



# ***Overview of the Inter-American Development Bank Group***



Office of External Relations

September 2007



## OVERVIEW

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- Founded in 1959, oldest and largest of the regional multilateral development banks
- Largest source of development finance for Latin America and the Caribbean
- 47 Member countries
  - 26 Borrowing
  - 21 Non-borrowing (Republic of Korea, 2004)
- 1961-2006: approved \$145 billion in loans
- Total cost of projects: \$336 billion
- 2006: \$6.4 billion approved, \$6.5 billion disbursed
- Paid-in vs. Callable capital; bonds to raise money

## OVERVIEW 2

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- President Luis Alberto Moreno: Realignment 2006-2008
- Institutional Strategy Priorities 2000
  - Sustainable economic growth and poverty-reduction / promotion of social equity, MDG
  - Four “pillars”: Modernization of the State, competitiveness, social development, integration
- Loans to subnational entities without sovereign guarantee
- Lending Framework 2005-2008
  - New instruments (SWAPs, PDL) – discussed later

# PRIORITIES

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- Poverty Reduction & Increased Social Equity
- Sustainable Development & Growth
- Social Cohesion – Opportunities for the Majority
- Private Sector Development and job creation
- Regional Integration



## NEW INITIATIVES

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- **Debt Relief** (BO, GY, **HA**, HO and NI) –
  - \$4.4 billion in principal payments and interest
  - Haiti: No loans 2007-09; grants up to \$50 m.
- **Opportunities for the Majority Initiative**
  - Financial Democracy
  - Housing
  - Digital Divide
  - Identifying the Majority (De Soto et al.)
- **Sustainable Energy for Climate Change Initiative**
- **Water and Sanitation Initiative**
- **Emphasis on private sector projects – InfraFund etc.**



## OPERATIONS

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- Public sector loans with sovereign guarantee; investment, policy-based and emergency loans; grants: [www.iadb.org/](http://www.iadb.org/)
- Private sector loans and guarantees through the Structured and Corporate Finance Department (up to 10% of loans outstanding), primarily for infrastructure and capital markets projects: [www.iadb.org/pri/](http://www.iadb.org/pri/)
- Expanded mandate: eg SCF loans to subnational entities (eg SOE) without sovereign guarantee
- Inter-American Investment Corporation: SME loans <\$10 million <http://www.iic.int/>
- Multilateral Investment Fund (MIF) provides grants for microfinance, training, business regulation and deregulation; loans; and equity funds. Remittances. [www.iadb.org/mif/](http://www.iadb.org/mif/)

## FINANCIAL ASPECTS

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- **Ordinary capital:** paid-in (4.3%) and callable subscriptions. Loans in dollars on market-based terms, 15-25 years.
- **Fund for Special Operations (FSO):** Concessional terms (interest rates 1-2%, up to 40 years)
- **Funds in Administration**
- Bonds, repayments, cofinancing
- **Reference:**  
[http://www.iadb.org/aboutus/II/op\\_investment.cfm?language=English](http://www.iadb.org/aboutus/II/op_investment.cfm?language=English)

# FINANCIAL ASPECTS - LOANS

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- **Loans for specific projects** - finance an investment project that is wholly defined at approval.
  - usually focus on one development sector or sub-sector.
  - examples include education reform program, electricity distribution and transmission program, or citizen security program.
- **Loans for Multiple Works Programs** - finance groups of similar works that are physically independent of each other
- **Global Credit Loans** (or “Multi-sector Credit Loans”) are granted to intermediary financial institutions (IFIs) or similar agencies in the borrowing countries to on-lend to end-borrowers (sub-borrowers) for the financing of multi-sector projects.
- **Time-Slice Operations** - the investment program for a sector or sub-sector is adjusted from time to time, within general criteria and global objectives that the Bank and Borrower agree on in advance.

# FINANCIAL ASPECTS - LOANS

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- **Conditional Credit Lines (CCLIPs)** - performance-based instruments available only to borrowers that have successfully implemented similar IDB-financed projects. To obtain a CCLIP, borrowers must demonstrate satisfactory results with previous projects as well as show that the executing agency hasn't changed and that it has a solid performance track record.
- **Performance Driven Loans (PDL)** are investment loans that disburse once the project's or program's actual developmental results or outcomes are achieved, and the Bank has verified the expenditures incurred by the Borrower to reach the outcomes.
- **Innovation Loans (ILs)**, which support the testing and piloting of new approaches and emphasize capacity-building and learning. They can help to: (a) demonstrate the potential of taking a specific approach to overcome a development constraint, (b) achieve consensus, (c) gather valuable institutional experience, or (d) boost institutional capacity prior to larger scale programs. Can be for amounts up to \$10 million.
- **Multiphase Loans (MLs)**, which expand the Bank's ability to provide continuous support for programs that require more time to achieve fruition. They aim to provide an overall goal and conceptual framework for phased and longer-term support of a far-reaching program, encompassing more than one project cycle, and to forge a sustained and systemic effort in a particular area, sector or group of interrelated sectors, by addressing pervasive development problems.
- **Sector Facilities**, which help support rapid and tangible action in specific sectors without the delays associated with a long preparation period. They aim to provide fast-track support to address problems of a sectoral or cross-sectoral nature. Emphasis is placed on carrying pre-defined low-cost activities, characterized by: (a) relatively high impact, (b) high sector relevance and urgency (c) less complex preparation; and (d) rapid execution. Concrete and sector specific issues are addressed. The Board has approved a total of \$150 million for these facilities, as well as the establishment of six sector facilities for health, education, trade, institutional development, disaster prevention and transnational infrastructure.
- **Project Preparation and Execution Facility (PROPEF)**, which amends the current Project Preparation Facility (PPF) to facilitate a more seamless transition from preparation to execution by financing additional project start-up activities. It also increases the amount available per project to \$5 million.
- **Sector Wide Approach (SWAp)** -an approach where all development partners involved in a sector collaborate to support a single government-led sector policy and expenditure program, adopting common approaches across the sector, and progressing towards relying on government procedures to disburse and account for all funds. A SWAp is not a lending instrument but rather an approach that can be supported by any of the Bank's investment lending instruments.

# NEW INITIATIVES

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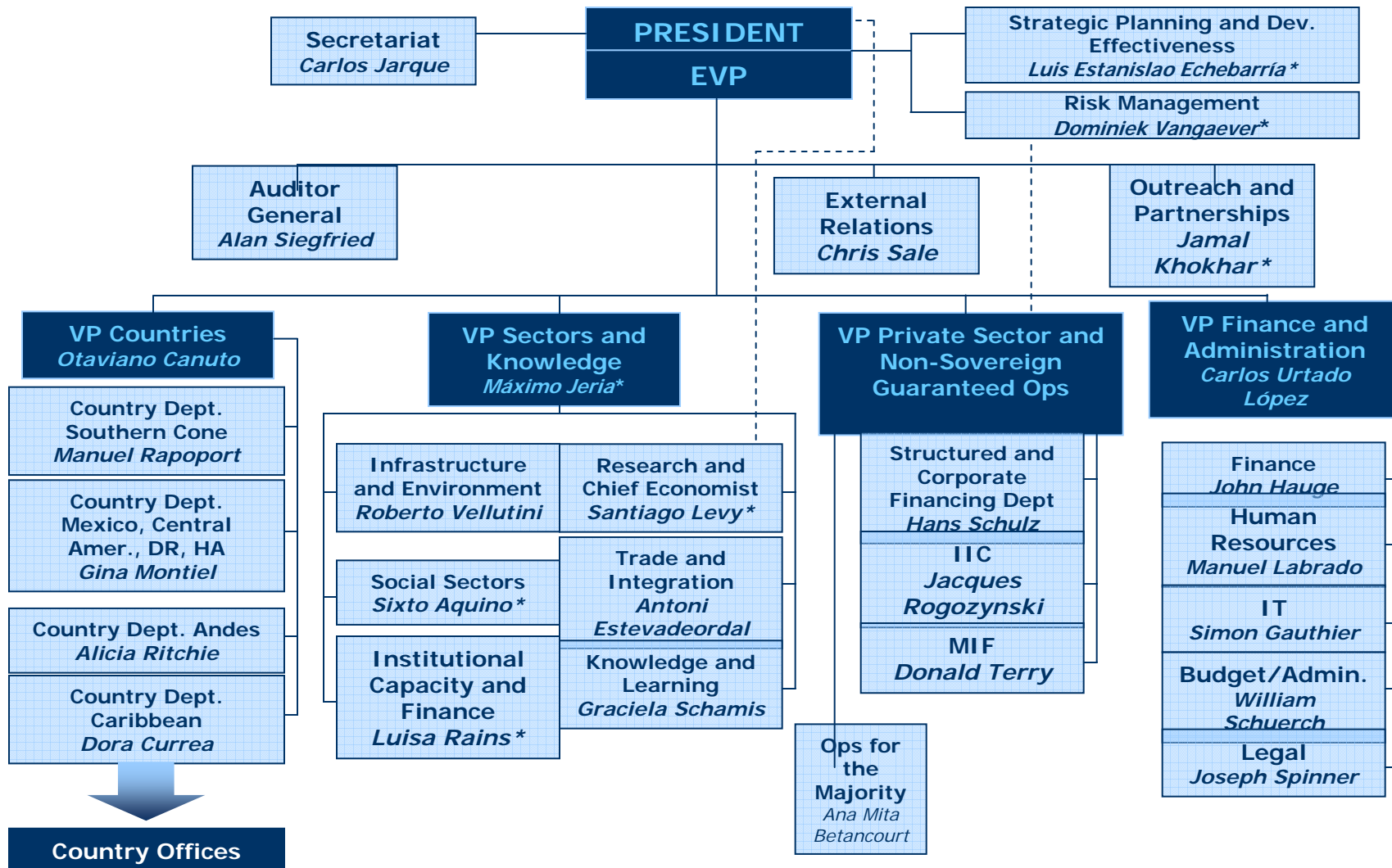
## •Reorganization July 2007:

### **Enhancing Country Focus**

Four Vice-Presidencies with responsibility for:

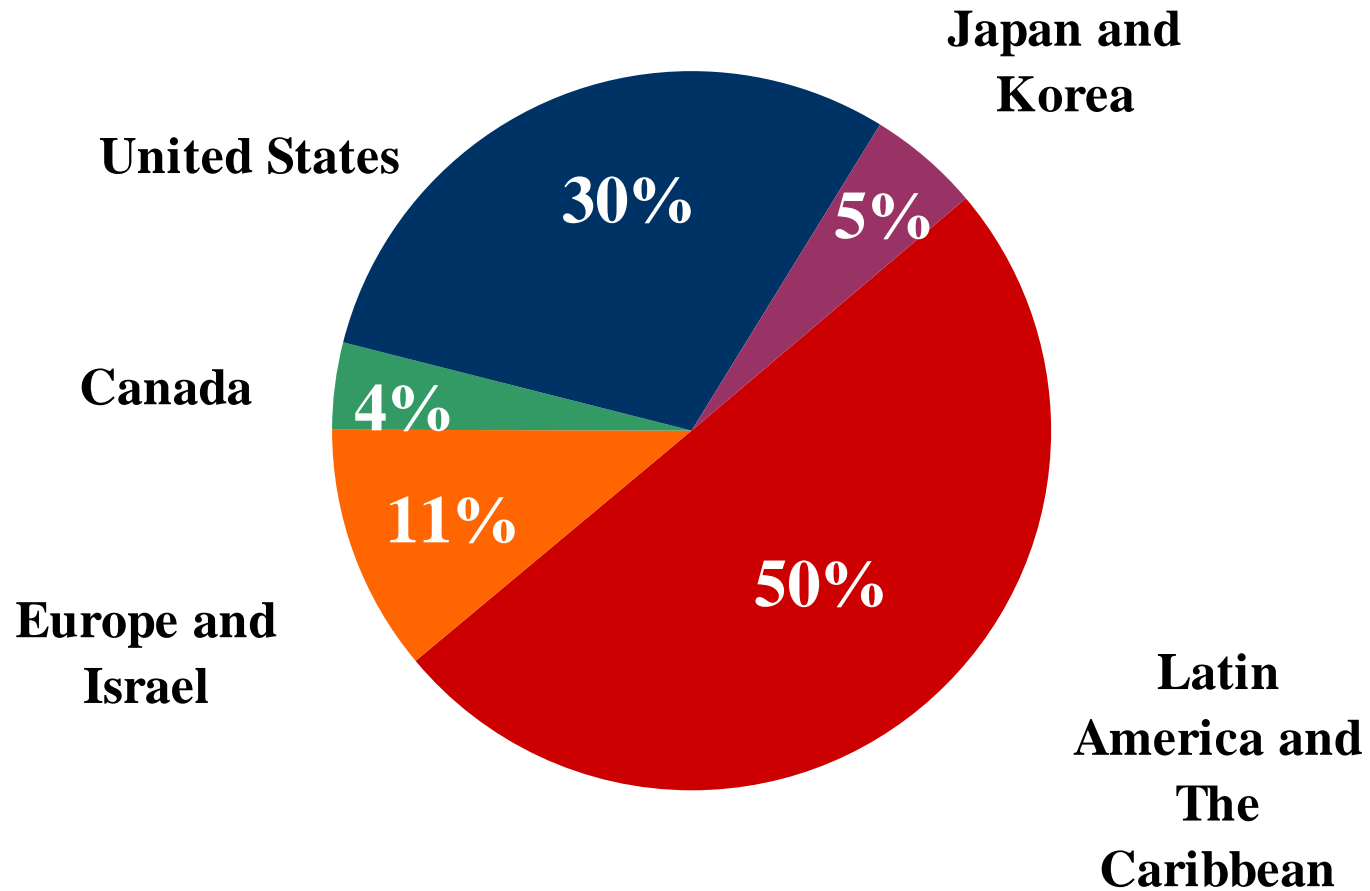
- 1) Countries
- 2) Sectors and Knowledge
- 3) Private Sector and Non-Sovereign Guaranteed Operations
- 4) Finance and Administration

# ORGANIZATIONAL STRUCTURE JULY 2007



\* interim

# CAPITAL SHARE & VOTING POWER



# OPERATIONAL AREAS OF PUBLIC SECTOR ACTIVITY



## **Infrastructure and Environment**

- Energy
- Transportation
- Water & Sanitation
- Environment, Rural Development and Natural Disasters

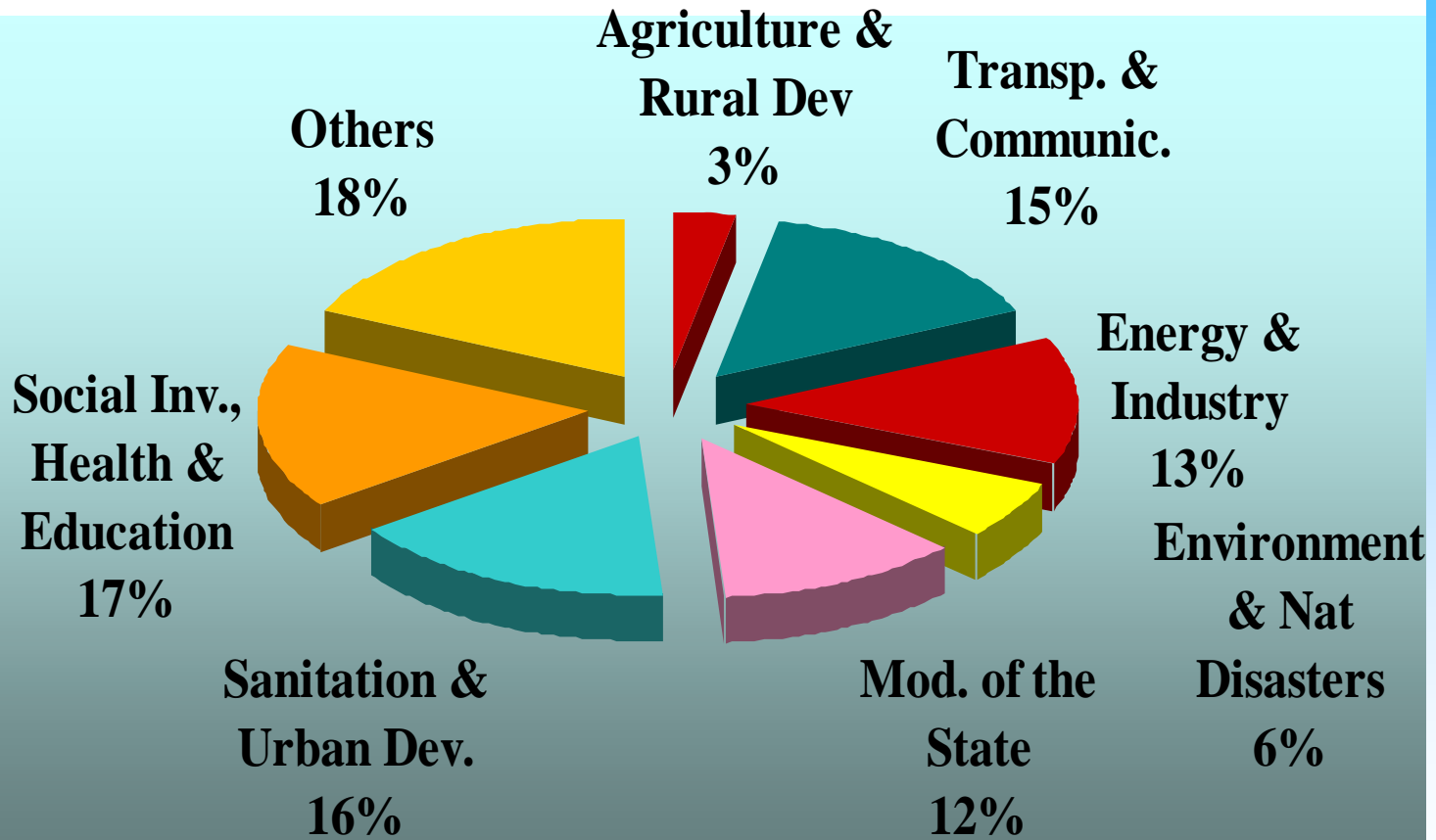
## **Finance and Institutional Capacity**

- Fiscal and Municipal Administration (incl. urban development)
- Capital Markets and Financial Institutions
- Public Sector Institutional Capacity

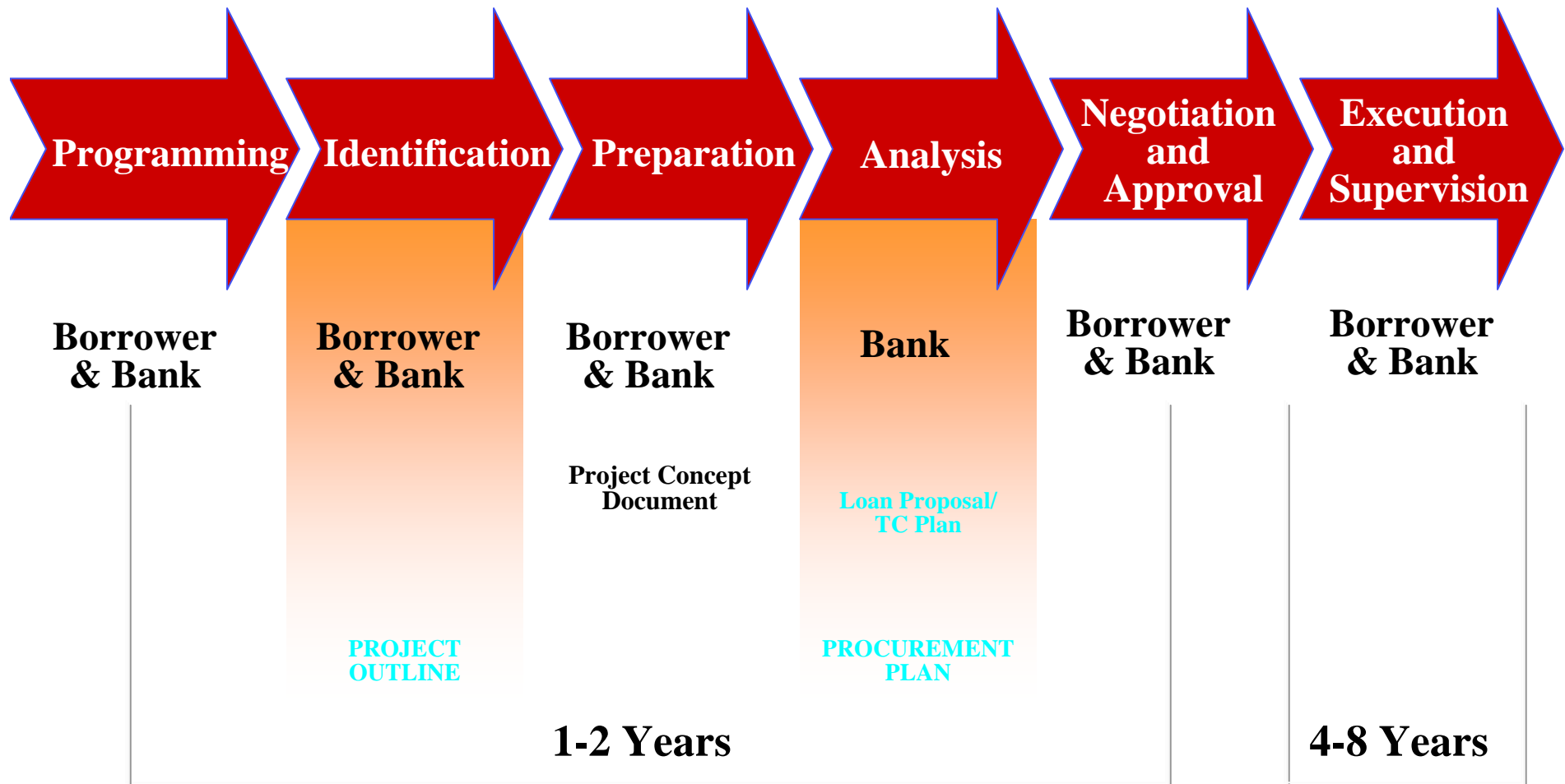
## **Social**

- Education
- Health
- Science and Technology

# 2007-2008 PIPELINE: Project Distribution



# PROJECT CYCLE



# BUSINESS OPPORTUNITIES

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## Public Sector Projects

### **Preparation of Projects:**

- \* Contact Bank staff / team leader for feasibility studies and project preparation

### **Implementation of Projects:**

- \* Contact Executing Agencies (Government Ministries) for procurement requirements, bidding documents, contract information, procedures & payments

## Private Sector Projects

- \* Contact SCF, IIC and MIF for due diligence contracts

# BUSINESS OPPORTUNITIES

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## IDB

- Procurement contracts with IDB as client, mainly in consulting services, in support of project preparation (*smaller value; short term; usually 'sole source' or short-list, typically preparatory phase – feasibility studies, due diligence*) ~ 5%

## In-country

- Competitively-bid procurement contracts with IDB borrowing country government as client (*larger value, longer term, formal competitive bids, typically implementation phase – goods, civil works, equipment contracts*) ~ 95%
- Subcontracts with other firms (*as partner, as a team member, as a supplier*).

# SOURCES OF INFORMATION

**IDB Homepage:** [www.iadb.org](http://www.iadb.org)

## General



Basic Facts: [www.iadb.org/info/](http://www.iadb.org/info/)

Annual Report:

[www.iadb.org/aboutus/II/hi\\_ar.cfm?language=English](http://www.iadb.org/aboutus/II/hi_ar.cfm?language=English)

Topics: [www.iadb.org/exr/topics/index.htm](http://www.iadb.org/exr/topics/index.htm)

Org Chart:

[www.iadb.org/aboutus/IV/chart\\_graf.cfm?language=english](http://www.iadb.org/aboutus/IV/chart_graf.cfm?language=english)

## Projects

Project Information & Procurement notices :

<http://condc05.iadb.org/idbppi/asp/mainpage.asp>

Project Documents and Public Information Center :

<http://www.iadb.org/exr/pic/?language=english>

## Events

IDB Business Seminars: <http://www.iadb.org/biz/>

IDB-sponsored events:

[www.iadb.org/NEWS/DISPLAY/events.cfm?Language=English](http://www.iadb.org/NEWS/DISPLAY/events.cfm?Language=English)





# OTHER SOURCES OF BIZ OPS

On borrowing country's procurement sites –

-eg Mexico CompraNet: <http://www.compranet.gob.mx/>

-Guatemala GuateCompra:

<http://www.guatecompras.gt/info/comoSeUsaGuatecompras.aspx>

-Brazil (national): ComprasNet <http://www.comprasnet.gov.br/>

-São Paulo State: BEC <http://www.bec.sp.gov.br/>

-Chile: ChileCompra <http://www.chilecompra.cl/>

# GENERAL ASSISTANCE

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## Office of External Relations/Public Information

Isabel Hagbrink      202-623 1546; [isabelh@iadb.org](mailto:isabelh@iadb.org)

Hiroko Miyakawa      202-623 2652; [hirokom@iadb.org](mailto:hirokom@iadb.org)

**General Inquiries**      [BUSINESS@IADB.ORG](mailto:BUSINESS@IADB.ORG)

*Thank you!*