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SERVICE  
United States of America  
Department of Commerce

# U.S. Country Commercial Guides



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Inter-American  
Development Bank

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# Doing Business in Inter-American Development Bank Funded Projects

## Market Overview

The [Inter-American Development Bank](#) is the largest development finance institution for Latin America. Established in 1959 after the Organization of American States drafted the Articles of Agreement, today it is dedicated to achieving three overarching goals: social inclusion and inequality, productivity and innovation, and economic integration – and three cross-cutting issues – gender equality and diversity, climate change and environmental sustainability; and institutional capacity and the rule of law.

The Inter-American Development Bank is a family of three international organizations:

- [The IDB](#): IDB does sovereign lending—concessional depending on the country (about 80% of total lending)
- [The Inter-American Investment Corporation](#): IIC is the private sector lending arm of the Bank (about 20% of total lending)
- [The Multilateral Investment Fund](#): The FOMIN, or “MIF” provides grants and is more free to innovative and be creative in finding solutions to support social and economic development. MIF, for instance has a project to support workers in the informal recycling industry to integrate into a more structured business that promotes their wellbeing and protects them better.

Most opportunities for American firms come in three categories:

- [Project Procurement](#): A developing country government borrows funds from the IDB for a public works project (goods, works, consulting/advisory services); that government runs a public competition and selects vendors
- [Bank Executed Operational \(BEO\) Procurement](#): the IDB purchases a broad array of consulting and advisory services to perform project evaluation and preparation work as well as Technical Cooperation (TCs).
- [Project financing for private sector](#): U.S. companies can apply for project financing with the IIC to support qualified private sector investments located in the 26 borrowing member countries.

The IDB Group offers direct financing and technical assistance to large, small and medium-sized enterprises in its 26 borrowing member countries in Latin America and the Caribbean. We provide support through the Inter-American Investment Corporation, the Opportunities for the Majority, and the Structured and Corporate Finance department. We also support financial institutions seeking to expand

lending to small and medium-sized enterprises as well as projects that will foster and strengthen the development.

The IDB can guarantee loans made by private financial sources in public and private sector projects. This instrument seeks to improve financing conditions for projects in Latin America and the Caribbean and helps promote investment in the borrowing countries. The Bank can provide guarantees to projects with or without counter-guarantees by the borrowing country's government.

In addition, the risk insurance services of the [Multilateral Investment Guarantee Agency \(MIGA\)](#), like those of the U.S. Government's [Overseas Private Investment Corporation \(OPIC\)](#), can help American firms engage, even in the world's most challenging environments, with a greater sense of confidence.

Much of the information needed to participate in Inter-American Development group funded projects is specific to the countries in which the projects are conducted, not to the IDB itself. As such, many segments of a traditional Country Commercial Guide are not included here. To learn about country-specific aspects of doing business in countries of interest to your firm see each country's Country Commercial Guide.

Understanding how to approach these opportunities requires careful analysis and a strategic approach. Read through this guide as a first step on that journey.

## **Market Challenges**

### **PROJECT PROCUREMENT**

When the IDB lends money to a member country government for a project, the responsibility for the implementation of the project, including the award and administration of related contracts, rests with the borrower. Competing successfully thus depends on an ability to do business in the country in which the project will be conducted, and with the borrowing government that runs the competition. Further, the IDB relies heavily on "[Country Procurement Systems](#) for procurement that falls under the threshold for International Competitive Bidding (ICB) for those systems that have been deemed consistent with IDB procurement standards. Thus, the barriers firms face depend wholly on the conditions of the country where the project is located.

Knowledge of the local language, culture, business practices, and other local conditions is essential. Tariffs, quotas, restricted or prohibited imports, temporary entry of goods, standards, testing and certification requirements, labeling requirements, pricing, and other elements of doing business vary country by country. Firms with a local presence, whether through a partner or representative, or their own branch office or subsidiary, tend to be able to position themselves more

effectively to compete than firms that do not have such a presence. The vast majority of projects and consulting work that the bank contracts directly is awarded to companies/firms that are located in the country where the work is to be done. This includes local offices of international firms as well as partners of international firms who agree to be the bidder of record as the “local entity”.

Firms that begin focusing on a project at the issuance of a procurement notice often find themselves at a competitive disadvantage. The project life cycle is long, often beginning years before the first procurement notice is ever issued. IDB and borrowing government officials seek input from stakeholders, including the private sector, throughout the project development process. Firms with the patience and persistence to engage over time enhance their competitiveness by understanding stakeholder interests, providing input, and preparing bids based on a full historical understanding of the origins, context and development of the project.

The IDB is a large institution with a specific corporate culture that requires firms to be flexible and patient when seeking information or pursuing opportunities. While located in Washington D.C., the majority of the employees of the bank, even in Headquarters, originate from outside the United States. Firms are encouraged to approach the Bank as they would a foreign government or entity, and not as they would approach USAID, MCC, or other D.C.-based economic development agencies.

#### CORPORATE PROCUREMENT

The IDB Group itself runs competitions for consulting and advisory services via the [BEO Procurement](#) system. As with Project Procurement (see above) firms that begin focusing on an opportunity once it appears on the portal often find themselves at a competitive disadvantage. IDB officials seek input from stakeholders, including the private sector, throughout the project development process. Firms with the patience and persistence to engage over time enhance their competitiveness by understanding stakeholder interests, providing input, and preparing bids based on a full historical understanding of the origins, context and development of the project.

#### PRIVATE SECTOR FINANCING

IIC operates in many respects like a private sector financial institution. IIC funded projects are private sector initiatives and as such are not subject to the procurement rules and processes that govern public works projects. Approaching the IIC for financing requires an understanding of Bank priorities and initiatives related to economic development, social welfare, and community engagement.

## **Market Opportunities**

### **PROJECT PROCUREMENT**

IDB funded projects are conducted in 26 countries in Latin America and the Caribbean, with operations totaling \$11.5 billion in Calendar Year 2016. Projects represent opportunities in various sectors including healthcare, agriculture, transportation, climate change, water, and energy.

On paper contract awards to American firms look small: just over \$361 million from 2004 to 2016. This figure represents .4 percent of the total value of contracts during the period of approximately \$45 billion of which one quarter corresponds to consulting/advisory work and three quarters for goods and civil works. Of the total of \$361 million awarded to U.S. companies, 40 percent corresponds to consulting while goods and civil works represent 60 percent, suggesting that the American firms have a relative strength in consulting. However, it is important to note that American firm participation, and competitiveness, is much higher than the figures suggest: bids won through host-nation partners/subsidiaries, and participation as subcontractors and suppliers – all common methods of participation for American firms – are not counted in procurement figures.

The IDB authorizes that Executing Agencies the use of a variety of procurement methods for both goods/works as well as consulting services. While there is a modality that is “lowest cost”, many procurement opportunities incorporate a consideration of value or quality vs. cost that gives borrowers the flexibility to design projects, and select contractors, based on factors other than cost. This favors American firms capable of demonstrating value across the entire life cycle of a project.

Direct opportunities for American firms to bid on projects come from projects and operations in which a member country government borrows funds from the IDB for a project (e.g. Infrastructure, goods, works, consulting/advisory services). In these cases the responsibility for the implementation of the project, and for the award and administration of contracts, rests with the borrower.

Indirect opportunities are equally important. American firms enjoy a strong reputation worldwide as suppliers of first-rate technologies and providers of specialized services. These goods and services often serve as vital components of a project. But they are usually not acquired by the borrowing government or the IDB themselves. Instead they are acquired through the private sector by the primary contractors that win the contracts. By marketing to these primary contractors, American manufacturers and service providers can get their offerings into the supply chains that serve IDB funded projects.

Finally, the IDB also represents a window and a point of access into the rest of a developing country's market. The IDB typically funds just a tiny fraction of a country's overall public procurement program as the annual public procurement spend in the region is estimated at \$800 billion per year. However, IDB projects are recognized as first-rate projects in design and execution, and thus attract the most highly reputable and competitive bidders from around the world. These projects influence the design and execution of other non-IDB funded projects, further attracting top-tier bidders to participate more broadly in the market. As such American firms benefit from knowing what is going on in and around the IDB regardless of whether or not they ever participate in a project themselves.

#### CORPORATE PROCUREMENT

The IDB Group itself runs competitions for consulting and advisory services via the [BEO Procurement](#) system. The IIC does not participate in this system and maintains its own portal for procurement of [consulting and advisory services](#).

#### PRIVATE SECTOR SOLUTIONS

IIC offers a number of [products and services](#) to private sector interests to encourage entrepreneurship and build sustainable businesses in [Latin America and the Caribbean](#). These include loans, equity, venture capital, and other financial/investment offerings, with special focus on infrastructure, manufacturing, agribusiness, services, and financial markets. In fiscal year 2016 IIC investment commitments totaled \$2 billion.

#### **Market Entry Strategy**

When developing a market entry strategy always consult the Country Commercial Guide of the specific country or countries of interest. In terms of developing a strategy for engaging with the IDB, both the projects that it finances as well as its own procurement needs for consulting and advisory support, firms are encouraged above all to apply patience and persistence.

The IDB prides itself in being a thought-leader in the region and is, therefore, always seeking to apply the latest technology and know-how in the borrowing member countries. Companies are advised to be very clear about the uniqueness or innovativeness of their product/service offerings. Successful firms match an innovative product/service offering with overarching IDB goals/initiatives for the region.

With the IDB headquartered in Washington D.C., American firms are at a relative advantage in terms of becoming familiar with the Bank and its staff. Bank staff as residents and citizens of the United States, likewise, has a level of familiarity with, and appreciation for, U.S. capabilities and technologies. This natural exposure by

virtue of its U.S. location provides U.S. companies should support a market entry strategy that promotes brand awareness and focuses on relationship building.

For many successful firms this process includes scouring the IDB website for:

- [Current and historical data](#) related to projects
- [Country Strategies](#) to understand the framework and context for lending
- [Events](#) for insights into the thinking around IDB communities and opportunities for networking among them

## PROJECT PROCUREMENT

Primary contractors, and members of consortia of bidding firms, will find that when the IDB lends money to a member country government for a project, the responsibility for the implementation of the project, and for the award and administration of contracts, rests with the borrower. As such the strategy for approaching an IDB funded project is little different from that for approaching any other public procurement opportunity in the country. Competing successfully depends on an ability to do business in the country in which the project will be conducted, and with the borrowing government that runs the competition. Firms with a local presence, whether through a partner or representative, or their own branch office or subsidiary, tend to be able to position themselves more effectively to compete than firms that do not have such a presence. Indeed over 80 percent of all contract awards are made to host nation companies, including local representatives of American and other foreign firms.

Suppliers and subcontractors will also find opportunity related to IDB funded projects. American firms enjoy a strong reputation worldwide as suppliers of first-rate technologies and specialized services. These goods and services often serve as vital components of a project. But they are usually not procured directly. Instead they are acquired through the private sector by the primary contractors that win the contracts. By marketing to these primary contractors, American manufacturers and service providers can get their offerings into the supply chains that serve IDB funded projects.

## CORPORATE PROCUREMENT

The IDB Group itself runs competitions for consulting and advisory services via the [BEO Procurement](#) system. The IIC does not participate in this system and maintains its own portal for procurement of [consulting and advisory services](#).

## PRIVATE SECTOR SOLUTIONS

Companies and entrepreneurs seeking to establish a new venture or expand an existing one can submit an [investment proposal](#) directly to the IIC. To be eligible for IIC funding, a project must be located in an IIC member developing country, be in

the private sector, be technically sound, have good prospects for being profitable, benefit the local economy, and meet the environmental and social standards of IIC and the host country.

## Political Environment

The IDB Group is like a cooperative made up of countries around the world. Membership in the five institutions that constitute the IDB Group is as follows:

- Inter-American Development Bank; 48 member countries
- Inter-American Investment Corporation (IIC); 45 member countries
- Multilateral Investment Fund (MIF); 39 member countries

Notably Cuba is the only major country in the region that is not a member of any of the three IDB Group institutions.

[The Board of Governors](#) consists of one Governor and one Alternate Governor appointed by each member country, typically the country's minister of finance (the Secretary of the Treasury in the case of the United States), governor of its central bank, or a senior official of similar rank.

Aside from a few major overarching powers enumerated in the [Articles of Agreement](#), the Board of Governors delegates its powers to the [Board of Executive Directors](#). Two countries (United States and Canada) have a single constituency Executive Director (an Executive Director that represents only that country). All 46 other countries are represented by multi-constituency Executive Directors.

Member countries are allocated votes at the time of membership and subsequently for additional subscriptions to capital. Votes are allocated differently in each organization. The United States is the largest shareholder at the IDB with 30 percent of the bank's capital subscription.

For background information on the political and economic environment of individual IDB borrowing member countries, please click on the link below to read [U.S. Department of State Background Notes](#), as well as World Bank Group publications like the annual [Doing Business](#) reports and [Worldwide Governance Indicators \(WGI\)](#).

## **Selling US Products & Services**

### **Using an Agent to Sell US Products and Services**

The IDB Group itself has no specific rules on foreign firms working through a local office in order to participate in IDB funded projects.

Given the high percentage of contracts that are awarded to companies registered in the country where the project is located, it is often advisable for American firms to identify a local agent to support a proposal or bid for IDB-financed work.

Agents and consultants can also be used to support engagement with the IDB more broadly. Specialized firms, many in the Washington D.C. area offer support to firms looking to pursue business in the multilateral development banks as well as USG development agencies.

Each country has its own laws governing participation of foreign firms in its market: some countries have no requirements to establish or operate through a local entity; others require use of a local entity in order to sell to the government but not to the private sector; still others require use of a local entity for all commercial activities. Laws defining forms of local entity (agent, representative, partner, distributor, etc.), what constitutes that entity, what constitutes a contract or agreement, obligations of parties to the agreement to one another, exposure to local taxation and labor laws, and other elements of doing business also vary country to country. Firms wishing to enter into any agreement should consult with competent host nation legal counsel to ensure that the agreement is in accordance with host nation laws and requirements.

To learn about requirements in countries of interest to your firm see the “Using and Agent to Sell U.S. Products and Services” section of each country’s [Country Commercial Guide](#).

### **Establishing an Office**

The IDB Group itself has no specific rules on foreign firms working through a local office in order to participate in IDB funded projects.

Relative to engagement with the IDB (and other MDBs), it can be useful for a firm to designate an IDB outreach coordinator and possibly establish an office in the Washington D.C. area to perform “market development” activities.

Each country has its own laws governing the establishment of an in-country office of a foreign firm. Many governments offer special programs to attract foreign firms to open offices in their countries. To learn about these laws and programs in countries of interest to your firm see the “Establishing an Office” section of each country’s [Country Commercial Guide](#). For background information on the political

and economic environment of individual IDB borrowing member countries, please read [U.S. Department of State Background Notes](#), as well as World Bank Group publications like the annual [Doing Business](#) reports and [Worldwide Governance Indicators \(WGI\)](#).

## **Franchising**

Franchisors have traditionally had little to look for with respect to IDB funded projects. IDB recognizes it as a legitimate product/service delivery method and project procurement as well as Bank-Executed Operational work could be performed by franchised entities.

To learn about specific opportunities for franchising in countries of interest to your firm see the “Franchising” section of each country’s [Country Commercial Guide](#).

## **Direct Marketing**

Direct marketing is not a viable means of engaging directly in IDB Group funded projects. Whether project procurement for performance of public works projects, or corporate procurement for consulting/advisory services, procurements are initiated with the issuance of public tenders and are run through the competitive bidding process. Unsolicited proposals and offers are not considered. Private sector activities in partnership with IIC involve investments rather than procurements. Investment decisions are based on a long and exhaustive consultative process involving a high degree of collaboration among stakeholders to demonstrate, among other things, in-country capabilities and commitment. This favors firms able to conduct more traditional face-to-face networking and business development activities. IIC and in-country stakeholders alike are often circumspect and unresponsive to unsolicited approaches from afar.

Indirectly, however, the direct marketing channel might apply in approaching contractors with a history of conducting IDB funded projects. Identifying these contractors is a challenge, usually requiring scouring the IDB website and other public records for historical data on past contract awards (privacy rules prohibit disclosure of information on bidders on active competitions).

## **Joint Ventures/Licensing**

### **PROJECT PROCUREMENT**

IDB procurement rules allow for the participation of joint ventures and consortia. And indeed the scale and complexity of many IDB funded public works projects provides fertile ground for bids by joint ventures and consortia of firms offering complementary capabilities.

IDB website states: “Any firm may bid independently or in joint venture confirming joint and several liabilities, either with domestic firms and/or with foreign firms,

but the Bank does not accept conditions of bidding which require mandatory joint ventures or other forms of mandatory association between firms.”

That said each country has its own laws, rules, requirements and other considerations regarding joint ventures and licensing agreements. To learn about conditions in countries of interest to your firm see the “Joint Ventures/Licensing” section of each country’s [Country Commercial Guide](#).

#### CORPORATE PROCUREMENT

The IDB Group contracts with consulting and advisory firms in the amount of approximately \$75 million per year via the [BEO Procurement](#) system. While eligibility requirements do not explicitly exclude the participation of joint ventures, firms interested in participating in the form of a joint venture should consult the [Policy for Selection of Firms](#) to confirm how to register and remain eligible before competing for contracts.

#### PRIVATE SECTOR SOLUTIONS

IIC invests (debt financing) in projects designed to create or expand upon private sector enterprises in developing countries. Joint venture arrangements are common in IIC funded operations, and can even include the IIC itself as an equity investor.

#### **Selling to the Government**

The IDB group lends to both governments (sovereign guaranteed lending) and the private sector via the Inter-American Investment Corporation (IIC). Approximately 80% of loan commitments are to governments and 20% via the private sector lending window.

As a result, much of the activity of the IDB is in support of governments to augment and compliment their public procurement programs.

#### PROJECT PROCUREMENT

When the IDB lends money to a member country government for a project, the responsibility for the implementation of the project, and for the award and administration of contracts, rests with the borrower. As such, to participate in these projects firms must position themselves to sell to that government, and not the IDB. Each country has its own laws governing foreign firms selling to the government, including whether they can sell direct or must operate through a local entity (agent, representative, etc.). Countries signatory to multilateral agreements such as the World Trade Organization’s (WTO) Government Procurement Agreement (GPA), and bilateral Trade Promotion Agreements with the United States, must abide by their commitments under those agreements in conducting procurements for IDB funded projects.

Procurement Policies governing IDB-financed projects is located [here](#).

To learn about specifics regarding selling to the government in countries of interest to your firm see the “Selling to the Government” section of each country’s [Country Commercial Guide](#).

U.S. firms interested in specific IDB funded projects should consider contacting the U.S. Department of Commerce’s [Advocacy Center](#) and [Commercial Liaison Office to the Inter-American Development Bank](#) early in the process and prior to bidding.

#### CORPORATE PROCUREMENT

The IDB Group is a financial institution, not a government, although it depends wholly on the financial and political support of governments. That said, when the IDB Group itself runs a competition, it does so in adherence to rules and procedures similar to those of the highest standard government procurements. The IDB Group contracts with consulting and advisory firms in the amount of approximately \$75 million per year via the [BEO Procurement](#) system.

#### PRIVATE SECTOR SOLUTIONS

IIC operates in many respects like a private sector financial institution. IIC funded projects are private sector initiatives and as such are not subject to the procurement rules and processes that govern public works projects.

#### U.S. COMMERCIAL SERVICE LIAISON OFFICES AT THE MULTILATERAL DEVELOPMENT BANKS

The World Bank often co-finances projects with other multilateral development banks. The Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks: the World Bank, the Inter-American Development Bank, the African Development Bank, the Asian Development Bank, and the European Bank for Reconstruction and Development. These institutions lend billions of dollars in developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help American businesses learn how to get involved in bank-funded projects, and advocate on behalf of American bidders. Learn more by contacting the Commercial Liaison Office to the [World Bank](#), the [Inter-American Development Bank](#), the [African Development Bank](#), the [Asian Development Bank](#), and the [European Bank for Reconstruction and Development](#).

### **Selling Factors & Techniques**

#### PROJECT PROCUREMENT

The IDB provides financing to governments who “run” the project procurement. Thus, companies are advised to apply the sales techniques used in public

procurement. Public procurement requires a unique patience, attention to detail, and strong in-country support. In the context of the IDB, understanding the institutional roles and responsibilities that apply throughout the project life cycle is key to targeting sales efforts effectively.

IDB-funded projects are developed through a years-long public stakeholder consultation process, starting from the formation of a [Country Strategy](#) and culminating in the development of individual projects. Once a project is formed and approved the IDB lends money to the borrowing member country government, which assumes full responsibility for implementing the project. Contracts are awarded by the borrowing government through open international competitive bidding and procurement processes. Supplies and services needed to fulfill contracts are procured by contractors through their private sector supply chains. In neither case does the IDB procure goods or services for, or seek to influence the procurement decisions of, borrowing governments or contractors.

As such, traditional sales approaches to IDB officials are typically unwelcome, misguided, and reflect poorly on the offering firm. Bidders on specific contracts are best advised to focus on appealing to the borrowing government, using IDB staff as a source of market information and, in some cases, as a channel to reach the decision-makers within the borrowing governments. Subcontractors and suppliers are best advised to focus on getting into the private-sector supply chains that serve the contractors.

That said, IDB officials do appreciate opportunities to hear from the private sector on trends and developments, proven approaches to solving emerging problems, and other topics the likes of which one might hear at an industry association event or technical conference. Many managers see such interactions as opportunities for the professional development of their staff members. So well-conceived fact-finding meetings, Brown Bag Lunches, and other such interactions free of overt reference to specific companies, brands, technologies, products, etc., can be useful tools. The IDB also often holds [events](#) that provide excellent opportunities to network and learn what Bank officials are thinking about key topics.

Though time consuming, and with effects that are usually subtle and incremental, American firms willing to engage with Bank officials and other stakeholders over time will broaden their networks, learn about and possibly provide valuable input into priorities and the formation of future projects, and better position themselves to compete through established channels for projects that come through the pipeline as a result.

Communication, both written and verbal, should at all times be formal and clear. The environment and culture at the IDB, while dynamic in many respects, maintains

a necessary high level of formality and decorum. English is often not the native language of your interlocutors although English proficiency is high at every level of the Bank and in every location. Opportunities for misunderstanding abound. Clear, concise, formal communication offers the best opportunity to be understood correctly and to reduce the risk of offense.

## CORPORATE PROCUREMENT

In support of its lending programs and due diligence, the IDB Group contracts with consulting and advisory firms in the amount of approximately \$75 million per year via the [BEO Procurement](#) system. The Bank Group then short-lists qualified firms who are invited to submit proposals, which are then evaluated.

## PRIVATE SECTOR SOLUTIONS

IIC [offers financing](#) to private sector interests to encourage entrepreneurship and build sustainable businesses in [Latin America and the Caribbean](#). These include loans, equity, venture capital, and other financial/investment offerings, with special focus on infrastructure, manufacturing, agribusiness, services, and financial markets. In fiscal year 2016 IIC investment commitments totaled \$2 billion.

Making a proposal to IIC is similar to the process of pitching an investment opportunity to a commercial lender and will generally require the same “selling techniques.” Further, to be eligible for IIC funding, a project must be located in an IIC borrowing member country, be in the private sector, be technically sound, have good prospects for being profitable, benefit the local economy, and meet the environmental and social standards of IIC and the host country.

The IIC must obtain approval from the Bank’s Board of Directors before final disbursement of the financing can be completed.

## **E-Commerce**

E-commerce is not a viable means of engaging directly in IDB funded projects. Whether project procurement for performance of public works projects, corporate procurement for consulting/advisory services, or private sector activities in partnership with IIC, opportunities generally call for the execution of a full-scale project requiring a high degree of collaboration among stakeholders and on-the-ground in-country capabilities and commitment.

IDB financed project work is a fraction of the \$800 billion public procurement market in Latin America and the Caribbean. Reports indicate that public procurement in the Latin American region is increasingly adopting e-commerce as a means for sourcing materials and inputs. Examples are Mexico’s [CompraNet](#) and Chile’s [ChileCompra](#).

## Pricing

### PROJECT PROCUREMENT

The IDB provides funding to its borrowing member countries with a broad range of loans and development programs. These operations involve procurement processes for goods, works, and services provided by firms and individuals.

The IDB is supporting Borrowing member countries in their effort to strengthen their procurement systems so that they meet international best practices. The goal is to have Borrowing member countries use their own systems to carry out procurement processes for IDB-financed projects, under the threshold for International Competitive Bidding (ICB), if the system or sub-system has been accepted by the IDB in compliance with the provisions in the [Guide for the Acceptance of the Use of Country Procurement Systems](#). Consequently, IDB Procurement Policies shall be observed for ICB or for when a country's system has not yet been accepted for use in Bank operations.

Issues around MDB procurement methods earned significant attention during the 2016 World Bank reform of its procurement system from a “lowest cost” model to a “fit for purpose” and “value for money” model. This gave borrowers the flexibility to design projects, and select contractors, based on factors other than cost. The IDB never converted to a lowest cost model and has always maintained a level of flexibility and room for “value for money” analysis in its evaluation methods. Therefore, this type of institutional reform is reportedly not necessary at the IDB. American firms capable of demonstrating value across the entire life cycle of a project are well positioned to be competitive in their bidding at the IDB.

Though IDB loans are denominated in U.S. dollars, public tenders issued by borrowing governments are typically denominated in local currency.

To learn about pricing considerations in countries of interest to your firm see the “Pricing” section of each country's [Country Commercial Guide](#).

### CORPORATE PROCUREMENT

The IDB itself runs competitions for consulting and advisory services, in support of its analysis and evaluation of projects and to perform [Technical Cooperation](#) contracts for client governments. These competitions are run through the [BEO Procurement System](#). Tenders and contracts can be denominated in U.S. dollars or local currency.

Bid evaluation criteria, stated in tender documents, typically include a weighted scale of both technical and financial considerations.

## PRIVATE SECTOR SOLUTIONS

Private sector activities in partnership with IIC involve investments rather than procurements. Therefore, a discussion of pricing is not applicable in a debt/equity financing environment.

### **Sales Service/Customer Support**

Not applicable in IDB context. See individual Country Commercial Guide for the specific market of interest for information about this subject.

### **Due Diligence**

When participating in an IDB funded project it is common to partner with at least one overseas private-sector entity. American firms should perform thorough due diligence on prospective private-sector partners before entering into any agreement, and also work with competent legal counsel qualified in each country to ensure that agreements have the force of law in all applicable jurisdictions.

As one step in the due diligence process the U.S. Commercial Service offers the International Company Profile (ICP) service. While many elements of the ICP are standard worldwide, local laws and other conditions sometimes require adjustments to the service offering in each country. To learn about ICP terms and conditions in countries of interest to your firm work with your local [U.S. Export Assistance Center](#) to contact the [Commercial Service](#) in each country.

# **Trade Regulations, Customs, & Standards**

## **Trade Barriers**

Trade barriers – both tariff and non-tariff – can exist when exporting to countries in Latin America and the Caribbean. Companies are advised to identify barriers such as the following

- Particularly high tariffs for certain products
- Restrictions on selling to the government of the country
- Import licensing requirements
- Anti-dumping and countervailing duty measures
- Products bans
- Any quarantine measures for agricultural products

For more information and help with trade barriers please contact:

[International Trade Administration](#)

Enforcement and Compliance

(202) 482-0063

ECCommunications@trade.gov

## **Import Tariff**

See the specific Country Commercial Guide for the country of interest.

## **Import Requirements & Documentation**

See the specific Country Commercial Guide for the country of interest.

## **Labeling/Marking Requirements**

See the specific Country Commercial Guide for the country of interest.

## **U.S. Export Controls**

See [Bureau of Industry and Security](#)

## **Temporary Entry**

See the specific Country Commercial Guide for the country of interest.

## **Prohibited & Restricted Imports**

See the specific Country Commercial Guide for the country of interest.

## **Customs Regulations**

See the specific Country Commercial Guide for the country of interest.

## **Trade Standards**

See the specific Country Commercial Guide for the country of interest.

## **Trade Agreements**

See the specific Country Commercial Guide for the country of interest.

## **Licensing Requirements for Professional Services**

See the specific Country Commercial Guide for the country of interest.

## **Web Resources**

Information on trade regulations, Customs and standards needed to participate in IDB funded projects is specific to the countries in which the projects are conducted, not to the IDB itself. As such, many segments of a traditional Country Commercial Guide are not included here. To learn about these aspects of doing business in countries of interest to your firm see the “Trade Regulations, Customs and Standards” section of each country’s [Country Commercial Guide](#), [U.S. Department of State Background Notes](#), and World Bank Group publications like the annual [Doing Business](#) reports and [Worldwide Governance Indicators \(WGI\)](#).

# Investment Climate Statement

## Openness to, & Restrictions Upon, Foreign Investment

The IDB is an agent of economic development for the region, channeling financial and intellectual resources through sovereign guarantee lending (IDB), debt and equity investing in the private sector (IIC), and innovative lending and grant work (MIF). One of the primary goals of the Bank is to improve the economic and business environment in the borrowing countries to drive great FDI flows to, and within, the region.

Individual FDI rules, incentives, and restrictions vary by country and are addressed in the [Country Commercial Guide](#) for each country. Generally speaking, the IDB supports borrowing countries in attracting, facilitating, and retaining FDI, and in maximizing the positive spillover effects of FDI on the local economy. The IDB also advises borrowers of the deleterious effects that constraints on FDI have on development.

The IDB's private sector lending arm, the IIC, plays an important role in mitigating risk for private enterprise, commercial lenders, and other sources of FDI. IIC debt and equity investment is offered according to requirements of the project to meet social and environmental safeguards as well as bankability and credit-worthiness. IIC has a keen awareness of risks and rewards and the relative openness of borrowing countries to FDI.

That said, the IDB is not prescriptive with regard to borrowing country policies. Each country sets its own laws on FDI, and IDB funded project is structured in accordance with those laws. In some cases these laws limit foreign ownership of key aspects of the project, or reject foreign ownership outright if the investment is deemed to be inconsistent with national security, economic development, or other national interest objectives.

Again, to learn about the overall posture toward FDI in countries of interest to your firm see the "Openness to and Restrictions upon Foreign Direct Investment" section of each country's [Country Commercial Guide](#).

## PROJECT PROCUREMENT

Whether from borrowing country government to primary contractor, or from primary contractor to subcontractor or supplier, payments to or from countries that maintain restrictions on payments and transfers will be subject to those restrictions. To learn about conversion and transfer policies in countries of interest to your firm see the "Conversion and Transfer Policies" sections of each country's [Country Commercial Guide](#). To learn about options for insuring against currency inconvertibility review the products offered by the U.S.

Government's [Overseas Private Investment Corporation \(OPIC\)](#) and the [Multilateral Investment Guarantee Agency \(MIGA\)](#).

#### CORPORATE PROCUREMENT

The IDB itself procures consulting and advisory services, often in relation to IDB, IIC, or MIF funded projects. Conversion and transfer policies are not a concern in these procurements. Contracts between consultants and the IDB Group are denominated in U.S. dollars or local currency. Payments are made by the IDB Group directly to the consultant.

#### PRIVATE SECTOR SOLUTIONS

When seeking IIC financing for an investment, American firms should take care to ensure that any restrictions on conversion and transfers of the host country will not prevent host country entities from meeting foreign currency liabilities or honoring financial obligations. IIC involvement in a private sector project lends credibility to the project and can enhance its profile in country, but it will not enable a U.S. company to expect modification of existing conversion or transfer policies.

To learn about conversion and transfer policies in countries of interest to your firm see the “Conversion and Transfer Policies” section of each country's [Country Commercial Guide](#). To learn about options for insuring against currency inconvertibility review the products offered by the U.S. Government's [Overseas Private Investment Corporation \(OPIC\)](#) and the [Multilateral Investment Guarantee Agency \(MIGA\)](#).

#### **Bilateral Investment Agreements**

Bilateral and multilateral trade and investment agreements, and taxation treaties, are all in effect in the conduct of IDB Group funded operations. In countries with which the United States has Trade Promotion/Free Trade Agreements, American firms bidding on projects may enjoy competitive advantages over firms from countries that do not have such agreements. Similarly, in countries with which the United States does not have Trade Promotion/Free Trade Agreements, American firms bidding on projects may be at a competitive disadvantage against firms from countries that do have such agreements.

To learn about the status of bilateral trade and investment agreements in countries of interest to your firm see the “Bilateral Investment Agreements” section of each country's [Country Commercial Guide](#).

#### **Efficient Capital Markets and Portfolio Investment**

The IDB and the [Inter-American Investment Corporation \(IIC\)](#), the private-sector window of the IDB Group are heavily involved in strengthening local capital markets and working with financial intermediaries (ie. national development banks). Hurdles

to raising funds in local currency can obligate firms in many developing countries to borrow in foreign currencies, exposing them to exchange-rate and other risks.

To learn about the functioning of capital markets in countries of interest to your firm see the “Efficient Capital Markets and Portfolio Investment” section of each country’s [Country Commercial Guide](#).

### **Transparency of the Regulatory System**

The IDB advises borrowing governments of the importance of a transparent regulatory system. It also provides loans to improve regulatory systems and recognizes the relationship between economic development, FDI flows, and a solid regulatory environment. The IDB utilizes the World Bank’s [Country Policy and Institutional Assessment \(CPIA\)](#) ranking, including an indicator on [property rights and rules-based governance](#), to assess how conducive a country’s policy and institutional framework is to fostering poverty reduction, sustainable growth, and the effective use of development assistance. The World Bank’s well known and highly regarded annual [Doing Business](#) report also includes an indicator on [registering property](#).

To learn about policies regarding protection of property rights in countries of interest to your firm see the “Protection of Property Rights” section of each country’s [Country Commercial Guide](#).

### **Expropriation and Compensation**

Achieving IDB priorities requires attracting contractors, suppliers, investors, insurers and other private-sector actors into difficult operating environments. While the IDB advises borrowers of the deleterious effects that concerns over the risk of expropriation have on development, it is not prescriptive with regard to borrowing country policies and actions. To learn about policies regarding expropriation in countries of interest to your firm see the “Expropriation and Compensation” section of each country’s [Country Commercial Guide](#). To learn about options for insuring against expropriation review the products offered by the U.S.

Government’s [Overseas Private Investment Corporation \(OPIC\)](#) and the [Multilateral Investment Guarantee Agency \(MIGA\)](#).

An IDB-backed project with sovereign guarantee (IDB) or via the private sector window, IIC, can be considered to represent additional “natural” protection against expropriation or other government action. It is expected that a borrowing government that expropriates a project where IDB has committed resources will face inquiry from the IDB and the case will receive additional international attention. This can be considered a type of “insurance” but by no means is it a substitute for OPIC or MIGA protection.

## Dispute Settlement

Promoting transparency in government administration and reducing the incidence of corrupt activities are stated IDB interests in support of goals of reducing poverty and inequality in Latin America and the Caribbean. The Bank funds projects specifically designed to strengthen governance, enforce the rule of law, and fight corruption at both local and national levels.

### PROJECT PROCUREMENT

While projects funded by the IDB are subject to on-going monitoring around “[prohibited practices](#)” in contracting/procurement decisions, it is incumbent upon bidding companies to be watchful and willing to take action at the first sign of irregularities. It is also strongly recommended to contact early on the U.S. Department of Commerce (DOC) representative to the IDB, Barbara White at [Barbara.white@trade.gov](mailto:Barbara.white@trade.gov) to engage USG resources in support of the concern.

Companies with issues or concerns about the procurement process complaints instructed to first address directly with the borrowing government agency responsible for the project or the “Executing Agency”. In parallel, it is helpful to advise the IDB staff in country of the issue so that they are prepared to act if the Executing Agency is not responsive. If direct engagement does not yield a satisfactory result or action, companies should proceed to submit a formal complaint as described below.

Complaint mechanisms are explained in detail in “Section I.2. Applicability” in the document “[Sanctions Procedures](#).”

When filing a complaint with the IDB Group, the name & number of the Inter-American Development Bank (IDB) Group-financed project (if available), who committed the grievance, what happened specifically, when it happened, where it happened, who else might have information, and who else knows that the report is filed should be submitted in a timely manner to the Office of Institutional Integrity (OII) via email ([OII-reportfraud@iadb.org](mailto:OII-reportfraud@iadb.org)) or anonymously via their [website](#). From there, sanction procedures can begin in order to determine proper recourse.

Upon receiving a complaint, the President of OII will appoint a sanctions officer. This officer will review and determine whether or not the allegation is worth pursuing. If it is worth pursuing, the sanction officer will recommend the case to a Sanctions Committee. The committee will decide on a proper course of action, which can include disregarding the case, reprimanding, debarment, conditional non-debarment, and debarment with conditional release. Sanction procedures are explained in detail in the document “[Sanctions Procedures](#)”.

When reporting an allegation one's identity will be kept confidential by the OII, except as needed to permit an investigation to be undertaken (if appropriate), and to respond to the concerns presented. Further information on the treatment of confidential information in the context of reporting allegations may be found in the Bank's policy for [whistleblower protection](#).

To learn about dispute settlement mechanisms in countries of interest to your firm see the "Dispute Settlement" section of each country's [Country Commercial Guide](#)

## PRIVATE SECTOR SOLUTIONS

The IDB Group, through its private sector lending arm, the IIC, provides private and state-owned companies, financial institutions and non-governmental organizations in Latin America and the Caribbean with project finance solutions to meet specific needs. Non-sovereign guaranteed instruments provided by the IDB Group consist of: Loans, Partial Credit Guarantees, Equity, Political Risk Guarantees, and Technical Assistance. IDB Group does not invest in [projects that are deemed illegal](#) under the laws and regulations of the host country or under ratified international agreements or conventions.

In order to file a complaint, companies must follow the same format as noted under the Corporate Procurement Section. Complaints regarding the social, environmental, or economic impact of the private sector investment should be directed towards the MICI. Complaint mechanisms are explained in detail in "Section F, General Criteria for Request Intake" of the document "[Policy of the Independent Consultation and Investigation Mechanism of the IDB](#)".

To learn more about private sector investment opportunities with the IDB, see the "[Private Sector Loans](#)" Section via the IDB website. Further questions regarding private sector complaints can be mailed to the Independent Consultation and Investigation Mechanism 1300 New York Ave., NW Washington, D.C. 20577, United States, or via email at [mecanismo@iadb.org](mailto:mecanismo@iadb.org).

## MICI

Outside of the complaint process related to procurement and contractor selection, companies should be aware of the Bank's system for processing complaints from constituents in the borrowing country. The Independent Consultation and Investigation Mechanism (MICI) receives complaints from communities in the region alleging that they have been harmed by projects financed by one of the Group's institutions as a result of noncompliance with one or more of its operational policies under which projects are designed, implemented and monitored. It is an entity to where those people potentially affected can appeal if their efforts to resolve their concerns with Management (country office and / or officials at the IDB Group directly responsible for the particular project) do not obtain positive results given a

prudential time. The MICI covers all operations financed by the IDB, the MIF or the IIC, from as of the date they are approved, and up to 24 months after the final disbursement.

Complaints regarding the IDB should be directed towards the MICI. Complaint mechanisms are explained in detail in “Section F, General Criteria for Request Intake” of the document “[Policy of the Independent Consultation and Investigation Mechanism of the IDB](#)”.

Complaints can be emailed to [mecanismo@iadb.org](mailto:mecanismo@iadb.org) or delivered via mail to the Independent Consultation and Investigation Mechanism 1300 New York Ave., NW Washington, D.C. 20577, United States. Complaints can also be sent by mail to any of the [IDB Group country offices](#) in the region.

In order to file a complaint, two or more persons residing in the country where the project is located must provide their full names and contact information. If the complainants choose to have a representative file the complaint to the MICI on their behalf, the aforementioned information above, as well as written authorization to act upon the behalf of the complainants is required. The MICI does not accept anonymous complaints. However, the identity of the complainants may be kept confidential if they request it due to fears of retaliation.

The [complaint](#) must contain information regarding the complainants, specifications regarding the confidentiality of the information provided, if filed through a representative, representative information, IDB Group Operation/Project information, specifics of harm incurred, evidence of contacting IDB management regarding the issue, and the selection of one or both of MICI’s processes (See “[Consultation and Compliance Review Phrase](#)”).

Upon receiving a complaint, the following steps will be taken by MICI. Within a maximum of 5 business days from the date of receipt, the MICI Director reviews the complaint and makes one of the following decisions:

- Contacts the complainants and grants a period of 10 business days for them to provide missing information. If the complainants fail to provide the missing information by the deadline, the process will be deemed to have terminated.
- Does not register the complaint and terminates the process
- Registers the complaint and begins the eligibility stage

If a complaint is eligible, the MICI Director will forward the complaint to the relevant IDB Group Managers, who must respond to the MICI in writing regarding the issues raised in the complaint within a maximum time period of 21 days. Within 21 business days of receipt of Management’s response, the MICI Director will

examine the complaint and all of the relevant documentation, and will determine whether the complaint is eligible for a MICI process.

## **Protection of Property Rights**

The IDB advises developing country governments of the importance of solid protections of property rights, and of the deleterious effects that poor protections have on development. It also provides loans to improve property and land registry and recognizes the relationship between economic development, FDI flows, and property rights. The IDB utilizes the World Bank's [Country Policy and Institutional Assessment \(CPIA\)](#) ranking, including an indicator on [property rights and rules-based governance](#), to assess how conducive a country's policy and institutional framework is to fostering poverty reduction, sustainable growth, and the effective use of development assistance. The World Bank's well known and highly regarded annual [Doing Business](#) report also includes an indicator on [registering property](#).

To learn about policies regarding protection of property rights in countries of interest to your firm see the "Protection of Property Rights" section of each country's [Country Commercial Guide](#).

## **State-Owned Enterprises**

The IDB advises countries around the operation of State-Owned Enterprises (SOEs) including implications for economic development, including inefficient use of valuable assets such as land, real estate and infrastructure, special exemptions from regulations, and special protection from creditors, all of which ultimately discourage domestic and foreign investors from opening and operating businesses and otherwise investing in the market. The Bank offers [Policy Based Loans \(PBLs\)](#) to support developing country governments in their efforts to reform or privatize SOEs. See relevant report issued by IDB [here](#).

To learn about policies regarding competition from SOEs in countries of interest to your firm see the "Competition from State-Owned Enterprises" section of each country's [Country Commercial Guide](#).

The [Inter-American Investment Corporation \(IIC\)](#), the private-sector window of the IDB, is not precluded from entering into financial arrangements with SOEs, and has several open loans to SOEs.

## **PRIVATE SECTOR SOLUTIONS**

The [Inter-American Investment Corporation \(IIC\)](#), the private-sector window of the IDB Group, is not precluded from entering into financial arrangements with SOEs, and will do so on occasion.

## **Corporate Social Responsibility**

To learn about the overall posture regarding Corporate Social Responsibility in countries of interest to your firm see the “Corporate Social Responsibility” section of each country’s [Country Commercial Guide](#).

## **Political Violence**

To learn about the status regarding political violence in countries of interest to your firm see the “Political Violence” section of each country’s [Country Commercial Guide](#).

For up-to-date information on political and security conditions in countries of interest to your firm, please refer to the [State Department Consular Bureau’s Travel Warning and Country Specific Information](#). U.S. Citizens traveling overseas are encouraged to register with the [Smart Traveler Enrollment Program \(STEP\)](#) so that U.S. Embassies can contact you and your loved ones and provide assistance in an emergency.

U.S. businesses and organizations overseas are also welcome to inquire at the Embassy about joining the [Overseas Security Advisory Committee \(OSAC\)](#).

## **Corruption**

Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

**Inner-American Development Bank:** The IDB Group believes that promoting good governance and tackling corruption are critical to achieving sustainable development and poverty reduction, and considers corruption with the context of [prohibited practices](#) and a major challenge to achieving these goals. The World Bank estimates that about \$1 trillion is paid each year in bribes around the world, a figure that dwarfs the value of all development assistance. The Bank's approach to fighting corruption combines anticipating and avoiding risks in its own projects with a

commitment to helping clients and stakeholders identify and combat corruption at national and international levels. The Bank subjects all potential projects to rigorous scrutiny and works with clients to reduce possible corruption risks that have been identified.

The Bank has a zero-tolerance policy toward corruption in its projects. The [Office of Institutional Integrity](#) is an independent unit within the IDB Group that investigates and pursues sanctions related to allegations of fraud and corruption in IDB-financed projects. Allegation involving possible fraud, corruption, collusion, coercion or obstruction in IDB Group-financed projects and/or against IDB Group staff should be directed to INT through the online [form](#). When allegations of fraud and corruption are substantiated, companies involved in misconduct are [debarred from engaging in any new Bank-Group-financed activity](#). Concerned governments receive the findings of Bank Group investigations.

In addition to the IDB Group's own anti-corruption efforts, the U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U.S. firm that believes a competitor is seeking to use bribery of a foreign public official in international business, for example to secure a contract, should bring this to the attention of appropriate U.S. agencies, as noted below.

**U.S. Foreign Corrupt Practices Act:** In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which generally makes it unlawful for U.S. persons and businesses (domestic concerns), and U.S. and foreign public companies listed on stock exchanges in the United States or which must file periodic reports with the Securities and Exchange Commission (issuers), to offer, promise or make a corrupt payment or anything of value to foreign officials to obtain or retain business. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. In addition to the anti-bribery provisions, the FCPA contains accounting provisions applicable to public companies. The accounting provisions require issuers to make and keep accurate books and records and to devise and maintain an adequate system of internal accounting controls. The accounting provisions also prohibit individuals and businesses from knowingly falsifying books or records or knowingly circumventing or failing to implement a system of internal controls. In order to provide more information and guidance on the statute, the Department of Justice and the Securities and Exchange Commission published [A Resource Guide to the U.S. Foreign Corrupt Practices Act](#). For more detailed information on the FCPA generally, see the [Department of Justice FCPA website](#).

**Other Instruments:** It is U.S. Government policy to promote good governance, including host countries' implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions negotiated under the auspices of the OECD (Anti-bribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements.

**OECD Anti-bribery Convention:** The [Anti-bribery Convention](#) entered into force in February 1999. As of January 2016, there are 41 parties to the Convention, including the United States. Major exporters China and India are not parties, although the U.S. Government strongly endorses their eventual accession to the Antibribery Convention. The Anti-bribery Convention obligates the Parties to criminalize bribery of foreign public officials in international business transactions, which the United States has done under U.S. FCPA.

**UN Convention:** The [UN Convention](#) entered into force on December 14, 2005, and there are 178 parties to it as of January 2016. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption, from basic forms of corruption such as bribery and solicitation, embezzlement, and trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Anti-bribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery.

**OAS Convention:** In 1996, the Member States of the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the [Inter-American Convention against Corruption](#) (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation. As of January 2016, the OAS Convention has 34 parties and the follow-up mechanism created in 2001 ([MESICIC](#)) has 31 members.

**Council of Europe Criminal Law and Civil Law Conventions on Corruption:** Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention on Corruption, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and accounting offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on whistleblower protection, compensation for damage relating to corrupt acts, and nullification of a contract providing for or influenced by corruption, inter alia. The [Group of States against Corruption \(GRECO\)](#) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 49 member States (48 European countries and the United States).. As of January 2016, the Criminal Law Convention has 44 parties and the Civil Law Convention has 35

See:

- [Criminal Law Convention on Corruption Treaty No. 173](#)
- [Criminal Law Convention on Corruption Treaty No. 174](#)

**Free Trade Agreements:** While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the [U.S. Trade Representative Website](#).

**Local Laws:** U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department’s U.S. and Foreign Commercial Service can provide assistance with navigating the host country’s legal system and obtaining a list of local legal counsel.

**Assistance for U.S. Businesses:** The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company’s overarching compliance program when choosing business partners or agents overseas. The U.S. and Foreign Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its [website](#).

The United States provides commercial advocacy on behalf of exporters of U.S. goods and services bidding on public sector contracts with foreign governments and government agencies. An applicant for advocacy must complete a questionnaire concerning its background, the relevant contract, and the requested U.S. Government assistance. The applicant must also certify that it is in compliance with applicable U.S. law, that it and its affiliates have not and will not engage in bribery of foreign public officials in connection with the foreign project, and that it and its affiliates maintain and enforce a policy that prohibits bribery of foreign public officials. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel, and reported through the Department of Commerce Trade Compliance Center [“Report a Trade Barrier” Website](#). Potential violations of the FCPA can be reported to the Department of Justice via email to [FCPA.Fraud@usdoj.gov](mailto:FCPA.Fraud@usdoj.gov).

**Guidance on the U.S. FCPA:** The Department of Justice’s (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals and issuers to request a statement of the Justice Department’s present enforcement intentions under the anti-bribery provisions of the FCPA regarding actual, prospective business conduct. The details of the opinion procedure are available on [DOJ’s Fraud Section Website](#) and general information is contained in Chapter 9 of the publication [A Resource Guide to the U.S. Foreign Corrupt Practices Act](#). Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general information to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the [General Counsel, U.S. Department of Commerce, website](#). More general information on the FCPA is available at the websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

#### ANTI-CORRUPTION RESOURCES

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the [U.S. Foreign Corrupt Practices Act \(FCPA\)](#), including [A Resource Guide](#) to the U.S. Foreign Corrupt Practices Act, translations of the statute into numerous languages, documents from FCPA related prosecutions

and resolutions, and press releases are available at the [U.S. Department of Justice's Website](#).

- The U.S. Securities and Exchange Commission FCPA Unit also maintains an [FCPA website](#). The website, which is updated regularly, provides general information about the FCPA, links to all SEC enforcement actions involving the FCPA, and contains other useful information.
- General information about anticorruption and transparency initiatives, relevant conventions and the FCPA, is available at the [Department of Commerce Office of the General Counsel website](#).
- The Trade Compliance Center hosts a website with [anti-bribery resources](#). This website contains an online form through which U.S. companies can report allegations of foreign bribery by foreign competitors in international business transactions.
- Additional country information related to corruption can be found in the U.S. State Department's annual [Human Rights Report](#).
- Information about the OECD Anti-bribery Convention including links to national implementing legislation and country monitoring reports is available at the [OECD website](#). See also [Anti-bribery Recommendation](#) and [Good Practice Guidance Annex](#) for companies.
- [GRECO monitoring reports](#)
- [MESICIC monitoring reports](#)
- The Asia Pacific Economic Cooperation (APEC) Leaders have also recognized the problem of corruption and APEC Member Economies have developed anticorruption and ethics resources in several working groups, including the [Small and Medium Enterprises Working Group](#) and the [APEC Anti-Corruption and Transparency Working Group](#). For more information on APEC generally, visit the [APEC website](#).
- There are many other publicly available anticorruption resources which may be useful, some of which are listed below without prejudice to other sources of information that have not been included. (The listing of resources below does not necessarily constitute U.S. Government endorsement of their findings.)
- Transparency International (TI) publishes an annual [Corruption Perceptions Index \(CPI\)](#). The CPI measures the perceived level of public-sector corruption in approximately 180 countries and territories around the world. TI also publishes an annual [Global Corruption Report](#) which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents, and an

overview of the latest research findings on anti-corruption diagnostics and tools.

- The World Bank Institute's [Worldwide Governance Indicators \(WGI\)](#) project reports aggregate and individual governance indicators for 215 economies over the period 1996–2014, for six dimensions of governance (Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law, and Control of Corruption).
- The World Bank [Business Environment and Enterprise Performance Surveys](#) may also be of interest. See also the World Bank Group [Doing Business reports](#), a series of annual reports measuring regulations affecting business activity.
- The World Economic Forum publishes every two years the [Global Enabling Trade Report](#), which assesses the quality of institutions, policies and services facilitating the free flow of goods over borders and to their destinations. At the core of the report, the Enabling Trade Index benchmarks the performance of 138 economies in four areas: market access; border administration; transport and communications infrastructure; and regulatory and business environment.
- Global Integrity, a nonprofit organization, publishes its annual [Global Integrity Report](#), which typically assesses anti-corruption and good governance mechanisms in diverse countries.

## **Labor**

Social safeguards including labor considerations are built into the design of every IDB Group funded operation. American firms participating in any IDB Group funded operation should read the [Safeguards Section](#) found on the “Sustainability” tab of the [IDB's website](#).

To learn about labor laws and conditions in countries of interest to your firm see the “Labor” section of each country's [Country Commercial Guide](#).

## **OPIC**

The U.S. Government offers loans and guarantees, political risk insurance and support for private equity funds through the Overseas Private Investment Corporation (OPIC). These services help American firms engage with confidence in over 150 countries, including some of the world's most challenging operating environments.

These services help American and other firms in cross-border investments made by investors in a MIGA member country into a developing member country.

In many developing markets both OPIC and MIGA are active, and their work is often complementary and not mutually exclusive – many projects receive both OPIC and MIGA assistance.

To learn about OPIC and other investment insurance programs in countries of interest to your firm see the “OPIC and Investment Insurance Programs” section of each country’s [Country Commercial Guide](#).

# Trade & Project Financing

## Methods of Payment

### PROJECT PROCUREMENT

Primary contractors will find that when the IDB lends money to a member country government for a project, the responsibility for the implementation of the project, award and administration of contracts, and facilitation of payments, rests with the borrower. Forms of payment, including bank transfer, letter of credit and certified check, and the timing of payment are stipulated in the contract between the contractor and the borrowing government.

Subcontractors and suppliers to the primary contractor are typically paid by the primary contractor, again subject to methods and terms agreed upon by the parties involved. To learn about conditions in countries of interest to your firm see the “Methods of Payment” section of each country’s [Country Commercial Guide](#).

U.S. exporters may wish to consider using the export credit insurance programs offered by the [Export-Import Bank of the United States](#), the official export credit agency of the United States charged with the mission of assisting in financing the export of U.S. goods and services to international markets.

### CORPORATE PROCUREMENT

The IDB itself procures consulting and advisory services, often in relation to evaluating projects for financing or performing Technical Cooperation (TC) work. Procurements are made via competition run through the [BEO Procurement](#) portal. Tenders and contracts are denominated in U.S. dollars or local currency. Payments are made by the IDB directly to the consultant. Types of payment include Lump Sum Fee, Lump Sum Fee Plus Reimbursable Expenses, Time-Based Remuneration plus Reimbursable Expenses, and more than one of these terms may be used in a given contract. Payments are made by bank transfer to the account listed on the consultant’s invoice.

### PRIVATE SECTOR SOLUTIONS

The Inter-American Investment Corporation (IIC), or private sector lending arm of the Bank utilizes a number of different financial vehicles, including loans, equity investments, venture capital positions, and others. Payments to American firms involved in a project depend on the related contractual agreements; wherever possible IIC denominates its operations in local currency.

### U.S. GOVERNMENT TRADE FINANCING INSTRUMENTS

Several U.S. Government entities offer trade financing instruments to help American exporters engage in challenging overseas markets with increased confidence. The [Export-Import Bank of the United States \(EXIM\)](#) offers short-, medium-, and long-

term export credit, finance and insurance products to American exporters. The [Overseas Private Investment Corporation \(OPIC\)](#) offers loans, guarantees, and political risk insurance for American exporters. Products, services and programs of these organizations are available in many IDB borrowing member countries. American firms participating in IDB funded projects should familiarize themselves with these programs, and which are available in each country of interest.

### **Foreign Exchange Controls**

The IDB recognizes Article XIV of the [Articles of Agreement of the International Monetary Fund](#), which allows countries to maintain restrictions on payments and transfers for international transactions in order to promote a stable exchange rate for the settlement of the country's balance of payments.

### **PROJECT PROCUREMENT**

Whether from borrowing country government to primary contractor, or from primary contractor to subcontractor or supplier, payments to or from countries that implement foreign exchange controls will be subject to those controls. To learn about foreign exchange controls in countries of interest to your firm see the "Foreign Exchange Controls" section of each country's [Country Commercial Guide](#).

### **CORPORATE PROCUREMENT**

The IDB Group itself procures consulting and advisory services. Payments are made by the IDB Group directly to the consultant and foreign exchange controls are not a concern.

### **PRIVATE SECTOR SOLUTIONS**

The Inter-American Investment Corporation (IIC), or private sector lending arm of the Bank utilizes a number of different financial vehicles, including loans, equity investments, venture capital positions, and others. When considering involvement in an IIC-supported project, American firms should take care to ensure that foreign exchange controls of the host country will not prevent host country entities from meeting foreign currency liabilities, or prevent foreign entities from repatriating profits.

### **US Banks & Local Correspondent Banks**

To learn about U.S. and local correspondent bank arrangements in countries of interest to your firm see the "U.S. and Local Correspondent Bank" section of each country's [Country Commercial Guide](#).

### **Project Financing**

Project financing is at the heart of what the IDB does. Each year the IDB provides lending valued at more than \$11 billion. Most of the projects are co-financed with borrowing governments themselves, other multilateral institutions, commercial

banks, export credit agencies, and private sector investors. However, the Bank only assists those projects for which the required capital is not available from other sources on reasonable terms. The Bank also facilitates financing through trust fund partnerships with bilateral and multilateral donors.

With regards specifically to the breakdown of IDB financing, the IDB lends about \$10-12 billion a year (USD 11 billion in 2016), of which between \$3 and \$5 billion corresponds to the financing of traditional infrastructure (e.g. Bridges, power plants, roads, hospitals, telecom networks etc). The remainder corresponds to non-sovereign guaranteed operations, policy-based lending, cash transfers, and other operations not directly related to project procurement. Assuming a leverage ratio of 3-4, IDB, therefore, contributes to financing project procurement valued at \$9-20 billion a year, representing 1-3% of the total value of Latin American/Caribbean public procurement activity estimated at \$800 billion per year.

While small in the overall scheme, IDB lending is significant as it selects for financing emblematic projects that have high visibility in the borrowing countries. These projects are often showcases for new technology and quality implementation and the contractors that work on the projects share in that positive association and can expect to improve their standing in the market at large by participating in an IDB-financed project.

**Trust Funds and Grants** allow scaling up of activities, notably in fragile and crisis-affected situations; enable the IDB to provide support when an ability to lend is limited; provide immediate assistance in response to natural disasters and other emergencies; and pilot innovations that are later mainstreamed into Bank operations. Trust Funds allow non-borrowing members of the Bank a channel for providing additional monies to the Bank outside of the calls for General Capital Increases that occur every 7-8 years. These monies can be destined for certain causes of particular interest of the country.

There is no presumption, or requirement, that the monies be spent on resources or contractors located in the donor country. They are subject to the same procurement rules as any IDB-supported operation.

See [Trust Funds](#) for more information about current funds in operation and related activities.

## CORPORATE PROCUREMENT

The IDB Group itself procures consulting and advisory services, often in relation to IDB, MIF and/or IIC funded projects. When it does so, it draws from the same funding sources, subject to the same rules, as for project procurement.

## PRIVATE SECTOR SOLUTIONS

[Private sector activities in partnership with IIC](#), the private sector lending window of the IDB involve a number of different financial vehicles, including loans, equity investments, venture capital positions, and others. The IIC operates much like a commercial lender and is required to do similar due-diligence and economic analysis to determine viability of the project. IIC must also apply IDB mission of economic development and human health and safety to the project to ensure that it obtains approval of the IDB's Board of Directors.

U.S. companies are invited to approach the IIC to solicit debt or in some cases equity financing for projects located in the Latin American/Caribbean region.

## U.S. GOVERNMENT TRADE FINANCING INSTRUMENTS

Several U.S. Government entities offer trade financing instruments to help American exporters engage in challenging overseas markets with increased confidence. The [Export-Import Bank of the United States \(EXIM\)](#) offers short-, medium-, and long-term export credit, finance and insurance products to American exporters. The [Overseas Private Investment Corporation \(OPIC\)](#) offers loans, guarantees, and political risk insurance for American exporters. The [U.S Trade & Development Agency](#) promotes economic growth in emerging economies by facilitating the participation of U.S. businesses in the planning and execution of priority development projects in host countries. The [Millennium Challenge Corporation](#) offers development assistance grants to countries committed to good governance, economic freedom and investments in their citizens. Products, services and programs of these organizations are available in many IDB borrowing member countries. American firms participating in IDB funded projects should familiarize themselves with these programs, and which are available in each country of interest.

## U.S. COMMERCIAL SERVICE LIAISON OFFICES AT THE MULTILATERAL DEVELOPMENT BANKS

The World Bank often co-finances projects with other multilateral development banks. The Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks: the World Bank, the Inter-American Development Bank, the African Development Bank, the Asian Development Bank, and the European Bank for Reconstruction and Development. These institutions lend billions of dollars in developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help American businesses learn how to get involved in bank-funded projects, and advocate on behalf of American bidders. Learn more by contacting the Commercial Liaison Office to the [World Bank](#), the [Inter-American](#)

[Development Bank](#), the [African Development Bank](#), the [Asian Development Bank](#), and the [European Bank for Reconstruction and Development](#).

## **Business Travel**

Information on business travel needed to participate in IDB Group funded projects is specific to the countries in which the projects are conducted, not to the IDB itself. To learn about these aspects of doing business in countries of interest to your firm see the “Business Travel” section of each country’s Country Commercial Guide. Consider the following information when planning a visit to the IDB’s HQ located in Washington, D.C.

### **Business Customs**

U.S. businessmen and women interested in visiting the Inter-American Development Bank Headquarters (IDB HQ) in Washington, D.C. should take note of [U.S. Visa Requirements](#) (Only applicable for non-citizens).

English, Spanish, French, and Portuguese are official languages in the IDB HQ. Most documents and presentations will have translations in these languages available. Guests are encouraged to conduct their business in business attire while visiting the IDB HQ.

The IDB is open from 9am-5:30pm Mondays through Fridays. The IDB will not conduct business on a weekend or a holiday, unless the IDB contact has specifically indicated his or her availability on such days. The IDB observes all [U.S. federal holidays](#). The IDB is located in the Eastern Time Zone of the United States.

Plan your meetings in advance and be flexible as Bank staff and industry/country specialists travel frequently. Typically they are out of the office in August, December, and around the Spring Annual Meeting, which is held in late March to early May.

For business travel to IDB-funded projects implemented in a specific country, read the “Business Travel” section of each country’s [Country Commercial Guide](#).