



*An “Entrepreneurial” Development Bank?  
The Inter-American Development Bank Shows the Way*

March 19, 2024

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There is no love lost between the public and development banks. While these multilateral institutions with a global scope such as the World Bank, or regional ones like the Asian Development Bank, play a vitally important role, providing financing and technical assistance to enhance development, they are incessantly criticized across the board.

Development banks are faulted for their lack of transparency and accountability, particularly regarding their decision-making processes along with their failure to adequately engage with civil society and other stakeholders in their operations. Borrowers from developing nations accuse these banks of coercive conditions required for loans; and civil society blames the multilateral banks for exacerbating existing social and economic inequalities in recipient countries. At the other extreme are nationalists and isolationists who believe funding multilateral banks is equivalent to throwing money down a rathole and/or a spending money that could better be spent at home.

Regardless of where one comes out on the issues of development banks, the fact is that these multilateral institutions lend billions of dollars to developing nations for projects aimed at accelerating growth and social development, improving health and education, and advancing infrastructure development and good governance. And one should not forget that at a time when few institutions were lending during the global financial crisis, multilateral banks provided \$222 billion in financing, which was critical to global stabilization efforts.

Recognizably, development banks’ programs and operations can be extremely bureaucratic, cumbersome, unimaginative and uninspiring---which is why the development community, governments, the private sector and the public at large should cheer a new, groundbreaking

initiative of the Inter-American Development Bank (IDB)—BID for the Americas. This entrepreneurial endeavor aims to help U.S. businesses unlock billions of dollars in untapped economic opportunities in the Latin America and Caribbean region. To do so, the program focuses on three pillars to engage the U.S. private sector—public procurement, trade and investment, and financing—leveraging innovative technologies and financial tools for U.S. businesses to participate in the tremendous economic opportunities that the region presents.

The IDB, the largest source of multilateral financing in the region, having approved \$12.2 billion in new projects in 2022. In total the U.S. exports over \$720 billion in goods and services to the region annually.

The BID for the Americas program’s initiatives include strategic partnerships, roadshows, policy advocacy efforts, and new digital connection platforms and resources. The aim is to help increase the participation of U.S. firms in over \$4 billion of contracts financed by IDB every year, with a focus on health, water, energy, transport, agriculture, and digital infrastructure sectors. In addition to organizing state-level IDB roadshows to facilitate connections between U.S. and LAC firms., BID for the Americas intends to partner with the U.S. Chamber of Commerce and other business organizations to raise awareness. Finally, the IDB will develop a dedicated section within ConnectAmericas.com, the IDB’s business B2B social network, where U.S. firms can access information about all IDB-funded procurement.

As for the trade and investment pillars, the program will leverage the IDB’s expertise and network to facilitate business connections and partnerships between U.S. and regional firm.

Regarding the financing pillar, the IDB will mobilize resources from its public and private windows to support projects that involve U.S. companies. The program will expand outreach to U.S. companies and U.S.-based entrepreneurs through IDB Invest, the private sector arm of IDB which finances over \$10 billion of private sector programs per year, and through IDB LAB, which supports early-stage entrepreneurial innovations. The IDB will also organize networking activities with co-financing partners, investors, and U.S. government institutions to promote participation in future bond issuances and other innovative investment opportunities.

To illustrate the potential of BID for the Americas for US small and medium size firms, one need look no further than Interport Logistics, a Miami-headquartered supply chain, warehousing and distribution company. According to their chief strategy officer, Gary M. Goldfarb: “The BID for the Americas program will definitely encourage participation by our customer base of small and medium size firms—and for Interport as well. It will help level the playing field with SME competitors from other nations; and the platform will allow our customers to easily tap into ConnectAmericas, IDB Invest, and IDB LAB—other business facilitation sources.”

While U.S. firms win over 61% of all IDB-financed contracts they bid for—the highest success rate of all non-borrowing member countries—they are less likely to bid for large contracts. BID for the Americas aims to change that, by providing private firms and institutions with a platform to expand in the Americas, to grow their companies while helping to grow and develop the region.

BID for the Americas can be a harbinger of a broader---more entrepreneurial—approach to private sector-focused economic development, foster greater SME involvement of U.S. firms in business in the Americas and show the way for other multilateral development banks to advance the economic goals and objectives of their constituents.

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