

Series No.: 005
Tranche No.: A

INTER-AMERICAN DEVELOPMENT BANK



Australian Dollar Medium Term Note Program

issue of

AS\$200,000,000 6.00% Medium Term Notes due 26 February 2021

***The Program has been rated AAA by Standard & Poor's
and Aaa by Moody's Investors Service, Inc.***

Each offer to purchase or invitation to buy MTNs must constitute an offer or invitation which does not require disclosure to investors under Part 6D.2 of the Corporations Act 2001 of Australia and must comply with the Banking (Exemption) Order No. 82 as if it applied to the Issuer, mutatis mutandis, such that the amount payable by each person who subscribes for MTNs must be at least A\$500,000.

The Issuer is not a bank which is authorised under the Banking Act 1959 of Australia. The MTNs are not the obligations of any government and, in particular, are not guaranteed by the Commonwealth of Australia.

This Pricing Supplement (as referred to in the Information Memorandum dated 16 July 1999 and Deed Poll dated 16 July 1999 in relation to the above Program) relates to the Tranche of MTNs referred to above. The most recent Information Statement incorporated by reference in the Information Memorandum is dated 28 March 2006.

The particulars to be specified in relation to such Tranche are as follows:

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|---|----------------------|---------------------------------|
| 1 | Description of MTNs: | Fixed Rate MTNs |
| 2 | Issuer: | Inter-American Development Bank |
| 3 | Registrar: | Reserve Bank of Australia |
| 4 | Type of Issue: | Underwritten |
| 5 | Dealer: | Commonwealth Bank of Australia |

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| 6 | Currency: | |
| - | of Denomination | Australian dollars |
| - | of Payment | Australian dollars |
| 7 | Aggregate principal amount of Tranche: | A\$200,000,000 |
| 8 | If interchangeable with existing Series: | Not applicable |
| 9 | Issue Date: | 26 February 2007 |
| 10 | Issue Price: | 99.137% |
| 11 | Denomination: | A\$1,000, subject to the requirement that the amount payable by each person who subscribes for MTNs must be at least A\$500,000. |
| 12 | Definition of Business Day: | A day (other than a Saturday or Sunday) on which commercial banks are open for general banking business in Sydney. |
| 13 | Interest: | |
| (a) | If Interest bearing: | |
| (i) | Interest Rate: | 6.00% per annum paid semi-annually in arrear. |
| (ii) | Interest Amount: | A\$30.00 per MTN on each Interest Payment Date. |
| (iii) | Interest Payment Dates: | 26 February and 26 August of each year, commencing on 26 August 2007 and ending on the Maturity Date |
| (iv) | Interest Period End Dates: | Interest Payment Dates |
| (v) | Applicable Business Day Convention: | Following |
| - | for Interest Payment Dates: | As above |
| - | for Maturity Date: | As above |
| - | for Interest Period End Dates: | As above |
| - | any other dates: | As above |

	(vi)	Day Count Fraction:	RBA Bond Basis
	(vii)	Interest Commencement Date (if different from the Issue Date):	Not applicable
	(viii)	Minimum Interest Rate:	Not applicable
	(ix)	Maximum Interest Rate:	Not applicable
	(x)	Issue Yield:	6.0925% per annum
	(b)	If non-interest bearing:	
	-	Amortisation Yield:	Not applicable
14		Maturity Date:	26 February 2021
15		Maturity Redemption Amount:	Outstanding Principal Amount
16		Early Termination Amount:	Outstanding Principal Amount
17		Any Clearing System other than Austraclear:	<p>Euroclear and Clearstream, Luxembourg:</p> <p>If accepted for admission to the respective system, interests in the MTNs may be held through Euroclear Bank S.A./N.V. as operator of the Euroclear System (“Euroclear”) or through Clearstream Banking, société anonyme (“Clearstream, Luxembourg”). In these circumstances, entitlements in respect of holdings of interests in the MTNs in Euroclear would be held in Austraclear System by a nominee of Euroclear (currently Westpac Custodian Nominees Limited) while entitlements in respect of holdings of interests in the MTNs in Clearstream, Luxembourg would be held in the Austraclear System by a nominee of Clearstream, Luxembourg (currently ANZ Nominees Limited).</p> <p>The rights of a holder of interests in the MTNs held through Euroclear or Clearstream, Luxembourg are subject to the respective rules and regulations for accountholders of Euroclear and Clearstream, Luxembourg, the terms and conditions of agreements between Euroclear and Clearstream, Luxembourg and their respective nominee and the rules and regulations of the Austraclear System.</p>

In addition any transfer of interests in the MTNs, which is held through Euroclear or Clearstream, Luxembourg will, to the extent such transfer will be recorded on the Austraclear System, be subject to the Corporations Act 2001 of Australia and the requirements for minimum consideration set out in the Conditions of the MTNs.

The Issuer will not be responsible for the operation of the clearing arrangements, which is a matter for the clearing institutions, their nominees, their participants and the investors.

18 Additional Tax Consequences and Disclosure:

See Schedule 1

19 Other Conditions:

For the purposes of this Tranche of MTNs, the Terms and Conditions of the MTNs (as set out in schedule 1 of the Deed Poll) are amended as follows:

- (a) A new definition is inserted in Condition 1.1 after the definition of "Condition" as follows:

"Corporations Law" means the Corporations Act 2001 of Australia.

- (b) All references in the Information Memorandum and the Conditions to excluded offers and invitations should be read as references to offers and invitations that do not require disclosure under Part 6D.2 of the Corporations Law.

- (c) Condition 2.3(b) of the MTNs is amended to read as follows:

"such other denomination provided the MTNs are issued in a manner which would not require disclosure to investors under Part 6D.2 of the Corporations Law and complies with the Banking (Exemption) Order No. 82 promulgated by the Banking Act 1959 of the Commonwealth of Australia, as if it applied to the Issuer mutatis mutandis; or".

- (d) Condition 3.1 is amended by inserting after "if" in the first line:

“the transfer is in compliance with the laws of the jurisdiction in which the transfer takes place and”.

- (e) Condition 3.1(a) is amended by adding the words “(disregarding moneys lent by the transferor or its associates to the transferee)” at the end of the Condition.
- (f) Condition 3.1(b) of the MTNs is amended to read as follows:

“the transfer is made in a manner which does not require disclosure under Part 6D.2 of the Corporations Law and complies with the Banking (Exemption) Order No. 82 promulgated by the Banking Act 1959 of the Commonwealth of Australia, as if it applied to the Issuer mutatis mutandis; or”

20 Selling Restrictions:

The selling restrictions on pages 38 and 39 of the Information Memorandum are replaced with the following:

“(1) Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia) (“**Corporations Act**”) in relation to the Program or any MTNs has been or will be lodged with the Australian Securities and Investments Commission (“**ASIC**”). Each Dealer has represented and agreed that, it:

- (a) has not offered or invited applications, and will not offer or invite applications for the issue, sale or purchase of the MTNs in Australia (including an offer or invitation which is received by a person in Australia); and
- (b) has not distributed or published, and will not distribute or publish, this Information Memorandum or any Pricing Supplement, advertisement or other offering material relating to the MTNs in Australia,

unless:

- (i) the minimum aggregate consideration

payable by each offeree is at least A\$500,000 (disregarding moneys lent by the offeror or its associates) or the offer otherwise does not require disclosure to investors under Part 6D.2 of the Corporations Law; and

- (ii) such action complies with all applicable laws and directives; and
- (iii) such action does not require any document to be lodged with ASIC.

(2) United Kingdom

Each Dealer has represented and agreed that:

- (a) **(no offer to public)** in relation to MTNs having a maturity of one year or more, it has not offered, sold, delivered or transferred and, before the expiry of a period of six months from the issue date of those MTNs, will not, offer, sell, deliver or transfer those MTNs to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995; and
- (b) **(financial promotion)** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 ("FSMA") received by it in connection with the issue or sale of any MTNs in circumstances in which section 21(1) of the FSMA does not apply to the

Issuer; and

- (c) **(general compliance)** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to those MTNs in, from or otherwise involving the United Kingdom.

(3) General

No action has been taken in any jurisdiction that would permit a public offering of the MTNs or possession or distribution of this Information Memorandum or any relevant Pricing Supplement, advertisement or other offering material in any jurisdiction where action for that purpose is required.

Persons into whose hands this Information Memorandum comes are required by the Issuer and Dealers to comply with all applicable laws and directives in each jurisdiction in which they purchase, offer, sell, deliver or transfer MTNs or have in their possession or distribute or publish this Information Memorandum or any relevant Pricing Supplement, advertisement or other offering material and to obtain any authorisation required by them for the purchase, offer, sale, delivery or transfer by them of any MTNs under the laws or directives in force in any jurisdiction to which they are subject or in which they make such purchases, offers, sales, deliveries or transfers, in all cases at their own expense, and neither the Issuer nor any Dealer has responsibility for such matters. In accordance with the above, any MTNs purchased by any person which it wishes to offer for sale may not be offered in any jurisdiction in circumstances which would result in the Issuer being obliged to register any prospectus or similar document relating to the MTNs in that jurisdiction.”

21 Address for Notices (if necessary):

Not applicable

22 Listing:

Not applicable

23 ISIN:

AU3CB0018430

Schedule 1 - Australian Taxation

The following is a summary of the Australian taxation treatment, at the date of this Pricing Supplement, of payments on the MTNs and certain other matters. It is a general guide and should be treated with appropriate caution. Prospective holders of MTNs who are in any doubt as to their tax position should consult their professional advisers on the tax implications of an investment in the MTNs for their particular circumstances.

1. Interest withholding tax

So long as the Issuer continues to be a non-resident of Australia and the MTNs issued by it are not attributable to a permanent establishment of the Issuer in Australia, payments of principal and interest made under MTNs issued by it should not be subject to Australian interest withholding tax.

2. Other tax matters

Under Australian laws as presently in effect:

- (a) *death duties* - no MTNs will be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority therein having power to tax, if held at the time of death; and
- (b) *stamp duty and other taxes* - no ad valorem stamp, issue, registration or similar taxes are payable in Australia on the issue or transfer of any MTNs; and
- (c) *other withholding taxes on payments in respect of MTNs* - so long as the Issuer continues to be a non-resident of Australia and does not carry on business at or through a permanent establishment in Australia, the tax file number requirements of Part VA of the Australian Income Tax Assessment Act of 1936 and section 12-140 of Schedule 1 to the Taxation Administration Act 1953 of Australia ("**Taxation Administration Act**") should not apply in connection with MTNs issued by the Issuer; and
- (d) *supply withholding tax* - payments in respect of the MTNs can be made free and clear of the "supply withholding tax" imposed under section 12-190 of Schedule 1 to the Taxation Administration Act; and
- (e) *goods and services tax (GST)* - neither the issue nor receipt of the MTNs will give rise to a liability for GST in Australia on the basis that the supply of MTNs will comprise either an input taxed financial supply or (in the case of an offshore subscriber) a GST-free supply. Furthermore, neither the payment of principal or interest by the Issuer, nor the disposal of the MTNs, would give rise to any GST liability in Australia.