

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

RESOLUTION AG-10/09

Increase of US\$4 billion in the Authorized Ordinary Capital Stock
and Subscription by Canada Thereto

WHEREAS:

Pursuant to Resolution AG-6/09 of March 30, 2009, the Board of Governors of the Inter-American Development Bank (the “Board of Governors” and the “Bank”) requested that Management of the Bank (“Management”) “present to the Board of Executive Directors by the end of April 2009 options that are consistent with the Bank’s financial strength to further expand the Ordinary Capital financing envelope for a short-term crisis response beginning this year”;

Management has presented to the Board of Executive Directors Document GN-2515, entitled “Options for Expanding the Bank’s Ordinary Capital Lending Capacity to Respond to the Financial/Economic Crisis in the Region”, which describes options that could expand the Bank’s ability to lend from Ordinary Capital resources and support capital flows to the region over the next two to three years;

By Resolution DE-45/09, the Board of Executive Directors authorized Management to consider and develop proposals presented by Bank member countries to subscribe to non-voting callable ordinary capital shares as contemplated in Document GN-2515, and to present any such proposal to the Board of Executive Directors for consideration and, if agreed to by the Board of Executive Directors, to the Board of Governors for approval;

The Board of Executive Directors has considered a proposal whereby Canada would subscribe to non-voting callable ordinary capital shares and, pursuant to Resolution DE-51/09, has forwarded such a proposal to the Board of Governors as Document AB-2702 by the procedure for vote without calling a meeting as provided in Section 5 of the By-Laws of the Bank;

The Board of Governors agreed that the actions contemplated to implement such a proposal should not affect Canada’s current subscriptions to the authorized ordinary capital stock, current contributions to the Fund for Special Operations, voting authority or membership in the Bank;

The Board of Governors has concluded that actions to increase the authorized ordinary capital stock of the Bank in the manner contemplated herein would be desirable;

Article II, Section 2(e) of the Agreement Establishing the Bank (the "Agreement") provides that the Board of Governors may agree upon an increase in the authorized ordinary capital stock of the Bank; and

Article VIII, Section 4(a) of the Agreement provides that the Board of Governors may determine that the capital stock authorized by such increase shall not have voting rights and that such increase of stock shall not be subject to the preemptive rights established in Article II, Section 3(b) of the Agreement;

The Board of Governors

RESOLVES THAT:

Section 1. Increase in the Authorized Capital

- (a) Subject to the provisions of Section 1(b) hereof, the authorized ordinary capital stock of the Bank shall be increased by US\$4,039,886,679.44, divided into 334,887 non-voting callable shares (the "Shares"), each having par value as provided in Article II, Section 3(c) of the Agreement at the price of US\$12,063.43238 per share (the "Increase").
- (b) The Increase, as defined in Section 1(a) above, shall become effective only if, within 90 calendar days after the date of approval of this Resolution, or such later date as the Board of Executive Directors shall determine, Canada shall have deposited with the Bank a letter of subscription in relation to all of the Shares in accordance with Section 2 hereof (such date of deposit being "the Subscription Date").

Section 2. Subscription

- (a) Canada shall deposit with the Bank a letter of subscription through which Canada shall subscribe to the Shares and shall represent to the Bank that it has adopted the legal measures necessary to give effect to the requirements herein. Canada shall make available to the Bank evidence of such legal measures as may be requested by the Bank.
- (b) The subscription of Canada to the Shares shall be in one single installment, effective as of the Subscription Date.

Section 3. Return of Shares

- (a) In accordance with Article II, Section 3(e) of the Agreement, by written notice to the Bank, Canada shall transfer the Shares to the Bank at the subscription price set

forth in Section 1(a) above and in accordance with the schedule defined in Section 3(b) below.

- (b) Canada shall transfer the Shares to the Bank in accordance with the following schedule (the "Schedule"):
 - (i) 25% of the Shares (i.e., 83,722 shares) on the date that is five years from the Subscription Date (the "First Transfer Date");
 - (ii) 25% of the Shares (i.e., 83,722 shares) on the date that is six years from the Subscription Date (the "Second Transfer Date");
 - (iii) 25% of the Shares (i.e., 83,722 shares) on the date that is seven years from the Subscription Date (the "Third Transfer Date"); and
 - (iv) 25% of the Shares (i.e., 83,721 shares) on the date that is eight years from the Subscription Date (the "Final Transfer Date").
- (c) If, prior to the transfer of the Shares pursuant to the Schedule, the Board of Governors approves a general increase in the authorized ordinary capital stock of the Bank through which Canada subscribes to additional ordinary capital shares, Canada shall have the right to transfer to the Bank an amount of the Shares equal in value to such additional ordinary capital shares on the corresponding subscription date (or each such corresponding subscription date). In such event, the Schedule shall be adjusted by lowering the number of Shares to be transferred by Canada to the Bank by a corresponding amount. Such adjustment shall be in reverse chronological order whereby the number of Shares corresponding to the Final Transfer Date is decreased to zero before adjusting the number of Shares corresponding to the Third Transfer Date and, in the same manner and as necessary, adjusting the number of Shares corresponding to the Second Transfer Date and the First Transfer Date.
- (d) In the event of a call on the callable capital, any non-transferred Shares shall be subject to call and such called Shares shall no longer be subject to transfer. The Schedule shall be adjusted by lowering the number of Shares to be transferred by Canada to the Bank by a corresponding amount. Such adjustment shall be in chronological order whereby the number of Shares corresponding to the First Transfer Date is decreased to zero before adjusting the number of Shares corresponding to the Second Transfer Date and, in the same manner and as necessary, adjusting the number of Shares corresponding to the Third Transfer Date and the Final Transfer Date.
- (e) Notwithstanding the provisions of Sections 3(a) and 3(b) hereof, prior to any Transfer Date, Canada shall have the right to postpone the transfer of Shares to a later date as determined by Canada and communicated by written notice to the Bank.

Section 4. Voting Rights and Preemptive Rights

- (a) In accordance with Article VIII, Section 4(a) of the Agreement, the Shares shall not have voting rights nor shall the Shares be subject to the preemptive rights established in Article II, Section 3(b) of the Agreement.
- (b) In accordance with Section 4(a) above, any rights, restrictions or waivers on subscriptions to an increase in ordinary capital shares as set forth in Article VIII, Section 4(b) of the Agreement and Section 7(b) of the General Rules Governing Admission of Nonregional Countries to Membership in the Bank shall not apply in respect of the Shares.
- (c) Except as expressly provided herein, the Shares shall have the same purposes, effects, and corresponding rights and obligations as other callable (voting) shares of Canada as provided under the Agreement.

(Adopted 20 July 2009)