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DOES THE WORLD BANK LEARN FROM PROJECT FAILURES? (PART 3)

One Project. One Utility. \$18.1 Billion. Rated Moderately Unsatisfactory.

The Largest Single-Project Failure in the World Bank's Africa Portfolio.

\$17.5 billion on Medupi alone. Six restructurings. Eleven years. No PPAR.

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\$18.1bn TOTAL PROJECT COST AT COMPLETION	\$5.4bn MEDUPI COST OVERRUN \$12.0bn → \$17.5bn	MU IEG OUTCOME RATING BANK PERFORMANCE: MU	0 PPAR RECOMMENDED NO FIELD EVALUATION
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A note on the financing figures. The World Bank's own IBRD loan was \$3.75 billion (of which \$3.16 billion was disbursed). The IEG database records the project at \$9.13 billion — this is the Bank's loan plus co-financing that the Bank helped mobilise from the African Development Bank, the European Investment Bank, JICA, the Clean Technology Fund, and other bilateral lenders. The total project cost at completion — including Eskom's own contribution — was \$18.1 billion, against an original estimate of \$13.9 billion. All three figures appear in this paper. They measure different things: the Bank's direct exposure (\$3.75 billion), the Bank-mobilised financing package (\$9.13 billion), and the actual cost of what was built (\$18.1 billion).

Executive Summary

In October 2008, the World Bank endorsed its Strategic Framework for Development and Climate Change. Donors pledged \$6.4 billion for new Climate Investment Funds. The Bank announced an 87 per cent increase in renewable energy and energy efficiency financing. President Zoellick declared the Bank would 'significantly step up assistance to international efforts to address climate change' and support 'transitions to cleaner energy' and 'low carbon growth.' The US Treasury proposed guidelines requiring 'full consideration of alternatives before approval is given for a coal-fired plant.' The Bank was positioning itself as the world's pre-eminent climate finance institution.

Eighteen months later — on April 8, 2010 — the same institution approved a \$3.75 billion loan to Eskom Holdings for the Medupi coal-fired power plant: 4,800 MW of supercritical coal generation in the Limpopo Province. It was the largest IBRD loan in the Bank's history and the largest coal-financing operation the institution would ever undertake. Medupi would emit an estimated 25–30 million metric tons of CO₂ annually — more than the combined emissions of over 60 of the world's lowest-emitting countries. Five shareholder governments — the United States, the United Kingdom, the Netherlands, Italy, and Norway — abstained from the vote. Over 200 civil society organisations and 2,000 signatories opposed the loan. When the disbursement opportunity presented itself — \$3.75 billion - the climate credentials were set aside.

The Bank was not the first to arrive. Construction at Medupi had begun in 2007 — three years before the Bank's involvement. The environmental impact assessment had been completed. The design was fixed. The fundamental parameters were already set. The Bank was asked to finance an operation whose architecture was already determined — and whose procurement was already compromised. In 2007, reports emerged that Hitachi Power Africa's boiler contract for Medupi involved the ANC's investment arm, Chancellor House, which held a 25 per cent stake in Hitachi Power Africa. The Eskom board chairman simultaneously sat on the ANC Finance Committee. In 2015, Hitachi paid a \$19 million fine to the US Securities and Exchange Commission under the Foreign Corrupt Practices Act for bribing the ANC through Chancellor House to secure the Medupi and Kusile boiler contracts. The boilers that resulted from this corrupted procurement turned out to be defective. The Bank appraised in 2009. It approved in 2010. The corruption was already in the public record.

Two days before the Board voted, the Inspection Panel received a Request for Inspection from communities in the Limpopo Province raising concerns about health impacts, water scarcity, livelihood destruction, and cumulative environmental damage. The Board approved the project on April 8 — two days later. The Panel's Investigation Report, published in November 2011, found non-compliance with Bank policy on water supply, air quality assessment, and cumulative impacts. The project proceeded. It was designed to close in October 2015. It closed in June 2021 — six years late, after six restructurings, with a total project cost of \$18.1 billion against an original estimate of \$13.9 billion. The Medupi component alone cost \$17.5 billion — a \$5.4 billion overrun on a single power plant, larger than the entire commitment of the Angola DPF portfolio, the entire Ethiopia education portfolio, and the entire Niger MTI portfolio combined.

During the eleven years of implementation, Eskom became ground zero for South Africa's state capture crisis — one of the most documented cases of institutional corruption in modern history. The Zondo Commission, the Public Protector, the GuptaLeaks investigations, and the state capture literature document what happened in precise detail. The Eskom board was stacked with Gupta-linked appointees. Coal contracts were escalated from R161 per ton to R550 per ton after Gupta-linked Tegeta acquired Optimum Coal Mine — a mine Eskom itself drove into business rescue. The R659 million overnight prepayment to fund the Gupta purchase came from Eskom's own coffers. R14.7 billion (\$920 million) in Eskom contracts were found by the Zondo Commission to be 'afflicted by State Capture.'

The Bank was not a passive observer. It was actively participating in the procurement architecture of a captured institution. The Bank-approved procurement plan for P116410 was revised six times — each revision submitted to and approved by Bank staff. The Bank conducted Prior Review on all works contracts above \$15 million: reviewing bid evaluations, assessing contract awards, clearing procurement decisions. Contracts worth tens of millions of dollars were signed during 2015–2018 — the exact period the Zondo Commission found Eskom's procurement was being manipulated by politically connected networks. The Board had already agreed 'on an exceptional basis' to finance contracts awarded without following the Bank's own guidelines. The Bank's procurement review function either failed to detect the capture — in which case its oversight was structurally inadequate — or it detected it and chose to continue. There is a simpler way to state this: if you clear and approve every procurement plan, if you conduct Prior Review on every major contract, if you sign off on the bid evaluations and the contract awards — you are not a bystander.

You are a participant. And if the procurement environment turns out to have been captured, the institution that approved the procurement has questions to answer that a 19-page desk review will never ask. Nine consecutive ISRs rated the project Unsatisfactory. The Bank disbursed \$1.7 billion during that period. The word 'state capture' does not appear in the ICR. The word 'Gupta' does not appear.

The Game Theory companion paper explains why no one stopped it. Every actor in the chain was playing their dominant strategy. The task team leader who shepherded the largest IBRD loan in history through Board approval subsequently rose to one of the most senior infrastructure positions in the institution. The Regional Vice President for Africa — Makhtar Diop, who presided over every one of the nine consecutive Unsatisfactory ISRs — subsequently became Vice President for Infrastructure and then Managing Director of IFC. The project failed. The careers advanced. The sovereign guarantee ensured the Bank would be repaid regardless of what happened to Eskom, to the communities of Lephalale, or to the South African taxpayers who service the debt. In the Nash equilibrium of the approval culture, nobody bears the cost of failure except the citizens of the borrowing country.

IEG rated the project Moderately Unsatisfactory. Bank Performance: Moderately Unsatisfactory. Quality at Entry: Moderately Unsatisfactory. Quality of Supervision: Moderately Unsatisfactory. The economic rate of return halved. IEG did not recommend a PPAR. A \$1.8 million project in Armenia received a field evaluation. A \$3.75 billion project in South Africa — the largest infrastructure failure in the Africa portfolio — received a 19-page desk review.

There is a final irony. The Bank that financed Medupi — the largest coal plant it would ever fund — is now offering South Africa hundreds of millions of dollars to transition away from coal. The Just Energy Transition Partnership. The Komati decommissioning project. The renewable energy that was supposed to be part of the original loan but was cancelled during restructuring. The banker with a sovereign guarantee never loses. It finances the coal. It collects its fees. It watches the utility collapse under state capture. It keeps disbursing. It declines to investigate. And then it finances the replacement. The cycle does not end because the institution that profits from the lending has no incentive to stop it. The willingness to change cannot come from inside the equilibrium. It must come from the shareholders.

1. The Eskom Investment Support Project: The Record

Measure	At Appraisal	At Completion	Variance
Total project cost	\$13.86bn	\$18.13bn	+\$4.27bn (+31%)
Medupi component cost	\$12.05bn	\$17.47bn	+\$5.43bn (+45%)
IBRD loan disbursed	\$3.75bn	\$3.16bn	\$590M cancelled
Eskom's own contribution	\$4.74bn	\$9.21bn	Nearly doubled
Closing date	Oct 2015	Jun 2021	6 years late
Restructurings	0	6	Dec 2014 – Jun 2020
ERR	22.7%	12.8%	Halved
Medupi MW commissioned	4,800 MW	4,000 MW	800 MW short at closing
Sere Wind Farm	100 MW	100 MW	Completed, on budget
CSP Upington (100 MW)	Planned	Cancelled	Replaced by battery
Battery storage (BESS)	—	Not completed	Deferred
Majuba Rail	Planned	97.5% complete	Not operational

THE NUMBER

\$17.5 billion. That is the actual cost of a single coal-fired power plant — Medupi — whose original estimate was \$12.0 billion. The cost overrun alone — \$5.4 billion — is larger than the entire rated commitment of the Angola DPF portfolio, the entire Ethiopia education portfolio, and the entire Niger MTI portfolio. Combined. This is the largest single-project failure in the World Bank's Africa portfolio by any measure: total cost, cost overrun, or commitment size.

2. The Project: What the Bank Approved in April 2010

By the late 2000s, South Africa was in the grip of a severe electricity crisis. Years of underinvestment in generation capacity, rising demand, and operational constraints had produced rolling blackouts and mounting economic losses. The government requested World Bank support for Eskom's 'New Build' programme, centred on the Medupi coal-fired power plant in the Limpopo Province.

The Bank approved the Eskom Investment Support Project on April 8, 2010. At \$3.75 billion, it was the largest IBRD loan in history at the time of approval. The vote was not uncontested. The United States, the United Kingdom, the Netherlands, Italy, and Norway abstained. Over 200 civil society organisations and 2,000 signatories in Southern Africa, the US, and Europe had lobbied against the loan — one of the largest coordinated civil society campaigns against a Bank project in the institution's history. The US Treasury stated it abstained because of 'concerns about the climate impact of the project and its incompatibility with the World Bank's commitment to be a leader in climate change mitigation and adaptation.' The Bank approved it anyway.

The project comprised three components: Component A — the Medupi Coal-Fired Power Plant (4,800 MW supercritical technology, estimated \$12.0 billion); Component B — Renewable Energy (100 MW Sere wind farm and 100 MW Upington CSP, estimated \$1.2 billion); and Component C — Energy Efficiency Investments (Majuba Rail line and technical assistance, estimated \$576 million).

What the Bank's due diligence did not adequately address was already in the public record. In 2007 — three years before Board approval — reports had emerged that Hitachi Power Africa's boiler contract for Medupi involved the ANC's investment arm, Chancellor House, which held a 25 per cent stake in Hitachi Power Africa. The Eskom board chairman at the time, Valli Moosa, simultaneously sat on the ANC Finance Committee — a direct conflict of interest in a procurement decision worth tens of billions of rands. In 2015, Hitachi paid a \$19 million fine to the US Securities and Exchange Commission under the Foreign Corrupt Practices Act for bribing the ANC through Chancellor House to secure the Medupi and Kusile boiler contracts. The boilers that resulted from this procurement turned out to be defective — contributing directly to the design failures that would cripple Medupi's operational performance for years.

The Bank's due diligence was extensive. An independent US consulting firm assessed Eskom's engineering capability and found the design 'consistent with current engineering design practices.' Ernst & Young reviewed procurement. A Safeguards Diagnostic Review confirmed the appropriateness of using South Africa's country systems. The Bank concluded that Eskom 'had the capability to implement and operate the MCPP' — despite the ICR later noting that 'Eskom had not implemented a project of a similar scale for at least a decade' and that 'planned staffing for the operational phase was small relative to the size of the plant.'

The appraisal also noted — and then accepted — a critical design decision. Eskom declined to use an independent owner's engineer to coordinate the 400-plus contract packages at Medupi. Instead, Eskom established internal 'Medupi Execution Teams' that integrated consulting firm personnel. IEG later found this model 'did not work.' The Bank 'could have pressed Eskom to hire

an owner's engineer to coordinate all contracts on the MCPP in concert with the embedded engineer. This could have taken place at the beginning of the project.'

THE VIRTUAL DESIGN

IEG's lesson from the project: 'The Medupi and Kusile projects were rushed responses to counter the looming power crisis due to poor generation capacity planning. As a result, short-cuts, such as the use of a virtual design from another plant implemented more than ten years before were used for the MCPP and these turned out to be unsuitable for the project. The project that was rushed to deliver energy in five years was completed only eleven years later and even then, is delivering power at levels well below targets and industry benchmarks.'

3. The Inspection Panel: Filed Two Days Before Board Approval

On April 6, 2010 — two days before the Board voted to approve the \$3.75 billion loan — the Inspection Panel received a Request for Inspection from Earthlife Africa and groundWork, on behalf of community members in the Lephalale area of the Limpopo Province. The communities raised fifteen claims of potential harm, including health impacts from particulate and sulphur dioxide emissions, water scarcity in a water-stressed region, livelihood destruction for agricultural communities, destruction of grave sites and cultural resources, and cumulative environmental impacts from the planned industrial expansion of the Waterberg coal field.

The Request noted that 'the World Bank has come very late to the project, and Medupi has been under construction since 2007.' Construction had begun three years before the Bank's involvement. The environmental impact assessment had been completed. The design was fixed. The Bank was asked to finance an operation whose fundamental parameters were already set — and whose affected communities were already raising concerns.

The Board approved the project on April 8, 2010 — two days after the Inspection Panel received the complaint. The Panel's Investigation Report (No. 64977-ZA), published in November 2011, found non-compliance with Bank policy in three areas: water supply to the plant and related community impacts, adequacy of the assessment of cumulative air quality impacts, and capacity at provincial and local authority levels to manage environmental compliance. The Panel also noted the absence of an independent advisory panel of international experts — a requirement under Bank policy for projects involving serious environmental concerns — which had no equivalent in South African law.

THE TIMELINE
April 6, 2010: Inspection Panel receives Request for Inspection from Lephalale communities.
April 8, 2010: Board approves \$3.75 billion loan.
November 21, 2011: Inspection Panel publishes Investigation Report finding non-compliance.
March 2, 2012: Management publishes Response and Recommendation.
May 22, 2012: Board discusses Investigation Report and Management Response.
The communities raised their concerns before the project was approved. The Board approved it anyway. The Panel found non-compliance. The project continued. Medupi cost \$17.5 billion.

4. The Cost Explosion

The Medupi power plant was estimated at \$12.05 billion at appraisal. The actual cost was \$17.47 billion — a \$5.43 billion overrun, or 45 per cent above the original estimate. The total project cost — including Sere, CSP/BESS, Majuba Rail, and transmission — rose from \$13.86 billion to \$18.13 billion.

Eskom's own contribution nearly doubled — from \$4.74 billion at appraisal to \$9.21 billion at completion. The borrowing government absorbed the overrun. South Africa repays in full. The Bank disbursed \$3.16 billion of its \$3.75 billion loan and collected its fees.

Component	Estimated cost	Actual cost	Variance
Medupi Power Plant	\$12,048M	\$17,474M	+\$5,426M (+45%)
Renewable Energy	\$1,227M	\$252M	-\$975M (CSP cancelled)
Energy Efficiency / Rail	\$576M	\$402M	-\$174M (Rail incomplete)
Total project	\$13,862M	\$18,129M	+\$4,267M (+31%)

The economic rate of return halved — from 22.7 per cent at appraisal to 12.8 per cent at completion. Only the Sere wind farm was completed below budget with an ERR above appraisal estimate (17.1 per cent compared to 10.7 per cent). The Sere wind farm cost \$252 million. It is the one component of this \$18 billion project that worked.

The cost per kilowatt for Medupi — approximately \$4,000/kW — exceeded the industry comparator of \$3,500/kW. But the cost figure understates the failure because it does not capture the six years of delayed energy supply to an economy suffering rolling blackouts. The developmental opportunity cost — businesses closed, investment deferred, employment lost, households without reliable power — is not in the ERR calculation. It is in the load-shedding schedules that South Africans endured for a decade.

5. The Medupi Problem: Design Defects, Boiler Failures, and 400 Contracts

The Medupi Coal-Fired Power Plant was designed as one of the largest dry-cooled coal-fired stations in the world — six generating units of 794 MW each, totalling 4,800 MW of supercritical capacity. The design was based on a 'virtual design' — specifications adapted from a plant implemented more than a decade earlier. IEG found this design 'turned out to be unsuitable for the project.'

Critical boiler systems suffered from design and welding defects. The defects were first detected in Unit 6 in 2015 but were present across all units. IEG noted that 'the Bank and the AfDB should have coordinated a risk assessment based on what was known at the time of project preparation, which would have remediated the issue when the boiler issue was first detected.' They did not.

At peak, the Medupi component had more than 400 contract packages — boilers, turbines, civil construction, instrumentation, transmission, environmental management. Eskom managed these without an independent owner's engineer. The ICR records that 'some deviations from specifications were not detected early, which made making changes difficult and costly and contributed to delays.' Labour unrest repeatedly halted construction. Contractor coordination failures compounded the delays.

By project closing, five of six units had reached commercial operation. The sixth unit remained short of commercial status. But 'reaching commercial operation' masked the operational reality: the Energy Availability Factor was significantly below both Eskom's targets and international benchmarks. Unplanned outages averaged 28 per cent of the time over the three years preceding project closing. The plant was physically built. It was not reliably generating the electricity it was designed to produce.

PHYSICAL COMPLETION IS NOT DEVELOPMENT SUCCESS

The distinction between building infrastructure and delivering development outcomes is the central lesson of P116410. Medupi was eventually constructed. Its units were synchronised to the grid. But load shedding continued. The Energy Availability Factor remained below target. Unplanned outages consumed nearly a third of operating time. The \$17.5 billion plant was producing power — but not at the level, the reliability, or the efficiency that the appraisal assumed. Physical completion is what the contractor delivers. Development success is what the population receives. In Medupi's case, the gap between the two is measured in years of blackouts.

IN THE BANK'S OWN WORDS: WHAT THE ICR ADMITS

The following findings are not from external critics. They are from the Bank's own Implementation Completion and Results Report (ICR, Report No. ICR00005338, 106 pages). The Bank's own team wrote these words.

On preparation: 'The project's MCPP component was largely prepared before the World Bank was invited by the Government to participate in its financing... there was limited scope for changing the project's design, major contracts that had been awarded, or Eskom's implementation arrangements.' The Bank financed an operation whose architecture it could not change.

On the virtual design: 'Eskom used a virtual design based on the Majuba power plant, which was constructed about 10 years earlier. Thus, the MCPP civil works and plant designs, various outdated codes and standards, and some of the procurement and initial construction were based on the Majuba power plant.' Foundations had to be excavated and rebuilt. Steel structures on Unit 6 had to be pulled down and replaced. Schedule set back by eighteen months.

On the boilers: 'The admitted root cause of all the defects... is the boiler furnace, which is too small for the combustion of South African coal.' The OEM subcontracted the basic design to Steinmüller and the air heater to Balke-Dürr — both now defunct. 'Now, all 12 units at Medupi and Kusile have the same small furnace — a situation that cannot be rectified.'

On coal testing: 'The World Bank requested confirmation from Eskom and the contractor that the quality of South African coal had been considered in the detailed design of the boilers. No documentation was ever provided to the World Bank. Had this been done, the too small furnaces could have been identified.' The Bank asked. Eskom did not answer. The Bank approved anyway.

On the contractors: 'The same contractors for the boiler and turbine packages had also been awarded contracts for the same packages for the Kusile coal-fired power plant resulting in the largest world record contract award and load on the original equipment manufacturers, which should have been flagged as an onerous duty which could, and did, cause schedule and design weakness.'

On contract management: 'The MCPP had numerous contract packages — more than 400 at peak... Eskom did not have an owner's engineer for the MCPP. Instead, Eskom had opted to establish Medupi Execution Teams. The model did not work as effectively as expected.'

On risks already visible at preparation: 'Implementation issues related to the technical design and initial construction were already evident during the World Bank's project preparation phase but do not appear to have been adequately factored into the implementation support strategy.'

On the Board's exception: 'The Board agreed, on an exceptional basis, for the World Bank to finance contracts that were awarded without following the World Bank's guidelines.' The institution's own procurement rules were waived to accommodate the project.

6. State Capture: Not a Governance Complication — A Structural Transformation

6.1 What the Bank Assumed

The Bank appraised the Eskom Investment Support Project in 2009–2010 on the basis of Eskom's historical reputation as a premier power utility — one of the few African institutions with a track record of managing large-scale coal generation at international standards. The appraisal relied on this reputation. The due diligence confirmed that Eskom's policies and procedures were 'transparent, fair, and consistent' with South African regulatory requirements and good international practices. The Bank's standard procurement framework assumed that the borrower remained fundamentally developmental and rule-bound, even if capacity weaknesses or corruption risks existed.

This assumption was already under strain before the Board voted. The Hitachi/Chancellor House corruption had been reported in 2007. Construction had begun in 2007 — three years before the Bank's involvement. The communities that filed the Inspection Panel complaint before Board approval were already living with the consequences of a procurement environment they did not trust. But the Bank's appraisal framework treated these as manageable risks within a fundamentally sound institution. The eleven years that followed demonstrated that the institution was not fundamentally sound. It was undergoing a structural political transformation that the Bank's technocratic model was not designed to detect, let alone address.

6.2 What Actually Happened: State Capture as a Parallel Political Project

The concept of 'state capture' in South Africa — as documented in the landmark *Betrayal of the Promise* report (2017), the book *Shadow State: The Politics of State Capture*, the GuptaLeaks investigations by amaBhungane, and the findings of the Judicial Commission of Inquiry into State Capture (the Zondo Commission, 2022) — describes something more consequential than corruption in the narrow sense. The *Betrayal of the Promise* report distinguishes between corruption — 'an individual action that occurs in exceptional cases, facilitated by a loose network of corrupt players' — and state capture, which is 'systemic and well-organised by people with established relations,' involving 'repeated transactions, often on an increasing scale.' State capture, the report argues, is 'akin to a silent coup.'

Eskom was at the centre of this silent coup. The *Betrayal of the Promise* report identifies Eskom and Transnet as 'the centre-pieces' of the state capture project. The reason is scale. In 2010–11, Eskom's procurement expenditure was R74 billion (\$10.6 billion at 2011 exchange rates) — 8.75 per cent of total government procurement. Eskom and Transnet together accounted for R144 billion, or 17 per cent of the entire government procurement budget. By 2016–17, Eskom's guarantee exposure to the banking system had reached R218 billion — 71 per cent of the total government guarantee portfolio. A utility of this size, managing procurement flows of this magnitude, became the most valuable prize in the political competition for rents.

The capture was systematic. In November 2010, Minister of Public Enterprises Malusi Gigaba began restructuring Eskom's board. The Public Protector later documented how almost all new

appointees had links to the Gupta family: Nazia Carrim was the wife of a family member of Gupta business associate Salim Essa; Romeo Khumalo was a co-director with Essa; Mark Pamensky was a former director of the Guptas' Oakbay Resources; Marriam Cassim had worked at the Guptas' Sahara Computers; Ben Ngubane was in business with Essa; Kuben Moodley was in business with Pamensky. The Eskom board became, in the Public Protector's documented assessment, a web of undeclared personal and business associates linked to the Gupta family.

With the board captured, the procurement system followed. The Gupta-linked company Tegeta Exploration and Resources acquired Optimum Coal Mine from Glencore in a transaction that the Public Protector found was facilitated by Eskom itself. Eskom CEO Brian Molefe — who the Public Protector found could be placed in the Guptas' Saxonwold compound on 19 occasions between August and November 2015 — refused to renegotiate Glencore's loss-making coal contract, effectively driving the mine into business rescue. Tegeta then bought it for R2.15 billion. On the night of April 11, 2016, when Tegeta was R600 million short and banks refused it bridging finance, Eskom's board approved a R659 million prepayment for coal supplies — funding the Gupta purchase with Eskom's own money. After the acquisition, the coal price to Eskom escalated from R161 per ton under Glencore to R550 per ton under Tegeta — a 240 per cent increase — with some contracts reaching R700 per ton including transport. The Koorfontein mine contract escalated by 2,000 per cent in a single quarter.

6.3 The Mechanism: How Capture Produced Engineering Failure

The significance of state capture for the Eskom project extends beyond corruption itself. Eskom's technical and operational decline became inseparable from governance deterioration. The mechanism was precise. Procurement decisions affected engineering quality — the Hitachi boiler contract, tainted by the Chancellor House bribery, produced boilers whose exhaust gas temperatures were too high, contributing to the flue duct collapse at Kusile and chronic underperformance at Medupi. The cost to rectify the boiler defects alone: R4.2 billion (approximately \$230 million at 2022 exchange rates). The diesel burned to compensate for the lost capacity: R30 billion (approximately \$1.7 billion). Contractor selection affected project execution. Executive instability undermined long-term planning. Skilled personnel departed the institution. Maintenance regimes weakened. Financial sustainability eroded as the debt burden ballooned past R400 billion (approximately \$22 billion).

Former Eskom CEO André de Ruyter, in his 2023 book *Truth to Power*, described the result: 'Medupi and Kusile were way over budget, they weren't on schedule, and they performed well below their specifications, thereby failing all three project management tests. The project to add new generation capacity was just a miserable failure.' The procurement corruption was not abstract. Eskom paid R200,000 (\$11,000) for a wooden-handled mop that cost less than R100 (\$5) at retail. It paid R80,000 (\$4,400) for knee guards available for R320 (\$18). It paid R940,000 (\$52,000) for an oil storage container worth R80,000 (\$4,400). Former generation executive Rhulani Mathebula testified: 'Fraud and corruption are the biggest enemies of progress at Eskom.'

The Zondo Commission found R14.7 billion (approximately \$920 million at 2022 exchange rates) in Eskom contracts 'afflicted by State Capture.' State capture did not simply 'coexist' with

infrastructure failure. It actively produced it. The coal that went into the boilers that powered the turbines that were supposed to generate the electricity that the Bank's \$3.75 billion loan was financing — that coal was being supplied through contracts captured by politically connected networks, at prices inflated by hundreds of per cent, from mines acquired with Eskom's own money, under the authority of a board stacked with Gupta associates, overseen by a CEO who visited the Gupta compound 19 times in four months. This was the institutional environment into which the Bank continued to disburse.

THE DEEPER CRITIQUE

The Bank's own framework treats Medupi as an implementation problem with governance complications. The state capture literature — Shadow State, Betrayal of the Promise, the Zondo Commission, the GuptaLeaks investigations — suggests something deeper: Eskom itself was undergoing systemic institutional capture during the implementation period. Under these conditions, traditional project supervision tools were structurally insufficient because the borrower institution was no longer operating primarily according to technocratic or developmental objectives. Sophisticated capture systems preserve the appearance of procedural legality: tenders are formally issued, committees exist, approvals are documented, compliance boxes are checked — while substantive outcomes are manipulated through appointments, specifications, pricing structures, and political influence. The Bank's procurement review model assumes a fundamentally rule-bound borrower. Eskom was not a rule-bound borrower. It was a politically contested institution undergoing systemic capture while simultaneously managing one of the largest procurement programmes in Africa.

6.4 The Bank Was Not a Silent Bystander

The Bank was not ignorant of what was happening to Eskom. It could not have been. The institution maintained a supervision team in-country. It conducted twenty-one supervision missions over eleven years. It reviewed procurement documentation. It processed disbursement requests. It assessed risk ratings. Four Country Directors oversaw the project: Ruth Kagia (2008–2012), who championed the loan through Board approval, calling it 'a unique opportunity for the World Bank Group'; Guangzhe Chen (~2013–2016), under whose watch the project crashed to Unsatisfactory and state capture intensified; Paul Numba Um (2017–2019), who oversaw the project during the peak of the Zondo revelations and multiple restructurings; and Marie Françoise Marie-Nelly (2019–2021), who managed the final restructurings and project closing.

Above the Country Directors sat the Regional Vice Presidents for Africa — the senior management whose reluctance to suspend disbursements IEG specifically identified. Three RVPs oversaw P116410, but one presided over the period that mattered. Obiageli Ezekwesili (2007–2012) was RVP when the loan was approved and the Inspection Panel found non-compliance. Hafez Ghanem (2018–2021) oversaw the final restructurings and project closing. But Makhtar Diop (2012–2018) was RVP for the entire arc of failure: every one of the nine consecutive Unsatisfactory ISRs fell on his watch. The crash from Satisfactory to Unsatisfactory — his watch. The Hitachi FCPA prosecution — his watch. The Eskom board capture documented by the Public Protector — his watch. The Tegeta coal contract manipulation — his watch. The R659 million overnight prepayment — his watch. The GuptaLeaks — his watch. The disbursement of \$1.7 billion into a

project the Bank was itself rating Unsatisfactory — his watch. From October 2013 to March 2018, every ISR that crossed his desk said the project was failing on Development Objectives. The disbursements continued. When IEG wrote that 'Bank senior management was reluctant to consider suspension of disbursements,' it was describing a decision made at this level, during this period, under this RVP. A \$3.75 billion IBRD loan could not have continued disbursing through nine consecutive Unsatisfactory ratings without the knowledge and acquiescence of the Regional Vice President. Diop subsequently became the Bank's Vice President for Infrastructure and then Managing Director of IFC.

Each of these officials — four Country Directors, three Regional Vice Presidents — had the authority to escalate, to suspend, to demand accountability. Each had access to the same public record that every South African newspaper reader had. None suspended or cancelled the loan.

The Zondo Commission timeline — now part of the official record of the Republic of South Africa — maps onto the Bank's supervision period with devastating precision. In 2012, experienced Eskom managers began leaving and procurement governance weakened; the Bank's ISR rated the project Satisfactory. In 2013, Gupta-linked companies escalated their interest in Eskom coal contracts; the ISR dropped to Moderately Unsatisfactory, then crashed to Unsatisfactory. In 2014, Brian Molefe was appointed CEO and frequent communications with Gupta associates began; the Bank continued disbursing. In 2015, the Eskom board was aligned with Gupta interests, emergency procurement deviations became routine, and Glencore was financially pressured so Tegeta could acquire Optimum; the Bank's ISR recorded Unsatisfactory but disbursed \$2.3 billion cumulative. In April 2016, Eskom's board approved the R659 million (\$37 million) overnight prepayment to Tegeta; the Bank was preparing its third restructuring. In November 2016, the Public Protector's 'State of Capture' report was released; the Bank continued. In 2017, the GuptaLeaks broke — hundreds of thousands of emails documenting the capture network; the Bank continued. In 2018, the Zondo Commission was formally established; the Bank restructured the project a third time.

During every one of these events, the Bank's supervision team was in the country. The Hitachi/Chancellor House corruption had been reported in the international press in 2007 — three years before Board approval. The state capture crisis was the dominant story in South African public life from 2013 onwards. The Public Protector's report was front-page news. The GuptaLeaks were global headlines. The Zondo Commission hearings were televised. None of this was secret. All of it was in the public record. The Bank's supervision team sat in meetings with Eskom officials whose boards the Zondo Commission would later find had been captured. It reviewed procurement plans approved by executives whose CEO visited the Gupta compound 19 times in four months. It processed disbursement requests from a utility whose coal contracts were being escalated by hundreds of per cent to benefit politically connected firms.

The Bank was not merely observing from a distance. It was actively participating in the procurement architecture. The Bank-approved procurement plan for P116410 was revised six times between April 2010 and December 2017 — each revision submitted to and approved by Bank staff. Under the plan, the Bank conducted 'Prior Review' on all works contracts above \$15 million and all goods contracts above \$500,000. Bank procurement specialists reviewed bid evaluation reports, assessed contract awards, and cleared procurement decisions. Contracts worth tens of

millions of dollars were signed during 2015–2018 — the exact period when the Zondo Commission would later find that Eskom's procurement systems had been systematically captured. The Bank's procurement review function was operating inside an institution whose procurement the Zondo Commission found was being manipulated by politically connected networks. The Bank either failed to detect the capture — in which case its procurement oversight was structurally inadequate — or it detected it and chose to continue. Either conclusion is damning.

The ICR itself records that 'the Board agreed, on an exceptional basis, for the World Bank to finance contracts that were awarded without following the World Bank's guidelines.' The institution waived its own procurement rules to accommodate the project. And then its own procurement review function operated for eleven years inside a utility whose procurement was being systematically captured by networks that the Public Protector, the Zondo Commission, the GuptaLeaks investigations, and every major South African newspaper had documented in detail.

The ISRs recorded the symptoms — delays, cost overruns, governance risk — but not the diagnosis. The word 'state capture' does not appear in the ICR. The word 'Gupta' does not appear. The Zondo Commission is not referenced. The Bank's 106-page completion report on a project implemented during the worst governance crisis in post-apartheid South African history does not name the crisis. The IEG ICRR — 19 pages — does not name it either.

Nine consecutive ISRs — from October 2013 to March 2018 — rated the project Unsatisfactory on Development Objectives. During those four and a half years, the Bank disbursed from \$1.3 billion to \$3.0 billion. IEG found that 'Bank senior management was reluctant to consider suspension of disbursements on account of its potential disruptive impact on the Bank's engagement with the sector.' In late 2016, the Bank itself threatened to call its loans to Eskom after Spain complained that the utility was reneging on independent power producer contracts — demonstrating that the Bank was fully aware of the governance dysfunction and was prepared to act when a shareholder country complained. It chose not to act on its own project. The disbursement continued into an institution whose governance was collapsing — not because of capacity weakness, but because of structural political capture that the Bank could see, could read about in every South African newspaper, and chose to accommodate rather than confront.

Political economist Patrick Bond and others have argued that the Medupi debt should be declared 'odious' — incurred through corruption, for purposes that did not serve the public interest, against the objections of the affected population. The Bank that financed Medupi is now offering South Africa funding to transition away from the coal it helped build. The irony is not lost on the civil society organisations that opposed the loan in 2010.

THE SUPERVISION THAT ACCOMMODATED

Twenty-one supervision missions over eleven years. Three task team leaders. Six restructurings. Risk ratings that rose from Substantial to High. ISRs that recorded nine consecutive Unsatisfactory ratings while \$1.7 billion was disbursed. And at no point did the institution conclude that the foundational assumption — Eskom as a capable, rule-bound implementing agency — had been invalidated by events. The supervision adapted to the deterioration rather than confronting it. This is the pattern the

Game Theory companion paper describes: no single actor inside the institution has the incentive to stop a project that is too large, too politically sensitive, and too deeply embedded in the country relationship to cancel. The result is adaptive management as a euphemism for institutional accommodation of failure.

7. Six Restructurings: The Supervision Timeline

Date	Disbursed	Key changes
Dec 2014	\$2,034M	Reallocation between disbursement categories
Jul 2015	\$2,301M	Results framework revised; components changed; closing extended; legal covenants changed
Dec 2018	\$3,028M	CSP cancelled, replaced by battery storage; safeguard policies added; procurement changed
Dec 2019	\$3,074M	Results revised; \$100M reallocated for Eskom unbundling reforms; closing extended again
Jun 2020 (a)	\$3,108M	Unbundling allocation cancelled (no realistic prospect of use); financing cancelled
Jun 2020 (b)	\$3,108M	Final reallocation

The restructuring history tells the story of a project in progressive retreat. The 2015 restructuring changed the results framework and extended the closing date — the first acknowledgement that the original timeline was unachievable. The 2018 restructuring cancelled the Upington CSP plant entirely and replaced it with battery storage — an admission that the renewable energy component as designed was not implementable. The 2019 restructuring reallocated \$100 million for Eskom unbundling reforms. Six months later, the allocation was cancelled because 'without any specific proposal for implementation, there was no realistic prospect that the funding would be used.'

The transmission lines — originally 2,244 km — were cut to 1,020 km during restructuring 'due to internal cash constraints within Eskom.' The scope was reduced by more than half. The project that was approved to solve South Africa's electricity crisis was progressively scaled back as the implementing utility's capacity to execute it disintegrated.

8. The IEG Assessment

Dimension	ICR (Management)	IEG	Comment
Outcome	Moderately Unsatisfactory	Moderately Unsatisfactory	Agreement – failure too visible to dispute
Bank Performance	Moderately Unsatisfactory	Moderately Unsatisfactory	Quality at Entry: MU. Supervision: MU.
Quality at Entry	MU	MU	Eskom capacity overestimated; no owner's engineer
Quality of Supervision	MU	MU	Reluctant to suspend disbursements
M&E Quality	Modest	Modest	System-wide indicators, not project-specific
Efficacy	Modest	Modest	Obj 1-3 Modest; Obj 4 Substantial
Efficiency	Modest	Modest	ERR halved; 45% cost overrun on Medupi
Relevance	Substantial	Substantial	Energy crisis was real
PPAR recommended	—	No	No field evaluation of \$18.1bn project

IEG parsed the PDO into four objectives. Objectives 1 and 2 (enhancing power supply and energy security) were rated Modest for efficacy – the plant was built but delivered power 'at levels well below targets and industry benchmarks.' Objective 3 (supporting economic growth) was rated Modest – with no indicators even proposed. Objective 4 (supporting carbon mitigation) was rated Substantial because the CO₂ emissions target was exceeded, primarily through the Sere wind farm.

IEG's assessment of Quality at Entry identified three 'significant deficiencies': the PDO conflated project-level objectives with high-level outcomes; the assessment of Eskom's implementation capability was flawed; and the management strategy for ensuring environmental compliance was inadequate. IEG found that the Bank 'could have insisted on Eskom retaining an independent owner's engineer' and could have 'provided additional technical assistance to support Eskom's implementation capacity.'

On supervision, IEG found that 'supervision teams regularly discussed action plans for addressing problems with Eskom, but their acceptance of the recommendations and concerns was initially low.' The Bank 'engaged at high levels within the GoSA on key implementation issues, but the problems were not fully resolved.' Senior management was 'reluctant to consider suspension of disbursements.' The supervision was characterised by what IEG diplomatically terms 'proactivity' – engagement that produced action plans but not results.

9. No PPAR: The Evaluation That Will Not Be Conducted

Section 13 of the IEG ICRR records the answer to the question 'Assessment Recommended?' in one word: No.

A project with a total cost of \$18.1 billion. A Medupi power plant that cost \$17.5 billion against a \$12 billion estimate. An IBRD loan of \$3.16 billion — among the largest ever disbursed by the institution. Six restructurings over six years. An Inspection Panel investigation finding non-compliance. A state capture crisis that engulfed the implementing utility. Quality at Entry rated Moderately Unsatisfactory. Quality of Supervision rated Moderately Unsatisfactory. An economic rate of return that halved. Eleven years of implementation against a five-year plan. And IEG does not recommend a field-based independent evaluation.

The Angola DPF portfolio — \$2.19 billion across six operations, zero Satisfactory — received no PPAR. The Eskom Investment Support Project — \$18.1 billion in total cost, the largest infrastructure failure in the Bank's Africa portfolio — receives no PPAR. The pattern is consistent: the largest failures receive the least independent scrutiny. The IEG ICRR for P116410 is 19 pages. The ICR is 106 pages. Neither document will produce the institutional accountability that a failure at this scale demands.

The IEG database contains 312 PPARs for projects approved since FY2005. The median commitment for a project receiving a PPAR is \$65 million. IEG conducted field-based performance assessments for a \$1.8 million energy efficiency project in Armenia, a \$3 million food crisis response in Sierra Leone, a \$3.5 million fish management project in Senegal rated Highly Unsatisfactory, a \$5 million HIV project in Lesotho, a \$9.5 million renewable energy project in Mongolia, and a \$44 million electricity project in Senegal rated Unsatisfactory. In Africa alone, IEG conducted PPARs for 15 projects with commitments of \$10 million or less. The largest energy sector project to receive a PPAR — an \$800 million policy loan to Turkey — was rated Satisfactory.

IEG found the resources and the institutional mandate to send evaluation teams to the field for a \$1.8 million project in Armenia. It did not find the resources or the mandate to send an evaluation team to Lephalale to assess what happened to a \$3.75 billion loan whose total project cost reached \$18.1 billion, whose boilers were procured through a contract tainted by bribery prosecuted under the US Foreign Corrupt Practices Act, whose implementing utility was consumed by state capture, whose Inspection Panel investigation found non-compliance, and whose ISRs recorded nine consecutive Unsatisfactory ratings while the Bank disbursed \$1.7 billion. A 19-page desk review is what the largest infrastructure failure in the Africa portfolio received.

Project	Country	Commitment	Rating	PPAR?
Energy Efficiency (P116680)	Armenia	\$1.8M	MS	Yes
Food Crisis Response (P113219)	Sierra Leone	\$3.0M	MS	Yes
Fish Resources (P105881)	Senegal	\$3.5M	HU	Yes

HIV/AIDS TA (Po87843)	Lesotho	\$5.0M	MS	Yes
Renewable Energy Access (Po99321)	Mongolia	\$9.5M	MS	Yes
Electricity Enhancement (Po73477)	Senegal	\$44.1M	U	Yes
Eskom Investment Support (P116410)	South Africa	\$3,750M	MU	No

THE ACCOUNTABILITY GAP

The IEG ICRR for the Eskom Investment Support Project is a desk review. It did not involve a field mission to Lephalale to assess whether the communities that filed the Inspection Panel complaint before the loan was approved are breathing cleaner air, drinking adequate water, or receiving adequate compensation. It did not independently verify the Energy Availability Factors that Eskom reported. It did not investigate the procurement failures that contributed to the cost overrun. It did not assess the institutional damage that state capture inflicted on a utility the Bank had rated as capable. A 19-page desk review of an \$18.1 billion failure is not accountability. It is documentation.

10. The Structural Question: Why No One Stopped It

The Eskom project followed the same structural dynamic documented in the companion papers. The sovereign guarantee ensured repayment regardless of outcome. The pipeline incentive — the need to maintain the country relationship, protect the largest loan in the portfolio, avoid the reputational cost of acknowledging a \$3.75 billion failure — drove the accommodation. The co-approval Board architecture meant that the Directors who had approved the project in 2010 could not subsequently challenge its continuation without implicating their own decision. The supervision that might have suspended disbursements was overruled by senior management who valued the engagement over the accountability.

The external literature on Medupi — from the Bretton Woods Project, from South African investigative journalists at the Daily Maverick, Mail & Guardian, and amaBhungane, from academic political economists, and from the Zondo Commission itself — converges on a finding that the Bank's own evaluation framework does not reach. The Bank treats Medupi as an implementation problem with governance complications. The external analysts treat it as a structural political economy failure from the outset — a project premised on assumptions about Eskom and the South African state that were already eroding at the time of approval, so that what appeared as 'implementation failures' were in fact embedded in the original political settlement. The Hitachi/Chancellor House corruption was reported in 2007. The Bank appraised in 2009. The Board approved in 2010. The assumptions were not merely optimistic. They were contradicted by evidence available at the time.

The Game Theory companion paper describes this as the Nash equilibrium of the approval culture. Every actor in the chain — the task team, the Country Director, the Practice Manager, the Board, the borrowing government — was playing their dominant strategy. The task team supervised adaptively because confronting Eskom risked the relationship. The Country Director maintained the portfolio because it was the Bank's largest engagement in South Africa. The Board ratified the restructurings because rejecting them would have implicated the original approval. Eskom accepted the conditions because the money was flowing. The South African government guaranteed the loan because the alternative — cancellation — was politically unacceptable.

The individual career payoffs deserve scrutiny. In the Bank's internal economy, approval of a \$3.75 billion operation — the largest IBRD loan in history at the time — generates career capital that no amount of subsequent failure can erode. The task team leader who shepherds a mega-project through Board approval does not bear the cost of its subsequent underperformance. They bear the benefit of having managed the institution's largest and most complex operation. The original TTL for P116410 subsequently rose to one of the most senior infrastructure positions in the institution. This is not an accusation of individual misconduct. It is a description of the incentive structure. In a system where approvals are rewarded and outcomes arrive after the personnel have moved on, a \$3.75 billion approval is the single most valuable career event an infrastructure TTL can produce. The Game Theory paper documents this as the dominant strategy condition: pushing for approval is individually rational regardless of the project's development outcome.

Once the gravy train starts — once a \$3.75 billion loan is disbursing, a supervision team is embedded, a country relationship is built around the project, and individual careers have been staked on the operation — stopping it requires a level of institutional courage that the payoff structure does not reward. The TTL who raises the alarm risks the relationship. The Country Director who suspends disbursements risks the engagement. The Practice Manager who acknowledges failure risks the portfolio. No single actor has the incentive to be the one who pulls the plug. The project becomes, in the language of the literature, too big to fail — not because of its development importance, but because of the institutional and career capital invested in it.

The result: eleven years of accommodation. Six restructurings. \$3.16 billion disbursed into a utility undergoing state capture. A 19-page desk review. No field evaluation. And South Africa repays every dollar.

THE CLIMATE CONTRADICTION

In October 2008 — eighteen months before the Medupi vote — the Bank's Development Committee endorsed the Strategic Framework for Development and Climate Change. Donors pledged \$6.4 billion for new Climate Investment Funds. The Bank announced an 87 per cent increase in renewable energy and energy efficiency financing. President Zoellick declared the Bank would 'significantly step up our assistance to the international efforts to address climate change' and support 'transitions to cleaner energy' and 'low carbon growth.' In April 2009, Zoellick told the Woodrow Wilson Center that climate policy could be 'linked to development and win support from developing countries for low carbon growth.' The US Treasury proposed guidelines requiring 'full consideration of alternatives before approval is given for a coal-fired plant.'

Twelve months later — April 8, 2010 — the same institution approved its largest-ever coal financing: \$3.75 billion for Medupi, a 4,800 MW coal-fired power plant that would emit 25–30 million metric tons of CO₂ annually — more than the combined emissions of over 60 of the world's lowest-emitting countries. Five major shareholder countries abstained. Over 200 civil society organisations opposed. The US Treasury that had proposed the coal guidelines could not bring itself to vote against. The Strategic Framework for Climate Change and the largest coal loan in Bank history were products of the same institution, separated by eighteen months. When the disbursement opportunity presented itself — \$3.75 billion, the largest IBRD loan ever, the Bank's 'first major lending engagement to South Africa since the fall of apartheid' — the climate credentials were set aside. The institution that is now offering South Africa funding to transition away from coal is the institution that financed the coal.

11. The South Africa Energy Record: Four Projects, \$9.9 Billion, 100% Below Standard

P116410 is the centrepiece, but it is not the only energy project in the South Africa portfolio. The IEG database records four rated energy projects in South Africa. All four were rated below Satisfactory by IEG, though two achieved Moderately Satisfactory — the threshold below which IEG considers outcomes unsatisfactory.

P-Code	Project	Commitment	IEG Rating
P116410	Eskom Investment Support	\$9,125M	Moderately Unsatisfactory
P122329	Eskom Renewables Support	\$740M	Moderately Satisfactory
P149521	CCS Technical Assistance	\$23M	Unsatisfactory
P073322	Renewable Energy Market Transformation	\$6M	Moderately Satisfactory

The IEG CLR Review for South Africa's Country Partnership Strategy (FY14–18) rated the overall development outcome Moderately Unsatisfactory — downgrading management's self-rating of Moderately Satisfactory. The same pattern as Angola: management rates favourably; IEG downgrades. The energy sector was a central element of the country programme. Its failure drove the programme's failure.

Conclusion: The Largest Failure in the Africa Portfolio

One project. One utility. \$18.1 billion. Rated Moderately Unsatisfactory. No PPAR.

The Eskom Investment Support Project is the largest single-project failure in the World Bank's Africa portfolio. It is larger by an order of magnitude than any case study in this series. The Nigeria Water portfolio (Part 1) committed \$1.8 billion across eight projects over 34 years. The Angola DPF portfolio (Part 2) committed \$2.19 billion across six operations over 24 years. The Medupi power plant alone cost \$17.5 billion — more than the Nigeria Water and Angola DPF portfolios combined, multiplied by four.

The failure was not hidden. The Inspection Panel received a complaint before the Board voted. The ISRs documented progressive deterioration across eleven years. The restructurings acknowledged — six times — that the project was not performing as designed. The state capture crisis was public knowledge. And yet the institution continued to disburse, continued to restructure, continued to accommodate, and ultimately declined to independently investigate what went wrong.

The people who bear the cost are the citizens of South Africa — who endured a decade of load shedding while the Bank's largest coal-plant investment was delayed, over budget, and underperforming. The people who bear the cost are the communities of Lephalale who raised concerns about health, water, and livelihoods two days before the Board approved the project that would change their environment for a generation. And the cost is borne by South African taxpayers who service the debt on a \$18.1 billion project that the Bank's own evaluator has rated below standard.

The question the series poses — does the World Bank learn from project failures — has in the Eskom case the starkest possible answer. The institution approved the largest loan in its history for a utility it had never worked with, in a sector where the implementing agency had not built a comparable plant in over a decade, using a virtual design from a previous generation, without an independent owner's engineer, over the objections of affected communities, into an environment that was about to be consumed by state capture. When the project began to fail, the institution kept disbursing. When IEG assessed the result, it recommended no further evaluation.

The willingness to change cannot come from inside the equilibrium. It must come from the shareholders.

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Annex A: The Split-Screen Timeline — ISR Ratings vs. External Events

The table below presents the complete ISR ratings history for P116410 as recorded in the ICR, alongside the external events that were occurring at each point. The data is drawn from the ICR (Table: Ratings of Project Performance in ISRs) and from public sources on the Inspection Panel proceedings, the Hitachi/Chancellor House prosecution, the Zondo Commission, and the state capture timeline. The disbursement column is cumulative.

#	Date	DO	IP	Disbursed	External events at this point
01	Jun 2010	S	S	\$0M	Board approved Apr 8. Inspection Panel complaint filed Apr 6. US/UK/NL/Italy/Norway abstained.
02	Mar 2011	S	S	\$362M	Inspection Panel Investigation underway. Construction delays emerging.
03	Dec 2011	S	MS	\$569M	Inspection Panel Investigation Report published Nov 2011. Non-compliance found: water, air quality, cumulative impacts.
04	Jul 2012	S	MS	\$969M	Management Response to IP Mar 2012. Supervision Note May 2012: 'highest strategic importance.'
05	Apr 2013	MS	MU	\$1,135M	First cracks. Board Implementation Update Dec 2013: 36% disbursed vs 70% projected. Delays, strikes.
06	Oct 2013	U	U	\$1,333M	CRASH. Both ratings drop to Unsatisfactory. Project is failing.
07	May 2014	U	U	\$1,466M	Delays, strikes, boiler issues mounting. Contractor coordination failures.
08	Dec 2014	U	U	\$2,033M	First restructuring (Dec 2014). Reallocation between disbursement categories.
09	Jun 2015	U	U	\$2,292M	Hitachi pays \$19M FCPA fine for bribing ANC via Chancellor House. Boiler defects detected in Unit 6.
10	Dec 2015	U	MU	\$2,460M	State capture accelerating under Zuma. Eskom board purges. IP upgraded to MU but DO remains U.
11	Jul 2016	U	MU	\$2,640M	State capture continues. Eskom governance collapsing. Bank keeps disbursing.
12	Jan 2017	U	MU	\$2,787M	Gupta-linked contracts proliferating at Eskom.
13	Jul 2017	U	MU	\$2,857M	De Ruyter later: 'just a miserable failure.' R200,000 (\$11,000) mops. R80,000 (\$4,400) knee guards.
14	Mar 2018	U	MU	\$3,028M	Ramaphosa replaces Zuma Feb 2018. Zondo Commission launched. Nine consecutive U-rated ISRs end here.
15	Nov 2018	MU	MU	\$3,028M	Third restructuring Dec 2018: CSP cancelled, replaced by battery storage.
16	Apr 2019	MS	MU	\$3,048M	DO jumps from U to MS — two steps in one ISR. IP stays MU. Underlying problems not resolved.

17	Nov 2019	MS	MU	\$3,074M	Fourth restructuring Dec 2019: \$100M for Eskom unbundling. Cancelled 6 months later.
18	Apr 2020	MS	MU	\$3,074M	Fifth and sixth restructurings Jun 2020. COVID-19 compounds Eskom's crisis.
19	Aug 2020	MS	MU	\$3,108M	Unbundling allocation cancelled — 'no realistic prospect of use.'
20	Feb 2021	MU	MU	\$3,132M	Ratings drop back. The 'improvement' was temporary.
21	Aug 2021	MU	MU	\$3,132M	Project closing. Six years late. \$18.1bn total cost. IEG: no PPAR.

THE FINDING: \$1.7 BILLION DISBURSED INTO AN UNSATISFACTORY PROJECT

From ISR 6 (October 2013) to ISR 14 (March 2018) — nine consecutive Implementation Status Reports — the World Bank rated the Eskom Investment Support Project Unsatisfactory on Development Objectives. During those four and a half years, cumulative disbursements rose from \$1.3 billion to \$3.0 billion. The Bank more than doubled its disbursement into a project it was itself rating Unsatisfactory.

IEG found that 'Bank senior management was reluctant to consider suspension of disbursements on account of its potential disruptive impact on the Bank's engagement with the sector.' This is not an abstract observation about institutional culture. It is documented in \$1.7 billion of disbursements made during nine consecutive Unsatisfactory ratings. The Bank's own supervision system was telling the institution that the project was failing. The institution disbursed anyway.

After Ramaphosa replaced Zuma in February 2018, the DO rating improved — jumping two steps from U to MS in a single ISR cycle (ISR 16, April 2019) — without the underlying engineering, procurement, or governance problems being resolved. The CSP had been cancelled. The battery storage was not completed. The Majuba Rail was not operational. Boiler defects persisted. By project closing (ISR 21, August 2021), both ratings had dropped back to Moderately Unsatisfactory. The improvement was temporary. The \$3.1 billion had been disbursed. The project was over.