



# Board of Executive Directors

For information

GN-2375\*  
3 June 2005  
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**To:** The Board of Executive Directors  
**From:** The Secretary  
**Subject:** Eligibility: Criteria to determine nationality and origin of goods in contracts for works, goods, services, and consulting services financed by the Bank

**Inquiries to:** Mr. Christian Gómez (extension 2933) or Mr. Rodolfo Hernández (extension 1567)

**Remarks:** The attached document contains the criteria to be used to determine the nationality of firms and individuals as well as the country of origin of goods and services to be financed by Bank projects.

**References:** GN-2349-4(1/05), GN-2350-4(1/05)

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\* A new classification number has been assigned to this document. The previous number was GN-2349-6 and GN-2350-6.

**ELIGIBILITY: CRITERIA TO DETERMINE NATIONALITY AND ORIGIN OF  
GOODS IN CONTRACTS FOR WORKS, GOODS, SERVICES, AND CONSULTING  
SERVICES FINANCED BY THE BANK**

**May 2005**

I. Introduction

On January 19, 2005, the Board of Directors of the Bank approved the documents GN-2349-4 “Policies for Procurement of Works and Goods financed by the Inter-American Development Bank” and GN-2350 “Policies for the Selection and Contracting of Consultants financed by the Inter-American Development Bank”

The Policies for Procurement of Goods and Works under IDB Financing establish in paragraph 1.6) that: *“Funds from the Bank loans can be used only for the procurement of goods, works and services produced in, or supplied from Bank member countries. Nationals from other countries shall be disqualified from participating in contracts intended to be financed in whole or in part from Bank loans.”* The Policies for the Selection and Contracting of Consultants also sets forth in paragraph 1.11 that: *“Funds from Bank loans can be used only for payment of services rendered by individuals or firms from member countries of the Bank. Nationals from other countries shall be disqualified from participating in contracts intended to be financed in whole or in part from Bank loans.”*

Management committed to present to the Board of Directors, for information, the criteria to be used to determine the nationality of firms or individuals as well as the country of origin of goods and services to be financed by Bank projects. This document contains the criteria to be used in such determination.

II. Eligibility criteria

The criteria to determine the nationality of firms and individuals, and the country of origin of goods and services, to be eligible to participate in Bank-financed contracts are the following:

A. Nationality

1. An individual is considered to be a national of a member country of the Bank if he or she meets either of the following requirements:
  - a) is a citizen of a member country; or
  - b) has established his/her domicile in a member country as a “bona fide” resident and is legally entitled to work in the country of domicile.
2. A firm is considered to have the nationality of a member country if it meets the two following requirements:
  - a) is legally constituted or incorporated under the laws of a member country of the Bank; and
  - b) more than fifty percent (50%) of the firm’s capital is owned by individuals or firms from member countries of the Bank.

All members of a joint venture with joint and several liability and all subcontractors must meet the nationality criteria set forth above.

#### B. Origin of Goods

Goods have their origin in a member country of the Bank if they have been mined, grown, harvested, or produced in a member country of the Bank. A good has been produced when through manufacture, processing or assembly another commercially recognized article results that differs substantially in its basic characteristics, function or purpose of utility from its parts or components.

For a good consisting of several individual components that need to be interconnected (either by the supplier, the purchaser or by a third party) to make the good operative and regardless of the complexity of the interconnection, the Bank considers that such good is eligible for financing if the assembly of the components took place in a member country, regardless of the origin of the components. When the good is a set of several individual goods that are normally packaged and sold commercially as a single unit, the good is considered to originate in the country where the set was packaged and shipped to the purchaser.

For purpose of origin, goods labeled “made in the European Union” shall be eligible without the need to identify the corresponding specific country of the European Union.

The origin of materials, parts or components of the goods or the nationality of the firm that produces, assembles, distributes or sells the goods, does not determine the origin of the goods.

#### C. Origin of Services

The country of origin of services is that of the individual or firm providing the services as determined under the nationality criteria set forth above. These criteria apply to services ancillary to the supply of goods (such as transportation, insurance, erection, assembly, etc.), to construction services and to consulting services.

### III. Dissemination and Implementation

The text containing the criteria will be included in all Standard Bidding Documents of the Bank. In addition, as part of the dissemination process of the new procurement policies, these criteria will be included in all presentation material directed to Bank staff and Executing Agencies.

### IV. Member Countries of the Bank

The list of member countries is available at the web site of the Inter American Development Bank. (<http://www.iadb.org/aboutus/I/members.cfm?language=English>).