

The IBRD Disbursement Disconnect

The weakening of project appraisal and the decoupling of money from results in the World Bank's IBRD global portfolio

A note from mdbreform.com. Analysis is descriptive rather than causal; figures are drawn from a project-level dataset linking IEG evaluation ratings to the IBRD Statement of Loans and Guarantees. Outcome standard throughout is S+ (Highly Satisfactory or Satisfactory).

Summary

This note applies the same analytical framework as the companion IDA Africa paper (*Disbursement Disconnect*, Part 15 of the Zero Club Series) to the World Bank's non-concessional window. IBRD lends at near-market rates to middle-income and blend countries — governments with functioning administrations, professional finance ministries, and access to capital markets. If the patterns documented in IDA Africa were an artifact of fragility, concessionality, or operating-environment difficulty, they should not appear in IBRD. They do.

Across **4,535 evaluated IBRD projects** — approvals spanning FY1956 to FY2024, \$621 billion in original commitment, \$554 billion disbursed — **\$257 billion, 46.4 percent of all disbursements, went to operations that did not achieve a satisfactory outcome**. A project rated Unsatisfactory disburses a median 89.2 percent of its commitment. A project rated Satisfactory disburses 99.3 percent. The gap is 10.1 percentage points — wider than IDA Africa's 1.8 percentage points, reflecting marginally more financial discipline among middle-income borrowers, but still a gap that leaves nearly nine-tenths of a failing loan's resources deployed regardless of the result.

The appraisal finding converges on the same end state. IBRD maintained higher ERR coverage than IDA through the 1980s and 1990s because middle-income project teams had more capacity to produce economic analysis. But the same institutional forces produced the same outcome: coverage collapsed to 1 percent in the 2010s and zero since 2020. The Bank stopped asking whether IBRD projects were worth doing at precisely the same institutional moment it stopped asking for IDA projects.

The Bank has not merely become disconnected from results. It has become disconnected from appraisal itself. And the fact that this is as true in the non-concessional window as in the concessional one means it is not a question of the difficulty of the environments in which the Bank works. It is a question of the institution's incentive architecture.

Data and Method

The analysis links the IEG evaluation ratings (March 2026 extract) to the IBRD Statement of Loans and Guarantees (financeOne snapshot, 31 May 2026), rolled up from loan line to project on the P-code. The matched core is **4,535 evaluated IBRD projects** — those carrying both an IEG outcome rating and a live financial record — representing \$621 billion in original commitment across all World Bank regions, approvals FY1956–FY2024.

Outcomes are reported against the **S+ standard** (Highly Satisfactory or Satisfactory). On the matched set, the S+ rate is 54.6 percent by project count. The S+ rate in IBRD is substantially above IDA Africa’s 35.6 percent, but this difference is compositional rather than managerial: IBRD lends to middle-income and blend countries with stronger institutions and higher baseline outcome probabilities. The decoupling analysis — the relationship between outcomes and financial execution — is the more informative comparison.

The Front End: Appraisal Has Lapsed

Of the IBRD projects approved since 2020, not one carries a calculated economic rate of return. Coverage was 70 percent in the 1970s. The collapse followed the same trajectory as IDA, with a roughly decade-long lag.

Approval decade	IBRD coverage	IDA Africa coverage
1960s	70.2%	69%
1970s	69.6%	70%
1980s	55.5%	36%
1990s	39.1%	25%
2000s	29.1%	15%
2010s	1.2%	1%
2020s	0.0%	0%

The decade lag is meaningful. IBRD maintained significantly higher coverage through the 1980s and 1990s because middle-income project teams had more capacity to produce credible economic analysis, and because the IBRD portfolio was historically heavier in infrastructure sectors where the rate-of-return methodology applied most naturally. But the same institutional forces — the shift toward policy lending, the tick-box culture documented in IEG’s own TTL interviews, the exemption route formalised in OP 10.04 — eventually produced the same result. Coverage reached zero in both windows within the same five-year window.

Where the calculation survives in the older IBRD portfolio, it is unflattering. Among the 1,355 projects carrying both an appraisal and a completion estimate, the median appraised return of 20.0 percent is realised at 17.7 percent on completion — a shortfall in 59 percent of cases. The optimism bias at appraisal is a Bank-wide constant, independent of borrower income level.

How the collapse happened: the IEG’s own evidence

The mechanism is the same as IDA. IEG’s 2010 evaluation — *Cost-Benefit Analysis in World Bank Projects* — documented it Bank-wide. Of 51 task team leaders interviewed: only 5 said cost-benefit analysis was given significant weight at identification; 82 percent said it had never been the key criterion in deciding to fund a project; 80 percent agreed it was sufficient to “tick a box”; 92 percent said it did not improve their promotion chances. Management decisions to proceed were typically made before cost-benefit information was available.

The exemption became the default channel. Of 93 FY2008 investment projects with no cost-benefit information, 60 provided no explanation at all, and 24 invoked cost-effectiveness but none actually applied it. Failing projects were selectively excluded from ex-post recalculation. Of 1,993 IBRD projects reporting a closing ERR, 72 reported negative returns — and 64 of those sat at exactly –5 percent. The reported distribution is censored at the bottom: 20.9 percent of all closing ERRs were at or below the Bank’s traditional 10–12 percent hurdle rate.

What happened after IEG reported

The Board’s own Committee on Development Effectiveness called the non-compliance “unacceptable” in July 2010 and escalated to President Zoellick. Under Jim Yong Kim: OP 10.04 was absorbed into OP 10.00 (2013); the Quality Assurance Group was disbanded (2014); ERR coverage reached zero (2015 onward). Three Presidents, fifteen years. The Board that called the non-compliance unacceptable continued to approve every project in both windows without the measure it had said was essential.

The appraisal finding

ERR coverage in the IBRD global portfolio has fallen from 70% in the 1970s to zero since 2020 — a decade-lagged mirror of the IDA Africa collapse. The optimism bias at appraisal (20% → 18%, shortfall in 59% of 1,355 cases) is virtually identical across both windows. The Bank stopped asking whether projects were worth doing at the same institutional moment in both its concessional and non-concessional portfolios.

The Central Finding: Disbursement Is Decoupled From Outcome

There is more of a gradient in IBRD than in IDA Africa — reflecting marginally greater financial discipline among middle-income borrowers who have alternatives to World Bank financing — but the fundamental pattern holds.

IEG outcome	Projects	Median disbursed	Mean cancellation
Highly Satisfactory	170	99.8%	6.0%
Satisfactory	2,306	99.3%	8.0%
Moderately Satisfactory	1,020	97.5%	11.1%
Moderately Unsatisfactory	376	93.1%	18.7%
Unsatisfactory	588	89.2%	23.8%
Highly Unsatisfactory	55	25.6%	62.0%

The satisfactory half of the portfolio disburses a median 99.0 percent; the unsatisfactory half, 90.0 percent. The gap is **10.1 percentage points** — wider than IDA Africa’s 1.8 percentage points, but still a gap that leaves nearly nine in ten dollars of a failing loan deployed regardless of outcome. Unsatisfactory projects (588 operations) disburse 89 percent. The mechanism is the sovereign guarantee: IBRD loans carry a sovereign obligation to repay whether or not the project

delivers. No party in the disbursement chain absorbs a loss from continuing to fund a failing operation.

The mechanism in four projects across four regions

India Lucknow-Muzaffarpur National Highway (P077856) — South Asia, IPF, transport: The \$620 million loan (December 2004) financed 483 km of NH28. ICR outcome: Moderately Unsatisfactory. IEG outcome: Unsatisfactory — worse than the Bank’s own assessment. QAE also rated Moderately Unsatisfactory: inaccurate land acquisition mapping and deficient Detailed Project Reports at appraisal. Design flaws materialized during implementation: four eastern contractors failed; one contract terminated; four packages removed from Bank financing; PDO revised downward (Bihar section dropped); closing extended two years; two fatal accidents. \$615.7 million disbursed (99.3%). India is a lower-middle-income country with a professional highways authority and no fragility classification.

South Africa Eskom (P116410) — Africa, IPF, energy: The \$3.75 billion IBRD loan to Eskom was rated Moderately Unsatisfactory at completion. Nine consecutive Unsatisfactory ISRs while disbursement continued. Roughly \$1.7 billion deployed after the supervision record turned. The Zondo Commission found R14.7 billion in Eskom contracts “afflicted by State Capture” during a period the Bank conducted Prior Review on every major contract. All parties were repaid.

Vietnam Public Investment Reform 1 (P117723) — East Asia, DPL, governance: \$500 million, December 2009. IEG outcome: Unsatisfactory. Achievement of the oversight objective: negligible. No evidence of public investment projects being reviewed by independent bodies. Full \$500 million disbursed. Vietnam is non-fragile, lower-middle-income. The Bank approved PIR 2 (\$350 million, 2011) on the same series. The pipeline continued.

Brazil First Programmatic DPL for Sustainable Environmental Management (P095205) — Latin America, DPL, environment: \$1.3 billion, 2009. IEG outcome: Unsatisfactory. Full \$1.3 billion disbursed against prior actions satisfied on paper; the programmatic series not continued. Brazil was a stable, investment-grade, upper-middle-income economy. The \$1.3 billion had already moved.

These cases span four regions, two lending instruments, three decades, and borrowers ranging from lower-middle-income to upper-middle-income. The common feature is not geography or income level, but the completion of disbursement despite poor outcome performance — and the sovereign guarantee that ensured all parties were repaid regardless of the development result. Russia’s SAL 2 (P050491, \$800M, 100% disbursed, Unsatisfactory, FY1998) shows the same dynamic reaching back to the post-Soviet period — OED rated both outcome and Bank performance Unsatisfactory, with the specific finding that insufficient economic and sector work was carried out before the loan was approved and disbursed in full.

Cancellation: The Only Financial Signal

Cancellation rises monotonically from 6 percent in the Highly Satisfactory band to 62 percent for Highly Unsatisfactory projects. The IBRD cancellation gradient is steeper than IDA Africa's, reflecting that middle-income borrowers with more financial sophistication do cancel more readily when projects fail badly. But total cancellations come to \$67 billion against \$554 billion disbursed — 12 percent of the total. The signal is real; it is not sufficient.

Not a Regional Artifact

Region	n	S+ rate	Disbursed	Non-S+ disbursed
East Asia & Pacific	1,010	63.9%	\$129bn	\$46bn
Europe & Central Asia	914	53.7%	\$117bn	\$53bn
Latin America & Caribbean	1,500	51.1%	\$192bn	\$92bn
South Asia	223	48.9%	\$45bn	\$26bn
MENA	301	33.6%	\$41bn	\$24bn
Africa (E&S)	172	57.6%	\$10bn	\$7bn
Africa (W&C)	179	54.2%	\$8bn	\$5bn

The MENA region is the striking outlier at 33.6 percent — worse than IDA Africa's 35.6 percent on a portfolio of \$41 billion lent to middle-income governments in Egypt, Morocco, Jordan, and Tunisia. The 33.6 percent S+ rate on this group demonstrates firmly that the income-level explanation for the outcome record has limits. The worst-performing IBRD region is not the poorest one.

Latin America carries the largest volume at \$192 billion disbursed and the largest absolute quantity of non-S+ disbursement at \$92 billion — the single biggest pool of money that went to operations the Bank's own evaluators judged unsatisfactory. The decoupling holds across all regions: no region shows disbursement rates that substantially differentiate success from failure.

The Practices and the Instrument

Global Practice	n	S+ rate	Disbursed
Water	272	36.0%	\$26bn
Health, Nutrition & Population	167	38.3%	\$17bn
Governance	199	38.7%	\$22bn
Macroeconomics, Trade & Investment	307	40.7%	\$98bn
Agriculture and Food	151	41.1%	\$13bn

Global Practice	n	S+ rate	Disbursed
Urban, Resilience and Land	385	43.9%	\$38bn
Education	246	47.2%	\$22bn
Transport	376	51.1%	\$61bn
Finance, Competitiveness & Innovation	279	52.0%	\$59bn
Energy & Extractives	275	52.7%	\$53bn
Social Protection & Jobs	149	53.0%	\$30bn

Water is the worst-performing major practice globally at 36.0 percent, followed by Health, Nutrition and Population (38.3%) and Governance (38.7%). MTI ranks fourth-worst at 40.7 percent but carries the largest disbursement volume among low-performing practices: \$98 billion, of which roughly \$56 billion went to non-S+ operations.

The instrument pattern mirrors IDA Africa. DPF is the worst-performing instrument at 50.8 percent S+ against IPF's 55.2 percent. PforR outperforms both at 67.6 percent — consistent with PforR's structural requirement for measurable disbursement-linked indicators independently verified before payment. DPF carries \$237 billion in disbursements — 43 percent of all IBRD disbursed — at the lowest instrument S+ rate.

Instrument	n	S+ rate	Disbursed
PforR	37	67.6%	\$10bn
IPF	3,701	55.2%	\$307bn
DPF	792	50.8%	\$237bn

Project Size: The Large-Project Problem Is Worse in IBRD

Original commitment	Projects	S+ rate	Disbursed
Under \$25M	1,088	59.9%	\$12bn
\$25–75M	1,315	54.9%	\$50bn
\$75–150M	844	53.9%	\$75bn
\$150–300M	676	49.4%	\$118bn
\$300–500M	351	51.9%	\$110bn
Over \$500M	261	50.2%	\$189bn

The size gradient in IBRD is flatter than in IDA Africa but the direction is the same: the smallest operations (59.9%) substantially outperform everything above \$25 million. The very largest operations — 261 projects above \$500 million, carrying \$189 billion in disbursements — reach a S+ rate of just 50.2 percent. Half of the largest IBRD operations by commitment size did not achieve satisfactory outcomes. This is the most important concentration in the portfolio from an

accountability perspective: the money where the dollar amounts are too large to ignore and where the outcome record is barely above failure.

One structural note on the size-duration interaction: the over-\$500-million band has a very short median implementation period (1.6 years) because it is dominated by large DPF tranches that disburse in one or two tranches within a one-to-two-year window. Within investment lending, where the full project cycle applies, the size-outcome gradient and the duration-outcome gradient reinforce each other as in IDA.

Time in Portfolio: Duration, Timing, and What They Predict

The IBRD data carries board approval dates, effectiveness dates, and closing dates for virtually all 4,517 matched projects, permitting a timing analysis broadly comparable to the IDA Africa paper — with two findings that diverge from the IDA pattern in informative ways.

Duration predicts outcome, but the signal is weaker than in IDA. Satisfactory projects close in a median 6.1 years from Board approval; unsatisfactory projects take 6.6 years. The 0.5-year gap is substantially smaller than IDA Africa’s 1.9-year gap. IDA fragile-state operations that go badly wrong tend to persist — extensions accumulate because the borrower lacks institutional capacity to cancel and close. IBRD borrowers, with stronger institutions and access to alternative financing, close bad projects somewhat faster. The duration-outcome relationship is present but attenuated.

IEG outcome	Projects	Median duration	Mean duration
Highly Satisfactory	170	5.6 yr	5.2 yr
Satisfactory	2,306	6.1 yr	5.9 yr
Moderately Satisfactory	1,020	6.7 yr	6.1 yr
Moderately Unsatisfactory	376	6.5 yr	5.9 yr
Unsatisfactory	588	6.7 yr	6.5 yr
Highly Unsatisfactory	55	5.8 yr	5.8 yr

The Highly Unsatisfactory band’s short median duration (5.8 years) is itself a finding: the most catastrophic IBRD failures are recognised and closed relatively quickly — the opposite of the IDA pattern, where HU projects are among the longest-running. IBRD borrowers exit faster when projects fail completely.

The fast-project premium holds. Projects completing in six years or fewer succeed at 58.9 percent; those running beyond nine years succeed at 42.7 percent — a 16-percentage-point gap. The best-performing profile in the IBRD data is the same as in IDA: small (under \$25 million), quickly implemented, narrowly scoped.

Effectiveness lag is mildly predictive in IBRD — unlike in IDA. In the IDA Africa analysis, time from Board approval to first disbursement showed no relationship with outcomes. In IBRD there is a mild gradient: Satisfactory projects become effective in a median 142 days; Unsatisfactory projects take 174 days; Highly Unsatisfactory projects take 241 days. In the

middle-income IBRD setting, where administrative capacity is higher and delays are less driven by systemic constraints, a slower start more often reflects genuine preparation problems that foreshadow implementation difficulty.

Disbursement runs to the end regardless of outcome. Across all six outcome bands, the median last-disbursement date falls within six months of the official closing date in 83 to 88 percent of projects. Whether a project is rated Highly Satisfactory or Highly Unsatisfactory, the money keeps moving until shortly before close. Disbursement is not a signal of project health; it is a function of project lifecycle.

The timing finding

Duration predicts outcome in IBRD but the signal is attenuated compared to IDA — IBRD borrowers with stronger institutions close bad projects faster rather than letting them drag. Fast projects (≤ 6 years) outperform slow ones (> 9 years) by 16 percentage points. Effectiveness lag is mildly predictive: Highly Unsatisfactory projects take 241 days to become effective versus 142 days for Satisfactory ones. Across all outcome bands, disbursement continues until closing: timing is the only dimension of the analysis that shows any execution-outcome relationship, and it is a relationship between duration and failure rather than between financial execution and failure.

Appraisal Quality Predicts Outcomes — The Same Gradient as IDA Africa

The paper argues that the appraisal collapse has consequences for outcomes. The QAE ratings in the IBRD matched set provide a direct test. When design quality at entry predicts outcomes in IBRD as it does in IDA Africa, the case for restoring the appraisal function becomes structural rather than procedural.

IEG Quality at Entry	Projects	S+ rate	Commitment
Highly Satisfactory	172	95.3%	\$30bn
Satisfactory	1,544	70.9%	\$266bn
Moderately Satisfactory	653	26.6%	\$130bn
Moderately Unsatisfactory	349	4.9%	\$51bn
Unsatisfactory	482	11.4%	\$57bn
Highly Unsatisfactory	35	2.9%	\$5bn

The gradient is as sharp as in IDA Africa. When QAE is Satisfactory or better, 73.4 percent of IBRD projects achieve satisfactory outcomes. When QAE is below satisfactory, 8.4 percent do — on \$114 billion in committed resources, of which **\$89 billion was ultimately disbursed**. The gap is 65 percentage points. In IDA Africa, the equivalent gap is approximately 62 percentage points. The two windows produce almost identical QAE-to-outcome gradients despite serving borrowers at very different income levels. QAE also predicts disbursement: projects rated

Unsatisfactory on quality at entry disburse a median 82.6 percent — the lowest in the matched set outside Highly Unsatisfactory. The connection between the two findings is direct: \$89 billion was deployed to projects already rated below standard at the point of Board approval, at an 8.4 percent S+ rate.

The QAE finding

When IBRD design quality is adequate (QAE Satisfactory or better), 73.4% of projects succeed. When it is not, 8.4% do — a 65-percentage-point gap. \$114 billion was committed and \$89 billion disbursed to projects already rated below standard at entry. The gradient is virtually identical to IDA Africa’s. The appraisal collapse documented in this note is not a peripheral technical issue. The close relationship between QAE and outcomes suggests that deterioration in front-end quality is likely to have important implications for the outcome record.

The Comparison That Confirms the Structural Argument

	IDA Africa	IBRD Global
Matched projects	2,576	4,535
Disbursed	\$158bn	\$554bn
S+ rate	35.6%	54.6%
Disbursed to non-S+	\$104bn (65.8%)	\$257bn (46.4%)
Satisfactory half median disb	99.3%	99.0%
Unsatisfactory median disb	97.5%	89.2%
Gap	1.8pp	10.1pp
ERR coverage (1970s)	70%	70%
ERR coverage (2020s)	0%	0%
Appraisal → completion shortfall	21% → 16%	20% → 18%

The S+ rates differ by 110.1 percentage points — largely compositional. The appraisal optimism bias is virtually identical. Both windows reach zero ERR coverage. The decoupling runs through both because it is a property of the institution: the sovereign guarantee insulates every party in the chain from the development outcome, and the incentive architecture rewards disbursement rather than results.

Conclusion

The Bank has not merely become disconnected from results. It has become disconnected from appraisal itself. This note documents that finding for the non-concessional window. The numbers differ from IDA Africa — a higher S+ rate, a wider financial execution gap, a decade-later ERR collapse — but the direction and the end state are the same. \$257 billion went to IBRD

operations that did not achieve a satisfactory outcome. ERR coverage reached zero. An Unsatisfactory project still deployed 89 percent of its commitment. And the QAE gradient — 73.4 percent S+ when design quality is adequate, 8.4 percent when it is not — is virtually identical to the IDA Africa pattern on a portfolio of middle-income borrowers.

The IBRD evidence matters precisely because it removes the usual explanations. The same patterns observed in fragile IDA countries appear in middle-income borrowers with stronger institutions, greater implementation capacity, and access to alternative financing. Fragility did not produce this. Concessionality did not produce this. Country capacity did not produce this. What remains when those explanations are removed is an institutional problem: a guarantee structure that insulates every party in the chain from the development outcome, an incentive architecture that rewards moving money rather than delivering results, and a thirty-year retreat from the analytical discipline that once asked whether the money was worth committing in the first place.

The reform is the same in both windows. Restore the appraisal function. Make the financial execution gap a governed metric. Let the answer move the money. Ajay Banga has the mandate and the moment to do it in both windows simultaneously — and the IBRD data makes the case that this is not a concession to critics of IDA fragile-state lending but a structural correction to the institution as a whole.

What We Are Proposing

- Restore the ERR as a required appraisal output for investment lending across both IDA and IBRD. The methodology is available. The decline was institutional, not technical.
- Make the disbursement-outcome gap a Board-level accountability metric for both windows, reported by region and Global Practice at every Board meeting.
- Tie restructuring decisions to supervision-rating trajectories — consecutive Unsatisfactory ISRs should trigger mandatory Board review of whether to restructure, suspend, or close.
- Hold Global Practices accountable for the outcome record, not the pipeline — in both windows. The MENA region’s 33.6% S+ rate on \$41 billion of IBRD lending warrants the same analytical scrutiny as IDA Africa’s figures.
- Re-couple the financial system to the results system. The sovereign guarantee cannot be eliminated, but the disbursement decisions that run downstream of it can be made to respond to supervision ratings.

Methodological Note

- **Outcome standard.** S+ = Highly Satisfactory or Satisfactory. The Bank’s institutional benchmark MS+ additionally counts Moderately Satisfactory; this note anchors on the more demanding standard throughout.
- **Matched set.** 4,535 evaluated IBRD projects carrying both an IEG outcome rating (March 2026 extract) and a financial record from the IBRD Statement of Loans (31 May 2026 snapshot). Projects with zero disbursement excluded. Approvals FY1956–FY2024.

- **ERR data.** Taken from the IEG Data File (September 2022), the only source carrying ERR fields. Coverage figures computed over all IBRD projects in that file with an IEG outcome rating and a loan record.
- **Comparison with IDA Africa.** The IDA Africa figures are from the companion paper, *Disbursement Disconnect* (Part 15, Zero Club Series, June 2026). Both datasets use the same IEG outcome source (March 2026) and the same financial snapshot (31 May 2026).
- **Causation.** All relationships are descriptive. The size association is partly endogenous. Mechanism and attribution are beyond the scope of this note.