



# Bridging the Gap: How German Companies can Partner with the World Bank Group

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## Introduction

From the Black Forest to the bustling ports of Hamburg, German companies bring a wealth of expertise, positioning them to seize diverse opportunities when doing business with the World Bank Group. Since its founding at Bretton Woods in 1945, The World Bank Group (the Bank) has provided companies with financial mechanisms and technical assistance to reduce poverty around the globe. Its twin goals of ending extreme poverty and promoting shared prosperity by fostering income growth represent foundational pillars of the German *Mittelstand*. For German companies, partnering with the Bank extends beyond just profitability. Companies can reach global visibility when working with the Bank, locking in stable contracts, contributing to sustainable development goals, and enhancing their reputation from small towns in Germany to countries worldwide. German firms can be part of critical international efforts to alleviate poverty, improve infrastructure, and support sustainable growth in developing regions, aligning with both corporate social responsibility and the values of German companies. The following white paper explores how German companies can do business with the World Bank Group, highlighting its **structure, project types and procurement processes**, and the **decision-making process** of how a projects are awarded.

## Overview of the World Bank Group

The World Bank Group represents a multifaceted international finance institution that provides crucial financial and technical assistance around the globe. With the twin goals of reducing poverty and increasing shareholder prosperity, The Bank promotes sustainable development through various financial instruments and services.

Composed of five institutions, The World Bank Group includes:



- **International Bank for Reconstruction and Development (IBRD):** Focuses on middle-income and creditworthy low-income countries by providing loans and financial services for public sector projects.
- **International Development Association (IDA):** Provides concessional financing to the world's poorest countries through low-interest loans, zero-interest credits, and grants.



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- **International Finance Corporation (IFC):** Supports private sector development by offering loans, equity investments, venture capital, and advisory services to businesses in developing countries.
  - **Multilateral Investment Guarantee Agency (MIGA):** Offers insurance against political risks to encourage foreign investment in developing countries.
  - **International Center for Settlement of Investment Disputes (ICSID):** Facilitates dispute resolution between investors and states to facilitate a conducive environment for investment.

The IBRD, IDA, IFC, and MIGA represent \$99.1 billion USD in financial commitments for fiscal year 2024. <sup>i</sup>

It is important to consider where your company fits best at the Bank. Consider your service offerings and industry, where your physical office presence is currently, and which region of the world your company would like to expand into. Across the five World Bank Group institutions are various project types. Consider these when evaluating where your company fits in:

- **Public Sector Projects:** These projects are funded by the IBRD and IDA and are primarily involved in public procurement procedures where a developing country's government borrows funds for public works projects. These projects include large-scale infrastructure initiatives and improve public utilities and services. Companies in construction, water, health, education, or energy should consider public sector projects.
- **Private Sector Projects:** Managed by IFC and MIGA, these projects involve private sector firms and are often in partnership with international investors. Financing instruments may include loans, equity investments, and advisory services. These projects include financing for businesses, industries, and commercial ventures, providing capital and technical expertise. The objectives of private sector projects are to foster economic growth in the borrowing country, create jobs, and promote sustainable development by leveraging private investment.
- **Consulting and Advisory Services:** Consulting and advisory services provide expert knowledge, analysis, and recommendations for specific needs of a project or operation. Governed by the World Bank, these services support developing projects by providing feasibility studies, impact assessments, and capacity building and typically include hiring an individual consultant or consulting firm. The World Bank Group runs a competitive process for selecting firms and advisors for projects funded by IBRD, IDA, or IFC.

## The Procurement Process

World Bank Group projects can be categorized into two areas: operational and corporate procurement.

- **Operational Procurement:** Operational procurement refers to the process by which the World Bank Group's borrowers – primarily governments of developing countries – procure goods, works, and services necessary for development project implementation financed by the IBRD and IDA. The process consists of three key players:
  - The World Bank: providing financing and oversight of the procurement processes, ensuring they align with World Bank policies and standards
  - Borrower: The government or entity in the borrowing country responsible for implementing the development project



- Contractor/ Supplier/ Service Provider: The company or organization providing the goods, works, or services required for that project
- **Corporate Procurement:** Corporate procurement represents the acquisition of goods and services required for the World Bank's own internal operations. This can include anything from the procurement of office supplies, technology, and other administrative needs necessary for the functioning of the Bank. Key parties include:
  - The World Bank: issuing solicitations, such as Requests for Proposals or Requests for Quotations, to potential suppliers
  - Suppliers: responding to solicitations by submitting bids or proposals detailing their offerings, pricing, and other relevant information

## The Decision-Making Process

A comprehensive selection process underscores the Bank's commitment to transparency, accountability, and value for money.

1. **Project Identification:** A borrowing country identifies development needs in their country and approaches the World Bank for financing. This is a collaborative process during which the World Bank and government assess a project's feasibility and its projected contributions towards sustainable development goals.
2. **Preparation:** The borrowing country curates a detailed project proposal outlining technical, financial, social, and environmental factors. This phase includes creating a procurement plan and working with World Bank experts.
3. **Appraisal and Approval:** The World Bank reviews the project and assesses its alignment with World Bank policies, as well as the project's financial, social, and environmental sustainability impacts. When a project is approved by the Board of Executive Directors, a loan or grant agreement is signed between the Bank and the borrowing country's government.
4. **Awarding of a Contract (Procurement):** Upon project approval, the procurement process begins.
  - a. **Advertisements:** In this stage, the borrowing country (not the World Bank) advertises procurement opportunities publicly via World Bank procurement notices or national outlets. German companies in particular can find procurement notices through Germany Trade & Invest.<sup>ii</sup>
  - b. **Bidding:** Qualified suppliers submit bids or proposals for Request for Proposals. Methods for this vary, depending on the procurement. Methods include International Competitive Bidding for large-scale projects, National Competitive Bidding for small-scale projects, and Direct Selection/ Sole-Selection for specialized needs.
  - c. **Evaluation:** The procurement committee assesses bids based on technical qualifications, price, and capacity to deliver the project. These evaluations are conducted transparently.
  - d. **Awarding Contracts:** A bidder is awarded a contract, which will include specific timelines, deliverables and project objectives, and expected performance standards.
5. **Implementation and Oversight:** The Bank oversees the procurement process to ensure it follows strict guidelines and policies curated by the World Bank. As mentioned, however, the borrowing country awards the contract. Approved projects are implemented with continuous oversight to ensure



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adherence to all terms and objectives are met, including making sure payments are released based on the contractual agreement and project milestones.

## Opportunities for German Companies

The Delegation of German Industry and Commerce in Washington, DC, LLC conducted an analysis of contract data spanning fiscal years 2017-2023. The analysis found that, of the \$120 billion USD in operational procurement during this time, about \$888 million USD was awarded to German companies (0.69%). Relatively low participation from German companies appears to correlate with Germany's broader economic performance during the same period. Historically, when the German economy performed well, German companies were less inclined to do business with the World Bank, whereas German economic impediments have coincided with increased participation.

Presently, the German economy faces headwinds, with an expected decline of 0.1% in GDP for 2024.<sup>iii</sup> According to The Joint Economic Forecast Project Group, Germany will likely face a modest recovery of 0.8% in 2025 and 1.3% in 2026, respectively.<sup>iv</sup> High energy costs and labor shortages across Germany may compel German companies to engage in business opportunities with the World Bank.

Given Germany's strength in the manufacturing, energy, and consulting sectors, firms are poised to tap into these key markets at the World Bank. From infrastructure to renewable energy projects to technical consulting, World Bank opportunities invite German companies to bring their expertise to the forefront. In the end, increased participation from German companies could reap long-term benefits not just on the individual firm, but on the greater good of developing countries and support Germany's broader economic resilience by forging international partnerships by exploring new emerging markets.



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*DGIC serves as a point of contact for German companies interested in the DC metro area and U.S. companies interested in Germany as a business location. It offers companies a networking platform on transatlantic business topics and connects the*



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*German Chambers of Commerce Abroad (AHKs), the German Chambers of Commerce in Germany (IHKs), trade associations and decision-makers from federal and state governments.*

*The Delegation of German Industry and Commerce in Washington, DC is part of the network of German Chambers of Commerce Abroad, which has 150 locations in 93 countries, and carries out its activities in cooperation with the German Chambers of Commerce and Industry (DIHK), as well as in dialogue with institutions and public authorities in both countries. The Delegation is supported by Germany's Federal Ministry of Economic Affairs and Climate Action.*

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<sup>i</sup> World Bank Group. (2024, October 18). *Jahresbericht des Deutschen Exekutivdirektors bei der Weltbankgruppe*. <https://thedocs.worldbank.org/en/doc/e9d96402100e5a4f88a7a5b102f05623-0330122024/jahresbericht-2024>

<sup>ii</sup> Germany Trade & Invest. [https://www.gtai.de/de/meta/suche/66528!search;eNqVkuF0xDAMRe\\_idSsNMAy0B-ACsEMs3MQdMkqd4iRAGfXuuEiwKKIKOyf63\\_Z\\_PkOPhIKE9gxdjo4pxhqFcPmI5MkkstA-QhK0BE8V0Lvx-qGV4RO0gDzBXIHkTpxZu5rmcLPbcJmQOcm0sv2tjyoJEov1Ht\\_Ke49kHPpiPZnAYfiVeSNsjikM5cv3jpENyRrq\\_rq5hQour5r9YYPt-lyRypcLw6jlnR7EYnKByzm8EqeHaaR\\_XFEclXOluTupqpxbkAFTaf-FFB7p3n1ogItdBS\\_QcvZe5wbRoVBb6jH7VCtzRfMVk9h-qwT5SD-WhltnecczJ9SbFhgg?facets%5Bbrubric%5D.tf=99662](https://www.gtai.de/de/meta/suche/66528!search;eNqVkuF0xDAMRe_idSsNMAy0B-ACsEMs3MQdMkqd4iRAGfXuuEiwKKIKOyf63_Z_PkOPhIKE9gxdjo4pxhqFcPmI5MkkstA-QhK0BE8V0Lvx-qGV4RO0gDzBXIHkTpxZu5rmcLPbcJmQOcm0sv2tjyoJEov1Ht_Ke49kHPpiPZnAYfiVeSNsjikM5cv3jpENyRrq_rq5hQour5r9YYPt-lyRypcLw6jlnR7EYnKByzm8EqeHaaR_XFEclXOluTupqpxbkAFTaf-FFB7p3n1ogItdBS_QcvZe5wbRoVBb6jH7VCtzRfMVk9h-qwT5SD-WhltnecczJ9SbFhgg?facets%5Bbrubric%5D.tf=99662)

<sup>iii</sup> European Commission. (2024, November 15). *Economic Forecast for Germany*. Economy and Finance. [https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/germany/economic-forecast-germany\\_en](https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies/germany/economic-forecast-germany_en)

<sup>iv</sup> Kiel Institute for the World Economy, The Joint Economic Forecast Project Group. (2024). German economy in transition – weak momentum, low potential growth. Retrieved from [https://www.ifw-kiel.de/publications/news/german-economy-in-transition-weak-momentum-low-potential-growth/#:~:text=The%20Joint%20Economic%20Forecast%20Project,and%201.3%25%20\(2026\)](https://www.ifw-kiel.de/publications/news/german-economy-in-transition-weak-momentum-low-potential-growth/#:~:text=The%20Joint%20Economic%20Forecast%20Project,and%201.3%25%20(2026)).