

**PUBLIC**

**Inter-American Development Bank**

**MULTILATERAL INVESTMENT FUND**

**SPECIAL PURPOSE ANNUAL INFORMATION STATEMENT**  
**December 31, 2018 and 2017**

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**MIF**

**MULTILATERAL INVESTMENT FUND  
SPECIAL PURPOSE ANNUAL INFORMATION STATEMENT**

**December 31, 2018 and 2017**

## MULTILATERAL INVESTMENT FUND

(Administered by the Inter-American Development Bank)

### SPECIAL PURPOSE STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE

(Expressed in thousands of United States dollars)

	December 31,			
	2018		2017	
<b>ASSETS</b>				
<b>Cash and investments</b>				
Cash	\$	901	\$	2,914
Investments		170,483	\$	227,164
				\$ 230,078
<b>Promissory notes receivable from Donors</b>			60	1,533
<b>Loans outstanding</b>		27,797		21,909
<b>Allowance for loan losses</b>		(2,780)	25,017	(2,191)
				19,718
<b>Equity investments outstanding</b>		126,137		125,413
<b>Allowance for equity investment losses</b>		(50,455)	75,682	(50,165)
				75,248
<b>Accrued interest on loans</b>			304	598
<b>Total assets</b>		\$	272,447	\$ 327,175
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities</b>				
Undisbursed grants and other financings	\$	124,618	\$	154,083
Due to affiliates		3,532		5,418
Other liabilities		19,076		1,002
<b>Total liabilities</b>			147,226	160,503
<b>Fund Balance</b>				
Contribution quotas authorized and subscribed		1,746,763		1,746,763
Contribution quotas receivable		(25,710)		(25,710)
Accumulated excess of expenses over income		(1,687,361)		(1,646,445)
Accumulated translation adjustments		91,529		92,064
<b>Total fund balance</b>			125,221	166,672
<b>Total liabilities and fund balance</b>		\$	272,447	\$ 327,175

*The accompanying notes are an integral part of the special purpose annual information statement.*

**MULTILATERAL INVESTMENT FUND**

(Administered by the Inter-American Development Bank)

**SPECIAL PURPOSE STATEMENTS OF CHANGES IN FUND BALANCE***(Expressed in thousands of United States dollars)*

	Year ended December 31,	
	2018	2017
<b>Income</b>		
Investment income	\$ 4,119	\$ 3,110
Loan and equity investment income	3,103	3,528
Other income	40	50
<b>Total income</b>	<u>7,262</u>	<u>6,688</u>
<b>Expenses</b>		
Grants and other financings	19,320	30,007
Change in allowance for loan losses	589	(168)
Change in allowance for equity investment losses	11,662	6,801
Administrative expenses	16,173	17,267
Other expenses	434	963
<b>Total expenses</b>	<u>48,178</u>	<u>54,870</u>
<b>Excess of expenses over income</b>	(40,916)	(48,182)
<b>Accumulated excess of expenses over income, beginning of year</b>	(1,646,445)	(1,598,263)
<b>Accumulated excess of expenses over income, end of year</b>	<u>(1,687,361)</u>	<u>(1,646,445)</u>
<b>Accumulated translation adjustments, beginning of year</b>	92,064	91,938
Translation adjustments	(535)	126
<b>Accumulated translation adjustments, end of year</b>	<u>91,529</u>	<u>92,064</u>
<b>Contribution quotas subscribed, beginning of year</b>	1,746,763	1,746,763
Contribution quotas subscribed during the year	-	-
<b>Contribution quotas, end of year</b>	<u>1,746,763</u>	<u>1,746,763</u>
<b>Contribution quotas receivable, beginning of year</b>	(25,710)	(25,710)
Collection of contribution quotas receivable during the year	-	-
<b>Contribution quotas receivable, end of year</b>	<u>(25,710)</u>	<u>(25,710)</u>
<b>Fund balance, end of year</b>	<u>\$ 125,221</u>	<u>\$ 166,672</u>

*The accompanying notes are an integral part of the special purpose annual information statement.*

**MULTILATERAL INVESTMENT FUND**  
(Administered by the Inter-American Development Bank)  
**SPECIAL PURPOSE STATEMENTS OF CASH FLOW**  
*(Expressed in thousands of United States dollars)*

	Year ended December 31,	
	2018	2017
<b>Cash flows from financing activities</b>		
Collection of receivable from donors	\$ 1,473	\$ 2,196
MIF III contribution quotas received in advance	18,823	-
<b>Net cash provided by financing activities</b>	<u>20,296</u>	<u>2,196</u>
<b>Cash flows from lending and investing activities</b>		
Gross purchases of investments	(23,000)	(64,324)
Gross proceeds from sale or maturity of investments	73,058	123,515
Equity investments return of capital	8,708	13,948
Loan collections	4,478	4,791
Loan disbursements	(10,400)	(2,974)
Equity investment disbursements	(20,804)	(13,307)
<b>Net cash provided by lending and investing activities</b>	<u>32,040</u>	<u>61,649</u>
<b>Cash flows from operating activities</b>		
Investment income received	10,742	10,408
Loan and equity investment income	3,052	3,651
Grants and other financings	(48,785)	(58,034)
Administrative expenses	(17,930)	(17,805)
Other losses	(821)	(34)
Other expenses	(440)	(674)
<b>Net cash used in operating activities</b>	<u>(54,182)</u>	<u>(62,488)</u>
<b>Effect of exchange rate fluctuations on cash</b>	<u>(167)</u>	<u>(269)</u>
<b>Net increase in cash</b>	<u>(2,013)</u>	<u>1,088</u>
<b>Cash, beginning of year</b>	<u>2,914</u>	<u>1,826</u>
<b>Cash, end of year</b>	<u>\$ 901</u>	<u>\$ 2,914</u>
<b>Reconciliation of excess of expenses over income to Net cash used in operating activities:</b>		
Excess of expenses over income	\$ (40,916)	\$ (48,182)
Net unrealized investment activity	6,623	7,298
Change in allowance for loan and equity investment losses	12,251	6,633
Difference between amounts accrued and amounts paid or collected for:		
Loan and equity investment income	(51)	123
Grants and other financings	(29,465)	(28,027)
Administrative expenses	(1,757)	(538)
Other losses	(861)	(84)
Other expenses	(6)	289
<b>Net cash used in operating activities</b>	<u>\$ (54,182)</u>	<u>\$ (62,488)</u>
<b>Supplemental disclosure of noncash financing activities:</b>		
Increase resulting from exchange rate fluctuations:		
Promissory notes receivable from Donors	\$ -	\$ 95

*The accompanying notes are an integral part of the special purpose annual information statement.*

## **MULTILATERAL INVESTMENT FUND**

(Administered by the Inter-American Development Bank)

### **NOTES TO SPECIAL PURPOSE ANNUAL INFORMATION STATEMENT**

December 31, 2018 and 2017

*(Expressed in thousands of United States dollars)*

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#### **NOTE A – ORGANIZATION AND OPERATIONS**

The Multilateral Investment Fund (MIF) has operated since January 7, 1993 under the Agreement Establishing the MIF (the Agreement). This Agreement has been amended for each of the two replenishments of the fund's resources, as explained below.

On April 9, 2005, thirty-eight member countries of the Inter-American Development Bank (Bank) signed the Agreement Establishing the Multilateral Investment Fund II (Agreement) and entered into an administration agreement whereby the Inter-American Development (Bank) was designated the Administrator of the Multilateral Investment Fund II (MIF II or Fund).

MIF II, the successor of the former Multilateral Investment Fund (the MIF), was established with the purpose of enabling the continuation of the MIF operations. The Agreement and the MIF II administration agreement (together, Agreements) became effective on March 13, 2007. Under the terms of the Agreement, MIF II was established for a term to expire on December 31, 2015, renewable for a one-time period of up to five years. With Resolution MIF/DE – 10/15 adopted by the Donors Committee on June 24, 2015, MIF II term was extended to December 31, 2020. In 2016, MIF II's focus was narrowed into the following three thematic areas: (i) Inclusive Cities; (ii) Climate-Smart Agriculture; and (iii) Knowledge Economy. These thematic areas were identified in anticipation of the forthcoming MIF III, whose objective is to serve as an Inter-American Development Bank Group's innovation laboratory to promote 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 Latin America and the Caribbean (LAC) region. As of December 31, 2018, there are thirty nine member countries (Donors).

The general purpose of the Fund is to support economic growth and poverty reduction in the regional developing member countries of the Bank and the developing member countries of the Caribbean Development Bank (CDB) by encouraging increased private investment and advancing private sector development. To carry out its operations, the Fund provides financing in the form of grants for technical cooperations, loans, guarantees, and equity investments or any combination thereof.

The functions of the Fund are to: promote activities to improve the business environment; enhance the competitiveness in the private sector; stimulate micro and small enterprises and other entrepreneurial activities; advance regional integration efforts; share knowledge that assists in the development of the private sector, particularly of micro and small enterprises; encourage the use and application of technology; advance the application of innovative initiatives; complement the work of the Bank, the Inter-American Investment Corporation (IIC) as well as the work of other multilateral development banks in the region; encourage the implementation of appropriate legal and regulatory reforms; and promote environmentally sound and sustainable economic development, as well as gender equality, in the full range of operations.

On April 2, 2017, the Boards of Governors of the Bank and the IIC (BOGs) agreed on a new replenishment for the Fund to continue and enhance its activities beyond its renewed term. The BOGs also approved the form of the Agreement Establishing the Multilateral Investment Fund III (MIF III Agreement) and the Agreement for the Administration of the Multilateral Investment Fund III (MIF III Administration Agreement) (collectively, the MIF III Agreements), both of which are mandated to enter into force on any date when prospective donors representing at least 60% of the total new contributions have deposited their Instruments of Contribution (Effective Date). The MIF III agreements are to remain in force for a period of five years as of the Effective Date and may be renewed for additional periods of up to five years. The Multilateral Investment Fund under the MIF III Agreement and Administration Agreement will continue to be a fund administered by the Bank.

On March 12, 2019, the MIF III Agreement entered into force. The BOGs agreed in 2017 on a replenishment of \$302,209 with additional contributions up to \$15,000. The additional contributions' window was open until the effective date of the MIF III Agreements. Total contributions amounted to \$311,654.

In October 2018, the MIF adopted a new brand and now refers to itself as IDB Lab. This rebranding did not entail a change in the legal name of the MIF. The MIF is a member of the Inter-American Development Bank Group (the IDB Group), which also includes the IDB and the IIC.

## **SUB-FUNDS**

Included in the Fund's Annual Information Statement (Statement) are several sub-accounts (referred to as sub-funds) established pursuant to MIF II or a 2013 transfer of resources from a third-party, as described below. The remaining resources of the Fund are maintained in what is referred to as the Main Fund.

### **Small Enterprise Investment Fund (SEIF)**

Within the MIF II a separate sub-fund is maintained, the Small Enterprise Investment Fund (SEIF), to provide loans, guarantees, equity and quasi-equity investments or any combination thereof, directly or through intermediaries, to private sector entities which are creating or expanding services to micro and small enterprises, or which are financing or investing in micro and small enterprises. The Donors Committee approves all financings.

### **Productivity Fund**

In 2009, the People's Republic of China granted a \$25,000 special contribution to the MIF II to be held separately from its regular resources, via the establishment of the Fund for Increasing Productivity and Promoting Inclusive Economic Growth (Productivity Fund). The objective of the Productivity Fund is to scale up successful programs, disseminate and identify international best practices for inclusive private-sector development, build internal skills and capacities needed by the MIF staff to meet the requirements of the Fund and its business plan and structure private-sector development projects that increase productivity and reduce poverty.

### **Haiti Account**

Effective January 2, 2013, a nonprofit organization transferred, assigned and delivered to the Bank, as Administrator of the Fund, certain of its operations, assets and other resources pursuant to a General Assignment and Assumption Agreement signed between the parties and dated December 14, 2012. The net assets transferred amounted to \$4,864 and included cash for \$7,962, a loan portfolio with an outstanding balance of \$2,564 and a grant portfolio with an undisbursed balance of \$5,662. In May 2014, there was an additional transfer of cash from the nonprofit organization for the amount of \$1,866, increasing the grant portfolio by the same amount. As per the terms of the General Assignment and Assumption Agreement, the Bank, as Administrator of the Fund, assumed the administration of such operations, assets and resources for activities that support economic growth and opportunity in the Republic of Haiti (hereinafter referred to as the Haiti Account) and are in line with the purpose of the Fund. In view of the unprecedented nature of this assignment, and as required by the General Assignment and Assumption Agreement, the Fund presents the net assets transferred separately from its other activities. As such, the loan and the grant portfolios were recorded as Other assets and Other liabilities, respectively, at the effective date of the transfer.

The accompanying Supplemental Information in Appendices IV and V presents the Special Purpose Statements of Assets, Liabilities, and Fund Balance by fund/sub-fund and account as of December 31, 2018 and 2017, and the Special Purpose Statements of Changes in Fund Balance by fund and account for the years then ended. As of December 31, 2018 the outstanding loans balance and undisbursed grants balance related to the Haiti Account amounted to \$0 and \$0.

## **NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of accounting**

This Statement has been prepared to comply with Article V, Section 2 (b) of the Agreement for the Administration of the MIF II, and with Resolution MIF/DE - 36/14 adopted by the Donors Committee on September 24, 2014 (Resolution), and is not intended to be a presentation in accordance with U.S. generally accepted accounting principles (GAAP). Due to the nature of its operations, the Fund follows a special accounting basis for loans, equity investments and contribution quotas. Under the special basis of accounting, loans and equity investments are recognized in the Statement following a simplified accounting and valuation methodology and loan income is recognized on an accrual basis. Contribution quotas authorized and subscribed are recognized as an increase in the fund balance when paid with cash or promissory notes. Investment income, grants and administrative expenses are recorded on an accrual basis. That is, the effect of transactions and other events is recognized when they occur (and not when cash is received or paid), and is recorded in the accounting records and reported in the Statements in the period to which they relate.

The preparation of the Statement requires the Administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the Statements, and the reported amounts of income and expenses during the reporting period. Actual results could differ from these estimates. Significant judgments have been made in the valuation of certain financial instruments.

### **Translation of currencies (Revaluation)**

The Statement is expressed in United States dollars, which is also the functional and reporting currency of the Fund. While the Fund conducts most of its operations in United States dollars, it also has operations in Euro, Canadian dollar, Japanese yen and certain Latin American currencies. Assets and liabilities in such currencies are translated into United States dollars at market exchange rates prevailing at the date of the Special Purpose Statements of Assets, Liabilities and Fund Balance. Net adjustments resulting from the translation of currencies into United States dollars are charged or credited to Translation adjustments<sup>1</sup>. Income and expenses in such currencies are translated at either market exchange rates in effect on the dates on which they are recognized or at an average of market exchange rates in effect during each month.

### **Investments**

Investment securities are recorded using the trade-date method of accounting. As of December 31, 2018, the Fund holds interests (referred to as shares) in two mutual fund type structures (referred to as investment pools) maintained and managed by the Bank. The Fund's investments are reported at fair value, with realized and unrealized gains and losses included in Investment income. The Fund holds shares in the investment pools and a daily net asset value (NAV) is calculated by the Bank. Note C discloses the nature of the investment securities held by the investment pools and the Fund's pro rata interest in the fair value of each investment security class based on the ratio of the shares held by the Fund as compared to the total shares issued by the investment pool. Shares in one of the two investment pools are also held by other funds administered by the Bank.

### **Loans**

The Fund makes loans to private and public small enterprises and financial institutions located in the regional developing member countries of the Bank and the developing member countries of the CDB through the SEIF. These loans are intended for institutions that are in the process of developing or establishing services for the benefit of small enterprises, or which are lending to or investing in them.

<sup>1</sup> References to captions in the special purpose annual information statement are identified by the name of the caption beginning with a capital letter every time they appear in the notes to the special purpose annual information statement.



Loan disbursements, less collections, are recorded as assets (Loans outstanding) in the Special Purpose Statements of Assets, Liabilities and Fund Balance, net of an allowance for loan losses equal to 10 percent of the loans outstanding balance. Loan interest income is recorded as Loan income following the accrual basis of accounting.

Partial or full loan write-offs, in addition to any changed in the aforementioned 10 percent allowance, are recorded in the period during which a loss has been “realized” through trigger events such as either a legal agreement or final bankruptcy settlement, or when the Fund has determined with a reasonable degree of certainty that the relevant amount will not be collected. Recuperations of loans previously written off are credited to the Change in allowance for loan losses when collected.

### **Equity investments**

The Fund makes equity investments through the SEIF. These equity investments are designed to increase the resources available for small and micro businesses, stimulate entrepreneurial activities in the economy and help smaller businesses link up with larger enterprises.

The full investment amount is recorded as an asset at cost in Equity investments outstanding in the Special Purpose Statements of Assets, Liabilities and Fund Balance, net of an allowance for impairment losses equal to 40 percent of the equity investment balance. Returns of capital are recorded as a reduction of equity investments and dividends are recorded as equity investment income when paid by the investee. The sale of equity investments is recorded as a reduction of Equity investments in the Special Purpose Statements of Assets, Liabilities and Fund Balance when cash is received. The difference between the recorded cost and sale proceeds is recorded as gains (losses) on sale of equity investments in Loan and equity investment income in the Special Purpose Statements of Changes in Fund Balance.

Partial or full equity investments write-offs, in addition to any changes in the aforementioned 40 percent allowance, are recorded in the period when a loss has been “realized” through trigger events such as either a legal agreement or final bankruptcy settlement, or when the Fund has determined with a reasonable degree of certainty that the relevant amount will not be collected. Recoveries of equity investments previously written off are credited to the Change in allowance for equity investment losses when collected.

### **Contribution quotas**

The full amount of subscriptions to contribution quotas is recognized upon receipt of: 1) the Instrument of Acceptance indicating that the Agreement has been ratified, accepted or approved, and 2) the Instrument of Contribution in which the Donor agrees to pay the Fund the contribution set forth in the Agreement. Contribution quotas receivable from Donors are deducted from the Fund balance.

Donors can pay contribution quotas in any freely convertible currency, or in non-negotiable non-interest-bearing promissory notes (or similar securities) denominated in such currency and payable on demand to meet the operational needs of the Fund. The promissory notes are recognized as assets, Promissory notes receivable from Donors, in the Special Purpose Statements of Assets, Liabilities and Fund Balance.

### **Administrative expenses**

Administrative expenses include:

- i) Direct charges of the office of the Fund, encompassing the following items: a) salaries and benefits of Bank staff assigned to the Fund and devoted to the Fund’s operations; b) employee benefit contributions for both local and international staff assigned to the Fund; c) termination payments in relation to staff assigned to the Fund; d) fees paid to consultants and outside services; e) travel costs; and f) other general and administrative costs.
- ii) Cost of services provided to the Fund by other IDB departments and the IIC. Starting in 2018, the Bank and the IIC charge the marginal costs of services provided to the Fund in accordance with an approved framework for the provision of services and a costing methodology for reimbursement of charges. Refer to Note I for further details.

**Grants and other financings**

Grants approved by the Donors Committee are expensed at the time of approval by charging the full amount to Grants and other financings expense and recording a corresponding liability in Undisbursed grants and other financings. Other financings are grants that occasionally may result in recoveries. When disbursements are made, the disbursements are recorded as a reduction of Undisbursed grants and other financings. Grants and other financings cancellations are recorded as a reduction of Grants and other financings expense and Undisbursed grants and other financings when approved. Recuperations are recorded as a reduction of Grants and other financings expense when received.

**Related party transactions**

As part of the administration of the resources of the Fund, the Bank pays administrative expenses and may disburse grants and other financings, loans and equity investments on behalf of the Fund. The amount payable related to these activities is reported as Due to affiliates.

**Fair value of financial instruments**

The following methods and assumptions were used by the Fund in measuring the fair value for the following financial instruments:

**Cash:** The carrying amount reported in the Special Purpose Statements of Assets, Liabilities and Fund Balance for cash approximates fair value.

**Investments:** Fair value for investments are based on quoted prices in markets that are not active, external pricing services, where available, or prices derived from alternative pricing models, utilizing available observable market inputs discounted cash flows. The fair values of the remaining investments are based on external pricing services.

**NOTE C – INVESTMENTS**

As part of its overall portfolio management strategy, the Bank invests the Fund's resources in the same type of securities in which it invests its own funds under its investment authority. Such resources are invested in high quality securities through two investment pools, the USD Mutual Fund and Treasury Bills Mutual Fund (TBF Mutual Fund), managed by the Bank. In addition, certain Fund resources are invested directly in debt securities and bank obligations, including overnight deposits. All of the investment pools' securities have credit quality equivalent to ratings ranging from AAA/A1+ to AA (short-term securities carry the highest short-term credit rating).

The Fund can contribute or withdraw funds from the investment pools by purchasing or redeeming shares. The number of shares purchased or redeemed each time a trust fund undergoes a transaction is the result of the dollar amount of the contribution or withdrawal and the NAV as calculated on a daily basis. At December 31, 2018 and 2017, the NAV of the USD Mutual Fund was \$158,465 and \$213,576, respectively, and the NAV of the TBF Mutual Fund was \$1,250,841 and \$1,150,345, respectively. At December 31, 2018 the Fund is the owner of 114,170,975 shares or 100% of the outstanding interests of the USD Mutual Fund and 11,589,003 shares or 0.96% of the TBF Mutual Fund. At December 31, 2017 the Fund held 157,205,678 shares or 100% of the USD Mutual Fund and 13,351,155 shares or 1.18% of the TBF Mutual Fund.

The table below shows the assets held by the mutual funds and the amounts are presented based on the Fund's proportionate ownership share of the mutual funds.

As of December 31, 2018 and 2017, Investments comprise the following:

Investment pools <sup>(1)</sup> :	2018	2017
Obligations of the United States Government	\$ 11,302	\$ 22,237
U.S. government-sponsored enterprises	541	628
Obligations of non-U.S. agencies	84,624	93,797
Obligations of non-U.S. sub-sovereigns	15,046	15,023
Obligations of supranationals	-	14,980
Bank obligations <sup>(2)</sup>	40,033	50,498
Corporate securities	18,937	30,001
	<u>\$ 170,483</u>	<u>\$ 227,164</u>

<sup>(1)</sup> Detail of investments by class represents the Fund's proportionate share of the investment pools' assets.

<sup>(2)</sup> May include bank notes and bonds, certificates of deposit, commercial papers, cash held for investments, and money market deposits.

The Bank limits the Fund's investment activities to a list of authorized dealers and counterparties. Further, exposures and term limits have been established for these counterparties based on their size and creditworthiness.

All of the Fund's investments at December 31, 2018 and 2017, were denominated in United States dollars. The average return on investments, including realized and unrealized gains and losses, during 2018 and 2017 was 2.1% and 1.2% respectively.

#### **NOTE D - UNDISBURSED GRANTS AND OTHER FINANCINGS**

The following is a summary of changes in Undisbursed grants and other financings for the years ended December 31, 2018 and 2017:

	2018	2017
Balance at January 1,	\$ 154,083	\$ 182,110
Approvals	33,346	47,206
Cancellations	(14,026)	(17,199)
Disbursements	(48,785)	(58,034)
Balance at December 31,	<u>\$ 124,618</u>	<u>\$ 154,083</u>

Approvals, net of cancellations, are presented as Grants and other financings in the Special Purpose Statements of Changes in Fund Balance. The Special Purpose Statements of Grants and Other Financings is shown in Appendix I.

#### **NOTE E – LOANS AND EQUITY INVESTMENT OUTSTANDING**

The following is a summary of changes in loans and equity investments outstanding and the respective allowances for losses for the years ended December 31, 2018 and 2017. In 2018 and 2017, no loans cancellations were requested. Equity Investments cancellations for \$13,080 and \$12,145 were recorded in 2018 and 2017, respectively.

<b>Loans outstanding</b>			<b>Allowance for loan losses</b>		
	2018	2017		2018	2017
Balance at January 1,	\$ 21,909	\$ 23,740	Balance at January 1,	\$ 2,191	\$ 2,374
Disbursements	10,400	2,974	Provision		
Collections	(4,478)	(4,791)	for loan losses	589	(168)
Write-offs		(15)	Loan recuperations	-	-
Revaluation	(34)	1	Write-offs	-	(15)
Balance at December 31,	\$ 27,797	\$ 21,909	Balance at December 31,	\$ 2,780	\$ 2,191

  

<b>Equity investments outstanding</b>			<b>Allowance for equity investment losses</b>		
	2018	2017		2018	2017
Balance at January 1,	\$ 125,413	\$ 137,817	Balance at January 1,	\$ 50,165	\$ 55,127
Disbursements	20,804	13,307	Provision for		
Return of capital	(8,708)	(13,948)	equity investment losses	11,662	6,801
Write-offs	(11,372)	(11,763)	Write-offs	(11,372)	(11,763)
Balance at December 31,	\$ 126,137	\$ 125,413	Balance at December 31,	\$ 50,455	\$ 50,165

As of December 31, 2018, undisbursed loans and equity investments were \$21,770 and \$85,545, respectively. Loans and Equity investments by country are shown in the Statements of Loans and Equity Investments in Appendix II.

#### **NOTE F – FAIR VALUE MEASUREMENTS**

Fair value measurement is based on a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

- Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or pricing models for which all significant inputs are observable, either directly or indirectly, for substantially the full term of the asset or liability;
- Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable.

The Fund's investment securities valued on a recurring basis based on quoted market prices in active markets, a valuation technique consistent with the market approach, include Obligations of the United States Government and cash held for investments for a total amount of \$11,905 at December 31, 2018 (2017 - \$22,237) (see Note C – Investments). Such instruments are classified within Level 1 of the fair value hierarchy.

The remaining investment securities of the Fund are measured at fair value based on quoted prices in markets that are not active, external pricing services, where available, or prices derived from alternative pricing models, utilizing available observable market inputs and discounted cash flows. These methodologies represent valuation techniques consistent with the market and income approaches. As of December 31, 2018 and 2017, these investments are classified within Level 2 of the fair value hierarchy and amount to \$158,578 and \$204,927 respectively.

The Fund's policy for transfers between levels is to reflect these transfers effective as of the beginning of the reporting period. There were no transfers between levels during 2018 or 2017.

## **NOTE G - OTHER LIABILITIES**

At December 31, 2018, Other liabilities include MIF III donor contribution quotas received of \$18,823, which are held by the Fund pending the effectiveness of MIF III.

## **NOTE H – CONTRIBUTION QUOTAS AND VOTING POWER**

### **Contribution quotas**

The Donors' Instrument of Contribution provides for each Donor to pay to the Fund its contribution quota in equal annual installments. Payments may be made in any freely convertible currency determined by the Donors Committee, or in non-negotiable, non-interest-bearing promissory notes (or similar securities) denominated in such currency. The payment of the promissory notes (or similar securities), which is subject to budgetary appropriation in some Donor countries, is due on demand in accordance with criteria and procedures established by the Donors Committee to meet the operational commitments of the Fund.

### **Voting power**

Under the Agreement, the Donors Committee shall reach decisions by a three-quarters majority of the total voting power. The total voting power of each Donor shall consist of the sum of its proportional votes and its basic votes. Each Donor shall have one proportional vote for each one hundred thousand United States dollars, or the equivalent in other currencies, it has contributed in cash or notes (or similar securities) under Article II, Section 2 of the Agreement. Each Donor shall also have basic votes consisting of such number of votes as results from the equal distribution among all the Donors of twenty five (25) percent of the aggregate proportional votes of all the Donors.

The Statements of Contribution Quotas and Voting Power are shown in Appendix III.

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## NOTE I – ADMINISTRATIVE EXPENSES

The Fund is charged expenses as described in Note B. In 2018 and 2017, the Bank and the IIC charged the following amounts to the Fund:

	2018	2017
Bank's staff assigned or substantially devoted to the activities of the Fund	\$ 8,461	\$ 13,337
Contributions to IDB Staff Retirement Plan <sup>(1)</sup>	2,011	-
Consultancies	1,250	1,301
Business travel	749	587
Services provided by IDB (Previously Overhead) <sup>(1)</sup>	1,453	830
Services provided by IIC (Previously IIC fees) <sup>(1)</sup>	1,582	875
Firms and publications	215	203
Other administrative expenses	452	134
	<u>\$ 16,173</u>	<u>\$ 17,267</u>

<sup>(1)</sup>As per document MIF/GA-1-1 (Framework for Service Provision and Reimbursement of Charges of the MIF), approved in 2017, a new framework for the provision of service to the Fund and a costing methodology for reimbursement of charges were implemented as of 2018. As a result, the amounts reported in these categories for 2018 and 2017 are not fully comparable.

## NOTE J – OTHER EXPENSES

Other expenses incurred during 2018 and 2017 include the following:

	2018	2017
Support activities financed by the Productivity Fund	\$ 372	\$ 680
Support developmental activities related to Haiti	-	283
Others	62	-
Total	<u>\$ 434</u>	<u>\$ 963</u>

## NOTE K – ALLOCATIONS OF FUNDS

The regular resources of the Fund may be allocated at any time between the Main Fund and the SEIF. During 2018 and 2017, the Fund's Administrator allocated the resources of the Fund between the Main Fund and the SEIF following a 60% and 40% distribution formula. The allocation of resources among the funds as of December 31, 2018 and 2017 is shown in Appendix IV.

## NOTE L – CONCENTRATION OF CREDIT RISK

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties fail completely to perform as contracted. For concentration of Investments, refer to Note C – Investments and for Loans and Equity Investments, refer to Appendix II. In addition, at December 31, 2018 the majority of the Fund's deposits were held in fifteen banks amounting to \$901 (2017 – sixteen for \$2,914). The amount of credit risk shown does not represent expected losses.

## NOTE M – SUBSEQUENT EVENTS

The Bank, as Administrator, evaluated subsequent events through April 29, 2019, the date the Statement were available to be issued. As a result of this evaluation, there are no subsequent events that require recognition or disclosure in the Statements as of and for the year ended December 31, 2018 other than the MIF III entering into force as disclosed in Note A.

**MULTILATERAL INVESTMENT FUND**

(Administered by the Inter-American Development Bank)

**SPECIAL PURPOSE STATEMENTS OF GRANTS AND OTHER FINANCINGS**

Cumulative to December 31, 2018 and 2017

*(Expressed in thousands of United States dollars)*

Beneficiary country	2018			2017		
	Total approvals <sup>(1)</sup>	Disbursements	Undisbursed balance	Total approvals <sup>(1)</sup>	Disbursements	Undisbursed balance
Argentina	\$ 73,208	\$ (66,230)	\$ 6,978	\$ 71,635	\$ (64,894)	\$ 6,741
Bahamas	7,160	(6,061)	1,099	7,361	(5,931)	1,430
Barbados	4,969	(4,232)	737	4,969	(3,970)	999
Belize	9,158	(8,169)	989	9,361	(7,793)	1,568
Bolivia	51,206	(47,219)	3,987	51,714	(45,243)	6,471
Brazil	106,232	(97,305)	8,927	108,535	(92,357)	16,178
Chile	53,927	(48,148)	5,779	53,069	(46,405)	6,664
Colombia	90,803	(84,243)	6,560	89,501	(82,407)	7,094
Costa Rica	27,316	(24,435)	2,881	25,560	(23,253)	2,307
Dominican Republic	34,780	(30,339)	4,441	34,639	(29,585)	5,054
Ecuador	41,294	(38,400)	2,894	40,230	(36,975)	3,255
El Salvador	46,491	(43,960)	2,531	46,491	(42,065)	4,426
Guatemala	37,235	(35,152)	2,083	37,259	(33,041)	4,218
Guyana	9,203	(7,510)	1,693	9,053	(7,329)	1,724
Haiti	44,228	(40,370)	3,858	44,937	(37,083)	7,854
Honduras	37,869	(31,161)	6,708	35,061	(29,829)	5,232
Jamaica	25,537	(22,521)	3,016	25,639	(21,218)	4,421
Mexico	79,074	(67,380)	11,694	76,449	(65,644)	10,805
Nicaragua	34,047	(31,193)	2,854	34,166	(30,190)	3,976
Panama	31,049	(29,021)	2,028	30,249	(28,415)	1,834
Paraguay	34,036	(30,409)	3,627	34,014	(28,928)	5,086
Peru	84,138	(77,197)	6,941	83,172	(74,799)	8,373
Regional	348,549	(324,660)	23,889	341,886	(311,537)	30,349
Suriname	7,364	(5,606)	1,758	7,670	(4,403)	3,267
Trinidad and Tobago	19,120	(16,821)	2,299	18,567	(16,247)	2,320
Uruguay	52,241	(47,874)	4,367	49,727	(47,290)	2,437
Venezuela	8,250	(8,250)	-	8,250	(8,250)	-
	<u>\$ 1,398,484</u>	<u>\$ (1,273,866)</u>	<u>\$ 124,618</u>	<u>\$ 1,379,164</u>	<u>\$ (1,225,081)</u>	<u>\$ 154,083</u>

<sup>(1)</sup> Net of cancellations

**MULTILATERAL INVESTMENT FUND**

(Administered by the Inter-American Development Bank)

**SPECIAL PURPOSE STATEMENTS OF LOANS AND EQUITY INVESTMENTS**

Cumulative to December 31, 2018 and 2017

*(Expressed in thousands of United States dollars)*

Loans Country	2018						2017					
	Approved <sup>(1)</sup>	Undisbursed	Collections <sup>(2)</sup>	Revaluation	Write-Offs <sup>(2)</sup>	Outstanding	Approved <sup>(1)</sup>	Undisbursed	Collections <sup>(2)</sup>	Revaluation	Write-Offs <sup>(2)</sup>	Outstanding
Argentina	\$ 9,195	\$ 2,000	\$ 6,493	\$ (654)	\$ 15	\$ 33	\$ 7,195	\$ -	\$ 6,493	\$ (620)	\$ 15	\$ 67
Barbados	40	-	-	-	40	-	40	-	-	-	40	-
Belize	69	-	-	-	69	-	69	-	-	-	69	-
Bolivia	12,780	1,000	11,100	-	-	680	17,780	6,500	10,980	-	-	300
Brazil	3,950	-	3,105	(725)	120	-	6,450	2,500	3,105	(725)	120	-
Chile	400	-	162	-	238	-	400	-	162	-	238	-
Colombia	16,230	2,000	11,080	-	-	3,150	11,080	-	11,080	-	-	-
Costa Rica	14,000	-	14,000	-	-	-	14,000	-	14,000	-	-	-
Dominican Republic	1,850	200	1,500	-	-	150	1,850	350	1,500	-	-	-
Ecuador	12,500	-	12,500	-	-	-	14,400	1,900	12,500	-	-	-
El Salvador	10,672	-	7,566	(6)	-	3,100	9,922	1,000	7,317	(6)	-	1,599
Guatemala	1,550	-	1,530	(20)	-	-	1,550	-	1,530	(20)	-	-
Guyana	74	-	20	(1)	53	-	74	-	20	(1)	53	-
Haiti	1,000	500	-	-	-	500	1,000	1,000	-	-	-	-
Honduras	6,474	750	2,654	(445)	61	2,564	6,474	1,600	1,967	(445)	61	2,401
Mexico	17,520	5,020	8,972	-	1,028	2,500	15,520	5,520	8,972	-	1,028	-
Nicaragua	10,651	2,500	6,853	(483)	315	500	10,651	3,000	6,853	(483)	315	-
Panama	5,250	-	5,250	-	-	-	5,250	-	5,028	-	-	222
Paraguay	1,000	-	1,000	-	-	-	1,000	-	1,000	-	-	-
Peru	17,392	1,500	11,033	141	-	5,000	15,892	-	11,033	141	-	5,000
Regional	67,472	6,300	50,110	(768)	674	9,620	67,472	6,800	46,910	(768)	674	12,320
Trinidad and Tobago	3,022	-	2,855	(3)	164	-	3,022	-	2,855	(3)	164	-
Uruguay	1,250	-	1,250	-	-	-	1,250	-	1,250	-	-	-
	<u>\$ 214,341</u>	<u>\$ 21,770</u>	<u>\$ 159,033</u>	<u>\$ (2,964)</u>	<u>\$ 2,777</u>	<u>\$ 27,797</u>	<u>\$ 212,341</u>	<u>\$ 30,170</u>	<u>\$ 154,555</u>	<u>\$ (2,930)</u>	<u>\$ 2,777</u>	<u>\$ 21,909</u>

(1) Net of cancellations

(2) Reflects cumulative recuperations of \$3,160 for loans previously written off.



**MULTILATERAL INVESTMENT FUND**

(Administered by the Inter-American Development Bank)

**SPECIAL PURPOSE STATEMENTS OF LOANS AND EQUITY INVESTMENTS**

Cumulative to December 31, 2018 and 2017

*(Expressed in thousands of United States dollars)*

Equity investments										
Country	2018					2017				
	Approved <sup>(1)</sup>	Undisbursed	Return of Capital	Write-Offs	Outstanding	Approved <sup>(1)</sup>	Undisbursed	Return of Capital	Write-Offs	Outstanding
Argentina	\$ 15,238	\$ 4,286	\$ 739	\$ 2,905	\$ 7,308	\$ 11,738	\$ 886	\$ 739	\$ 2,905	\$ 7,208
Bolivia	6,012	-	2,844	3,168	-	6,012	-	2,378	3,168	466
Brazil	70,560	12,879	28,929	13,725	15,027	70,568	15,269	28,523	7,881	18,895
Chile	16,486	3,945	2,362	2,848	7,331	14,486	3,617	2,138	2,848	5,883
Colombia	22,820	6,042	4,321	-	12,457	21,360	7,985	959	-	12,416
Costa Rica	1,000	-	868	132	-	1,000	-	868	132	-
Dominican Republic	1,600	950	215	385	50	1,600	950	215	385	50
Ecuador	2,000	-	-	-	2,000	2,000	2,000	-	-	-
El Salvador	3,717	2,775	717	-	225	2,717	2,000	717	-	-
Haiti	4,000	952	-	-	3,048	4,000	1,405	-	-	2,595
Honduras	10,100	4,683	1,789	2,211	1,417	10,100	5,530	1,789	2,211	570
Mexico	67,141	5,130	27,794	10,049	24,168	67,406	8,305	26,625	9,199	23,277
Nicaragua	725	-	600	-	125	725	-	600	-	125
Panama	--	-	-	-	-	-	-	-	-	-
Paraguay	--	-	-	-	-	-	-	-	-	-
Peru	4,150	-	1,731	2,419	-	9,150	5,000	1,731	2,419	-
Regional	196,684	43,903	72,494	31,110	49,177	187,952	41,733	69,624	26,500	50,095
Trinidad and Tobago	2,732	-	855	1,877	-	2,732	-	855	1,877	-
Uruguay	5,136	-	1,101	231	3,804	5,136	250	890	163	3,833
Venezuela	587	-	529	58	-	587	-	529	58	-
	<u>\$ 430,688</u>	<u>\$ 85,545</u>	<u>\$ 147,888</u>	<u>\$ 71,118</u>	<u>\$ 126,137</u>	<u>\$ 419,269</u>	<u>\$ 94,930</u>	<u>\$ 139,180</u>	<u>\$ 59,746</u>	<u>\$ 125,413</u>

<sup>(1)</sup> Net of cancellations

**MULTILATERAL INVESTMENT FUND**

(Administered by the Inter-American Development Bank)

**SPECIAL PURPOSE STATEMENTS OF CONTRIBUTION QUOTAS AND VOTING POWER**

Cumulative to December 31, 2018 and 2017

*(Expressed in thousands of United States dollars)*

Donor Members	Currency of Contributions	Contribution Quotas as of December 31, 2018					Voting Power <sup>(1)</sup>	Contribution Quotas as of December 31, 2017					Voting Power
		Pledged Contributions	Received in Cash	Promissory Notes	Contributions Receivable			Pledged Contributions	Received in Cash	Promissory Notes	Contributions Receivable		
Argentina	U.S. dollar	\$ 28,331	\$ 28,331	\$ -	\$ -	-	\$ 28,331	\$ 28,331	\$ -	\$ -	-	1.83	
Bahamas	U.S. dollar	1,100	1,100	-	-	-	1,100	1,088	13	-	-	0.56	
Barbados	U.S. dollar	1,000	1,000	-	-	-	1,000	1,000	-	-	-	0.56	
Belize	U.S. dollar	962	932	30	-	-	962	932	30	-	-	0.56	
Bolivia	U.S. dollar	987	987	-	-	-	987	987	-	-	-	0.56	
Brazil	U.S. dollar	28,331	28,331	-	-	-	28,331	28,123	208	-	-	1.83	
Canada	Canadian dollar	40,000	40,000	-	-	-	40,000	40,000	-	-	-	2.37	
Chile	U.S. dollar	8,000	8,000	-	-	-	8,000	8,000	-	-	-	0.88	
China	U.S. dollar	50,000	50,000	-	-	-	50,000	50,000	-	-	-	2.84	
Colombia	U.S. dollar	8,000	8,000	-	-	-	8,000	8,000	-	-	-	0.88	
Costa Rica	U.S. dollar	962	962	-	-	-	962	962	-	-	-	0.56	
Dominican Republic	U.S. dollar	962	962	-	-	-	962	962	-	-	-	0.56	
Ecuador	U.S. dollar	962	962	-	-	-	962	962	-	-	-	0.56	
El Salvador	U.S. dollar	962	962	-	-	-	962	962	-	-	-	0.56	
France	U.S. dollar	15,000	15,000	-	-	-	15,000	15,000	-	-	-	1.21	
Guatemala	U.S. dollar	962	962	-	-	-	962	962	-	-	-	0.56	
Guyana	U.S. dollar	950	950	-	-	-	950	950	-	-	-	0.56	
Haiti	U.S. dollar	300	300	-	-	-	300	300	-	-	-	0.53	
Honduras	U.S. dollar	962	932	30	-	-	962	932	30	-	-	0.56	
Italy	Euro	32,000	32,000	-	-	-	32,000	32,000	-	-	-	2.00	
Jamaica	U.S. dollar	1,000	1,000	-	-	-	1,000	1,000	-	-	-	0.56	
Japan	Japanese yen	570,000	570,000	-	-	-	570,000	570,000	-	-	-	27.02	
Korea, Republic of	U.S. dollar	60,000	60,000	-	-	-	60,000	58,751	1,249	-	-	3.30	
Mexico	U.S. dollar	28,331	28,331	-	-	-	28,331	28,331	-	-	-	1.83	
Netherlands	Euro	21,530	21,530	-	-	-	21,530	21,530	-	-	-	1.51	
Nicaragua	U.S. dollar	962	962	-	-	-	962	962	-	-	-	0.56	
Panama	U.S. dollar	962	962	-	-	-	962	962	-	-	-	0.56	
Paraguay	U.S. dollar	1,450	1,450	-	-	-	1,450	1,450	-	-	-	0.58	
Peru	U.S. dollar	4,300	4,300	-	-	-	4,300	4,300	-	-	-	0.71	
Portugal	Euro	7,000	7,000	-	-	-	7,000	7,000	-	-	-	0.84	
Spain	Euro	120,000	120,000	-	-	-	120,000	120,000	-	-	-	6.09	
Suriname	U.S. dollar	700	700	-	-	-	700	698	3	-	-	0.54	
Sweden	U.S. dollar	5,000	5,000	-	-	-	5,000	5,000	-	-	-	0.74	
Switzerland	U.S. dollar	7,500	7,500	-	-	-	7,500	7,500	-	-	-	0.86	
Trinidad and Tobago	U.S. dollar	1,200	1,200	-	-	-	1,200	1,200	-	-	-	0.57	
United Kingdom	U.S. dollar	22,095	22,095	-	-	-	22,095	22,095	-	-	-	1.54	
United States	U.S. dollar	650,000	624,290	-	25,710	-	650,000	624,290	-	25,710	-	29.55	
Uruguay	U.S. dollar	4,000	4,000	-	-	-	4,000	4,000	-	-	-	0.70	
Venezuela	U.S. dollar	20,000	20,000	-	-	-	20,000	20,000	-	-	-	1.44	
Historical amounts		\$ 1,746,763	\$ 1,720,993	\$ 60	\$ 25,710	100	\$ 1,746,763	\$ 1,719,521	1,533	25,710	100		
Translation adjustments				-	-				-	-			
Total				\$ 60	\$ 25,710				\$ 1,533	\$ 25,710			

(1) Data is rounded; detail may not add to total.

**MULTILATERAL INVESTMENT FUND**  
(Administered by the Inter-American Development Bank)

**SPECIAL PURPOSE STATEMENTS OF ASSETS, LIABILITIES, AND FUND BALANCE BY FUND**

Cumulative to December 31, 2018 and 2017

(Expressed in thousands of United States dollars)

	2018					2017						
	Main Fund	Small Enterprise Investment Fund (SEIF)	Total Combined Main and SEIF Funds	Productivity Fund	Haiti Account	Total	Main Fund	Small Enterprise Investment Fund (SEIF)	Total Combined Main and SEIF Funds	Productivity Fund	Haiti Account	Total
<b>ASSETS</b>												
<b>Cash and investments</b>												
Cash	\$ (199,259) <sup>(1)</sup>	\$ 200,014 <sup>(1)</sup>	\$ 755	\$ 88	\$ 58	\$ 901	\$ (187,788) <sup>(1)</sup>	\$ 190,362 <sup>(1)</sup>	\$ 2,574	\$ 194	\$ 146	\$ 2,914
Investments	161,808 <sup>(1)</sup>	(3,343) <sup>(1)</sup>	158,465	8,444	3,574	170,483	194,874 <sup>(1)</sup>	18,702 <sup>(1)</sup>	213,576	8,583	5,005	227,164
<b>Promissory notes receivable</b>												
from Donors	2,415 <sup>(1)</sup>	(2,355) <sup>(1)</sup>	60	-	-	60	3,302 <sup>(1)</sup>	(1,769) <sup>(1)</sup>	1,533	-	-	1,533
Loans outstanding	-	27,797	27,797	-	-	27,797	-	21,909	21,909	-	-	21,909
<b>Allowance for loan losses</b>												
	-	(2,780)	(2,780)	-	-	(2,780)	-	(2,191)	(2,191)	-	-	(2,191)
	-	25,017	25,017	-	-	25,017	-	19,718	19,718	-	-	19,718
<b>Equity investments outstanding</b>												
	-	126,137	126,137	-	-	126,137	-	125,413	125,413	-	-	125,413
<b>Allowance for equity investment losses</b>												
	-	(50,455)	(50,455)	-	-	(50,455)	-	(50,165)	(50,165)	-	-	(50,165)
	-	75,682	75,682	-	-	75,682	-	75,248	75,248	-	-	75,248
<b>Accrued interest on loans</b>												
	-	304	304	-	-	304	-	598	598	-	-	598
<b>Total assets</b>	<b>\$ (35,036)</b>	<b>\$ 295,319</b>	<b>\$ 260,283</b>	<b>\$ 8,532</b>	<b>\$ 3,632</b>	<b>\$ 272,447</b>	<b>\$ 10,388</b>	<b>\$ 302,859</b>	<b>\$ 313,247</b>	<b>\$ 8,777</b>	<b>\$ 5,151</b>	<b>\$ 327,175</b>
<b>LIABILITIES AND FUND BALANCE</b>												
<b>Liabilities</b>												
Undisbursed grants and other financings	124,595	-	124,595	-	23	124,618	153,333	-	153,333	-	750	154,083
Due to affiliates	(4,598)	8,130	3,532	-	-	3,532	(2,197)	7,582	5,385	33	-	5,418
Other liabilities	19,076	-	19,076	-	-	19,076	136	-	136	-	866	1,002
<b>Total liabilities</b>	<b>139,073</b>	<b>8,130</b>	<b>147,203</b>	<b>-</b>	<b>23</b>	<b>147,226</b>	<b>151,272</b>	<b>7,582</b>	<b>158,854</b>	<b>33</b>	<b>1,616</b>	<b>160,503</b>
<b>Fund Balance</b>												
Contribution quotas authorized and subscribed	1,379,943 <sup>(1)</sup>	366,820 <sup>(1)</sup>	1,746,763	-	-	1,746,763	1,379,943	366,820	1,746,763	-	-	1,746,763
Contribution quotas receivable from Donors	(20,310) <sup>(1)</sup>	(5,400) <sup>(1)</sup>	(25,710)	-	-	(25,710)	(20,310)	(5,400)	(25,710)	-	-	(25,710)
Accumulated excess of expenses over income	(1,608,512) <sup>(1)</sup>	(90,990) <sup>(1)</sup>	(1,699,502)	8,532	3,609	(1,687,361)	(1,575,323)	(83,401)	(1,658,724)	8,744	3,535	(1,646,445)
Accumulated translation adjustments	74,770 <sup>(1)</sup>	16,759 <sup>(1)</sup>	91,529	-	-	91,529	74,806	17,258	92,064	-	-	92,064
<b>Total fund balance</b>	<b>(174,109)</b>	<b>287,189</b>	<b>113,080</b>	<b>8,532</b>	<b>3,609</b>	<b>125,221</b>	<b>(140,884)</b>	<b>295,277</b>	<b>154,393</b>	<b>8,744</b>	<b>3,535</b>	<b>166,672</b>
<b>Total liabilities and fund balance</b>	<b>\$ (35,036)</b>	<b>\$ 295,319</b>	<b>\$ 260,283</b>	<b>\$ 8,532</b>	<b>\$ 3,632</b>	<b>\$ 272,447</b>	<b>\$ 10,388</b>	<b>\$ 302,859</b>	<b>\$ 313,247</b>	<b>\$ 8,777</b>	<b>\$ 5,151</b>	<b>\$ 327,175</b>

<sup>(1)</sup> The above presentation reflects an allocation of activity, in accordance with the MIF II Administration Agreement, between these two sub-funds based on their use of resources and does not reflect actual assets or liability balances in each sub-fund at the end of the period. For these balances, only the balances shown in the Total Combined Main and SEIF Fund column reflect actual asset or liability balances at the end of the period. While the allocations impacting the Main Fund result in a negative asset or debit liability balances, the Main Fund does not owe nor is it owed, any amounts to or from any other fund or entity. With the establishment of the MIF III Administrative Agreement in March 2019, the amounts allocated to the Main Fund and the SEIF fund will be combined in future periods. The Productivity Fund and the Haiti Account will continue to be presented in future periods.

**MULTILATERAL INVESTMENT FUND**

(Administered by the Inter-American Development Bank)

**SPECIAL PURPOSE STATEMENTS OF CHANGES IN FUND BALANCE BY FUND**

Cumulative to December 31, 2018 and 2017

*(Expressed in thousands of United States dollars)*

	2018					2017						
	Main Fund	Small Investment Fund (SEIF)	Total Combined Main and SEIF Funds	Productivity Fund	Haiti Account	Total	Main Fund	Small Investment Fund (SEIF)	Total Combined Main and SEIF Funds	Productivity Fund	Haiti Account	Total
<b>Income</b>												
Investment income	\$ 2,333	\$ 1,556	\$ 3,889	\$ 161	\$ 69	\$ 4,119	\$ 1,795	\$ 1,196	\$ 2,991	\$ 76	\$ 43	\$ 3,110
Loan and equity investment income	-	3,103	3,103	-	-	3,103	-	3,547	3,547	-	(19)	3,528
Other income	28	3	31	2	7	40	(19)	(12)	(31)	(2)	83	50
<b>Total income</b>	<b>2,361</b>	<b>4,662</b>	<b>7,023</b>	<b>163</b>	<b>76</b>	<b>7,262</b>	<b>1,776</b>	<b>4,731</b>	<b>6,507</b>	<b>74</b>	<b>107</b>	<b>6,688</b>
<b>Expenses</b>												
Grants and other financings	19,320	-	19,320	-	-	19,320	30,007	-	30,007	-	-	30,007
Change in allowance for loan losses	-	589	589	-	-	589	-	(168)	(168)	-	-	(168)
Change in allowance for equity investment losses	-	11,662	11,662	-	-	11,662	-	6,801	6,801	-	-	6,801
	19,320	12,251	31,571	-	-	31,571	30,007	6,633	36,640	-	-	36,640
<b>Administrative expenses</b>	<b>16,173</b>	<b>-</b>	<b>16,173</b>	<b>-</b>	<b>-</b>	<b>16,173</b>	<b>17,267</b>	<b>-</b>	<b>17,267</b>	<b>-</b>	<b>-</b>	<b>17,267</b>
<b>Other expenses</b>	<b>57</b>	<b>-</b>	<b>57</b>	<b>375</b>	<b>2</b>	<b>434</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>680</b>	<b>283</b>	<b>963</b>
<b>Total expenses</b>	<b>35,550</b>	<b>12,251</b>	<b>47,801</b>	<b>375</b>	<b>2</b>	<b>48,178</b>	<b>47,274</b>	<b>6,633</b>	<b>53,907</b>	<b>680</b>	<b>283</b>	<b>54,870</b>
<b>Excess of (expenses over income)</b>												
<b>income over expenses</b>	<b>(33,189)</b>	<b>(7,589)</b>	<b>(40,778)</b>	<b>(212)</b>	<b>74</b>	<b>(81,694)</b>	<b>(45,498)</b>	<b>(1,902)</b>	<b>(47,400)</b>	<b>(606)</b>	<b>(176)</b>	<b>(95,582)</b>
<b>Accumulated excess of expenses over income beginning of year</b>	<b>(1,575,323)</b>	<b>(83,401)</b>	<b>(1,658,724)</b>	<b>8,744</b>	<b>3,535</b>	<b>(3,305,169)</b>	<b>(1,529,825)</b>	<b>(81,499)</b>	<b>(1,611,324)</b>	<b>9,350</b>	<b>3,711</b>	<b>(3,209,587)</b>
<b>Accumulated excess of expenses over income end of year</b>	<b>(1,608,512)</b>	<b>(90,990)</b>	<b>(1,699,502)</b>	<b>8,532</b>	<b>3,609</b>	<b>(3,386,863)</b>	<b>(1,575,323)</b>	<b>(83,401)</b>	<b>(1,658,724)</b>	<b>8,744</b>	<b>3,535</b>	<b>(3,305,169)</b>
<b>Accumulated translation adjustments, beginning of year</b>	<b>74,806</b>	<b>17,258</b>	<b>92,064</b>	<b>-</b>	<b>-</b>	<b>184,128</b>	<b>74,835</b>	<b>17,103</b>	<b>91,938</b>	<b>-</b>	<b>-</b>	<b>183,876</b>
Translation adjustments	(36)	(499)	(535)	-	-	(535)	(29)	155	126	-	-	126
<b>Accumulated translation adjustments, end of year</b>	<b>74,770</b>	<b>16,759</b>	<b>91,529</b>	<b>-</b>	<b>-</b>	<b>91,529</b>	<b>74,806</b>	<b>17,258</b>	<b>92,064</b>	<b>-</b>	<b>-</b>	<b>92,064</b>
<b>Contribution quotas subscribed, beginning of year</b>	<b>1,379,943</b>	<b>366,820</b>	<b>1,746,763</b>	<b>-</b>	<b>-</b>	<b>1,746,763</b>	<b>1,379,943</b>	<b>366,820</b>	<b>1,746,763</b>	<b>-</b>	<b>-</b>	<b>1,746,763</b>
Contribution quotas subscribed during the year	-	-	-	-	-	-	-	-	-	-	-	-
<b>Contribution quotas, end of year</b>	<b>1,379,943</b>	<b>366,820</b>	<b>1,746,763</b>	<b>-</b>	<b>-</b>	<b>1,746,763</b>	<b>1,379,943</b>	<b>366,820</b>	<b>1,746,763</b>	<b>-</b>	<b>-</b>	<b>1,746,763</b>
<b>Contribution quotas receivable, beginning of year</b>	<b>(20,310)</b>	<b>(5,400)</b>	<b>(25,710)</b>	<b>-</b>	<b>-</b>	<b>(25,710)</b>	<b>(20,310)</b>	<b>(5,400)</b>	<b>(25,710)</b>	<b>-</b>	<b>-</b>	<b>(25,710)</b>
Collection of contribution quotas receivable during the year	-	-	-	-	-	-	-	-	-	-	-	-
<b>Contribution quotas receivable, end of year</b>	<b>(20,310)</b>	<b>(5,400)</b>	<b>(25,710)</b>	<b>-</b>	<b>-</b>	<b>(25,710)</b>	<b>(20,310)</b>	<b>(5,400)</b>	<b>(25,710)</b>	<b>-</b>	<b>-</b>	<b>(25,710)</b>
<b>Fund balance, end of year</b>	<b>\$ (174,109)</b>	<b>\$ 287,189</b>	<b>113,080</b>	<b>\$ 8,532</b>	<b>\$ 3,609</b>	<b>\$ (1,574,281)</b>	<b>\$ (140,884)</b>	<b>\$ 295,277</b>	<b>\$ 154,393</b>	<b>\$ 8,744</b>	<b>\$ 3,535</b>	<b>\$ (1,492,052)</b>