

PRICING SUPPLEMENT

U.S.\$10,000,000,000
Euro Medium-Term Note Program

INTER-AMERICAN DEVELOPMENT BANK

Series No.: EMTN # 71

ITL 125,000,000,000
FIXED/REVERSE FLOATING RATE NOTES DUE 2018

Issue Price: 101.00 per cent.

Application has been made to list the Notes
on the Luxembourg Stock Exchange

CABOTO HOLDING SIM S.p.A.
BANCA COMMERCIALE ITALIANA
ISTITUTO CENTRALE DELLE BANCHE POPOLARI ITALIANE S.p.A.
(Joint Lead Managers)

The date of this Pricing Supplement is November 3, 1998.

INTER-AMERICAN DEVELOPMENT BANK (THE "BANK")
EURO MEDIUM-TERM NOTE PROGRAM

The terms of the Notes are as follows:

1. Series No.: EMTN # 71
2. Principal Amount: ITL 125,000,000,000
3. Specified Currency: Italian Lire ("ITL")
4. Maturity Date: November 9, 2018
5. Original Issue Date: November 9, 1998
6. Form: Bearer. Temporary Global Note will be exchangeable for Permanent Global Note not earlier than 40 days after Original Issue Date and upon certification as to non-U.S. beneficial ownership.

The sixth paragraph of the Permanent Global Note is deleted and replaced with the following:

"This Global Note may be exchanged (free of charge), only in the circumstances described below, in whole, but not in part, for Definitive Notes. This Global Note is exchangeable on not less than 45 days' prior written notice being given to the Fiscal Agent by the Holder hereof if (i) an Event of Default occurs or (ii) either Cedel Bank or Euroclear is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearance system satisfactory to the Fiscal Agent is available. The first notice referred to above given to the Fiscal Agent by the Holder hereof shall give rise to the issue of Definitive Notes in exchange for the total amount of Notes represented by this Global Note. Such exchange will be made upon presentation of this Global Note by the bearer hereof on any day (other than a Saturday or Sunday) on which banks are open

for business in London at the Fiscal Agent's principal office for the time being. The aggregate nominal amount of Definitive Notes issued upon an exchange of this Global Note will be equal to the aggregate nominal amount of this Global Note."

7. Denominations: ITL 5,000,000 and ITL 50,000,000
8. Interest Commencement Date: November 9, 1998
- (a) Interest Rates: Fixed Rate / Reverse Floating Rate Note, with rates as follows:
- (i) From and including the Interest Commencement Date, to but excluding November 9, 1999:

12.00% per annum (on an unadjusted 30/360 day count basis, in accordance with the Following Business Day Convention)
 - (ii) From and including November 9, 1999, to but excluding November 9, 2000:

6.00% per annum (on an unadjusted 30/360 day count basis, in accordance with the Following Business Day Convention)
 - (iii) From and including November 9, 2000, to but excluding November 9, 2002:

4.50% per annum (on an unadjusted 30/360 day count basis, in accordance with the Following Business Day Convention)
 - (iv) From and including November 9, 2002, to but excluding November 9, 2008:

4.00% per annum (on an unadjusted 30/360 day count basis, in accordance with the Following Business Day Convention)
 - (v) From and including November 9, 2008,

to but excluding the Maturity Date:

the Reverse Coupon Rate.

For the purposes of items 8.(a)(v) above, with respect to any Interest Payment Period,

"Reverse Coupon Rate" is the per annum rate equal to the greater of

(i) 0% and

(ii) 14.50% minus (2 times Twelve Month ITL LIBOR times 365/360).

provided, the Reverse Coupon Rate shall not exceed 5.25% per annum, where

"Twelve Month ITL LIBOR" is the inter-bank offered rate for deposits in Italian Lire for a period of twelve months, as determined with reference to Telerate Page 3740 on the Dow Jones Telerate Service (or such other page as may replace Telerate Page 3740 on that service for the purpose of displaying London inter-bank offered rates of major banks) as of 11:00 a.m., London time (or such other time as may be customary for the daily reset of such rate) on the relevant Interest Determination Date. If such rate does not appear on Telerate Page 3740 as of such time on such Interest Determination Date, Twelve Month ITL LIBOR will be determined by the Calculation Agent in accordance with the back-up provisions specified for the LIBOR Notes in the terms of the Notes and in the Bank's Information Memorandum under the heading "Description of the Notes — Floating Rate Notes."

In respect of each Interest Determination Date falling on or after the third stage of European Economic and Monetary Union and the replacement of the ITL by the Euro, the successor rate to Twelve Month ITL LIBOR shall be determined by the Bank in accordance with the Schedule (attached), which successor rate is currently expected to be British Bankers Association Euro LIBOR.

- (b) Interest Payment Dates: Each November 9, commencing November 9, 1999, to and including November 9, 2018.
- Each Interest Payment Date is subject to adjustment in accordance with the Following Business Day Convention.
- (c) Interest Payment Periods: The period from and including the Original Issue Date to but excluding the first Interest Payment Date and, thereafter, each period from and including an Interest Payment Date to but excluding the next succeeding Interest Payment Date (with no adjustment).
- (d) Interest Determination Dates: Two London Business Days before the commencement of the relevant Interest Payment Period
- (e) Day Count Fraction: 360-day year of twelve 30-day months (30/360)
- (f) Business Day Locations: London, New York and Milan
- (g) Calculation Agent: Bankers Trust Company, London Branch
9. Redemption of Notes at the Option of the Bank: None
10. Principal Paying Agent: Bankers Trust Company, London Branch
11. Syndicate Features:
- (a) Managers: Caboto Holding Sim S.p.A.
Banca Commerciale Italiana
Istituto Centrale delle Banche Popolari Italiane S.p.A.
Banca Popolare di Novara
Cassa di Risparmio di Parma e Piacenza S.p.A.
Banco di Napoli S.p.A.
Credito Italiano S.p.A.
Morgan Stanley & Co. International Limited
Sanwa International plc
Banca Popolare di Sondrio S.p.A.
Banca Popolare Commercio e Industria
Soc. Coop. a r.l.
- (b) Stabilizing Manager: Caboto Holding Sim S.p.A.
- (c) Additional Selling Restriction: Each Manager represents and agrees that it will (a) not offer, sell or deliver any Notes or distribute copies of the Offering Circular or any

other document relating to the Notes in the Republic of Italy except to a person who is an "Institutional Investor", as defined in Article 4(1)(a) of CONSOB Regulation No. 6430 of 26th August, 1992, as amended ("CONSOB Regulation 6430"), in compliance with the terms and procedures provided therein or otherwise in circumstances which do not constitute an offer to the public in Italy within the meaning attributed to it by CONSOB and in accordance with the procedures of the Legislative Decree No. 415 of 23rd July, 1996 and Legislative Decree No. 58 of 24th February, 1998, together with any relevant implementation provisions; and (b) comply with Article 4(2) of CONSOB Regulation 6430.

Subject to the terms and conditions of Art. 129 of Law No. 385 of 1st September, 1993, prior to any offer or sale of the Notes in Italy an appropriate notice must be filed with Banca d'Italia for its approval.

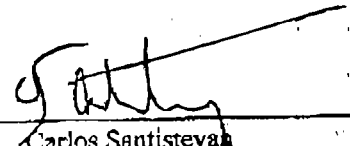
- | | | |
|-----|---|--|
| 12. | Details of other addresses or variations to the Conditions: | See Schedule (attached). |
| 13. | Listing: | Luxembourg Stock Exchange |
| 14. | Issue Price: | 101.00% |
| 15. | Commissions and Fees: | 2.00%, comprised of a combined management and underwriting commission of 0.50% and a selling concession of 1.50% |
| 16. | ISIN No: | XS0091610153 |
| 17. | Common Code: | 9161015 |

Recent Developments (to be read in conjunction with the Offering Circular):

The Bank is proceeding to participate in concerted international emergency financial assistance to its borrowing member countries in response to the impact of the global liquidity crisis in Latin America. Such emergency lending by the Bank is expected to be approved within the next twelve months in a total amount of up to \$9 billion. These loans will be made at higher interest rates and with shorter maturities than the Bank's ordinary capital loans so as to avoid undue stress on the Bank's financial ratios and longer-term funding requirements.

INTER-AMERICAN DEVELOPMENT BANK

By:


Carlos Santistevan
Senior Deputy Finance Manager
Treasurer

SCHEDULE

Redenomination

- (a) The Bank may, without the consent of the Noteholders and the Couponholders, on giving prior notice to the Fiscal Agent, Euroclear and CedeI Bank and at least 30 days' prior notice to the Noteholders in accordance with the notice requirements set forth in the Information Memorandum, elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in Euro.

The election will have effect as follows:

- (i) the Notes shall be deemed to be redenominated into Euro in the denomination of Euro 0.01 with a principal amount for each Note equal to the principal amount of that Note in Italian Lire, converted into Euro at the Established Rate, provided that, if the Bank determines, with the agreement of the Fiscal Agent, that the then market practice in respect of the redenomination into Euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Bank shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed and the Fiscal Agent of such deemed amendments;
- (ii) save to the extent that an Exchange Notice has been given in accordance with paragraph (iv) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest Euro 0.01;
- (iii) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Bank in the denominations of Euro 1,000, Euro 10,000, Euro 100,000 and (but only to the extent of any remaining amounts less than Euro 1,000 or such smaller denominations as the Fiscal Agent may approve) Euro 0.01 and such other denominations as the Fiscal Agent shall determine and notify to the Noteholders;
- (iv) if issued prior to the Redenomination Date, all unmatured Coupons denominated in Italian Lire (whether or not attached to the Notes) will become void with effect from the date on which the Bank gives notice (the "Exchange Notice") that replacement Euro-denominated Notes and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes so issued will also become void on that date although those Notes will continue to constitute valid exchange obligations of the Bank. New certificates in respect of Euro-denominated Notes and Coupons will be issued in exchange for Notes and Coupons denominated in Italian Lire in such manner as the Fiscal Agent may specify and as shall be notified to the

Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;

- (v) after the Redenomination Date, all payments in respect of the Notes and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in Euro as though references in the Notes to Italian Lire were to Euro. Payments will be made in Euro by credit or transfer to a Euro account (or any other account to which Euro may be credited or transferred) specified by the payee or, at the option of the payee, by a Euro check; and
- (vi) such other changes shall be made to these Conditions as the Bank may decide, after consultation with the Fiscal Agent, and as may be specified in the notice, to conform them to conventions then applicable to instruments denominated in Euro (which, for the avoidance of doubt, shall include any replacement of the reference to the page on the Dow Jones Telerate Service displaying London inter-bank offered rates of major banks for Italian Lire for a period of twelve months with a reference to the relevant page on that service with reference to which the inter-bank offered rate for deposits in Euro for a period of twelve months shall be determined) or to enable the Notes to be consolidated with one or more issues of other notes, whether or not originally denominated in Italian Lire or Euro. Any such other changes will not take effect until after they have been notified to the Noteholders in accordance with the notice requirements set forth in the Information Memorandum.

(b) In this Condition, the following expressions have the following meanings:

"Established Rate" means the rate for the conversion of Italian Lire (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into Euro established by the Council of the European Union pursuant to Article 109(4) of the Treaty;

"Euro" means the currency to be introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

"Redenomination Date" means any date for payment of interest under the Notes specified by the Bank in the notice given to the Noteholders pursuant to paragraph (a) above and which falls on or after the start of the third stage of European economic and monetary union pursuant to the Treaty or, if Italy is not one of the countries then participating in such third stage, which falls on or after such later date as it does so participate and which falls before the date on which Italian Lire ceases to be a subdivision of the Euro; and

"Treaty" means the treaty establishing the European Community, as amended from time to time.