

INDIA & THE WORLD BANK

Indian Firms in the World Bank Market FY17-24



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About Development Business Advisors, LLC

Development Business Advisors LLC (DBA) is a boutique consulting firm based in Washington, DC, whose main focus is supporting client companies in their pursuit of contracts with the World Bank and other international development organizations. DBA serves many types of clients, including consulting, advisory, engineering, construction and suppliers. DBA provides these clients with information and advice related to project development, procurement cycle, specific procurements, policies and procedures and general trends in the international development marketplace.

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Acronyms & Abbreviations

AG	Agriculture
EAP	East Asia & Pacific
ECA	Europe & Central Asia
EDU	Education
EN	Energy
ESA	Eastern & Southern Africa
FY	Fiscal Year
GPN	General Procurement Notice
ICB	International Competitive Bidding
ICT	Information and Communication Technologies
IPF	Investment Project Financing
LAC	Latin America & Caribbean
MENA	Middle East & North Africa
NCB	National Competitive Bidding
PP	Procurement Plan
PPSD	Project Procurement Strategy for Development
PUB	Public Sector
RFQ	Request for Quotations
SA	South Asia
SOC	Social
SPN	Specific Procurement Notice
TR	Transportation
WB	World Bank
WCA	Western & Central Africa
WSS	Water Supply & Sanitation

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Introduction

This report explores the role of Indian firms as contractors on projects financed by the World Bank (WB). The text provides an overview of the WB market and analyzes the performance of Indian firms in that market, including by procurement category, region and sector.

Most of the data analyzed for this report was sourced from the WB. The *WB Projects Database* includes information on grants and loans, including Investment Project Financing (IPF) which is the main focus of this report. The *Contract Awards in Investment Project Financing Database* includes all contract awards financed by IPF. As with all databases, certain peculiarities and errors present analytical challenges. DBA does its best to clean and analyze the data for the best results given its research goals.

In addition to these two databases, the report relies on several WB publications. *Procurement Regulations for IPF Borrowers* dated November 2020 provides details on WB procurement policies and procedures. For the Cameroon Electricity Transmission and Reform Project case study, information was collected from the Project Appraisal Document dated 14 November 2016, and from the project's regularly updated Procurement Plan.

Summary of Findings

During FY17-24, Indian firms were awarded approximately \$15 billion in WB contracts, accounting for more than 12 percent of total WB contracts, making India the second largest supplier country after China. Contract awards in Transportation and Energy ranked highest, with a total amount of approximately \$5.0 billion and \$3.6 billion respectively. In terms of market share by sector, Energy was the leading sector during the FY17-24 period with more than 16.5 percent. In terms of the regional distribution of contracts won by Indian firms, it is no surprise that South Asia is the leader, constituting more than 85 percent of the value of contracts awarded to Indian firms for the period, representing approximately 45 percent of all WB contract awards in the region. The most important issue for Indian WB contractors is that their home market is rapidly shrinking as WB lending to India shifts to policy-based lending. Indian firms are increasingly active in other regions, particularly in Africa. The following sections provide more details on these findings.

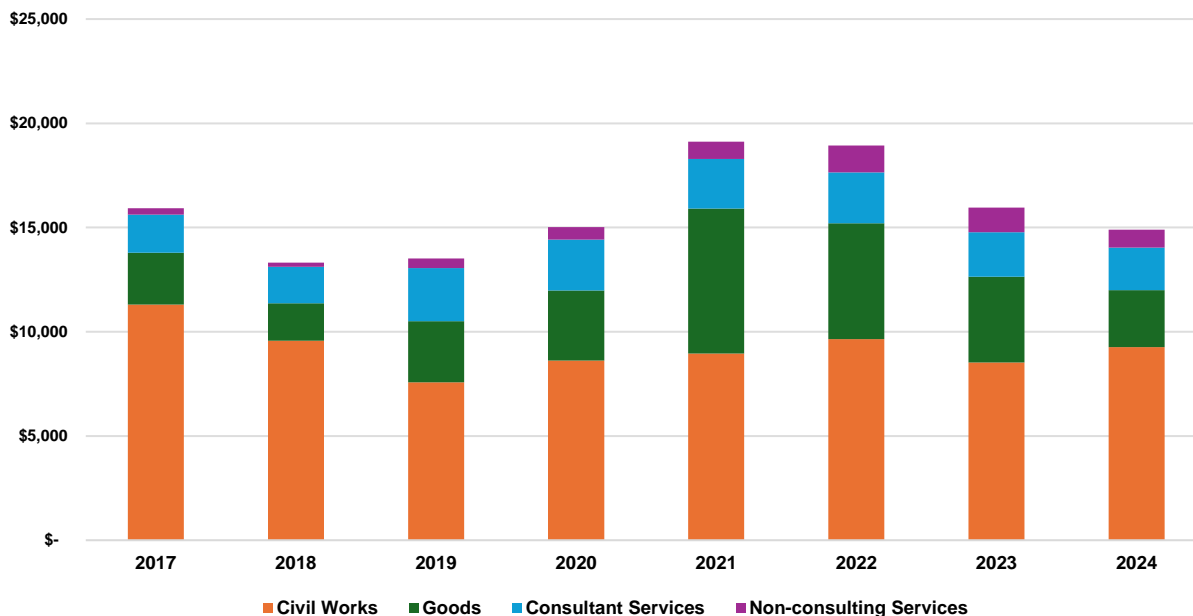
Overview

Each year, the WB lends \$40-80 billion to its member developing countries. Much of this activity is policy-based budgetary support featuring little or no procurement of private sector goods and services. However, approximately 50-70 percent of annual lending is in the form of Investment Project Financing (IPF). Each of these loans is a project and each project features the procurement of a range of goods and services through dozens of contracts awarded to private firms. The total value of contract awards on WB financed projects is \$10-20 billion per year.

The Bank does not directly manage the procurement process under IPF. Instead, borrower countries manage the procurement process in accordance with WB policies and procedures. The Bank maintains an oversight role, ensuring procurements align with international standards and its own policies and procedures.

WB IPF projects feature procurement in different categories, including Civil Works, Goods, Consultant Services and Non-consulting Services. The contract amounts overall and in each category fluctuate from year to year. Civil Works is consistently the largest category by value followed by Goods, Consultant Services and Non-consulting services (Graph 1).

Graph 1. WB Contracts by Category, US\$M



The WB procurement process follows a structured sequence that begins during project preparation when the borrower creates a Project Procurement Strategy for Development (PPSD). This document outlines how procurement will be conducted and aligns it with the project’s goals. Based on the PSPD, the borrower prepares a Procurement Plan (PP), which details specific procurement activities. Borrowers may utilize a variety of procurement methods outlined in the Bank’s *Procurement Regulations for IPF Borrowers*.

Case Study: Electricity Transmission and Reform Project

Throughout this report, we will use a specific WB project as an example to illustrate how WB procurement works in practice. The box below provides an overview of the Cameroon Electricity Transmission and Reform Project which will serve as our case study.

Box 1 Case Study: Cameroon Electricity Transmission and Reform Project

Country: Republic of Cameroon

Approved: 07 December 2016

Closed: 30 November 2024

Objective: To improve the capacity, efficiency and reliability of Cameroon's national electricity transmission network.

Cost: With a total project cost of approximately \$ 375 million from the following sources:

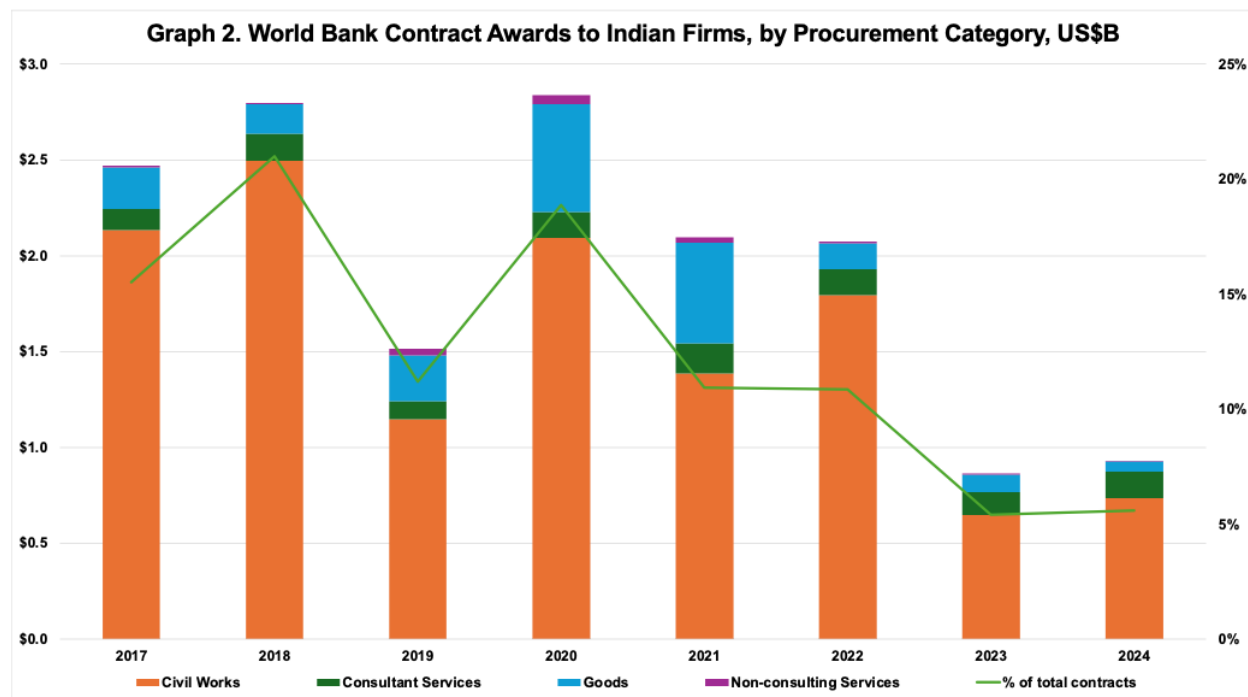
- \$325 million from World Bank
- \$50 million from the borrower

Project components:

- 1) Provision of support towards the operationalization of SONATREL's transmission portfolio (\$30 million)
- 2) Strengthening of the National Transmission Grid (\$288 million)
- 3) Project Management Support and Capacity Building (\$10 million)

The Performance of Indian Firms

During FY17-FY24, Indian firms were awarded approximately \$15 billion in World Bank contracts, accounting for more than 12 percent of total WB contract awards, making India the second largest supplier country after China. The graph below displays this data. The bar chart shows the value of contracts in billions of US\$ by procurement category: Civil Works; Goods; Consultant Services; and Non-consulting Services. The range is indicated on the left-hand y-axis. The line chart shows the percentage of total WB contracts awarded to Indian firms in each fiscal year with the range displayed on the right-hand y-axis. The total value of contract awards varies each fiscal year. FY18 and FY20 rank the highest at approximately \$2.8 billion for both years. After FY20, contract awards to Indian firms decreased until reaching a low of approximately \$870 million in FY23 then rebounding somewhat to \$931 million in FY24. Civil Works accounted for approximately 80 percent of the value of all contract awards for the period followed by Goods at 13 percent, Consulting Services at 7.0 percent and Non-consulting Services at less than 1.0 percent. In terms of the percentage of total contract awards, Indian firms peaked at approximately 21 percent in FY18 then fluctuated between 10 percent and 20 percent until dropping to less than 5.5 percent in FY23 and FY24.

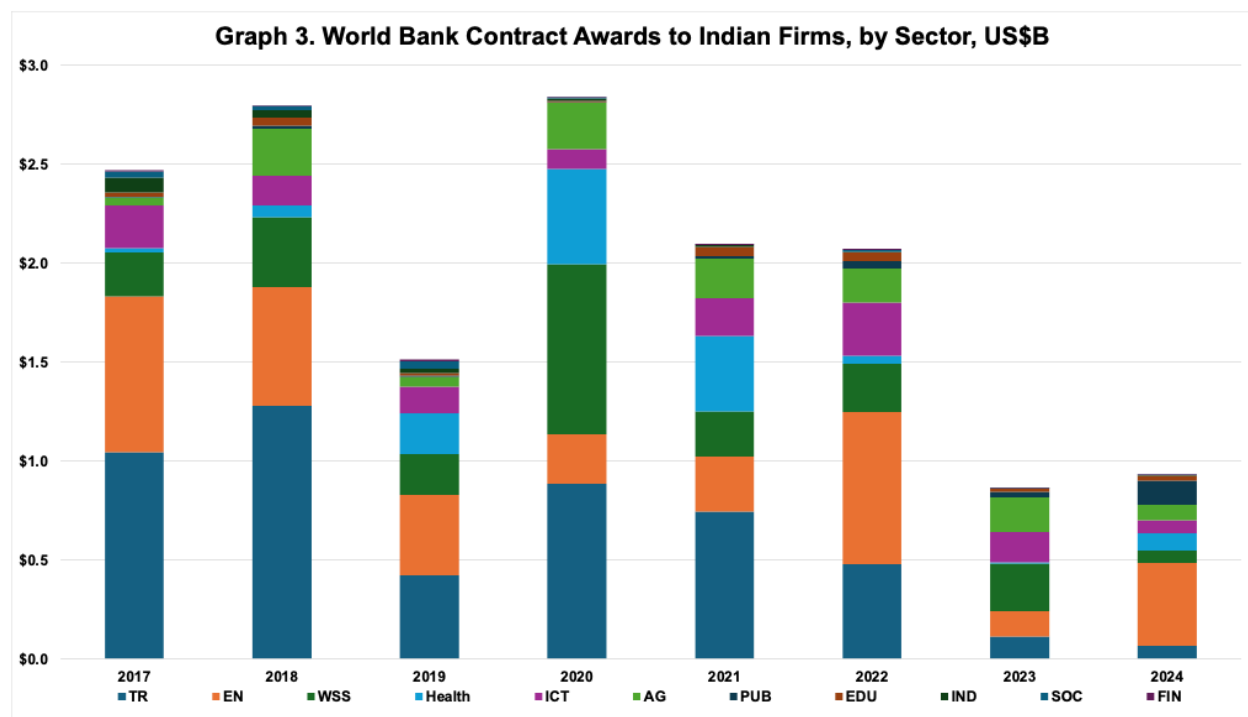


In our case study Cameroon Electricity Transmission and Reform Project, approximately \$250 million of the \$325 million World Bank loan was used for procurement. This includes approximately \$225 million or 90 percent for Civil works, 9.0 percent for Consulting Services, 0.8 percent for Goods and 0.2 percent for Non-consulting services. Contract awards on this project peaked in 2022 at \$122 million. In terms of procurement methods used, Request for Bids dominated with nearly 83 percent of contract value followed by Request for Proposals at 7.5

percent and QCBS at 7.4 percent. All other procurement methods represent less than 2.0 percent of total contract value.

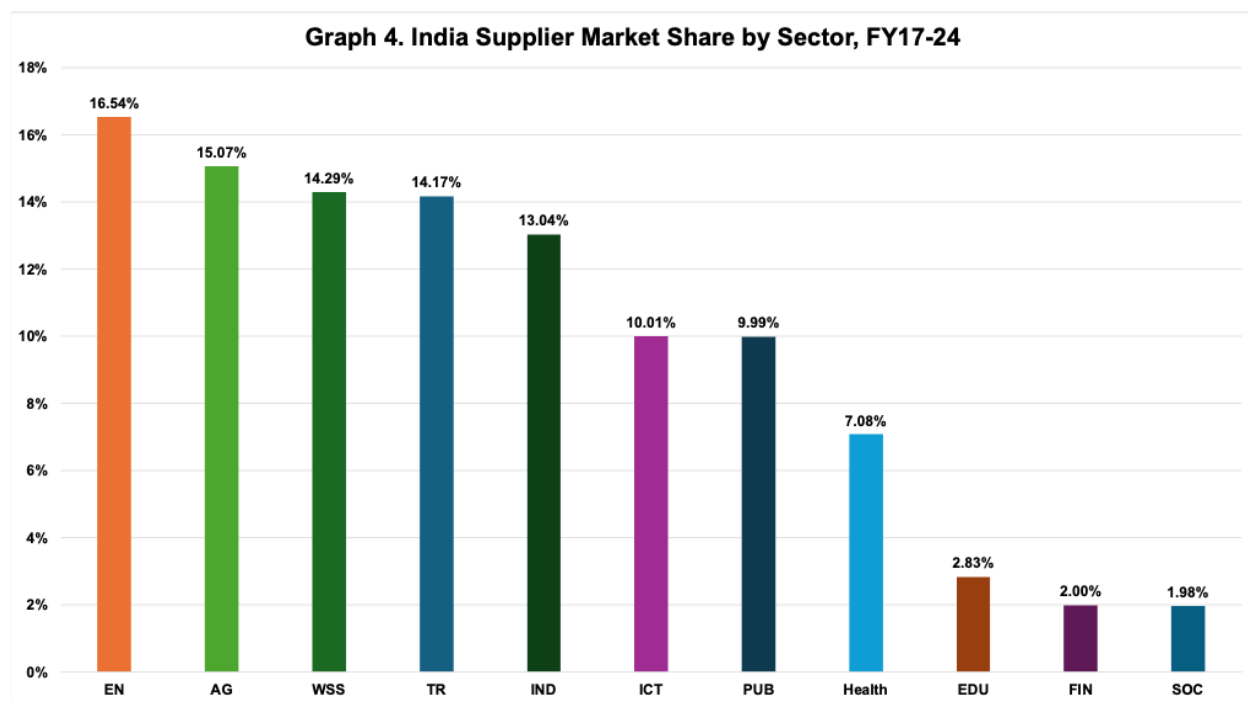
Sector Performance

As displayed in Graph 3, Indian firms were awarded contracts in all 11 sectors in which the WB lends during the FY17-24 period. Contract awards for Transportation and Energy projects ranked highest with a total amount of approximately \$5.0 billion and \$3.6 billion respectively. Combined, this is more than half of the value of all contracts awarded to Indian firms during the period. Water Supply & Sanitation (WSS) accounts for more than 15 percent of the value of contract awards during the period. Health & ICT each account for approximately 8.2 percent. Agriculture accounts for approximately 7.6 percent while all other sectors account for less than 2.0 percent. The value of contract awards to Indian firms by sector varies over time. For instance, there is a general decline in the value of Transportation contract awards over the period, from more than \$1 billion in FY17 and FY18 to less than \$100 million in FY24. There is an 83 percent drop in the value of Energy contract awards from FY22 to FY23 before a threefold increase to more than \$400 million in FY24. Indian firms appear to have benefitted from COVID-related contract awards as the value of their Health contracts increased from approximately \$200 million in FY19 to more than \$475 million in FY20 and \$380 million in FY21 before dropping to approximately \$7.1 million in FY23.



Market Share by Sector

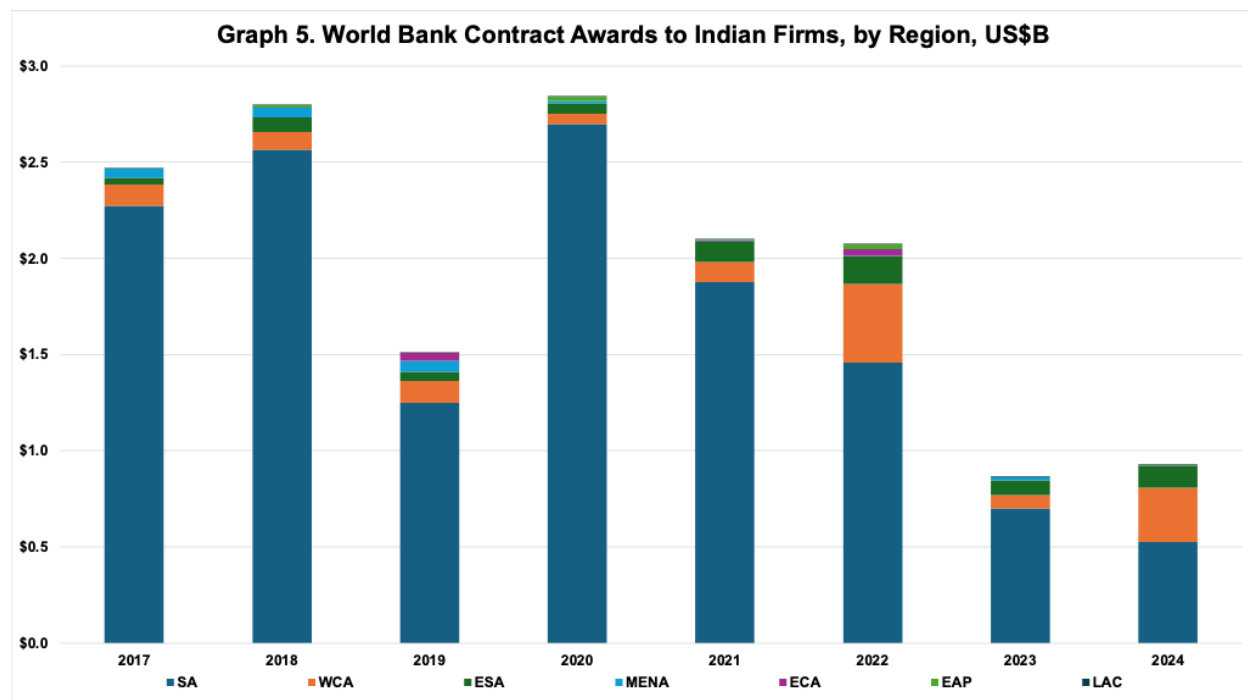
In terms of market share by sector, Energy was the leading sector during the FY17-24 period with more than 16.5 percent. Indian firms secured 13-15 percent market share in Agriculture, WSS, Transportation and Industry, and approximately 10 percent market share in ICT and Public Sector. Indian firms secured less than three percent market share in Education, Finance and Social sectors.



Our case study Cameroon Electricity Transmission and Reform Project is classified as an Energy project. Total contract awards were \$250 million with Indian firms securing approximately \$113 million, or 45 percent of the total value of contract awards on this project. Firms from the borrower country Cameroon received approximately \$7.4 million, or 3.0 percent of total contract value. Other significant supplier countries include Spain and Nigeria, securing 17 percent and 11 percent respectively. Other countries received less than 10 percent.

Regional Performance

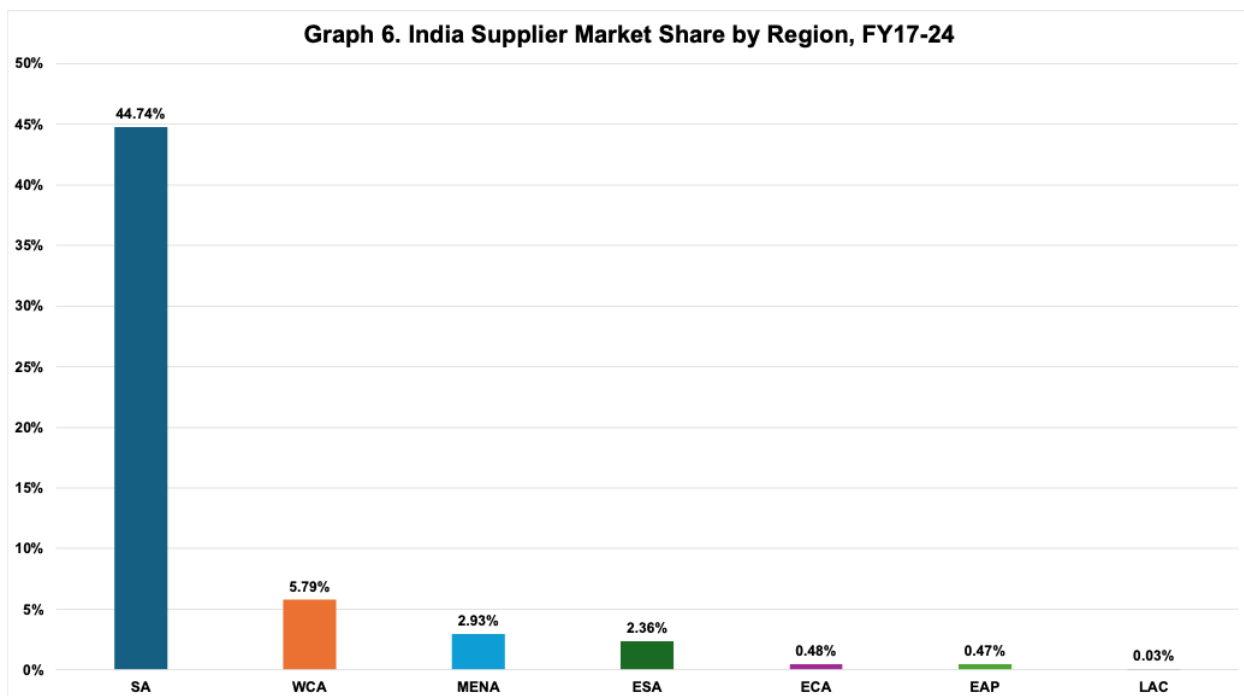
The graph below displays the value of contracts awarded to Indian firms in billions of US\$ between FY17 and FY24 in the seven regions where the WB operates. South Asia is the dominant region constituting more than 85 percent of the value of all contracts for the period. Within South Asia, India represents 94 percent of all contracts awarded to Indian firms. West & Central Africa (WCA) is the second largest region, representing approximately 8.0 percent of the total value of contracts awarded to Indian firms for the period. In West & Central Africa (WCA), the value of contract awards to Indian firms ranged from a low of approximately \$55 million in FY20 to more than \$400 million in FY22. Indian firms appear to be expanding their activity in the Eastern & Southern Africa (ESA) region. Contracts awarded to Indian firms in ESA increased from approximately \$35 million in FY17 to more than \$145 million in FY22 then fell to approximately \$75 million in FY23 before rising again to approximately \$109 million in FY24. The MENA region represents approximately 1.2 percent of contract awards for the period and all other regions less than 1.0 percent.



Market Share by Region

In terms of regional market share, India leads in South Asia with approximately 45 percent of all WB contract awards. Its market share in WCA is less than 6.0 percent, approximately 3.0 percent in MENA, 2.5 percent in ESA and less than 1.0 percent in all other regions.

The most important issue for Indian WB contractors is that their home market is rapidly shrinking. While for the period FY17-24, India is the largest WB market at nearly \$13 billion, the value of contract awards decreased from more than \$2.3 billion in FY17 and FY18 to just over \$300 million in FY24. WB lending to India has in fact increased over the period, from a low of \$2.0 billion in FY17 to a high of more than \$4.3 billion in FY23. However, this increase has come in the form of policy lending including Program-for-Results Financing and Development Policy Lending. Investment Project Financing which is the type of lending that supports procurement decreased over the period, from more than \$1.6 billion in FY17 to less than \$300 million in FY24.



Top Contractors

The following table displays the top 10 Indian contractors on WB projects during FY17-24. Larsen & Toubro Limited is by far the leader among Indian firms, securing nearly \$2 billion in contracts over the period. The other top 10 firms won between \$100 million and \$500 million. Larsen & Toubro Limited won the largest contract on our case study project, the Cameroon Electricity Transmission and Reform Project. The contract value was approximately \$60 million and it was for Design-Supply-Assembly (Conception-Furniture-Montage) of the 400 kV line EDEA-NKOLNKOUMOU-NYOM II. This contract was the fifth largest contract won by an Indian firm during the period in the WCA region.

Table 1: Top 10 Indian Contractors on World Bank Projects FY17-FY24		
Rank	Company	Amount (US\$M)
1	Larsen & Toubro Limited	\$1,996
2	KEC International	\$457
3	Transrail Lighting Limited	\$406
4	VA Tech Wabag	\$398
5	Gil Tpl (Jv)	\$339
6	Kalpataru Power Transmission Limited	\$322
7	Tata Projects Limited	\$261
8	Gawar Construction Limited	\$154
9	Mackintosh Burn Limited	\$144
10	Adani Ports and Special Economic Zone Limited	\$139

Conclusion

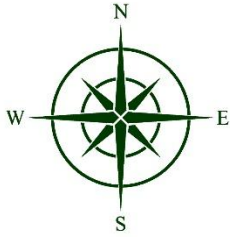
This report provides an overview of the performance of Indian firms in the WB market during FY17-24. The report begins with an overview of the WB market. It then provides an analysis of Indian supplier performance, exploring their sectoral and regional performance as well as their market shares. The report uses the Cameroon Electricity Transmission and Reform Project as a case study to illustrate how WB procurement works in practice.

From FY17-24, Indian firms were awarded approximately \$15 billion in WB contracts, accounting for more than 12 percent of total WB contract awards, making India the second largest supplier country after China. Contract awards for Transportation and Energy projects ranked highest, with a total amount of approximately \$5.0 billion and \$3.6 billion awarded between FY17 and FY24, respectively. In terms of market share by sector, Energy was the leading sector during the FY17-24 period with more than 16.5 percent. Not surprisingly, South Asia is the dominant region for Indian firms constituting more than 85 percent of the value of all contracts for the period with India representing 94 percent of value within the region.

The most important issue for Indian WB contractors is that their home market is rapidly shrinking. While for the period FY17-24, India is the largest WB market at nearly \$13 billion, the value of contract awards decreased from more than \$2.3 billion in FY17 and FY18 to just over \$300 million in FY24. WB lending to India has in fact increase over the period, from a low of \$2.0 billion in FY17 to a high of more than \$4.3 billion in FY23. However, this increase has come in the form of policy lending including Program-for-Results Financing and Development Policy Lending. Investment Project Financing which is the type of lending that supports project procurement actually decreased over the period, from more than \$1.6 billion in FY17 to less than \$300 million in FY24.

While Indian firms are highly concentrated in their home market, they are making progress in other markets. In West & Central Africa, Indian firms secured an annual average of more than \$150 million in contracts over the period, peaking at more than \$283 million in FY24. In Eastern & Southern Africa, Indian firms secured an annual average of more than \$80 million over the period, peaking at more than \$145 million in FY22. Key country markets in Africa for Indian firms include Cameroon, Tanzania, Ethiopia and Mozambique. Indian firms also perform well on regional-level procurements in ESA and WCA.

In terms of individual Indian firms, Larsen & Toubro is by far the leader, securing nearly \$2 billion in contracts over the period. The other top 10 firms won between \$100 million and \$500 million.



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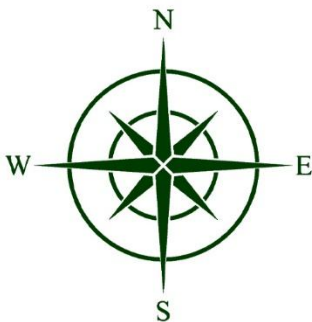
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The World Bank Market

- WB lends \$40-80 billion annually
- Projects are typically implemented over a 5-10 year period
- Each project is a loan and each loan funds dozens of contracts
- Total value of contract awards is \$10-20 billion per year
- Similar process at all MDBs

Our Services

- Diagnostic assessment of opportunities
- Bid opportunity tracking
- Market intelligence
- Proactive advocacy
- Operational & policy engagement
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