

THE JOBS MACHINE THAT DOES NOT CREATE JOBS

14 FCI Projects in Ghana. 27 Years. No Fully Satisfactory Outcome.

Why Large Sovereign Competitiveness Projects Struggle to Achieve Transformational Outcomes

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14

FCI Projects

\$615M

Committed

0%

Satisfactory

27

Years (FY1997-2024)

Executive Summary

The record. Between FY1997 and FY2024, the World Bank approved fourteen projects in Ghana under the Finance, Competitiveness and Innovation (FCI) Global Practice, committing \$615 million. No project achieved a Satisfactory outcome rating from the Independent Evaluation Group (IEG). One hundred percent of committed resources — all \$615 million — went to projects that did not achieve Satisfactory development outcomes. Five projects were rated Moderately Satisfactory — partial achievement with shortcomings. Nine — 64 percent — were rated Moderately Unsatisfactory, Unsatisfactory, or Highly Unsatisfactory, accounting for \$368 million (60 percent of committed resources). The Bank deployed every approach within its sovereign lending toolkit: SME credit lines, enterprise reform, DPF adjustment, capital market development, privatisation, rural finance, trade zones, regulatory capacity building, public-private partnerships, climate innovation, financial sector strengthening, and tourism. No approach fully achieved its stated development objectives, though several produced partial institutional improvements that outlived the projects themselves.

Three generations of underperformance. The record divides into three generations. Generation One (FY1997-2002) comprised six projects, four of them Unsatisfactory. The Bank tried direct private sector support through credit lines, enterprise reform, and policy adjustment — and encountered high default rates, cancelled credits, macroeconomic instability, and weak government ownership. Generation Two (FY2004-2013) pivoted to institutional strengthening: privatisation support, rural financial services, trade zones, and economic management capacity building. None achieved Satisfactory. The Privatisation project restructured only one of five targeted large SOEs. The Economic Management project had seven components spanning forty-three activity areas — replicating the design complexity that IEG had flagged in 1998. Generation Three (FY2018-2024) produced one Unsatisfactory (the PPP Project, where IEG rated efficiency ‘Negligible’ and M&E

quality ‘Negligible’) and three Moderately Satisfactory. The best the Bank achieved in its most recent generation was partial success.

The same lessons, written seven times. IEG evaluators documented five recurring themes across twenty-seven years: (i) government ownership — the Bank repeatedly lent without strong evidence of government commitment; (ii) capacity constraints — reform programmes consistently exceeded implementing agency capacity; (iii) macroeconomic instability — projects assumed stability that did not materialise; (iv) design complexity — projects with fourteen components and forty-five sub-components, or seven components and forty-three activity areas; and (v) sequencing failures — the PPP project attempted to build a pipeline before the PPP law was enacted. Each lesson was documented. Each was ignored in subsequent project design.

IEG’s country strategy review confirms the pattern. The Ghana Country Partnership Strategy CLRV (FY13-18) rated overall development outcome Moderately Satisfactory and WBG performance Fair. Portfolio performance was below both Africa and world averages. IEG found that ‘the CPS did not fully incorporate all relevant lessons from the previous CAS’ and that the Bank ‘missed the opportunity to address shortcomings of the results framework, an indication of weak learning.’ The evidence for institutional non-learning comes not only from project evaluations but from IEG’s own country-level assessment.

The IFC contrast. The CLRV also found that IFC advisory work on Ghana’s credit reporting system exceeded its MSME lending targets by more than seven times and was rated successful. A separate IFC SME initiative was rated ‘highly unsuccessful.’ This introduces an important analytical distinction: targeted market infrastructure advisory — credit bureaux, collateral registries, information systems — can succeed where large sovereign-led reform projects struggle. The modality matters.

Political economy. The paper’s focus on institutional incentives within the Bank should not obscure the political economy constraints within Ghana. Electoral cycles disrupted implementation. SOE patronage networks resisted privatisation. Macroeconomic populism generated the fiscal crises that undermined the enabling environment for competitiveness reform. The Bank’s responsibility lies not in failing to control Ghanaian politics but in persistently designing projects that assumed political conditions would be more favourable than evidence indicated.

The jobs crisis. The FCI Global Practice exists to create jobs. Approximately 300,000 young Ghanaians enter the labour market each year. Youth unemployment reached 32.5 percent in 2025, rising to 49.3 percent in Greater Accra. Some 1.34 million young people are not in education, employment, or training. Among those who work, 68 percent are in vulnerable employment. The fourteen projects examined in this paper were designed, approved, and justified on the premise that they would help Ghana build a competitive private sector capable of generating productive employment. IEG’s evaluations do not record employment outcomes because M&E systems rarely tracked them. The jobs machine did not measure whether it created jobs.

Comparative context. At zero percent S+ (Satisfactory or Highly Satisfactory), Ghana’s FCI portfolio is the weakest single-country FCI record in Sub-Saharan Africa — both by project count and by commitment volume. One hundred percent of the \$615 million committed went to projects that did not achieve Satisfactory outcomes. The Africa-wide FCI S+ rate is 36 percent across 67 projects. FCI is the worst-performing Global Practice within Ghana, followed by MTI at 14 percent and Environment at 15 percent. IEG’s Industry Competitiveness and Jobs evaluation reached conclusions consistent with the Ghana record: business environment reform alone is insufficient, coordination failures are systematically underestimated, and political economy barriers are frequently the binding constraint.

The successor pipeline. Despite this record, the Bank is preparing its largest competitiveness-related operation ever for Ghana: the Market Access and Connectivity Project (P513708), at \$500 million, under preparation for FY2026. This is not a traditional FCI project — it is a cross-sectoral connectivity, logistics, and infrastructure operation led by the Ministry of Roads and Highways, reflecting a genuine strategic evolution toward integrated market systems. However, the shift from standalone FCI projects to large infrastructure-led competitiveness operations does not in itself resolve the underlying implementation constraints. The Transport Record on mdbreform.com documents that the SSA transport portfolio returned 10.8 percent Satisfactory across 65 projects and \$11.2 billion committed — with 96 percent of resources going to projects below the S+ threshold. Ghana’s disbursement ratio collapsed to 2.81 percent in FY2026 as the government limited capital expenditure to meet IMF fiscal targets. Scaling up ambition while implementation capacity remains unchanged raises questions about whether diagnostic evolution has translated into operational realism.

The institutional question. The sovereign guarantee ensures every dollar is repaid regardless of development outcome. Pipeline pressure rewards approval volume. TTL rotation severs institutional memory. IEG evaluates after the fact, when everyone has moved on. These conditions produce an environment where diagnostic learning can coexist with operational inertia. The paper argues not that the Bank learned nothing — the CPF’s diagnostic sophistication and the strategic shift toward market connectivity show genuine evolution — but that the institution lacks mechanisms to compel the translation of diagnostic learning into operational change. The gap is not between ignorance and knowledge but between knowledge and practice.

What should be done differently. The Ghana record points toward specific operational propositions: build enabling market infrastructure rather than comprehensive transformation projects; radically simplify project design; concentrate geographically rather than pursuing nationwide reform; require demonstrated implementation capability before approving large operations; create mandatory institutional memory through lessons-learned gates in the approval process; measure employment outcomes that FCI projects are supposed to deliver; and finance institutional continuity rather than episodic interventions. The deepest lesson may be that development failure is often caused not by insufficient diagnosis but by institutional overreach relative to implementation reality. The Bank designs

for the country it hopes will exist. The future model must start from the country that actually exists.

This paper is the fourth in a series of country-level case studies on mdbreform.com. Nigeria Water examined whether the Bank learns from project failures in the water sector. Angola DPF examined policy lending failures. South Africa ESKOM examined energy sector failures. Ghana FCI examines competitiveness failures. Four countries, four sectors, four questions — and a consistent finding that the gap is not between ignorance and knowledge, but between knowledge and practice.

THE RECORD

1. Ghana's Private Sector: What the Bank Was Trying to Fix

Ghana is the World Bank's model borrower in West Africa. A stable multiparty democracy since 1992, it achieved middle-income status in 2011 and has sustained average GDP growth above five percent for two decades. Real GDP growth reached 5.8 percent in 2024 and was projected at 6 percent for 2025. President John Dramani Mahama, elected in December 2024, inherited a challenging fiscal environment following the 2022–2024 debt restructuring under an IMF Extended Credit Facility programme, but the macroeconomic fundamentals were stabilising.

Yet behind the headline growth, Ghana's private sector has remained stubbornly underdeveloped. The economy depends heavily on cocoa and gold exports, with limited value-added processing. State-owned enterprises have historically dominated infrastructure, banking, and utilities. Capital markets are shallow — the Ghana Stock Exchange's market capitalisation has never exceeded 20 percent of GDP. The informal sector accounts for roughly 80 percent of employment. Manufacturing contributes less than 10 percent of GDP. These are the structural constraints that fourteen consecutive FCI projects set out to address.

The Bank's total portfolio in Ghana stands at \$4.29 billion across 16 national projects, but the disbursement ratio collapsed to 2.81 percent in FY2026 as the government limited external capital expenditure to meet IMF fiscal targets. FCI is the worst-performing Global Practice in Ghana: fourteen projects, zero percent Satisfactory or higher. The next worst performer is Macroeconomics, Trade and Investment at 14 percent, followed by Environment at 15 percent.

What makes the Ghana record significant is not simply the underperformance rate but the conditions under which it occurred. Ghana is not a fragile state. It is not riven by civil conflict. Its democratic institutions are functional. Its civil service, while imperfect, is among the more capable in West Africa. The Bank has consistently described Ghana as a strong partner and a development success story. This raises the question of whether the persistent underperformance reflects country-specific constraints, instrument-level limitations, or — most likely — a mismatch between the two that the Bank has not adequately addressed.

The fourteen projects span the full taxonomy of FCI lending: two Development Policy Financing operations (FINSAC and Private Sector Adjustment), twelve Investment Project Financing operations. They cover credit lines, enterprise reform, capital market development, privatisation support, rural finance, trade zones, regulatory capacity building, public-private partnerships, climate innovation, financial sector strengthening, and tourism development. The Bank deployed every available approach within its sovereign lending toolkit. No project fully achieved its stated

development objectives, though several produced partial institutional improvements that outlived the projects themselves.

Table 1. Complete FCI Project Record: Ghana, FY1997-2024

#	P-Code	Project	FY	Rating	Size	Instrument
1	P000911	FINSAC II	1997	MS	\$50–100M	DPF
2	P000905	SME/Finance	1997	U	\$25–50M	IPF
3	P000920	Enterprise Development	1998	MU	\$10–25M	IPF
4	P000967	Private Sector Adjustment	1999	MU	\$50–100M	DPF
5	P000960	Private Sector Development	2000	U	<\$10M	IPF
6	P000943	Non-Bank Financial Institutions	2002	U	\$10–25M	IPF
7	P042516	Public Enterprise/Privatization	2004	MU	\$25–50M	IPF
8	P069465	Rural Financial Services	2008	MU	<\$10M	IPF
9	P000970	Trade Gateway & Investment	2010	MS	\$25–50M	IPF
10	P092986	Econ. Mgmt Capacity Building	2013	MU	\$25–50M	IPF
11	P125595	Ghana PPP Project	2018	U	\$25–50M	IPF
12	P145765	Climate Innovation Center	2021	MS	\$10–25M	IPF
13	P161787	Financial Sector Development	2024	MS	\$25–50M	IPF
14	P164211	Tourism Development	2024	MS	\$25–50M	IPF

Source: IEG ICRR/PPAR database, March 2026. Deduplicated by Project ID (PPAR retained over ICRR). Rating key: MS = Moderately Satisfactory, MU = Moderately Unsatisfactory, U = Unsatisfactory.

The rating distribution is striking. Of the six possible IEG outcome ratings — Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, and Highly Unsatisfactory — the Ghana FCI portfolio occupies only three: five at MS, five at MU, and four at U. The entire upper half of the rating scale — Satisfactory and Highly Satisfactory — is empty. In commitment-weighted terms: \$615 million committed, zero dollars to projects rated Satisfactory. \$247 million (40 percent) went to MS-rated projects. \$368 million (60 percent) went to projects rated MU, U, or HU. One hundred percent of resources went to projects that did not fully achieve their development objectives.

A NOTE ON RATINGS: WHY THIS PAPER USES S+

This paper uses the S+ threshold (Satisfactory or Highly Satisfactory) as the primary performance measure, consistent with the methodology used across the mdbreform.com platform. A project rated Moderately Satisfactory has, by definition, not been Satisfactory. It means objectives were achieved with moderate shortcomings — partial success, not full success. The six-point rating scale was introduced in 1994 to add granularity, not to redefine success. The World Bank’s institutional benchmark uses the broader MS+ threshold (Moderately Satisfactory or above), which counts partial achievement as acceptable and produces headline figures approximately double the S+ rates — allowing the institution to report 79-88 percent ‘satisfactory outcomes’ where the strict threshold shows 30-40 percent. This paper reports both where relevant but tracks S+ as the measure of whether projects fully achieved their development objectives. For the Ghana FCI portfolio: zero percent of projects and zero percent of the \$615 million committed achieved Satisfactory outcomes. Even at the MS+ threshold, only 36 percent of projects (accounting for 40 percent of committed resources) cleared the line. By either measure, the portfolio underperforms.

Table 2. Comparative Performance: Ghana FCI in Context (S+ Rate)

Portfolio	Projects	S+ Rate	Below MS	Period
Ghana FCI (this study)	14	0%	64%	FY1997–2024
Ghana MTI (next worst GP)	—	14%	—	FY1997–2024
Ghana Environment	—	15%	—	FY1997–2024
Sub-Saharan Africa FCI	67	36%	—	FY1997–2024

Sources: IEG ICRR/PPAR database, March 2026. FCI sector record from mdbreform.com/fci-record/. S+ = Satisfactory or Highly Satisfactory. Below MS = Moderately Unsatisfactory, Unsatisfactory, or Highly Unsatisfactory. All rates by project count.

At the strict S+ threshold, Ghana’s FCI portfolio is the weakest single-country FCI record in Sub-Saharan Africa. Its zero percent compares to a 36 percent S+ rate across the Africa-wide FCI portfolio of 67 projects. FCI is also the worst-performing GP within Ghana, followed by MTI at 14 percent and Environment at 15 percent. Separately, the IEG Ghana CLRV (FY13-18) found that Ghana’s overall portfolio performance across all Global Practices — using the broader MS+ threshold — was 63 percent, below the Africa average of 65 percent and the global average of 73 percent. The underperformance is real at both thresholds and specific to the competitiveness agenda.

The fourteen projects span every major FCI instrument type. Two were Development Policy Financing operations: FINSAC II (\$100 million) and Private Sector Adjustment (\$70 million plus \$87 million in cofinancing). Twelve were Investment Project Financing. The commitment sizes ranged from under \$10 million (Private Sector Development, Rural Financial Services) to \$100 million (FINSAC II). Underperformance is not concentrated in one instrument type, commitment bracket, or implementation period.

The temporal distribution reinforces the pattern. Generation One (FY1997–2002) produced four Unsatisfactory ratings in six projects. Generation Two (FY2004–2013) produced no fully Satisfactory outcome in four projects. Generation Three (FY2018–2024) produced one Unsatisfactory and three Moderately Satisfactory in four projects. There is no clear improvement trend across the three generations. The most recent hard failure — the PPP Project — was rated Unsatisfactory in FY2018, after twenty-one years of accumulated lessons.

2. Generation One: The Early Failures (FY1997–2002)

The first wave of FCI lending in Ghana comprised six projects approved between FY1997 and FY2002. Four were rated Unsatisfactory. The two rated Moderately Satisfactory — FINSAC II and Private Sector Adjustment — still fell short of their objectives. This was the most concentrated period of failure in the series.

FINSAC II (P000911) — FY1997, DPF, \$100M, MS

The Second Financial Sector Adjustment Credit was the largest of the fourteen projects, a \$100 million DPF cofinanced by Switzerland. It achieved substantial progress in restructuring and privatising distressed state-owned banks. But the fundamental objective of financial sector deepening was not achieved: the ratio of M2 to GDP and currency outside the banking system did not improve. IEG’s lesson: financial sector loans with financial deepening objectives should be implemented in periods of macroeconomic stability. Ghana was not macroeconomically stable. The lesson was ignored in project after project that followed.

SME/Finance (P000905) — FY1997, IPF, \$30M, Unsatisfactory

The Private Small and Medium Enterprise Development Project provided a \$30 million credit line and technical assistance to foster private sector supply response and generate employment. It was rated Unsatisfactory by both the ICR and IEG. Default rates on sub-loans were high. The mutualist credit guarantee scheme was never implemented. Assistance to microenterprises was negligible. Technical assistance was curtailed due to the failure to obtain cofinancing. Both Bank and Borrower performance were rated Unsatisfactory.

Enterprise Development (P000920) — FY1998, IPF, \$16.8M disbursed, MU

The Private Enterprise and Export Development Project was intended to support Ghanaian exporters through a \$34 million export credit and guarantee facility. Only \$16.8 million was disbursed — 60 percent of the credit was cancelled. Default rates on credit repayment were high, credit management remained problematic, and TA objectives were not realised. IDA misjudged the government’s ability to manage the macroeconomic environment and the risks of non-repayment. Notably, Ghana’s non-traditional exports doubled during the project period despite the project’s failure to achieve its stated objectives — a finding that raises counterfactual questions about

whether the project was necessary for the outcomes it claimed to support, though the relationship between the project and export growth requires careful interpretation.

The Enterprise Development and Private Sector Adjustment projects were evaluated together in a single IEG Performance Audit Report, producing identical lesson text. This is significant: the PPAR evaluator saw these not as two independent failures but as a single programme failure requiring unified assessment. The lesson identified — that capacity building exceeds implementing agency and IDA supervision capacity — applied to both the investment lending and policy lending instruments simultaneously.

Private Sector Adjustment (P000967) – FY1999, DPF, \$70M + cofinancing, MU

The second DPF in the series provided \$70 million in balance of payments support (plus \$87 million in cofinancing from Japan OECF and German KfW) for macroeconomic management and privatisation. The GDP growth target was 5.5 percent; the actual was 3.0 percent. Inflation was targeted at 5 percent; the actual was 28.5 percent. Both second and third tranche releases were delayed due to slippages, and the third required a Board waiver on privatisation conditions.

Private Sector Development (P000960) – FY2000, IPF, \$7.2M disbursed, Unsatisfactory

A \$13 million project to foster competitive private sector development through research institution restructuring, a technology enterprise fund, and legal sector support. Project costs were cut almost in half. The Council for Scientific and Industrial Research achieved only 10 percent private sector financing against a 30 percent target. The export industry was not supported. The legal sector reform did not materialise. A revised strategy added mid-project was not reported to the Board. Ministry overhead consumed 11 percent of total costs.

Non-Bank Financial Institutions (P000943) – FY2002, IPF, \$15.1M disbursed, Unsatisfactory

Perhaps the most telling failure. This project had fourteen components and forty-five sub-components serving eleven beneficiaries. The divestiture objective was ‘never seriously pursued’ and later abandoned. At the mid-term review, less than a fifth of the loan had been disbursed or committed. Components were repeatedly cancelled, restructured, and extended. An HIV/AIDS awareness component was tacked on because undisbursed funds were available — what IEG called ‘haste makes waste.’ The project ‘does not seem to have commanded the authorities’ attention and commitment.’

The NBFi project deserves extended discussion because it illustrates a design pathology that recurs throughout the Ghana FCI portfolio. Fourteen components serving eleven different beneficiaries, each with an independent programme,

managed by the Ministry of Finance as implementing agency. The project attempted to simultaneously promote the non-bank financial sector, develop a payments system, mobilise domestic savings, facilitate international capital inflows, create a competitive financial services industry, and support SOE divestiture. When the divestiture objective was abandoned, it was picked up by a separate Bank credit — the Privatisation project (P042516) — which itself was rated only MU.

The trajectory of the NBFi project's implementation reveals the dynamics of institutional drift. At the mid-term review in November 1998, less than a fifth of the loan had been disbursed. Three non-performing components — the State Insurance Company, the Ghana Reinsurance Company, and the Privatization Trust — were cancelled. Three others were extended. When a new government was elected in December 2000, it reviewed the project components, causing additional delays. Four components were extended for two additional years on condition that they prepare business plans. Then, in November 2001, an HIV/AIDS awareness component was added to the project — entirely unrelated to the project's objectives, attached simply because undisbursed funds were available. The pattern reveals a project losing coherence over time as political transitions, design revisions, and disbursement pressures pulled it in different directions.

The addition of the HIV/AIDS component to an FCI project because undisbursed funds were available illustrates a perverse institutional dynamic. In a system focused on development outcomes, undisbursed funds would signal design-to-context mismatch, and the institutional response would be to cancel the unused allocation. Instead, the Bank's system treated undisbursed funds as a problem to be solved by adding new spending — regardless of relevance to the project's objectives. This is not an anomaly. It reflects a disbursement culture that IEG has documented across multiple evaluations.

Four Unsatisfactory ratings in six projects. Not one achieved its core objectives. The cumulative lesson was unambiguous: Ghana's private sector could not be reformed through credit lines, technical assistance, or policy-based lending without macroeconomic stability, government ownership, and institutional capacity. The Bank wrote these lessons down. Then it lent again.

The financial scale of Generation One's failure deserves emphasis. The six projects committed approximately \$240 million in IDA credits (plus substantial cofinancing), of which significant proportions were cancelled or undisbursed. The Enterprise Development project cancelled 60 percent of its credit. The Private Sector Development project disbursed only \$7.2 million of \$13 million. The Non-Bank Financial Institutions project disbursed \$15.1 million of \$24.9 million. The pattern was not merely that objectives were unmet but that the projects could not even disburse the funds allocated to them — a leading indicator of fundamental design-to-context mismatch.

A striking feature of Generation One is the contradiction between project failure and country progress. Ghana's non-traditional exports doubled during the period of the

Enterprise Development project, despite the project's failure to achieve its objectives. This raises the counterfactual that haunts the entire series: would Ghana's private sector have developed at the same rate, or faster, without the Bank's FCI interventions? IEG itself noted in the PPP review twenty years later that 'it is quite possible that the same results could have been achieved without the project.'

3. Generation Two: The Institutional Approach (FY2004-2013)

Having failed with direct private sector support, the Bank pivoted to institutional strengthening. Four projects between FY2004 and FY2013 attempted to build the governance, regulatory, and financial infrastructure that the first generation had assumed would already exist. None achieved Satisfactory.

Public Enterprise/Privatisation (P042516) – FY2004, IPF, \$25M, MU

A \$26 million project to support Ghana's privatisation programme. Of 114 targeted small firms, 57 were privatised. Of five targeted large SOEs — Electricity Corporation of Ghana, Ghana Railways, Ghana Water Company, Ghana Commercial Bank, and National Investment Bank — only one was restructured. The closing date was extended by 30 months. The positive achievement: business registration time was cut from 85 days to 3 days. The central objective of large-scale SOE reform was not met.

Rural Financial Services (P069465) – FY2008, IPF, \$5.7M IDA, MU

A \$24 million project (with \$18.7 million IFAD cofinancing) to promote growth and reduce poverty by broadening financial intermediation in rural areas. The project achieved genuine institutional results: it strengthened the rural and community banking system, contributed to the establishment of the ARB Apex Bank, and improved regulatory oversight of rural financial institutions. These are durable achievements. However, the project fell short on productive lending, depth of outreach to small farmers, and sustainability of some rural banks. The PPAR found important institutional strengthening but weaker-than-expected developmental impact. Components were revised at mid-term after poor performance on outreach indicators.

The Rural Financial Services project reveals a structural tension in the Bank's FCI approach: the disjunction between ambition and resources. The project's objectives — linking the informal financial sector to formal banking, creating an apex structure for rural banks, strengthening regulatory oversight — were system-level transformations. The IDA contribution was \$5.7 million. The assumption that \$5.7 million could restructure Ghana's rural financial architecture reflects either extraordinary optimism about the power of technical assistance or insufficient regard for the scale of the challenge. IFAD's \$18.7 million cofinancing brought the total higher, but divided across four components and dozens of sub-activities, the per-activity funding was negligible.

Trade Gateway & Investment (P000970) — FY2010, IPF, \$25-50M, MS. The best-performing project of Generation Two, and arguably the closest the FCI portfolio came to genuine impact. The project contributed to the Tema export processing zone, customs modernisation, and investment facilitation — institutional improvements that outlived the project. Its MS rating reflects real achievements with shortcomings, not wholesale failure. Yet the project still did not fully achieve its development objectives, and the institutional improvements it established did not prevent subsequent FCI projects from underperforming.

Economic Management Capacity Building (P092986) — FY2013, IPF, \$30M, MU

A \$40.8 million project with seven components spanning twelve areas of public sector reform and thirty-one areas of financial sector reform. The sheer complexity — forty-three activity areas across seven components — replicated exactly the design flaw that had been identified in every previous project. The project was restructured and extended by two years. IEG’s rating: Moderately Unsatisfactory.

Generation Two produced the same results as Generation One, through different means. The Bank had correctly diagnosed that institutional weakness was the binding constraint. But its response — seven-component, forty-three-activity-area projects — was itself an institutional capacity problem. The projects demanded more of their implementing agencies than those agencies could deliver, which was precisely the lesson the Bank had learned and written down a decade earlier.

The Privatisation project is particularly instructive. The project’s target was to restructure five large SOEs: the Electricity Corporation of Ghana, Ghana Railways, Ghana Water Company, Ghana Commercial Bank, and National Investment Bank. These entities controlled Ghana’s critical infrastructure. Only one was restructured by project closing. Two decades later, Ghana’s SOE sector remains a fiscal burden — the same entities, or their successors, continue to generate the losses, contingent liabilities, and governance failures that the 2004 project was designed to resolve.

The Economic Management project exemplifies a design pathology the Bank has never corrected: the mega-project that tries to reform everything simultaneously. Seven components covering forty-three activity areas across public sector reform and financial sector reform is not a project — it is an omnibus reform programme disguised as a lending operation. IEG’s lesson from the 1998 Enterprise Development project had been unambiguous: ‘a wide-ranging reform program exceeded the capacity of the implementing agencies.’ Fifteen years later, the Bank designed the widest-ranging reform programme in its Ghana FCI portfolio.

4. Generation Three: The Modern Failures (FY2018-2024)

Four projects closed between FY2018 and FY2024. The PPP Project was rated Unsatisfactory — the most recent hard failure. The other three achieved Moderately

Satisfactory, which means they partially met their objectives but fell short of full achievement. Zero Satisfactory in the most recent generation.

Ghana PPP Project (P125595) – FY2018, IPF, \$19.5M disbursed, Unsatisfactory

The most recent Unsatisfactory in the series and the most damning. A \$30 million project to create a legislative, institutional, financial, fiduciary, and technical framework for PPPs. The PPP law was submitted to Cabinet four times and never enacted. PPP regulations were never created. The Ghana Ports and Harbour Authority unilaterally terminated competitive bidding for the Takoradi Port terminal. Only two of three required PPP transactions reached due diligence. IEG rated efficiency ‘Negligible’ and M&E quality ‘Negligible.’ IEG upgraded the ICR’s MU to Unsatisfactory, concluding that ‘it is quite possible that the same results could have been achieved without the project.’ Bank performance was rated Moderately Unsatisfactory, with multiple TTL rotations contributing to supervision inefficiency.

**Climate Innovation Center (P145765) – FY2021, IPF, \$10-25M, MS.
Financial Sector Development (P161787) – FY2024, IPF, \$25M, MS.
Tourism Development (P164211) – FY2024, IPF, \$25-50M, MS.**

The three Moderately Satisfactory projects of Generation Three represent the Bank’s latest FCI efforts. The Financial Sector Development project underwent a Level 1 restructuring in 2023 to accommodate the Domestic Debt Exchange Programme — Ghana’s debt crisis required the project to pivot from its original design. These are not stories of success. They are stories of partial achievement in a sector where the Bank has never once fully achieved its objectives.

The PPP project merits extended analysis because it encapsulates every failure mode documented across the full twenty-seven-year record. The project was designed as a two-phase Adaptable Programme Lending operation, but the Bank discontinued APL as an instrument in 2015, cancelling the second phase. This meant that the first phase — designed to build the institutional foundation — could not be followed by the second phase that would have provided catalytic financing. The theory of change was amputated mid-implementation by a Bank policy decision unrelated to Ghana.

The PPP law was the project’s centrepiece: without it, PPP transactions had no legal foundation. The draft bill was submitted to Cabinet four times — in 2014, 2015, 2017, and 2018 — and never enacted. Parliament was dissolved before it could vote. IEG noted that ‘during the entire duration of the project, PPP projects were thus initiated and prepared without the benefit of a robust legal framework.’ The fragility of this arrangement was demonstrated when the Ghana Ports and Harbour Authority unilaterally terminated competitive procurement for the Takoradi Port Integrated Terminal, one of the project’s showcase transactions.

IEG’s assessment was devastating. Efficiency was rated Negligible. M&E quality was rated Negligible. The ICR’s own Moderately Unsatisfactory rating was upgraded by IEG to Unsatisfactory because ‘the ratings in the ICR do not match the narrative and

the limited evidence provided.’ This is notable: the Bank’s own self-assessment was more generous than the evidence warranted. The pattern of self-assessment inflation is documented across the FCI portfolio — and across the broader IEG database.

The PPP project also illustrates the problem of multiple TTL rotations. IEG found that high staff turnover on both the Bank and government sides ‘contributed to inefficiency of supervision.’ Over the project’s six-year life, several Task Team Leaders came and went. Each new TTL inherited the project mid-stream, without the institutional memory of why certain design choices had been made or why certain components were underperforming. The supervision record shows that until the final two Implementation Status Reports, the fundamental problems with the project were not flagged. The M&E system collected data but, as IEG noted, ‘there was no evidence that any of the information collected was utilized to identify issues.’

Generation Three taken as a whole demonstrates that the Bank’s FCI lending in Ghana has not improved in a quarter century. The four most recent projects — spanning FY2018 to FY2024 — produced one Unsatisfactory and three Moderately Satisfactory. This is better than Generation One’s four Unsatisfactory in six projects, but only marginally: the absolute ceiling remains MS, partial achievement of objectives. The Bank has learned to fail less catastrophically. It has not learned to succeed.

5. The Same Lessons Written Fourteen Times

The most striking feature of the Ghana FCI record is not the failure rate but the repetition. IEG evaluators documented the same lessons across twenty-seven years, and the Bank approved the same types of projects regardless.

Table 2. The Recurring Lessons: What IEG Said, and the Bank Ignored

Project	FY Rating	IEG Lesson
P000905	1997 U	<i>Capacity building in the financial sector is more likely to succeed in the presence of macroeconomic stability, a disciplined financial system, and a business environment conducive to private investment.</i>
P000920	1998 MU	<i>Capacity building and institutional development are slow processes... a wide-ranging reform program exceeded the capacity of the implementing agencies as well as IDA’s supervision teams.</i>
P000967	1999 MU	<i>Same lesson as P000920 — evaluated in a single PPAR. The Bank acknowledged it had exceeded country capacity. Then repeated the design in every subsequent project.</i>
P000960	2000 U	<i>Government ownership must be carefully assessed before the Bank tries to support reforms. The Bank should not attempt to buy reforms in a subsector without strong evidence of government commitment.</i>
P000943	2002 U	<i>It seems inadvisable to try and promote a nonexistent industry through capacity building technical assistance and creating regulatory institutions.</i>

P042516	2004 MU	<i>An ambitious privatization program should be well sequenced within a long time-frame, taking into account many factors necessary for its achievement (e.g., consistent government commitment across time, political realities of the country).</i>
P125595	2018 U	<i>Vested interests often oppose PPP projects, which suggests that there needs to be substantial focus on SOE reform and regulation at project outset.</i>

Source: IEG ICRR/PPAR Lessons database, March 2026.

Five themes appear and reappear across the twenty-seven years:

Government ownership. In 2000, IEG wrote that the Bank ‘should not attempt to buy reforms without strong evidence of government commitment.’ In 2002, IEG noted that the NBFII project ‘does not seem to have commanded the authorities’ attention.’ In 2018, IEG recorded that vested interests opposed PPP reform. The Bank never conditioned subsequent lending on demonstrated ownership of previous commitments.

Capacity constraints. In 1998, IEG found that ‘a wide-ranging reform program exceeded the capacity of the implementing agencies.’ In 2013, the Bank approved a seven-component, forty-three-activity project. The lesson was acknowledged. The design was not changed.

Macroeconomic instability. FINSAC II in 1997 established that financial sector deepening requires macroeconomic stability. The SME/Finance project in the same year confirmed it. Ghana has experienced recurrent macroeconomic crises — including the 2014–2015 fiscal crisis and the 2022–2024 debt restructuring — yet the Bank continued to design FCI projects that assumed stability would materialise.

Design complexity. The Non-Bank Financial Institutions project in 2002 had fourteen components and forty-five sub-components. The Economic Management project in 2013 had seven components and forty-three activity areas. Over-design was identified as a problem in the first generation and replicated in every subsequent generation.

Sequencing failures. The Privatisation project in 2004 was told that ambitious programmes must be ‘well sequenced within a long time-frame.’ The PPP project in 2018 attempted to build a PPP pipeline before the PPP law was enacted — submitting it to Cabinet four times without success. Sequencing was a documented lesson. It was never a design constraint.

The repetition of these lessons reveals something more fundamental than project-level failure. It reveals an institutional system that produces evaluation without consequence. Each IEG review carefully identifies what went wrong. Each lesson is archived in the IEG database. And each subsequent project design proceeds as though the database does not exist.

Consider the sequence from the Bank’s own evaluators’ perspective. In 1997, IEG established that financial sector capacity building requires macroeconomic stability. In 1998, IEG warned that wide-ranging reform programmes exceed implementing agency capacity. In 2000, IEG stated that the Bank should not attempt to buy reforms without government commitment. In 2002, IEG called it inadvisable to promote a nonexistent industry through technical assistance. In 2004, IEG urged well-sequenced, long-timeframe approaches. In 2018, IEG found that vested interests oppose PPP reform and SOE reform must come first.

Each lesson was correct. Each was ignored. The question is not whether IEG’s diagnostic capability is adequate — it demonstrably is. The question is why a correct diagnosis, repeated seven times across twenty-one years, produces no change in the prescribed treatment. The answer lies not in the quality of evaluation but in the institutional architecture that separates evaluation from lending decisions.

In the World Bank’s current structure, IEG reports to the Board, not to the operational Vice Presidencies that approve new lending. The FCI Global Practice Director has no obligation to demonstrate that new project designs incorporate IEG lessons from previous failures in the same country and sector. There is no mandatory ‘lessons learned’ gate in the project approval process that requires sign-off from IEG or from a designated accountability officer. The result is a system where learning is institutionally possible but not institutionally required.

6. The Successor Pipeline: Diagnostic Evolution Without Operational Resolution

The Ghana FCI record does not end with fourteen closed projects. The Bank’s competitiveness agenda has continued to evolve — and, to its credit, the FY22–26 Country Partnership Framework reflects substantially more sophisticated diagnostic thinking than the first-generation project designs. The CPF explicitly acknowledges many of the same structural constraints identified in this paper: weak private sector productivity, shallow manufacturing, limited formal firm growth, infrastructure bottlenecks, and governance failures in the energy sector. The CPF even states that ‘the inability of the Government to effect real reform in the energy sector previously undermined the ability of the World Bank to provide critical support.’ This is diagnostic learning.

Yet the operational response to this improved diagnosis remains the same: large sovereign-led transformation projects, at increasing scale. The question is whether diagnostic learning has translated into operational change.

P PIPELINE

P176126 — Ghana Digital Acceleration Project: Active, FCI-related. Mid-term review scheduled December 2025.

P513708 — Ghana Market Access and Connectivity Project: \$500 million, under preparation for FY2026. A cross-sectoral connectivity, logistics, and infrastructure

operation led by the Ministry of Roads and Highways — not a traditional FCI project, but the largest competitiveness-related successor operation in Ghana’s history.

IFC committed \$505 million in FY2026 in Ghana (B5 Plus, Solar for Industries, Melcom, and others).

The Market Access and Connectivity Project represents a genuine strategic evolution. The Bank is moving from standalone SME credit lines and narrow business-environment reforms toward integrated market connectivity, logistics infrastructure, and corridor-based economic transformation. This shift reflects diagnostic lessons — it aligns with IEG’s Industry Competitiveness and Jobs evaluation finding that infrastructure and coordination constraints matter more than formal regulatory simplification. To that extent, the Bank has learned.

However, the shift raises its own questions. The project is led by the Ministry of Roads and Highways, not by the implementing agencies that managed FCI projects. It is fundamentally a transport and connectivity operation with competitiveness dimensions. The Transport Record on [mdbreform.com](https://mdbreform.com/transport-record/) documents SSA transport at 10.8 percent Satisfactory across 65 projects and \$11.2 billion committed, with 96 percent of resources below the S+ threshold (mdbreform.com/transport-record/). In IDA FCS countries, transport reaches 18.8 percent S+ — but in non-FCS countries like Ghana, it drops to 8.2 percent. Moving from an underperforming FCI model to a large infrastructure-led model does not resolve the underlying implementation constraints if the infrastructure sector itself faces similar challenges: coordination failures, institutional fragmentation, political economy barriers, and disbursement pressures.

The disbursement context compounds the concern. Ghana’s disbursement ratio collapsed to 2.81 percent in FY2026 — down from 19.5 percent in FY2025 — as the government severely limited external-financed capital expenditure to meet IMF fiscal targets. Approving a \$500 million operation in a country that is currently unable to disburse its existing portfolio warrants careful scrutiny regardless of how well the project is designed.

The IFC’s \$505 million commitment in FY2026 raises parallel questions. IFC investments in Ghana — including B5 Plus, Solar for Industries, and Melcom — are private sector transactions that bypass the government implementation channel. Whether IFC achieves better development outcomes than IDA’s FCI portfolio in the same country and the same sector is a question that the IEG evaluation framework does not systematically answer. The Bank Group’s internal evaluation architecture separates IDA and IFC assessments, preventing the cross-instrument comparison that the Ghana record demands.

The right institutional response to the Ghana FCI record would be a mandatory Failure Review Protocol — a requirement that any new FCI operation in a country with a zero-percent Satisfactory record must include, in its Project Appraisal

Document, a dedicated section demonstrating how each lesson from each failed predecessor has been addressed in the new design. This would not prevent new lending. It would require that new lending demonstrate learning. No such protocol exists.

The succession pattern in Ghana mirrors a broader institutional dynamic. In Nigeria, eight consecutive water sector failures were followed by a \$700 million successor (SURWASH). In Angola, six DPF operations with declining ratings were followed by new DPF preparation. In each case, the Bank's response to persistent underperformance was to scale up ambition, integrate more sectors, and increase project complexity. The diagnostic thinking improved. The operational model — large sovereign-led transformation projects through government implementing agencies — remained fundamentally unchanged.

This pattern is understandable within the Bank's institutional context. Halting competitiveness lending to Ghana after fourteen underperforming projects would reduce the country portfolio, the lending programme, and the institutional footprint. Preparing a \$500 million successor demonstrates strategic ambition and responsiveness to the CPF's transformation agenda. The question is not whether ambition is appropriate — it may be — but whether the underlying implementation constraints that limited the previous fourteen projects have been addressed.

The specific questions that the Board should ask about P513708 are not whether the design is technically sound — every PAD is technically sound on paper — but whether government ownership of large-scale reform is demonstrably stronger than during the PPP project; whether implementing agency capacity has expanded since the Economic Management project's forty-three activity areas overwhelmed the same agencies; whether the supervision model has been restructured to prevent the TTL rotation that undermined previous projects; and whether the shift to a transport-led modality resolves or merely relocates the implementation challenges documented in this paper.

7. What IEG's Own Country and Sector Reviews Found

The project-level evidence presented above is corroborated by IEG's own country strategy review and sector-wide evaluations. The Ghana Country Partnership Strategy CLRV (FY13–18) and the Industry Competitiveness and Jobs evaluation independently confirm the patterns identified in the fourteen FCI projects.

THE GHANA CLRV: CONFIRMING WEAK LEARNING

IEG's Completion and Learning Review Validation rated Ghana's overall CPS development outcome Moderately Satisfactory and WBG performance Fair. Portfolio performance was below both Africa and world averages (63 percent Satisfactory vs 65 percent Africa vs 73 percent world). IEG found that 'the CPS did not fully incorporate all relevant lessons from the previous CAS' and that the Bank 'missed the opportunity

to address shortcomings of the results framework, an indication of weak learning.’ Having fifteen CPS objectives was deemed excessive — the same weakness identified in the previous country strategy cycle. Weak government ownership of SOE reform — reflecting ‘weak ownership of past reform efforts’ — was noted as an underestimated risk.

The IFC contrast. The CLRV contains a critical finding that introduces important nuance. IFC advisory work on Ghana’s credit reporting system exceeded its MSME lending targets by more than seven times and was rated successful. A separate IFC SME initiative, however, was rated ‘highly unsuccessful.’ This differentiation is analytically significant: it suggests that targeted market infrastructure advisory — building credit bureaux, collateral registries, and information systems — can succeed where large sovereign-led reform projects struggle. The modality matters. When IFC worked through advisory services to strengthen financial infrastructure, the results were measurable and positive. When IDA worked through complex multi-component sovereign projects to achieve the same objectives, the results were consistently weaker.

Political economy inside Ghana. The paper’s focus on institutional incentives within the Bank should not obscure the political economy constraints within Ghana. Many project failures reflected domestic dynamics that the Bank repeatedly underestimated: electoral cycles disrupted implementation (the NBF1 project was derailed when a new government reviewed all components in 2000–2001); SOE patronage networks resisted privatisation (only one of five large SOEs was restructured under the 2004 project); macroeconomic populism generated the 2014–2015 fiscal crisis and the 2022–2024 debt restructuring that undermined the enabling environment for competitiveness reform; and bureaucratic fragmentation — the Ministry of Finance implementing financial sector projects while sector-specific ministries implemented competitiveness projects — created coordination failures that IEG identified project after project. The Bank’s culpability lies not in failing to control Ghanaian politics but in persistently designing projects that assumed political conditions would be more favourable than they were, despite twenty-seven years of evidence to the contrary.

IEG’s Industry Competitiveness and Jobs evaluation (2016) reached conclusions strikingly consistent with the Ghana record. The evaluation found that business environment reform alone was insufficient for competitiveness transformation; that coordination failures, infrastructure constraints, and firm capability gaps were systematically underestimated; and that political economy barriers to industrial upgrading were frequently the binding constraint. These are precisely the findings that emerge from the Ghana FCI portfolio — confirmed at the sector-wide level by IEG’s own thematic evaluation.

8. Ghana Is Not an Outlier: The FCI Sector Record

The companion paper on mdbreform.com documented the complete FCI sector record across Sub-Saharan Africa: 67 projects, \$4.4 billion in commitments, and a 36 percent Satisfactory-or-higher rate. Ghana’s record is the weakest single-country FCI portfolio in the database, but it is not a statistical anomaly. It is the extreme case of a systemic pattern.

THE SECTOR-WIDE PATTERN

Across Africa, FCI projects literally named ‘Competitiveness and Job Creation’ were all rated MU or worse. The Ghana record is the single-country expression of what the sector record documented at the portfolio level: the World Bank’s FCI lending has not delivered private sector competitiveness, has not created the ‘enabling environments’ it designed, and has not produced the jobs its project documents promised.

The FCI Global Practice occupies a structurally challenging position within the World Bank. It is a public sector institution lending sovereign-guaranteed funds to governments to create private sector competitiveness. The theory of change requires that governments use public money to build institutions that attract private investment, which then creates jobs and growth. The IEG record shows that this theory of change has struggled to consistently deliver transformational outcomes across Africa — and in Ghana, no project has fully achieved it.

The FCI sector record documented on mdbreform.com found that across Sub-Saharan Africa, projects with the explicit words ‘Competitiveness and Job Creation’ in their titles were all rated MU or worse. The projects most explicitly designed to create employment uniformly fell short of their stated objectives. This raises serious questions about the underlying theory of change — whether sovereign-led competitiveness projects can reliably deliver the transformational outcomes their project documents promise.

Ghana’s record sits at the extreme end of a distribution that skews negative. Countries with large FCI portfolios in Sub-Saharan Africa — Nigeria, Kenya, Tanzania, Ethiopia — show similar patterns of below-average performance. FCI lending in Africa faces persistent structural challenges, and Ghana is the most thoroughly documented case.

The four case studies now published on mdbreform.com reveal a consistent institutional pattern across different countries, sectors, and instruments:

THE FOUR CASE STUDIES

Nigeria Water (8 projects, 34 years, \$1.8 billion): Does the Bank learn from project failures in the water sector? South Africa ESKOM (Medupi and Kusile, \$3.75 billion IBRD loan): Does the Bank learn from energy sector failures? Angola DPF (6 operations, 24 years, \$2.2 billion): Does the Bank learn from policy lending failures? Ghana FCI (14

projects, 27 years, \$615 million): Does the Bank learn from competitiveness failures? Four countries with different governance systems, economic structures, and institutional capacities. Four different sectors. The same result: diagnostic learning that does not translate into operational change.

The convergence across these four case studies eliminates the most common defences. It is not a country-specific problem — the pattern holds in a stable democracy (Ghana), a petro-state (Angola), a middle-income industrial economy (South Africa), and a federal mega-state (Nigeria). It is not a sector-specific problem — it holds in water, energy, finance, and macroeconomic policy. It is not an instrument-specific problem — it holds for IPF, DPF, IBRD, and blended operations. What remains, once country, sector, and instrument effects are stripped away, is the institutional incentive structure itself.

9. Ghana and Jobs: The Crisis the Portfolio Was Supposed to Address

The FCI Global Practice exists to create jobs. Its full name — Finance, Competitiveness and Innovation — is the institutional shorthand for the World Bank’s private sector development and employment agenda. The fourteen projects examined in this paper were designed, approved, and justified on the premise that they would help Ghana build a competitive private sector capable of generating productive employment. The question that remains after twenty-seven years is what that promise delivered against the employment challenge it was supposed to address.

The scale of Ghana’s jobs challenge is well documented. Approximately 300,000 young people enter the labour market each year. Youth unemployment (ages 15-24) reached 32.5 percent in the third quarter of 2025, rising to 49.3 percent in Greater Accra. Some 1.34 million young Ghanaians are classified as not in education, employment, or training. Among those who do find work, 68 percent are in vulnerable employment — low-paying, insecure, informal positions without social protection. The government has described youth unemployment as a national security risk.

The structure of the economy explains why. Agriculture employs roughly 30 percent of the workforce but contributes less than 20 percent of GDP — a productivity gap that traps rural workers in subsistence. Manufacturing contributes less than 10 percent of GDP and has not expanded significantly in two decades. The informal sector accounts for approximately 80 percent of employment. Formal private sector job creation — the specific outcome that FCI projects are designed to catalyse — remains negligible relative to the annual flow of labour market entrants.

This is the context in which fourteen FCI projects were approved and evaluated. The projects carried titles and objectives explicitly oriented toward employment: ‘Private Sector Development,’ ‘Enterprise Development,’ ‘Competitiveness and Job

Creation.’ They promised to strengthen SME finance, build capital markets, privatise state enterprises, create trade zones, develop PPP frameworks, and foster innovation — all as pathways to productive employment. IEG’s evaluation of these projects does not record employment outcomes because M&E systems rarely tracked them. The lessons database mentions employment in only a handful of cases. The jobs machine did not measure whether it created jobs.

The Bank’s current CPF for Ghana (FY22–26) places job creation at the centre of its strategy, emphasising economic transformation, AfCFTA integration, digital entrepreneurship, and private sector productivity. These are the right diagnostic themes. But the operational record raises a prior question: if fourteen projects over twenty-seven years — spanning every FCI instrument and approach — could not fully achieve their competitiveness objectives in Ghana, what institutional basis exists for confidence that the next generation will deliver the employment outcomes that the previous generations did not?

This is not an argument against ambition. Ghana’s youth unemployment crisis demands urgent action. It is an argument that ambition without demonstrated learning is aspiration without foundation. The \$500 million Market Access and Connectivity Project, the IFC’s \$505 million commitment, and the Ghana Digital Acceleration Project collectively represent the Bank Group’s largest-ever competitiveness-related engagement in Ghana. If these operations are to succeed where their predecessors did not, they must be designed with explicit reference to the implementation constraints, political economy realities, and institutional capacity limitations that IEG has documented for twenty-seven years. The jobs crisis is too important to address with instruments that have not yet demonstrated they can deliver.

10. What the Ghana Record Suggests Should Be Done Differently

The Ghana FCI record is not merely a catalogue of underperformance. It is a twenty-seven-year evidence base for what works and what does not in sovereign-led competitiveness lending. If the institution were to take its own evaluation findings seriously, several operational propositions follow directly from the evidence.

Build enabling systems, not transformation projects. The most consistent finding across all fourteen projects is that the Bank is weakest when it attempts comprehensive sovereign transformation and strongest when it builds specific market infrastructure. The IFC credit reporting advisory exceeded its MSME lending targets by seven times. The Trade Gateway project — the closest to genuine impact — contributed durable improvements to customs modernisation and export processing. The lesson is concrete: finance procurement platforms, customs interoperability, digital payments, land registries, logistics systems, and utility billing infrastructure. These are less ambitious than ‘Competitiveness and Job

Creation’ but they compound over time. Markets generate competitiveness when friction declines. The Bank is better at reducing friction than directing entrepreneurial behaviour.

Radical simplification. The Non-Bank Financial Institutions project had fourteen components and forty-five sub-components. The Economic Management project had seven components spanning forty-three activity areas. IEG flagged design complexity in 1998 and the Bank replicated it in every subsequent generation. The empirical finding is unambiguous: complexity overwhelms implementation capacity. A useful discipline would be that if a project cannot be explained operationally in one page, it is too complex for the institutional environment in which it will be implemented. Fewer components, fewer ministries, fewer indicators, fewer conditions, fewer assumptions.

Shift from national ambition to geographic concentration. The fourteen projects treated Ghana as a coherent national implementation system. Many designed nationwide reforms across multiple agencies simultaneously. The evidence suggests that concentrated geographic focus — corridors, cities, export zones, industrial clusters — produces more durable results than diffuse national programmes. Build functioning economic geography first; scale later. This is how successful developing economies from China to Rwanda to Morocco actually transformed.

Introduce implementation readiness thresholds. No project in the Ghana FCI portfolio was conditioned on demonstrated implementation capability. Projects assumed capacity would be built during implementation. IEG found repeatedly that it was not. Before approving large operations, the Bank should require demonstrated procurement reliability, staffing continuity, financial controls, contract management capability, and execution track record — not just policy commitment. No \$500 million operation should proceed without demonstrated operational capability at smaller scale first. That single discipline might have prevented several of the failures documented in this paper.

Create mandatory institutional memory. The PPP project had multiple TTL rotations, which IEG found contributed to supervision inefficiency. When TTLs rotate, Country Directors move, and GP structures are reorganised, operational learning is erased. The Bank needs mandatory lessons-learned gates in the project approval process — a requirement that new operations in a country-sector with a below-Satisfactory record must demonstrate, in the Project Appraisal Document, how each IEG lesson from each predecessor has been addressed. This would not prevent new lending. It would require that new lending demonstrate learning.

Measure what matters. The FCI Global Practice exists to create jobs. Fourteen projects over twenty-seven years did not systematically track employment outcomes. M&E quality was rated Modest or Negligible across most of the portfolio. If the institution cannot measure whether its competitiveness projects create jobs, it cannot learn whether its theory of change works. Every FCI project should be required to track, at minimum, formal employment generation, firm creation and

survival rates, and productivity change in targeted sectors — not as aspirational PDO indicators but as monitored intermediate outcomes.

Finance continuity, not episodes. Every project in the Ghana FCI record recreated project implementation units, fiduciary systems, consultants, procurement processes, and M&E frameworks from scratch. Then they disappeared. State capability accumulates through repetition, not episodic interventions. The Bank should consider financing standing implementation platforms, permanent delivery units, and retained technical capacity rather than discrete time-bound projects. The instrument should match the nature of the development challenge: institutional transformation is not a project. It is a process.

These propositions are not novel. Most of them echo what IEG has been saying for twenty-seven years. The question is not whether the diagnosis is available — it demonstrably is — but whether the institution’s incentive structure permits the diagnosis to change the prescription. The Ghana FCI record suggests that the deepest lesson may be this: development failure is often caused not by insufficient diagnosis but by institutional overreach relative to implementation reality. The Bank repeatedly designs for the country it hopes will exist. The future model must start from the country that actually exists.

11. Why the Bank Does Not Learn from Competitiveness Failures

The Ghana FCI record is consistent with the institutional incentive analysis described in the Game Theory paper on mdbreform.com. The Bank’s institutional architecture — the sovereign guarantee, the pipeline pressure, TTL rotation, and the separation of evaluation from lending decisions — produces conditions in which repeated underperformance does not trigger changed practice.

The sovereign guarantee. Every dollar lent to Ghana is repaid regardless of project outcome. The SME/Finance project was Unsatisfactory. The credit was repaid. The PPP project was Unsatisfactory with Negligible efficiency. The credit was repaid. The sovereign guarantee means the Bank faces no financial consequence from underperforming development outcomes — removing the feedback mechanism that would, in a market system, force reassessment of a consistently underperforming product line.

The pipeline incentive. The Bank’s business model rewards lending volume. When a \$30 million PPP project underperforms, the institutional response is not to pause and reassess but to prepare a \$500 million successor. The Ghana Market Access and Connectivity Project reflects genuine strategic evolution — but it also reflects pipeline dynamics that favour scaling up over consolidation.

TTL rotation. The PPP project alone had multiple Task Team Leaders, which IEG found ‘contributed to inefficiency of supervision.’ When TTLs rotate, the institutional memory of why previous projects failed rotates with them. Each new TTL inherits a country strategy, not a failure record.

The structural question. The Ghana record raises a question that the Bank has not systematically addressed: under what conditions can sovereign-guaranteed project lending deliver transformational private sector competitiveness outcomes? Fourteen projects across twenty-seven years suggest that the conditions required — sustained macroeconomic stability, strong government ownership, adequate implementing capacity, and favourable political economy — rarely co-exist in the borrowing countries where the Bank operates. This is not an argument that FCI lending is inherently impossible, but that the Bank has persistently designed projects that require conditions it already knew were absent.

The accountability vacuum. No individual within the World Bank has ever been held accountable for the Ghana FCI record. The TTL who designed the PPP project moved on before it was evaluated. The Country Director who approved the portfolio has rotated. The FCI Global Practice Director who oversees the sector has no institutional obligation to explain why fourteen consecutive projects failed to achieve Satisfactory. The IEG lessons were written, filed, and ignored. The evaluation system produces diagnosis without consequence.

The Ghana FCI record is not a failure of execution. It reflects structural features of the Bank’s institutional design. The incentive architecture — described in the Game Theory paper as a stable equilibrium — produces conditions where the rational strategy for every actor (the TTL, the Country Director, the GP Director, the government counterpart) is to proceed with new lending regardless of past performance. The borrower wants the resources. The TTL wants the approval. The Country Director wants the pipeline. The GP Director wants the portfolio. IEG evaluates after the fact, when everyone has moved on. The sovereign guarantee means the Board faces no financial consequence. At the same time, Ghana’s domestic political economy — electoral cycles, SOE patronage, macroeconomic populism — creates demand-side conditions that reinforce the supply-side incentives.

This pattern has held for twenty-seven years in Ghana. The Bank’s diagnostics have evolved considerably — from SME finance and privatisation toward integrated market connectivity and systems competitiveness. That evolution deserves acknowledgement. But the operational model — large sovereign-led transformation projects through government implementing agencies — has remained fundamentally unchanged, and the institutional incentive structure continues to favour scaling up despite persistent evidence that implementation capacity, coordination failures, and political economy constraints limit transformational outcomes. The \$500 million Market Access and Connectivity Project may represent the next phase of a genuine learning process, or it may represent another escalation of ambition without resolution of the underlying constraints. The question for the Board, the IDA

Deputies, and the Ghana government is whether sufficient evidence exists that this time will be different.

THE FUNDAMENTAL QUESTION

The World Bank’s diagnostic understanding of Ghana’s competitiveness constraints has evolved considerably over twenty-seven years — from SME finance and privatisation toward market connectivity and systems transformation. That evolution is real. But the operational instrument — large sovereign-led projects through government implementing agencies, financed by sovereign-guaranteed credits — has remained fundamentally unchanged. The Ghana FCI record, confirmed by IEG’s own country strategy review and sector-wide evaluations, suggests a structural mismatch between the institution’s diagnostic sophistication and its operational capacity to translate that sophistication into transformational outcomes. The question is not whether the Bank should lend for competitiveness in Ghana, but whether it has built the institutional mechanisms — mandatory lessons-learned gates, outcome-linked supervision, implementation capacity filters — to ensure that the next \$500 million reflects twenty-seven years of accumulated evidence rather than twenty-seven years of accumulated ambition.

Methodology Appendix

Project selection. The fourteen projects were identified by filtering the IEG ICRR/PPAR database (downloaded March 2026) for Country = Ghana and Global Practice = Finance, Competitiveness and Innovation. Where both an ICRR and a PPAR existed for the same Project ID, the PPAR rating was retained as the more rigorous assessment. This produced fourteen unique projects spanning FY1997 to FY2024. No projects were excluded. The dataset represents the complete evaluated FCI portfolio for Ghana.

Rating threshold. This paper uses the S+ threshold (Satisfactory or Highly Satisfactory) as the primary performance measure, consistent with the methodology used in the FCI sector record paper on mdbreform.com. Under this threshold, only projects rated S or HS are counted as fully achieving their development objectives. Moderately Satisfactory projects — which IEG defines as having achieved objectives with moderate shortcomings — fall below this threshold. The paper explicitly acknowledges (Section 1, ‘Note on Ratings’) that MS is not failure in the IEG system. The S+ threshold is used because it captures the distinction between full achievement and partial achievement, which is the analytically relevant question for a twenty-seven-year portfolio.

Comparative data. The Africa-wide FCI S+ rate (36 percent across 67 projects) is derived from the same IEG database using the same filtering methodology, as documented in the FCI sector record paper. The Ghana all-GP and regional comparators (63 percent MS+, 65 percent Africa MS+, 73 percent world MS+) are drawn from IEG’s Ghana CLR Validation (February 2022, paragraph 14 and Annex 5)

and use the broader MS+ threshold (Moderately Satisfactory or above). These two thresholds are not directly comparable and are reported separately throughout the paper. The SSA transport sector figures (10.8 percent S+ across 65 projects, \$11.2 billion committed, 96 percent of resources below S+) are drawn from the Transport Record published on mdbreform.com (April 2026), using the same IEG database and deduplication methodology.

Country comparisons. To situate the Ghana FCI record within the broader distribution, the table below presents S+ rates for countries with the largest evaluated FCI portfolios in Sub-Saharan Africa. All figures are derived from the IEG ICRR/PPAR database using the same filtering and deduplication methodology.

Table 3. FCI S+ Rates: Largest Country Portfolios in Sub-Saharan Africa

Country	FCI Projects	S+ Rate	Below MS	Notes
Ghana	14	0%	64%	Worst single-country record
Nigeria	11	18%	55%	Includes recent MS cluster
Kenya	8	25%	50%	—
Tanzania	7	29%	43%	—
Ethiopia	6	33%	33%	—
SSA FCI (all)	67	36%	—	Portfolio average

Source: IEG ICRR/PPAR database, March 2026. S+ = Satisfactory or Highly Satisfactory. Country FCI project counts and rates are approximate and subject to GP classification changes over time. Figures should be verified against the latest IEG data release.

The country comparison confirms that Ghana is not an anecdote but an extreme point on a wider distribution. All five countries with the largest FCI portfolios in Sub-Saharan Africa have S+ rates below 36 percent — the portfolio average. Nigeria, with eleven FCI projects, has an 18 percent S+ rate. Kenya, Tanzania, and Ethiopia cluster between 25 and 33 percent. Ghana’s zero percent is the extreme case, but the broader pattern is one of persistent underperformance across the region’s largest FCI borrowers.

Limitations. This paper analyses evaluated outcomes only. Projects still active or not yet evaluated are excluded. The IEG rating system has evolved over the twenty-seven-year period covered; earlier ratings may not be directly comparable to more recent ones. Global Practice classifications were retrospectively applied by the Bank; some older projects may have been classified differently at the time of approval. The paper does not attempt econometric attribution of outcomes to project interventions. Counterfactual analysis — what would have happened without the projects — is beyond the scope of this study.

Nigeria Water: Does the Bank learn from project failures? (mdbreform.com/nigeria-water/)

Angola DPF: Does the Bank learn from policy failures? (mdbreform.com/angola/)

South Africa ESKOM: Does the Bank learn from energy failures? (mdbreform.com/south-africa-eskom/)

Ghana FCI: Does the Bank learn from competitiveness failures? (mdbreform.com/ghana-fci/)

Four countries. Four sectors. In each case, the gap is not between ignorance and knowledge, but between knowledge and practice.