

## Why GAO Did This Study

MCC was established in 2004 to help developing countries reduce poverty and stimulate economic growth through multiyear compact agreements. As of June 2012, MCC had signed 26 compacts totaling about \$9.3 billion in assistance. Seven compacts, including those with Georgia and Benin, closed in 2010 or 2011. Most had a transportation infrastructure project (a road or a port) that received about 50 percent of the compact's total funding. This report, prepared in response to a congressional mandate to review compact results, examines how MCC ensured the quality and sustainability of MCC's two transportation infrastructure projects in Georgia and Benin. GAO analyzed MCC documents, interviewed MCC officials and stakeholders, and observed the transportation infrastructure projects in those countries.

## What GAO Recommends

To ensure that compact projects are implemented to established quality standards, GAO recommends that MCC (1) review how it uses information from its independent engineers, and (2) develop a mechanism to maintain influence on contractor repairs after compact closure. To ensure sustainability of compact projects, GAO recommends that MCC evaluate the tools it uses to ensure that partner countries have adequate resources to operate and maintain MCC-funded infrastructure. MCC agreed with all three recommendations but did not commit to taking any actions to address them.

## MILLENNIUM CHALLENGE CORPORATION

### Georgia and Benin Transportation Infrastructure Projects Varied in Quality and May Not Be Sustainable

## What GAO Found

In Georgia, quality and sustainability issues jeopardize the long-term usefulness of the Samtskhe-Javakheti road project. The Millennium Challenge Corporation (MCC) funded the rehabilitation of about 217 kilometers of road linking the previously isolated Samtskhe-Javakheti region with Tbilisi, the country's capital, and reducing the driving time from 8 ¼ hours to 2 ¾ hours. The project was intended to increase exports from the region, integrate people in the region with the rest of Georgia, and expand trade with Turkey and Armenia. However, the urgency to meet fixed time frames resulted in problems implementing the project's quality assurance framework. For example, the construction supervisor did not have enough staff to properly monitor construction and ensure quality. Despite several recommendations from MCC's independent engineer, MCC and its Georgian counterpart, the Millennium Challenge Account (MCA-Georgia), did not adequately increase the number of construction supervisors, which resulted in pavement defects in parts of 5 of the 11 road sections and deterioration of structures such as drainage and retaining walls. One 15-kilometer section contained enough defects that the road had to be completely repaved. Furthermore, much of the repair work was to be done in the contracts' 1-year defects liability period, after the compact closed and at a time when MCC no longer had oversight authority. Although MCC took steps to ensure the road project's sustainability, the Georgian government has demonstrated limited ability to keep the road operational and maintained.

In Benin, construction for the Port of Cotonou project generally met established quality standards, but several components were not in operation at the compact's end. MCC funded the construction of several port infrastructure improvements, including a jetty, a wharf, internal port roads, a railway, and security and electricity distribution systems. The project was intended to increase the efficient transport and volume of goods flowing through the port. However, several components—including the new south wharf, the port security system, and the electricity distribution system—were not in operation at compact completion because the Port Authority had not ensured that the necessary infrastructure, staffing, or policies were in place to operate them. For example, the new south wharf, which was intended to increase the cargo tonnage moving through the port, is not in operation in part because the Port Authority does not have the funds to complete the dredging needed to allow large vessels to access the new wharf. Even though MCC took steps to ensure that the government of Benin could sustain the operations and maintenance of the project—such as conducting a feasibility study, incorporating conditions precedent into the compact, hiring a port advisor, requiring a compact closure plan, and identifying steps the government of Benin should take to support sustainability in the compact letter of completion—they were not sufficient. As a result, Benin's inability to supply the resources, manpower, or policies needed to operate all of the port's components calls into question whether the port project will achieve expected compact results or be sustained throughout the life of the infrastructure.