World Bank contracts:
Who's winning and where are they going?

By Lorenzo Piccio 14 April 2017
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Next week, thousands of delegates will converge on Washington, D.C., for the World Bank spring meetings to discuss issues of global concern, including the world economic outlook, poverty eradication, economic development and aid effectiveness.

A view of the World Bank headquarters in Washington, D.C

Even as emerging multilateral development banks such as the China-led Asian Infrastructure Investment Bank appear poised to shake up the development finance landscape, the World Bank remains the biggest source of donor financing — and development business — in the world.

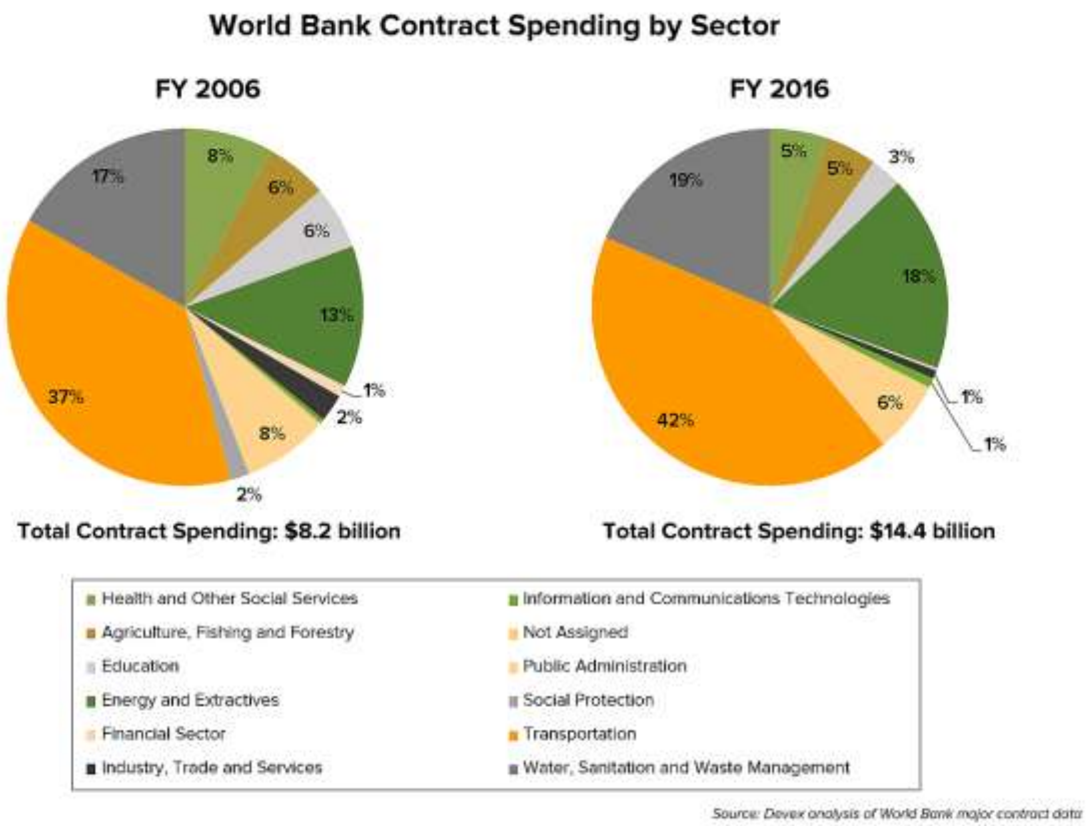
Each year, the World Bank's lending across the developing world generates thousands of contract opportunities to support the bank's 14 global practices and five cross-cutting areas. Amid strong demand from borrowing countries facing sluggish growth, in the fiscal year 2016, the bank's contract spending reached $14.4 billion, covering operations in nearly 130 countries and territories.

Since 2006, World Bank contract spending has jumped a staggering 75 percent and the rollout of an ambitious new procurement framework last year does not seem to have slowed the bank's contracting.

Borrowing country governments generally have responsibility for issuing and awarding procurements for goods, works and services for World Bank-financed projects. Many of these procurements — especially those valued above $200,000 — are awarded through international competitive bidding procedures.

To help our community better understand key sectors, regions and other trends in World Bank procurements, Devex dug deeper into the bank's database of major contract awards. Devex members can stay on top of the latest World Bank procurements through our funding dashboard.

It is important to note that World Bank contracts are only a subset of the bank's overall lending portfolio. Counting loans that do not contract out activities, World Bank lending reached $45.9 billion in fiscal 2016.



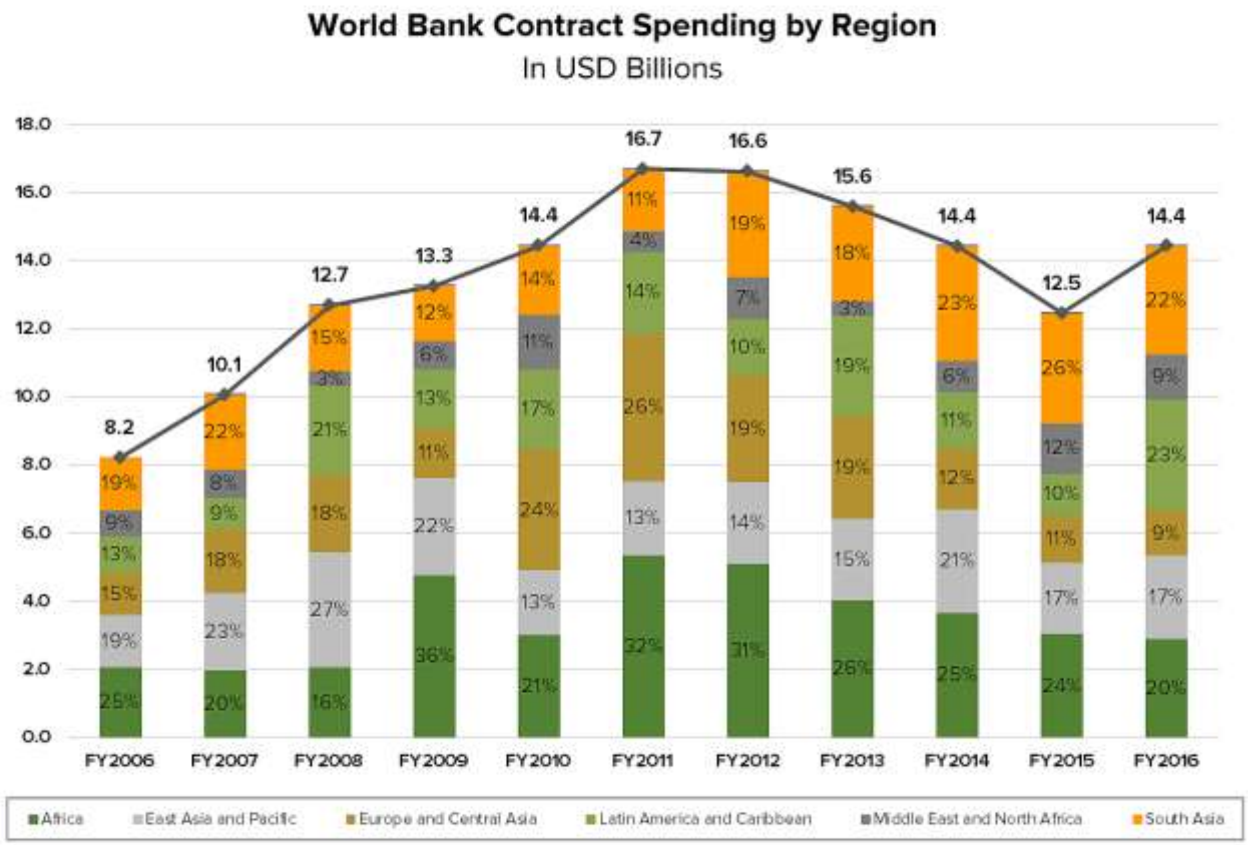
Transportation, water and sanitation, and energy claim majority of contracts

Since fiscal 2006, the majority of the bank's contract spending has been concentrated in three sectors: transportation; water, sanitation and waste management; and energy and extractives.

On average, the transportation sector has garnered 37 percent of the bank's annual contract spending since fiscal 2006 — more than any other sector. Over the same period, energy and extractives attracted an average of 19 percent of total contract funding, while water, sanitation and waste management followed with an average 18 percent.

In fiscal 2016, transportation claimed its highest share — 42 percent — of the bank's contract spending since fiscal 2008. The increase is attributable to the $1.7 billion civil works contract for the Quito Metro Line One in Ecuador which was awarded to a consortium led by two engineering giants, Brazil's Odebrecht SA and Spain's Acciona.

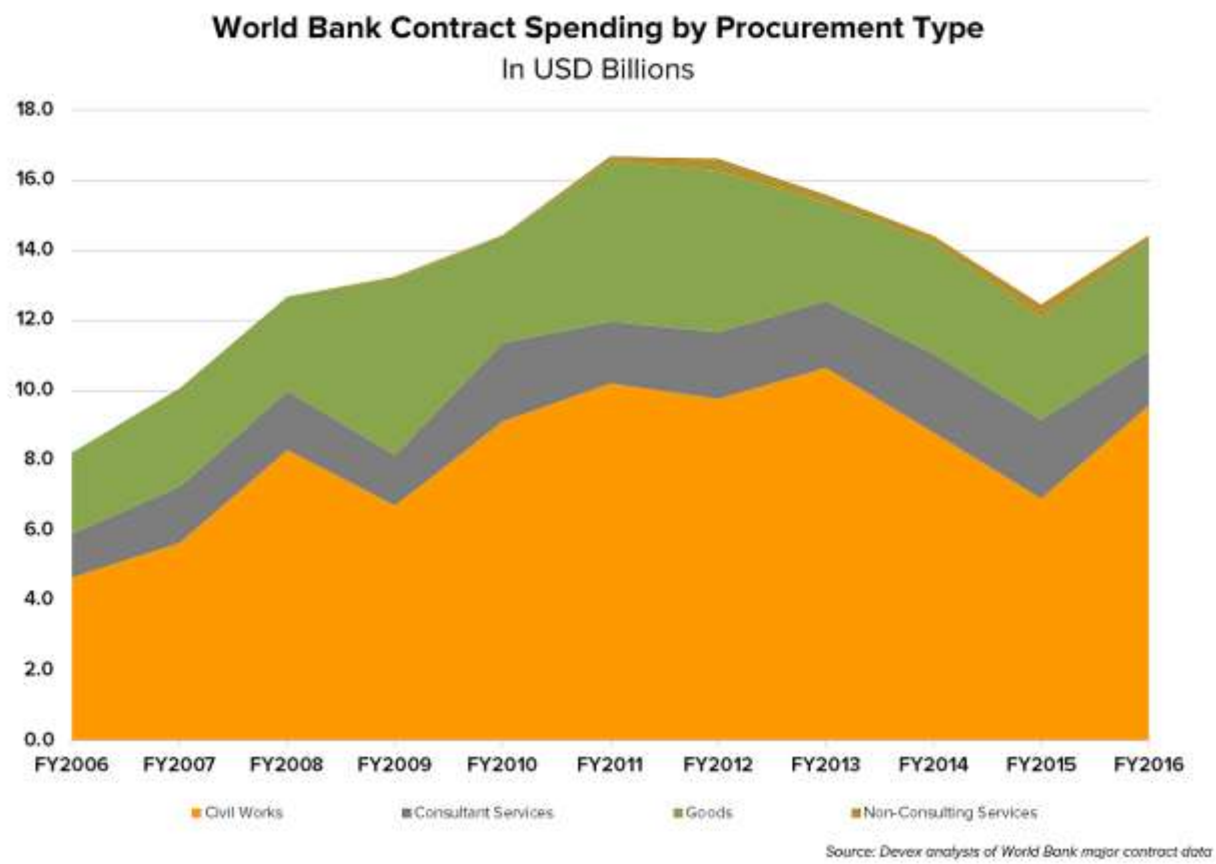
Other priority sectors of the bank have received relatively small proportions of contract spending. Since fiscal 2006, health and other social services have averaged 9 percent each year, followed by public administration (6 percent) and agriculture, fishing and forestry (5 percent).



The World Bank's contract spending has been more geographically distributed and diversified over the past decade. Between fiscal 2006 and 2016, sub-Saharan Africa, on average, garnered 25 percent of the bank's annual contract spending, followed by South Asia (18 percent), East Asia and Pacific (18 percent), Europe and Central Asia (17 percent) and Latin America and Caribbean (15 percent).

As the chart indicates, there have been marked fluctuations in regional spending. Case in point: After receiving just 10 percent of the World Bank's contract spend the year before, in fiscal 2016, the Latin America and Caribbean region claimed the highest share (23 percent) of bank contracts, buoyed by the $1.7 billion award for the **Quito Metro Line One**. With the exception of the Middle East and North Africa, each of the World Bank's regions has claimed the lion's share of the bank's annual contract spending at least once over the past decade.

From the country-level perspective, our analysis finds that three of the BRICS economies — India, China, and Brazil — were the top recipients of World Bank contract spending over the past decade. Between fiscal 2006 and 2016, India claimed 11 percent of the bank's total contract spending, followed by China (10 percent) and Brazil (5 percent).



Civil works dwarf consultancy and goods contracts

Contracts for civil works dominate the World Bank's contract spend over the past decade. Since fiscal 2006, civil works have accounted for 60 percent of the bank's annual contract spending, compared with 25 percent for goods and 14 percent for consultant services. Nearly all of the World Bank's civil works contracts involve building, installation, maintenance, rehabilitation and other infrastructure-related works and construction services.

Meanwhile, the World Bank's consultancy contracts have been principally geared toward only three activities. Since fiscal 2006, management and technical advice has claimed 24 percent of the World Bank's annual contract spending on consultants, followed by project management (17 percent) and construction supervision (13 percent).

World Bank's Top Supplier Countries

FY 2006

Supplier Country	Total Contract Amount
China	$1,181,138,017
India	$1,159,587,814
Brazil	$547,979,624
Russian Federation	$346,397,397
France	$343,836,114
Germany	$219,649,693
Denmark	$180,123,113
Pakistan	$161,507,822
Indonesia	$155,157,629
United States	$154,591,716

FY 2016

Supplier Country	Total Contract Amount
China	$2,384,323,075
India	$2,165,755,908
Spain	$1,488,605,773
Brazil	$1,338,574,893
Tunisia	$360,654,825
France	$347,119,428
Vietnam	$342,317,873
Egypt	$303,944,289
Germany	$293,937,934
Indonesia	$291,235,839

Source: Devex analysis of World Bank major contract data

Borrower country suppliers are winning big, and not just in their home countries

At a time when many of its peers in the donor community are only beginning to "go local," the World Bank is known to have a long history of working with local suppliers. According to a 2014 analysis by the Center for Global Development, nearly 60 percent of all World Bank contracts dating back to 2007 had been won by local suppliers, or those based in the borrower country. A 2015 Devex analysis found that as much as 100 percent of the bank's contract spending had gone to local suppliers during its post-earthquake reconstruction efforts in Haiti.

So it may come as no surprise that we found that most of the World Bank's top suppliers over the past 10 years have consistently been from borrower countries. In fiscal 2016, seven of the top 10 supplier countries were borrower countries, the same figure as in fiscal 2006. With the exception of one year, China has been the top supplier country to the World Bank over the past decade.

As a 2015 Brookings Institution analysis also pointed out, borrower country firms from emerging economies have been increasingly winning bids for World Bank contracts outside their home countries. According to our analysis, 45 percent of bank contract spend won by Chinese firms each year since fiscal 2006 have been for activities outside of China. That same figure stands at 20 percent and nine percent for Indian and Brazilian firms respectively.

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Lorenzo is a contributing analyst for Devex. Previously Devex's senior analyst for development finance in Manila, he is currently an MA candidate in international economics and international development at the Johns Hopkins School of Advanced International Studies in Washington. Lorenzo holds a bachelor's degree in government and social studies from Wesleyan University.

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