

**PRICING SUPPLEMENT**

**Inter-American Development Bank**

**Global Debt Program**

Series No: 398

U.S.\$500,000,000 3.875 percent Notes due October 28, 2041

Issue Price: 99.753 percent

Application has been made for the Notes to be admitted to the  
Official List of the United Kingdom Listing Authority and  
to trading on the London Stock Exchange plc's  
Regulated Market

BofA Merrill Lynch  
J.P. Morgan  
Barclays Capital

The date of this Pricing Supplement is October 25, 2011.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the “Conditions”) set forth in the Prospectus dated January 8, 2001 (the “Prospectus”), which for the avoidance of doubt does not constitute a “prospectus” for the purposes of Part VI of the UK Financial Services and Markets Act 2000 or a “base prospectus” for the purposes of the EU Prospectus Directive. This Pricing Supplement must be read in conjunction with the Prospectus and the United Kingdom Listing Authority Listing Particulars dated August 10, 2011 (the “Listing Particulars”). This document is issued to give details of an issue by Inter-American Development Bank (the “Bank”) under its Global Debt Program and to provide information supplemental to the Prospectus and the Listing Particulars. Complete information in respect of the Bank and this offer of the Notes is provided on the basis of the combination of the information contained in this Pricing Supplement, the Prospectus and the Listing Particulars.

### **Terms and Conditions**

The following items under this heading “Terms and Conditions” are the particular terms which relate to the issue the subject of this Pricing Supplement. These are the only terms which form part of the form of Notes for such issue. The master fiscal agency agreement, dated as of December 7, 1962, as amended and supplemented from time to time, between the Bank and the Federal Reserve Bank of New York, as fiscal and paying agent, has been superseded by the Uniform Fiscal Agency Agreement, dated as of July 20, 2006 (the “New Fiscal Agency Agreement”), as may be amended, restated, superseded or otherwise modified from time to time, between the Bank and the Federal Reserve Bank of New York, as fiscal and paying agent. All references to the “Fiscal Agency Agreement” under the heading “Terms and Conditions of the Notes” and elsewhere in the Prospectus shall be deemed references to the New Fiscal Agency Agreement.

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| 1. Series No.:                        | 398  |
| 2. Aggregate Principal Amount:        | U.S.\$500,000,000  |
| 3. Issue Price:                       | U.S.\$498,765,000, which is 99.753 percent of the Aggregate Principal Amount                                     |
| 4. Issue Date:                        | October 27, 2011   |
| 5. Form of Notes<br>(Condition 1(a)): | Book-entry only (not exchangeable for Definitive Fed Registered Notes, Conditions 1(a) and 2(b) notwithstanding) |

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| 6.  | Authorized Denomination(s)<br>(Condition 1(b)):                        | Book-entry only, U.S.\$1,000 and integral multiples thereof   |
| 7.  | Specified Currency<br>(Condition 1(d)):                                | United States Dollars (U.S.\$) being the lawful currency of the United States of America  |
| 8.  | Specified Principal Payment<br>Currency<br>(Conditions 1(d) and 7(h)): | U.S.\$  |
| 9.  | Specified Interest Payment Currency<br>(Conditions 1(d) and 7(h)):     | U.S.\$  |
| 10. | Maturity Date<br>(Condition 6(a); Fixed Interest Rate):                | October 28, 2041  |
| 11. | Interest Basis<br>(Condition 5):                                       | Fixed Interest Rate (Condition 5(I))  |
| 12. | Interest Commencement Date<br>(Condition 5(III)):                      | Issue Date (October 27, 2011)   |
| 13. | Fixed Interest Rate (Condition 5(I)):                                  |   |
|     | (a) Interest Rate:   | 3.875 percent per annum   |
|     | (b) Fixed Rate Interest Payment<br>Date(s):                            | Semi-annually in arrear on April 28 and October 28 in each year, commencing on April 28, 2012.  |
|     |  | Each Interest Payment Date is subject to adjustment in accordance with the Following Business Day Convention with no adjustment to the amount of interest otherwise calculated. |
|     | (c) Initial Broken Amount:   | U.S.\$19.48 per minimum Authorized Denomination, payable on April 28, 2012  |
|     | (d) Fixed Rate Day Count<br>Fraction(s):                               | 30/360  |

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| 14. Relevant Financial Center:                                    | New York and London  |
| 15. Relevant Business Days:                                       | New York and London  |
| 16. Issuer's Optional Redemption (Condition 6(e)):                | No   |
| 17. Redemption at the Option of the Noteholders (Condition 6(f)): | No   |
| 18. Governing Law:  | New York   |
| 19. Selling Restrictions:   |  |
| (a) United States:  | Under the provisions of Section 11(a) of the Inter-American Development Bank Act, the Notes are exempted securities within the meaning of Section 3(a)(2) of the U.S. Securities Act of 1933, as amended, and Section 3(a)(12) of the U.S. Securities Exchange Act of 1934, as amended.  |
| (b) United Kingdom:   | Each of the Managers have represented and agreed that it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.  |
| (c) General:  | No action has been or will be taken by the Issuer that would permit a public offering of the Notes, or possession or distribution of any offering material relating to the Notes in any jurisdiction where action for that purpose is required. Accordingly, each of the Managers agrees that it will observe all applicable provisions of law in each jurisdiction in or from which it may offer or sell Notes or distribute any offering material. |

## Other Relevant Terms

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| 1. | Listing:   | Application has been made for the Notes to be admitted to the Official List of the United Kingdom Listing Authority and to trading on the London Stock Exchange plc's Regulated Market |
| 2. | Details of Clearance System Approved by the Bank and the Global Agent and Clearance and Settlement Procedures: | Federal Reserve Bank of New York; Euroclear; Clearstream, Luxembourg   |
| 3. | Syndicated:  | Yes  |
| 4. | If Syndicated:   |  |
|    | (a) Liability:   | Several and not joint  |
|    | (b) Joint Lead Managers:   | J.P. Morgan Securities Ltd.<br>Merrill Lynch, Pierce, Fenner & Smith<br>Incorporated   |
| 5. | Commissions and Concessions:   | 0.275% of the Aggregate Principal Amount   |
| 6. | Estimated Total Expenses:  | None. The Joint Lead Managers have agreed to pay for certain expenses related to the issuance of the Notes.  |
| 7. | Codes:   |  |
|    | (a) Common Code:   | 069824510  |
|    | (b) ISIN:  | US4581X0BT40   |
|    | (c) CUSIP:   | 4581X0BT4  |
| 8. | Identity of Managers:  | J.P. Morgan Securities Ltd.<br>Merrill Lynch, Pierce, Fenner & Smith<br>Incorporated<br>Barclays Bank PLC  |

## General Information

### Additional Information Regarding the Notes

1. The EU has adopted a Directive regarding the taxation of savings income (the “Savings Directive”). The Savings Directive requires Member States (as defined below) to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person to an individual in another Member State, except that Austria and Luxembourg will instead impose a withholding system for a transitional period unless during such period they elect otherwise.

The Bank undertakes that it will ensure that it maintains a paying agent in a country which is a member of the European Union (a “Member State”) that will not be obliged to withhold or deduct tax pursuant to the Savings Directive.

#### 2. United States Federal Income Tax Matters

*A) United States Internal Revenue Service Circular 230 Notice: To ensure compliance with Internal Revenue Service Circular 230, prospective investors are hereby notified that: (a) any discussion of U.S. federal tax issues contained or referred to in this Pricing Supplement, the Prospectus or any other document referred to herein is not intended or written to be used, and cannot be used, by prospective investors for the purpose of avoiding penalties that may be imposed on them under the United States Internal Revenue Code; (b) such discussions are written for use in connection with the promotion or marketing of the transactions or matters addressed herein; and (c) prospective investors should seek advice based on their particular circumstances from an independent tax advisor.*

B) The “Tax Matters” section of the Prospectus and any tax disclosure in this pricing supplement is of a general nature only, is not exhaustive of all possible tax considerations and is not intended to be, and should not be construed to be, legal, business or tax advice to any particular prospective investor. Each prospective investor should consult its own tax advisor as to the particular tax consequences to it of the acquisition, ownership, and disposition of the Notes, including the effects of applicable U.S. federal, state, and local tax laws and non-U.S. tax laws and possible changes in tax laws.

C) Due to a change in law since the date of the Prospectus, the second paragraph of “—Payments of Interest” under the United States Holders section should be read as follows: “Interest paid by the Bank on the Notes constitutes income from sources outside the United States and will, depending on the circumstances, be “passive” or “general” income for purposes of computing the foreign tax credit.”

D) Due to a change in law since the date of the Prospectus, the fourth paragraph of “—Purchase, Sale and Retirement of the Notes” under the United States Holders

section should be read as follows: "Capital gain of a noncorporate United States holder that is recognized in taxable years beginning before January 1, 2013 is generally taxed at a maximum rate of 15% where the holder has a holding period greater than one year."

INTER-AMERICAN DEVELOPMENT BANK

By: 

Name: Edward Bartholomew

Title: Chief Financial Officer and General Manager  
Finance Department