all direct and contingent liabilities arising from commitments made pursuant to Section 4 hereof and the Regulations have been discharged or duly provided for, any remaining assets of the Account which have been provided pursuant to Section 2 hereof will be distributed to the member countries pursuant to Article IV, Section 10 of the Agreement, as the Board of Governors shall determine.

7. Amendment:

Any amendment of this Resolution by the Board of Governors shall require approval by a majority of the total voting power of the member countries.

Adopted on June 29, 2007