

**REPORT OF THE CHAIRPERSON OF THE
COMMITTEE OF THE BOARD OF EXECUTIVE DIRECTORS**

**Proposal to amend and consolidate the Inter-American Investment Corporation
(IIC) Operating Policy**

During its meeting of September 9, 2008, the Committee of the Board of Executive Directors discussed the proposal of Management to streamline the IIC policy framework. The Committee took note of the proposed changes to amend and consolidate the Loss Provisioning Policy to reflect current practices, and the Arrears and Non-Accrual Policy of the IIC, to eliminate redundant sections and restate the internal guideline for loan write-offs (document CII/GN-239).

Directors considered these changes timely and expressed support for the proposed amendments. In the discussion, clarification was sought regarding the effects of these changes, including in particular its compliance with generally accepted U.S. accounting principles, and its impact on the operating results and credit ratings of the Corporation. In this respect, attention was drawn to the usefulness of receiving technical briefings, such as on the operation of the loss provisioning policy. Management responded that the proposed changes have no impact on results, that they are in compliance with generally accepted U.S. accounting principles, and that they do not affect the Corporation's credit rating. Management also agreed with the suggestion concerning technical briefings and committed to provide them on a timely basis.

Therefore, in my capacity as Chairperson of the Committee, I recommend that the Board of Executive Directors approve the proposed resolution attached to document CII/GN-239 referring to the Amendment of the Corporation's Operating Policy.